Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226
Telephone Number: (632) 750-6974

PHP50.0 Billion Debt Securities Program

Fourth Tranche of the Fixed-rate Bonds Series: PHP7.0 Billion Fixed-rate Bonds Due 2027

Issue Price: 100% of Face Value
Interest Rate: [•]%p.a.

The date of this Preliminary Prospectus is March 3, 2017.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE COVERING PHP50.0 BILLION OF DEBT SECURITIES. OF SUCH AMOUNT, PHP22.0 BILLION OF FIXED-RATE BONDS WERE ISSUED ON 23 MARCH 2016, 25 APRIL 2016, AND 07 OCTOBER 2016, AND PHP3.0 BILLION OF HOMESTARTER BONDS WERE ISSUED ON 19 OCTOBER 2016. THESE SECURITIES ARE COVERED BY UPDATES TO SUCH REGISTRATION STATEMENT UNDER THE SHELF REGISTRATION RULES OF THE SEC.

THE SEC HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PRELIMINARY PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

The Bonds covered by this Preliminary Prospectus and described below is offered by Ayala Land, Inc. ("ALI," "Ayala Land," the "Issuer", or the "Company") as the fourth tranche of the Fixed-rate Bonds Series under the ₱50,000,000,000 Debt Securities Program that was authorized by a resolution of the Board of Directors of the Company dated February 20, 2017. A registration statement filed by the Company covering the Debt Securities Program was rendered effective by the Securities and Exchange Commission ("SEC") by its order and certificate of permit to offer securities for sale for the first tranche of the Fixed-rate Bonds Series issued on March 9, 2016 (the "Shelf Registration"). The first tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱8,000,000,000 and was issued on March 23, 2016 under a prospectus dated March 9, 2016. The second tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on April 25, 2016 under a prospectus and a certificate of permit to offer securities for sale dated April 12, 2016. The third tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on October 7, 2016, under a prospectus dated September 23, 2016, and a certificate of permit to offer securities for sale dated September 26, 2016. The first tranche of the Homestarter Bonds Series had an aggregate principal amount of ₱3,000,000,000 and was issued on October 19, 2016 under a prospectus dated September 26, 2016, and a certificate of permit to offer securities for sale dated September 26, 2016.

The fourth tranche of the Fixed-rate Bonds Series will be issued with an aggregate principal amount of ₱7,000,000,000 (the "Offer" or the "Bonds") under this Preliminary Prospectus. The Fixed-rate Bonds shall be issued on [•] or such other date as may be agreed by the Issuer and China Bank Capital Corporation, PNB Capital and Investment Corporation, and SB Capital Investment Corporation (each an "Underwriter" or "Joint Lead Underwriter" and collectively the "Joint Lead Underwriters").

After their issuance, the Fixed-rate Bonds shall have a term ending ten (10) years from the Issue Date, or on [•], 2027 with a fixed interest rate of [•]% per annum. Interest on the Bonds shall be payable semi-annually in arrears on [•] and [•] of each year while the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the Maturity Date while the Bonds are outstanding (see "Description of the Fourth Tranche of the Fixed-rate Bonds" – "Interest").

Subject to the consequences of default as contained in the Trust Indenture, and unless otherwise redeemed prior to the Maturity Date, the Bonds will be redeemed at par (or 100% of face value) on their respective Maturity Dates.

The Bonds shall constitute the direct, unconditional, and unsecured obligations of Ayala Land and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured obligations of Ayala Land, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of Ayala Land's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

The fourth tranche of the Fixed-rate Bonds have been rated PRS [●] by Philippine Rating Services Corporation ("PhilRatings"). Obligations rated PRS [●] are of the [●] quality with [●] credit risk. The obligor's capacity to meet its financial commitment on the obligation is [●]. PRS [●] is the [●] rating assigned by PhilRatings. The rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension, or withdrawal at any time by the rating agency concerned.

The Bonds shall be offered to the public at face value through the Joint Lead Underwriters and named above with the Philippine Depository & Trust Corp. ("PDTC") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders, and listed in the Philippine Dealing & Exchange Corp. ("PDEx"). The Bonds shall be issued in denominations of ₱50,000.00 each, as a minimum, and in multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.

Ayala Land expects to raise gross proceeds of up to ₱50,000,000,000.00 from one or more tranches of the Fixed-rate Bonds Series, Homestarter Bonds Series, and Commercial Paper Series under its Debt Securities Program. For the first tranche of the Fixed-rate Bonds Series, the Company received net proceeds of ₱7,917,311,875.00 after deducting fees, commissions, and expenses relating to its issuance. For the second tranche of the Fixed-rate Bonds Series, the Company received net proceeds of ₱6,926,882,500 after deducting fees, commissions, and expenses relating to its issuance. For the third tranche of the Fixed-rate Bonds Series and for the first tranche of the Homestarter Bonds Series, the Company received net proceeds of ₱9,889,025,000.00 after deducting fees, commissions, and expenses relating to its issuance. For the fourth tranche of the Fixed-rate Bonds Series, the net proceeds are estimated to amount to approximately ₱6,925,382,500.00 after deducting fees, commissions, and expenses relating to the Bonds. Proceeds of the Offer are intended to be used to partially finance the Company's general corporate requirements and capital expenditure requirements (*see "Use of Proceeds").* The Joint Lead Underwriters shall receive a fee of up to 0.375% on the final aggregate nominal principal amount of the fourth tranche of the Fixed-rate Bonds Series.

The Offer is being conducted exclusively in the Philippines and pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Securities in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, nor may any offering material relating to the Securities be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Ayala Land confirms that this Preliminary Prospectus contains all information relating to the Company, its subsidiaries and affiliates which is, in the context of the issue and offering of the Securities, material (including all information required by the applicable laws of the Republic of the Philippines). There are no other facts the omission of which would make any statement in this Preliminary Prospectus misleading in any material respect. Ayala Land confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Preliminary Prospectus. Ayala Land, however, has not independently verified any such publicly available information, data or analysis.

Neither the delivery of this Preliminary Prospectus nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Preliminary Prospectus is accurate as of any time subsequent to the date hereof. The Joint Lead Underwriters do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Preliminary Prospectus.

The contents of this Preliminary Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the Securities receiving a copy of this Preliminary Prospectus acknowledges that he has not relied on the Joint Lead Underwriters in his investigation of the accuracy of such information or in his investment decision. Prospective purchasers should consult their own counsels, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Securities. Investing in the Securities involves certain risks. For a discussion of certain factors to be considered in respect of an investment in the Bonds, see the section on *"Risk Factors and Other Considerations."*

No dealer, salesman or other person has been authorized by Ayala Land and the Joint Lead Underwriters to give any information or to make any representation concerning the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by Ayala Land or the Joint Lead Underwriters.

Ayala Land is organized under the laws of the Republic of the Philippines. Its principal office is at the 31st Floor Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226, with telephone number (632) 750-6974.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CORRECT.

AYALA LAND, INC.

By:

BERNARD VINCENT O. DY
President and Chief Executive Officer

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

Before me, a notary public in and for the city named above, personally appeared Bernard Vincent O. Dy known to me and to me known as the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this ___________________at Makati City.

Doc No. _____;
Book No. ____;
Page No. ____;
Series of 2017.

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FORWARD-LOOKING STATEMENTS

This Preliminary Prospectus contains certain "forward-looking statements." These forward-looking generally can be identified by use of statements that include words or phrases such as "believes," "expects," "anticipates," "intends," "plans," "foresees" or other words or phrases of similar import. Similarly, statements that describe Ayala Land's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that the forward-looking events and circumstances discussed in this Preliminary Prospectus might not occur. Actual results could differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of Ayala Land include, among others:

- *General economic and business conditions in the Philippines;*
- *Holding company structure;*
- *Intensive capital requirements of subsidiaries and affiliates of Ayala in the course of business;*
- *Increasing competition in the industries in which Ayala's subsidiaries and affiliates operate;*
- *Industry risk in the areas in which Ayala's subsidiaries and affiliates operate;*
- *Changes in laws and regulations that apply to the segments or industries in which Ayala, its subsidiaries and affiliates operate;*
- *Changes in political conditions in the Philippines;*
- *Changes in foreign exchange control regulations in the Philippines; and*
- *Changes in the value of the Philippine Peso.*

For a further discussion of such risks, uncertainties and assumptions, see the *"Risk Factors and Other Considerations"* section of this Preliminary Prospectus." Prospective purchasers of the Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Preliminary Prospectus and Ayala Land undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

DEFINITION OF TERMS

As used in this Preliminary Prospectus, the following terms shall have the meanings ascribed to them:

"Affiliate" shall mean, with respect to Ayala Land, Inc., any corporation directly or indirectly controlled by it, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of management, contract or authority granted by said corporation to Ayala Land, Inc.

"Application to Purchase" shall mean the document to be executed by any Person or entity qualified to become a Bondholder for the Fixed-rate Bonds.

"Ayala Group" refers to Ayala Corporation and its subsidiaries and affiliates.

"Ayala Land" or **"ALI"** or the **"Company"** or the **"Issuer"** refers to Ayala Land, Inc.

"Ayala Land Group" or **"ALI Group"** refers to Ayala Land, Inc. and its subsidiaries and affiliates.

"Banking Day" or **"Business Day"** shall be used interchangeably to refer to a day, except Saturday and Sunday, on which commercial banks are not required or authorized to close in Makati City, Metro Manila.

"Beneficial Owner" shall mean any person (and "Beneficial Ownership" shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that, a person shall be deemed to have an indirect beneficial ownership interest in any security which is:

i. held by members of his immediate family sharing the same household;
ii. held by a partnership in which he is a general partner;
iii. held by a corporation of which he is a controlling shareholder; or
iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that, the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:

    a. A broker dealer;
    b. An investment house registered under the Investment Houses Law;
    c. A bank authorized to operate as such by the BSP;
    d. An insurance company subject to the supervision of the Office of the Insurance Commission;
    e. An investment company registered under the Investment Company Act;
    f. A pension plan subject to regulation and supervision by the BIR and/or the Office of the Insurance Commission or relevant authority; and
    g. A group in which all of the members are persons specified above.

"BIR" shall mean Bureau of Internal Revenue.

"BPO" refers to Business Process Outsourcing.

"BSP" refers to Bangko Sentral ng Pilipinas.

"Co-Lead Manager" shall refer to **[•]**

"Commercial Paper" shall refer to the fixed rate commercial paper in the aggregate principal amount to be determined, which is part of the ₱50.0 billion Debt Securities Program to be to be issued by Ayala Land.

"China Bank Capital" shall refer to China Bank Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 9th floor CBC Building, 8745 Paseo de Roxas Corner Villar Street, Makati City.

"Debt Securities Program" shall refer to the Securities up to an aggregate amount of ₱50,000,000,000.00 to be issued under the shelf registration statement filed by Ayala Land with and rendered effective by the SEC on March 9, 2016 with respect to the first tranche of the fixed-rate bonds.

"EBITDA" refers to Earnings Before Interest, Taxes, Depreciation and Amortization and is computed as Net income before income tax + Interest expense & other financing charges and Other charges - Interest and investment income + Depreciation and amortization.

"Fixed-rate Bonds" shall refer to the fourth tranche of **[•]**% fixed-rate bonds series in the aggregate principal amount of ₱7,000,000,000.00, which is part of the Debt Securities Program to be issued by Ayala Land on the Issue Date and shall mature on 2027.

"Homestarter Bonds" shall refer to the fixed-rate bonds series in the aggregate principal amount to be determined, which is part of the Debt Securities Program to be issued by Ayala Land.

"GLA" refers to Gross Leasable Area.

"Globe Telecom" refers to Globe Telecom, Inc.

"Interest Payment Date" shall mean **[•]** for the first Interest Payment Date and **[•]** and **[•]** of each year for each subsequent Interest Payment Date at which the Fixed-rate Bonds are outstanding, or the subsequent Business Day if an Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the respective Maturity Dates.

"Issue Date" shall mean **[•]** or such other dates as may be agreed upon between the Issuer and the Joint Lead Underwriters.

"Joint Lead Underwriters" shall refer to China Bank Capital, PNB Capital, and SB Capital being the Joint Lead Underwriters appointed by the Issuer under the Underwriting Agreement.

"Lien" shall mean any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligations.

"Maturity Date" shall mean ten (10) years after Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be automatically extended to the immediately succeeding Business Day.

"Offer" shall mean the offering of Securities by the Issuer under the Conditions as herein contained.

"Offer Period" shall refer to the period commencing at 10:00 a.m. on **[•]** and ending at 5:00 p.m. on **[•]** or on such other dates as the Issuer and the Joint Lead Underwriters may agree upon.

"PAS" shall mean Philippine Accounting Standards.

"PDEx" shall refer to the Philippine Dealing & Exchange Corp.

"PDTC" shall refer to the Philippine Depository & Trust Corporation.

"Person" means an individual, firm, partnership, limited liability company, joint venture, association, trust, corporation, government, committee, department, authority, or any body, incorporated or unincorporated, whether having a distinct legal personality or not.

"Pesos," **"₱" "PHP,"** and **"Philippine currency"** shall mean the legal currency of the Republic of the Philippines.

"PFRS" shall mean Philippine Financial Reporting Standards.

"Philippines" shall mean the Republic of the Philippines.

"PNB Capital" shall refer to PNB Capital and Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 9th Floor, PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City.

"PSE" shall refer to The Philippine Stock Exchange, Inc.

"Record Date" shall refer to the cut-off date in determining Bondholders entitled to receive interest or principal amount due.

"Register of Bondholders" shall mean the electronic records of the Registrar bearing the official information on the names and addresses of the Bondholders and the number of Bonds they respectively hold, including all transfers of the Bonds and the names of subsequent transferee Bondholders, maintained pursuant to and under the Registry and Paying Agency Agreement.

"SEC" means the Philippine Securities and Exchange Commission or its successor agency/ies.

"SEC Permit" shall mean the Permit to Sell issued by the SEC in connection with the Offer.

"Securities" shall mean the Commercial Paper, Homestarter Bonds and Fixed-rate Bonds up to an aggregate principal amount of ₱50,000,000,000.00, to be issued in one or more series.

"Securities Agreements" shall mean, collectively, for each of the Securities, the Trust Indenture between the Issuer and the Trustee, the Master Certificates of Indebtedness, and the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent, and any other document, certificate or writing contemplated thereby.

"SB Capital" shall refer to SB Capital Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 18th floor, Security Bank Centre, 6776 Ayala Ave, Makati City.

"sqm" refers to square meters.

"SRC" shall mean the Securities Regulation Code of the Philippines (Republic Act No. 8799).

"Tax Code" shall mean the National Internal Revenue Code, as amended, and its implementing rules and regulations.

"Taxes" shall mean any present or future taxes including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, and taxes on the overall income of the Underwriters or of the Bondholders.

"Trustee" shall refer to PNB Trust Banking Group appointed by the Issuer under the Trust Indenture for the fourth tranche of the Fixed-rate Bonds.

“Underwriters” shall refer to the Joint Lead Underwriters.

Titles of sections, subsections and clauses in this Preliminary Prospectus are used for convenience of reference only and do not limit or affect the interpretation of the sections, subsections and clauses hereof. In case of conflict between the provisions of this Preliminary Prospectus and the Securities Agreements, the provisions of the Securities Agreements shall prevail.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Preliminary Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Preliminary Prospectus carefully, including the section entitled "Risk Factors and Other Considerations" and the consolidated financial statements and the related notes to those statements included in this Preliminary Prospectus.

COMPANY OVERVIEW

Ayala Land, Inc. ("Ayala Land", "ALI" or the "Company") was formerly the real estate division of Ayala Corporation and was incorporated on June 30, 1988 to focus on the development of its existing real estate assets. In July 1991, the Company became publicly-listed through an initial public offering ("IPO") of its primary and secondary shares on the Makati and Manila Stock Exchanges (predecessors of the PSE). Ayala Corporation's effective ownership in Ayala Land amounted to 88% as a result of the IPO.

Over the years, several developments further reduced Ayala Corporation's effective interest in Ayala Land through, among others, the exercise of stock options by respective employees of Ayala Corporation and Ayala Land, the disposal of Ayala Land shares by Ayala Corporation and Ayala Land's issuance of new shares in relation to its acquisition of interest in companies owning properties in Canlubang, Laguna in 1993, the conversion of a ₱3.0 billion convertible long term commercial paper to Ayala Land Common B Shares publicly issued in December 1994, exchanges under bonds due in 2001, and equity top-up placements conducted through an overnight bookbuilt offering in July 2012, March 2013 and January 2015.

As of December 31, 2016, Ayala Corporation's effective ownership in Ayala Land is 47.13% with the remaining interest owned by the public. As of January 31, 2017, Ayala Land is listed with a total of 14,712,682,588 outstanding common shares and 13,066,494,759 voting preferred shares. Foreign equity ownership in Ayala Land is 21.82% composed of 5,454,234, outstanding common shares and 607,203,775 voting preferred shares. Equity attributable to equity holders of Ayala Land amounted to ₱147.71 billion.

As of December 31, 2016, Ayala Land has a total market capitalization of ₱470.8 billion based on the closing price of ₱32.00 per common share on December 29, 2016, the last trading day of the said month.

Ayala Land is the leading and most diversified real estate conglomerate in the Philippines engaged in the planning and development of large scale, integrated estates having a mix of use for the sale of residential lots and buildings, office buildings and commercial and industrial lots, leasing of commercial and office spaces and the development, operation and management of hotels and resorts. The Company also develops commercial and industrial parks and is also engaged in property management, construction and other businesses like retail and healthcare.

To carry on its business in an organized and efficient manner, Ayala Land structured its operations into key strategic business lines such as Property Development, Commercial Leasing, Hotels and Resorts and Services.

Property Development

Property Development includes Strategic Land Bank Management, Visayas-Mindanao Group and the Residential Business Group.

Strategic Land Bank Management handles the acquisition, development and sale of large scale, mixed-use, master-planned communities, the sale of Ayala Land's share in properties made available to subsidiaries for development and the lease of gas station sites and carparks outside Ayala Center in

Makati City. Visayas-Mindanao Group handles the development, sale and lease of the Company and its subsidiaries' product offerings in key cities in the Visayas and Mindanao regions.

The Residential Business Group handles the sale of high-end residential lots and units (including leisure community developments), office spaces, commercial and industrial lots, middle-income residential lots and units, affordable lot units and house and lot packages, economic housing units and house and lot packages, and socialized housing packages, and the lease of residential units and marketing of residential developments. The products developed and sold are further classified into the following brands: AyalaLand Premier ("ALP") for high-end village lots and condominium units, Alveo Land Corp. ("Alveo") for upscale village lots, condominium and office units, Avida Land Corp. ("Avida") for middle-income village lots, house and lot packages and condominium units, Amaia Land Corp. ("Amaia") for economic house and lot packages, and BellaVita Land Corp. ("BellaVita") for the socialized house and lot packages.

Commercial Leasing

Commercial Leasing includes the development and lease of Shopping Center and Office spaces and Hotels and Resorts operations.

Shopping Centers include the development of shopping centers and lease to third parties of retail space and land, the operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers and the management and operations of malls which are co-owned with partners. Office Leasing includes the development and lease of office buildings and factory buildings. Hotels and Resorts include the development, operation and management of branded and owner-operated hotels, the lease of land to hotel tenants and the development, operation and management of eco-resorts.

Services

Services include Property Management and Construction. Construction of Ayala Land and third-party projects and land development is done through Makati Development Corporation ("MDC"). Property Management which involves facilities management of Ayala Land and third-party projects, operation of water and sewage treatment facilities in some Ayala Land projects, distribution of district cooling systems and the bulk purchase and supply of electricity for energy solutions are done through Ayala Property Management Corporation ("APMC").

Distribution Methods of Products

The Company's residential products are distributed to a wide range of clients through various sales groups.

Ayala Land has its own in-house sales team for ALP projects. In addition, it has a wholly-owned subsidiary, Ayala Land Sales, Inc. ("ALSI"), which employs commission-based sales people. Ayala Land uses a sales force of about 15,000 brokers and sales agents guided by a strict Code of Ethics. Separate sales groups have also been formed for Alveo, Avida, Amaia and BellaVita. Ayala Land and its subsidiaries also tap external brokers to complement these sales groups.

Marketing to the Overseas Filipino ("OF") market is handled by Ayala Land International Sales, Inc. ("ALISI"). Created in March 2005, ALISI leads the marketing, sales and channel developmeent activities and marketing initiatives of the brands abroad through project websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. ALISI has marketing offices in North America (Milpitas and San Francisco), Hong Kong, Singapore, Dubai, Rome, and London. ALISI likewise assumed operations of AyalaLand Int'l. Marketing in Italy and London, ownership of these offices are transferred to ALISI in 2014.

In addition, the Ayala Group also developed "One Ayala," a program which bundles the products and services of Ayala Land, BPI, and Globe Telecom and gives access to potential Ayala Land clients overseas through BPI's 17 overseas offices and 81 tie-ups. An Ayala Land-BPI Dream Deals program was also created to generate additional sales from the local market.

Since 2008, all residential sales support transactions are undertaken by the shared services company Amicassa Process Solutions, Inc. ("APSI") while all transactional accounting processes across the Ayala Land Group are handled by Aprisa Business Solutions, Inc. ("APRISA") since 2010.

Financial Highlights

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of ₱20.91 billion in 2016, 19% higher than the ₱P17.63 billion posted in 2015. Consolidated revenues reached ₱124.63 billion, 16% higher than the ₱107.18 billion posted in last year. Revenues from Real Estate increased by 17% to ₱117.70 billion driven by the steady performance of its Property Development, Commercial Leasing and Services businesses.

Ayala Land posted a solid balance sheet position in 2016 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 ₱22.64 billion, resulting in a current ratio of 1.12:1. Total Borrowings stood at ₱159.80 billion as of December 31, 2016 from ₱130.99 billion as of December 31, 2015, translating to a Debt-to-Equity Ratio of 0.93:1 and a Net Debt-to-Equity Ratio of 0.79:1. Return on Equity was at 14.9% as of December 31, 2016.

Ayala Land spent a total of ₱85.40 billion for project and capital expenditures in 2016. Of the total capital expenditure, 14% was spent on land acquisition, 5% was spent on the development of its estates, 43% was spent on the completion of residential projects and 30% was spent on commercial leasing projects with the rest of the amount disbursed for new businesses, services and other investments.

Recent Developments

2017

Ayala Land has allotted ₱87.6 billion for capital expenditure this year, an increase from the ₱85.4 billion disbursed in 2016 and that the breakdown of projected spend is ₱40.7 billion on residences, ₱11.8 billion on malls; ₱10.6 billion on land acquisition; ₱9.2 billion on offices; ₱5.5 billion on estates; ₱4.8 billion for hotels and resorts and ₱4.9 billion on other costs.

2016

Ayala Land launched 43 new projects worth ₱87.8 billion in 2016 composed of twelve (28) residential projects / office for sale, five (5) shopping centers, four (4) offices and six (6) hotel and resorts. The Company also opened new Shopping Centers like Ayala Malls South Park, UP Town Center, Solenad and Ayala Malls Legazpi and addition of Tutuban Center, Manila. These projects expanded the GLA of Shopping Centers to 1.62 million sqm as of December 31, 2016.

The Company also opened new Offices such as Vertis North 1, Ayala Center Cebu, Bonifacio Stopover BGC, UP Technohub Building P and UP Town Center BPO. These projects expanded the GLA of Offices to 836,000 sqm as of December 31, 2016.

On June 1, 2016, Ayalaland Malls Synergies, Inc., a wholly owned subsidiary of ALI, was incorporated. This company will house the Commercial Business Group's allied businesses such as but not limited to the partnership with Mercato, LED and operation of upcoming mall's foodcourt.

During the period April to May 2016, ALI purchased common shares and preferred redeemable shares of Prow Holdings, Inc. (PHI) and these investments were accounted for as Investments in Associate as at June 30, 2016. However, in August 2016, additional common shares and preferred redeemable shares were purchased which increased ALI's ownership interest to 55% of the total outstanding capital stock of PHI. As at September 30, 2016, PHI has been considered as a subsidiary and is initially consolidated as an asset acquisition. The transactions were entered based on the governing joint venture agreement for the development of Alviera Estate in Porac, Pampanga.

On March 1, 2016, SIAL Specialty Retailers, Inc. (SIAL), a joint venture company of ALI and SSI Group, Inc., entered into a Deed of Absolute Sale with Metro Retail Stores Group, Inc. to sell fixed assets in SIAL's department stores located at Fairview Terraces and UP Town Center.

On February 24, 2016, ALI and Prime Orion Philippines, Inc. (POPI) executed a Deed of Subscription and Supplement to the Deed of Subscription. These agreements are for ALI's acquisition of 2.5 billion common shares of POPI for ₱2.25 per share or a total subscription price of ₱5.6 billion which represents 51.06% ownership in POPI.

As at September 30, 2016, the POPI Group has been consolidated in the financial statements of the ALI as ALI became a stockholder of POPI upon the approval by the SEC of the application of POPI for the increase of its authorized capital stock and the issuance of the Certificate of Increase in Capital Stock on July 4, 2016. The right of the ALI to vote, to receive dividends and exercise all other rights of the stockholder all originate from it owning shares in POPI as at July 4, 2016. ALI consolidated POPI in its September 30, 2016 Financial Statements using POPI's book value balances.

On January 12, 2016, ALI entered into a partnership with Manila Water Philippine Ventures, Inc, a wholly owned subsidiary of MWC 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

On January 21, 2016, ALI and LT Group, Inc. entered into an agreement to jointly develop a 35-hectare township project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

Future Plans and Prospects

Ayala Land believes that the Philippines continues to be fundamentally strong, having remained resilient amid the challenges in the global economy. While the Company expects most of its business units to continue growing at a healthy pace through 2017, it remains watchful of relevant macroeconomic indicators that may potentially impact the business environment. Further, the Company will continue to strengthen its growing portfolio of power investments as the Company executes on various projects. In particular, Ayala expects its power business to sustain its positive earnings trajectory in 2017. In addition, the Company will continue to explore new investments in transport, healthcare and education. Moreover, Ayala is forming a new industrial technologies group to capture global and domestic opportunities in automotive and manufacturing by leveraging off its experience and expertise in electronics manufacturing and automotive dealerships.

Ayala Land's Principal Strengths

Ayala Land's principal strength lies in its proven track-record, strong brand reputation and its ability to develop quality real estate products that cater to the different segments in the market.

Proven Track Record

With over eight (8) decades of experience, together with Ayala Corporation, Ayala Land is the largest and most experienced real estate developer in the Philippines. Ayala Land's proven track record includes the development of Makati Central Business District, Ayala Alabang, Cebu Business Park, Bonifacio Global City and Nuvali.

Strong Brand Reputation

The Ayala Land name is synonymous with quality and prestige and is the most widely trusted brand in Philippine real estate. Ayala Land maintains leadership in most of its product lines – residential subdivisions and high-rise, shopping centers, office buildings – and across a broad spectrum of price-points and geographies.

Because of its strong brand reputation, Ayala Land is also the partner of choice for strategic partners and land owners who want to make significant new investments in the country and help prime the Company's strategic growth centers. Added to this, many of the best names in local and international retailing prefer to be located in its shopping centers while top multinationals either set up base in its headquarter-type offices or locate in its BPO facilities.

Anchored on shared values and a long-term orientation, Ayala Land builds strong relationships with its business partners, land owners, tenants, employees, customers, the local government, non-government organizations (NGOs) and communities. This allows the Company to enhance its position as the leading property developer in the Philippines.

Substantial and Strategically Located Land Bank

With 9,852 hectares of land bank across strategic locations in the Philippines, Ayala Land is well positioned to take advantage of the growth prospects in the real estate sector in the Philippines. It is currently present across 55 identified growth centers in the country.

Well-Managed, Highly Capable and Professional Organization

Combining leading-edge product innovation with prudent and effective risk management practices, the Company has the ability to manage across a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the industry. The Company employs a proven and highly-credible management, architectural and engineering talent pool across all levels of the organization, most with experience across multiple business lines. Ayala Land also consistently ranks among the top Philippine companies in terms of corporate governance standards and best practices.

Ayala Land also draws on the competitive advantage provided by its wholly-owned subsidiaries, MDC and APMC, which are the country's largest and most experienced construction and property management companies, respectively.

Sustainable Practices

Over the years, Ayala Land has been intensifying the integration of sustainability principles in every step of its business processes. ALI's entire business process, from acquisition, assessment, planning, design, construction, delivery and property management focus on long-term benefits and shared value for stakeholders while foreseeing and managing risks and protecting all investments. Ayala Land has sustainability and risk management policies in place to protect projects from flooding and other geohazards. Technical due diligence is an integral part of site assessment, while flood and erosion control measures are built into masterplans, through site designs that include retention and detention basins, biodiversity (native vegetation) conservation where applicable. Projects are also designed to serve the needs of the commuting and walking public. Ayala Land also has set greenhouse gas emission intensity reduction targets and monitors energy, water and waste metrics in the properties it continues to manage.

Solid Balance Sheet and Strong Shareholder Base

The Company has a strong balance sheet, supportive strategic shareholders, a variety of available funding sources that strengthens its capability to undertake both pocket-sized and large-scale projects or investments that balance the need for sustained earnings growth and long-term net asset value accretion.

Growth Drivers of the Philippine Economy

The Philippine real estate industry offers rich opportunities across all its sub-sectors. Its bright prospects are anchored on stable fundamentals: a robust economy, rising foreign inflows, particularly from OFWs, increased affordability and the availability of attractive financing from banks, resilient consumption spending in retail, and encouraging long-term prospects for office space in the BPO sector.

For the three-year period ended December 31, 2016, Ayala Land has delivered a 3-year average Total Shareholder Return of 34.6%, slightly lower than the 3-year average Total Shareholder Return of the Property Index of 37.9%. Total Shareholder Return is based on share price appreciation plus dividends paid for the relevant period.

Ayala Land's Business Strategy

Ayala Land will continue to develop large-scale, mixed-use integrated communities while diversifying its revenue base across its wide portfolio of businesses. To achieve this, Ayala Land will embark on an aggressive strategy anchored on four (4) main pillars that will lay the ground work for the Company's long-term sustainable growth:

- *Growth.* The Company will actively strengthen and slowly establish its presence in several identified growth centers across the country to effectively expand its footprint into new geographies. It will also introduce new formats within its existing business models to diversify its portfolio of highly differentiated product offerings and tap into previously unserved markets and consumer segments to broaden its reach.

- *Margin Improvement.* Ayala Land will continue to implement various spend management and cost control measures and pursue operational efficiencies further across the organization, without sacrificing quality and with strict adherence to the principles of sustainability, to bring overall costs down and drive profitability.

- *Capital Efficiency.* The Company will also make more efficient use of resources and capital to improve asset turnover and returns on capital. To this end, Ayala Land will pursue an asset-light approach to development and optimize land use by maximizing synergies within the organization, moving with scale to maximize utilization and value-capture.

- *Organizational Development.* Ayala Land will continue to strengthen its risk management program to effectively contain strategic, operational, financial and supply-chain risks associated with the much increased business activity levels, enhance its internal talent pool and support systems and ensure that these are supportive of the Company's growth objectives.

- *Brand-Building.* The Company will continue to leverage on product differentiation and its distinct value proposition. Moreover, it shall ensure the safety, security, and timely delivery of all projects accompanied by efficient and effective customer service.

Ayala Land's Principal Shareholder

As of December 31, 2016, Ayala Corporation's effective ownership in Ayala Land is 47.13% with the remaining interest owned by the public. Ayala Corporation is one of the Philippines' oldest conglomerates, with businesses in real estate, telecommunications, financial services, and a broad range of investments in water, electronics, energy, infrastructure, international operations, business process outsourcing, automotive, education, and healthcare.

Ayala Land's Principal Executive Offices

Ayala Land's executive offices are located at the 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226. The telephone number at this address is (632) 908-3100 and the fax number is (632) 750-7946.

Risk Factors

Prospective investors should consider carefully all of the information set forth in this Preliminary Prospectus and, in particular, prospective purchasers should evaluate the specific factors set forth under the section *"Risk Factors and Other Considerations"* of this Preliminary Prospectus for risks involved in the purchase of the Fixed-rate Bonds. These factors may be summarized into those that pertain to the business and operations of Ayala Land, in particular, and those that pertain to the overall political, economic, and business environment in the Philippines, in general.

As a real estate developer, Ayala Land competes with other developers and developments to attract purchasers of land and condominiums, retail and office tenants, and clientele for the retail outlets, restaurants and hotels in its commercial centers in terms of reputation, reliability, price, and the quality and location of the community in which the relevant project is located. Ayala Land's successful financial and operating performance as a real estate company will impact on its ability to refinance or repay its debt, including the Fixed-rate Bonds. Moreover, the offering of the Fixed-rate Bonds should be evaluated in terms of its impact on the consolidated indebtedness of Ayala Land and the operating risks inherent in a further increase in its debt.

Ayala Land is further subject to certain debt covenants for the Fixed-rate Bonds issuance and its other existing debt. Ayala Land's failure to comply with these covenants could cause a default, which if not waived, could result in the debt becoming immediately due and payable. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of Ayala Land's debt, in which case Ayala Land may not be able to perform its payment obligations under the Fixed-rate Bonds. In such case, the Fixed-rate Bonds, being unsecured debt, will be effectively subordinated in right of payment to all secured debt of Ayala Land to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

External factors affecting Ayala Land's businesses include the impact of current and future Philippine laws and regulations on certain aspects of real estate development, such as environment, health and safety, the effect of natural catastrophes, and political or economic instability in the country, including foreign exchange rate fluctuations which could impact on the acquisition cost of certain dollar-denominated construction materials and equipment necessary for Ayala Land's business.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth financial and operating information on Ayala Land. Prospective purchasers of the Bonds should read the summary financial data below together with the audited consolidated financial statements, including the notes thereto, presented as an Annex and the *"Management's Discussion and*

Analysis of Financial Condition and Results of Operations" section of this Preliminary Prospectus. The summary financial data as of December 31, 2016, 2015 and 2014 were derived from Ayala Land's audited consolidated financial statements, including the notes thereto, which are included in this Preliminary Prospectus and from Ayala Land's 2016 annual report. Ayala Land's consolidated financial statements December 31, 2016, 2015 and 2014 were prepared in compliance with PFRS and audited by SGV & Co in accordance with PSA.

	For the years ended December 31		
(in million Pesos, except Earnings Per Share (EPS)	**2016 Audited**	**2015 Audited**	**2014 Audited**
Income Statement Data			
Revenues	₱124,628	₱107,183	₱95,197
Costs and expenses			
Real estate	76,566	65,335	59,396
General and administrative expenses	7,031	6,592	6,203
Interest and other financing charges	7,315	6,506	5,365
Other charges	1,053	999	376
Subtotal	91,965	79,432	71,340
Income before income tax	32,663	27,751	23,857
Provision for income tax			
Current	8,752	8,562	7,011
Deferred	(520)	(1,708)	(868)
	8,232	6,854	6,143
Net Income	₱24,431	₱20,897	₱17,714
Net Income attributable to:			
Equity holders of Ayala, Land Inc.	20,908	17,630	14,802
Non-controlling interests	3,523	3,267	2,912
Unappropriated retained earnings Balance, beginning of year	71,952	60,478	51,609
Cash dividends			
Common share	(6,999)	(6,094)	(5,871)
Preferred share	(62)	(62)	(62)
Net Income attributable to equity holders of Ayala Land, Inc.	20,908	17,630	14,802
Net Income appropriation during the year	(2,000)		
Balance at end of year	83,798	71,952	60,478
Basic Earnings per share*	₱1.43	₱1.20	₱1.05
Diluted Earnings per share**	₱1.43	₱1.20	₱1.05

**Based on weighted average number of common shares (in thousands): 14,588,347 as at December 31, 2016; 14,580,415 as at December 31, 2015; and 14,074,173 as at December 31, 2014.*

***Based on weighted average number of common shares (in thousands): 14,589,542 as at December 31, 2016; 14,583,107 as at December 31, 2015; and 14,079,005 as at December 31, 2014.*

	As at December 31		
(in million Pesos)	**2016 Audited**	**2015 Audited**	**2014 Audited**
Selected Balance Sheet Data			
Cash and cash equivalents and other assets[1]	₱20,904	₱19,540	₱34,586
Land and improvements	101,457	93,303	80,445
Investment properties	107,931	80,465	67,898
Total assets	536,432	442,342	388,944

Current portion of long term debt	5,187	8,808	5,067
Long term debt - net of current portion	130,369	111,702	103,296
Total liabilities	363,749	292,516	266,949
Equity attributable to equity holders of Ayala Land, Inc.	147,705	133,731	106,940
Non-controlling interests	24,978	16,094	15,055
Total equity	₱157,674	₱149,825	₱121,995

[1] *Includes Cash and Cash Equivalents and Short-term Investments and Investments in Unit Investment Trust Funds ("UITF") classified as Financial Assets at Fair Value through Profit or Loss ("FVPL")*

The table below sets forth the comparative performance indicators of the Company and its subsidiaries:

	December 31, 2016	December 31, 2015	December 31, 2014
Current ratio [1]	1.12:1	1.14:1	1.23:1
Debt-to-equity ratio [2]	0.93:1	0.87:1	1.02:1
Net debt-to-equity ratio [3]	0.79:1	0.74:1	0.74:1
Return on assets [4]	5.00%	5.00%	5.00%
Return on equity [5]	14.90%	15.00%	14.00%
Asset to Equity [6]	3.11:1	2.95:1	3.19:1
Interest Rate Coverage [7]	5.6	5.5	5.7

[1] *Current assets / current liabilities*
[2] *Total debt/ consolidated stockholders' equity, net of unrealized gain (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*
[3] *Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through FVPL – excludes ARCH Capital Fund)*
[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. EBITDA is computed as Income before income tax + Interest and other financing charges and Other charges - Interest and investment income + Depreciation and amortization*

OVERVIEW OF THE DEBT SECURITIES PROGRAM

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Preliminary Prospectus and, in relation to the terms and conditions of any particular tranche of a Series, the applicable terms and conditions.

Ayala Land is offering a Debt Securities Program comprised of Fixed-rate Bonds, Homestarter Bonds, and Commercial Papers (each, a "Series," and collectively, the "Securities") with an aggregate principal amount of Fifty Billion Pesos (₱50,000,000,000.00) to be issued in one or more tranches (the "Program"). The following sections outline the description of the Program followed by specific indicative terms and conditions applicable to a particular Series.

The Program

Issuer:	Ayala Land, Inc.
Facility:	Fifty Billion Pesos (₱50,000,000,000.00) Debt Securities Program
Purpose:	Proceeds from the Program will be used for capital expenditure and general corporate requirements.
Availability:	The Program will be continuously available until the expiration of the shelf registration and the permit to offer securities for sale to be issued by the SEC for the Program.
Maturity:	Commercial Paper: up to one (1) year Homestarter Bonds: three (3) years Fixed-rate Bonds: more than five (5) years
Method of Issue:	Each Series of the Securities will be issued on a continuous basis in tranches (each a "Tranche") on different issue dates. The specific terms of each Tranche (which, save in respect of the issue date, issue price, interest commencement date, and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in the final prospectus or corresponding offer supplement.
Form of Securities:	Each Tranche of the Fixed-rate Bonds Series and Homestarter Bonds Series will be represented by a Master Certificate of Indebtedness to be issued and registered in the name of the Trustee for the Security Holders. Legal title to the Securities shall be shown on and recorded in the Register of Security Holders maintained by the Registrar.
Denomination of Securities:	Commercial Paper: minimum face value and increments to be determined. Homestarter Bonds: minimum of ₱50,000.00 face value and in increments of ₱10,000.00, subject to a maximum subscription of ₱10,000,000.00 per eligible bondholder Fixed-rate Bonds: minimum of ₱50,000.00 face value and in increments of ₱10,000.00.
Redemption for Taxation Reasons:	If payments under the Securities become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the relevant Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Securities in whole, but not in part, (having given

	not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Final Redemption:	Except when a call option on the Fixed-rate Bonds is exercised, the Securities will be redeemed at par or 100% face value on the relevant maturity date.
Status of the Securities:	The Securities constitute direct, unconditional and unsecured Peso-denominated obligations of the Issuer and will rank *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, other than obligations mandatorily preferred by law.
Negative Pledge:	The Securities shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens.
Taxation:	Except: (1) tax on a Security Holder's interest income on the Securities which is required to be withheld by the Issuer, and (2) capital gains tax/income tax, documentary stamp tax and other taxes on the transfer of Securities (whether by assignment or donation), if any and as applicable, which are for the account of the Security Holder, all payments of principal and interest will be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines or any political subdivision, agency or instrumentality thereof, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however, that the Issuer shall not be liable for, and will not gross-up the payments of interest on the principal amount of the Securities so as to cover any final withholding tax applicable on interest earned on the Securities prescribed under the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations. Documentary stamp tax on the original issue of the Securities shall be for the Issuer's account. A Security Holder who is exempt from or is not subject to final withholding tax on interest income may claim such exemption by submitting to the relevant Joint Lead Underwriter, together with its Application to Purchase: (i) pertinent documents evidencing its tax-exempt status, duly certified as "true copy" by the relevant office of the BIR; (ii) a letter addressed to the Issuer and the Registrar, requesting both the Issuer and the Registrar not to make any withholding on said Security Holder's interest income; and (iii) an indemnity undertaking wherein the Security Holder shall undertake to indemnify the Issuer for any tax or charge that may later on be assessed against the Issuer on account of the non-withholding of tax on the Securities held by such Security Holder. The tax treatment of a Security Holder may vary depending upon such person's particular situation and certain Security Holders may be subject to special rules not discussed above. This summary does not purport to address all the aspects that may be important and/or relevant to a Security Holder. Security Holders are advised to consult their own tax advisers on the ownership and disposition of the Securities, including the applicability and effect of any state, local or foreign tax laws.

Issuer Rating:	The Program will carry an Issuer Rating to be provided by PhilRatings.
Governing Law:	Philippine Law

Specific terms related to the Fixed-rate Bonds Series

Issue Price:	The Fixed-rate Bonds will be issued at 100% of face value.
Fixed-rate Bonds Interest:	Interest on Fixed-rate Bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears.
Optional Redemption:	The applicable final terms will indicate either that the relevant Fixed-rate Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Fixed-rate Bonds will be redeemable at the option of the Issuer and/or the Fixed-rate Bondholders upon giving notice to the Fixed-rate Bondholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Joint Lead Underwriters.
Purchase and Cancellation:	The Issuer may at any time purchase any of the Fixed-rate Bonds in the open market or by tender or by contract at market price without any obligation to purchase (and the Bondholders shall not be obliged to sell) Fixed-rate Bonds pro-rata from all Bondholders. Any Fixed-rate Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Fixed-rate Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Issue Rating:	The Fixed-rate Bonds will be rated by PhilRatings.
Registrar and Paying Agent:	Philippine Depository and Trust Corp.
Trustee:	PNB Trust Banking Group
Listing:	Philippine Dealing & Exchange Corp. (PDEx)

Specific terms related to the Homestarter Bonds

Issue Price:	The Homestarter Bonds will be issued at 100% of face value.
Homestarter Bonds Interest:	Interest on Homestarter Bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears until and including the relevant maturity date or on the date of effectivity of an Early Downpayment Application for the purchase of an Ayala Land property, as may be applicable, less the amount of any applicable withholding taxes.
Eligible Homestarter Bondholders:	Filipino individuals or resident foreign individuals.
Maximum Subscription:	₱10,000,000.00 per Eligible Bondholder. For purposes of determining compliance with the maximum subscription limitation, the amount of the

Homestarter Bonds applied to be purchased by an Eligible Homestarter Bondholder in his individual capacity, and in conjunction with another Eligible Homestarter Bondholder (a) in his individual capacity whether as registered owner and/or beneficial owner (i.e. under an "in trust for" account), and (b) in conjunction with another Eligible Homestarter Bondholder (i.e. under an "and/or" account) without the benefit of pro-rating, shall be aggregated.

Payout Options: The principal amount of the Homestarter Bonds held by a Bondholder that remain valid and outstanding on the Maturity Date, and accrued interest thereon net of applicable withholding taxes, (collectively, the "Maturity Date Payment Amount") shall be paid on Maturity Date either, at the option of the Homestarter Bondholder, (a) by application to the full or partial downpayment for the purchase by the Homestarter Bondholder of an Ayala Land Property (as defined below) of the Homestarter Bondholder's choice, or (b) by way of delivery of the lump sum amount to the Homestarter Bondholder, as follows:

Option 1: The Homestarter Bondholder may opt to apply the Maturity Date Payment Amount to the full or partial downpayment (to the extent of such sum of the principal amount of the Homestarter Bonds plus accrued interest thereon from the last Interest Payment Date, net of applicable withholding taxes) for the new acquisition of a subdivision lot, house and lot or condominium unit (list of acceptable properties to be provided in the issuance of a particular Tranche) (an "Ayala Land Property") of the Homestarter Bondholder's choice in any subdivision or condominium project being sold to the public by the Issuer or any corporation directly or indirectly controlled by the Issuer at the relevant time, subject in any case to availability at the time of payment application.

Should a Bondholder exercise this option, then the Maturity Date Payment Amount shall be applied to the full or partial downpayment of the purchase price of the Homestarter Bondholder's selected Ayala Land Property. If such sum can only be applied to the partial downpayment of an Ayala Land Property, the Homestarter Bondholder can only avail of Option 1 if such Homestarter Bondholder is able to fully pay, or obtain firm bank or in-house financing on terms acceptable to the Issuer, based on the independent credit evaluation of the party or third party providing the financing, for the portion of the purchase price of the Ayala Land Property not covered by the aforesaid sum at the time of the downpayment application. However, if the said sum exceeds the amount of the downpayment for the purchase price of the Homestarter Bondholder's selected Ayala Land Property, the excess shall be applied towards the payment of the remaining balance of the purchase price.

In addition, Bondholders choosing this option will be entitled to a Bonus Credit (as defined below), that is a discount on the purchase of the chosen Ayala Land Property. The Bonus Credit is equivalent to ten percent (10.00%) of up to ₱10,000,000.00 of the aggregate principal amount of such Bonds held by the Bondholder (the "Bonus Credit"). For the avoidance of doubt, the Bonus Credit is not based on the Net Selling Price (as defined below) of the selected Ayala Land Property, at the time of downpayment application. In addition, the Bonus Credit is subject to a maximum, which is the lower of (a) ten percent (10.00%) of the aggregate principal amount (up to

₱10,000,000.00) of the Homestarter Bonds held by the Homestarter Bondholder and (b) the Bonus Credit limit equivalent to a percentage of the Net Selling Price of the selected Ayala Land Property (the "Maximum Bonus Credit"). For the avoidance of doubt the aggregate principal for purposes of computing (a) above shall be no more than ₱10,000,000.00. For purposes of computing the value-added tax to be assessed and collected on the sale of the property, the Bonus Credit shall be treated as a discount from the Net Selling Price.

The Bonus Credit may not be availed of in conjunction with other Ayala Group employee discounts, as may be applicable.

The net selling price refers to the list price of the Ayala Land Property, less applicable discounts (other than the Bonus Credit); it excludes the value-added tax and other applicable charges on the sale of property (the "Net Selling Price").

The Homestarter Bondholder shall be given sixty (60) days from Maturity Date to select an Ayala Land Property to which to apply the total value of the Homestarter Bond. Interest (at the same rate per annum) shall accrue on the principal amount of the Homestarter Bonds during such 60-day period. In the event no Ayala Land property is selected on or before the end of the 60^{th} day from Maturity Date, the total principal plus interest earned until the 60^{th} day after Maturity Date, net of applicable withholding taxes, shall be credited back to the Bondholder's Designated Account on (and no earlier than) the third (3^{rd}) Banking Day after the said 60^{th} day (the "Final Settlement Date"). A Homestarter Bondholder may not, for the duration of the 60-day period, redeem any amount on any date except on Final Settlement Date.

The Homestarter Bondholder may assign to a corporation at least fifty one percent (51.00%) of the voting stock of which is owned by the said Homestarter Bondholder the principal amount of the Homestarter Bonds plus accrued interest thereon from the last Interest Payment Date and any applicable Bonus Credit for the purpose of applying the total amount to the full or partial downpayment of an Ayala Land Property. Any taxes, fees, costs or expenses arising from or related to such an assignment shall be for the account of the Homestarter Bondholder.

a) Option 2: The Homestarter Bondholder may opt to have the principal plus accrued interest from the last Interest Payment Date, net of applicable withholding taxes, remitted to the Homestarter Bondholder's Designated Account on Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment or any interest, on the succeeding Business Day if the Maturity Date is not a Business Day.

   No later than ninety (90) days prior to Maturity Date, a letter together with reply forms requesting the Homestarter Bondholders to express their preferred payout option shall be sent to all Homestarter Bondholders. In the event no reply is received by the Trustee from the Bondholder on or before thirty (30) days prior to Maturity Date, then it shall be assumed that the payout preference of the Homestarter Bondholder is Option 2.

	The Homestarter Bondholder shall be assisted by, and coordinated with, the relevant Joint Lead Underwriter in the settlement of all matters relating to both Options after Maturity Date.
Early Downpayment Application:	At any time prior to Maturity Date, the Homestarter Bondholder may opt, provided that notice of such intent is given by the Homestarter Bondholder to the developer of the Ayala Land Property of the Homestarter Bondholder's choice on the date that the reservation is made, to apply the sum of the aggregate principal amount of the Homestarter Bonds held by it plus accrued interest thereon from the last Interest Payment Date, but net of applicable withholding tax, as full or partial downpayment of an Ayala Land Property of the Homestarter Bondholder's choice, such application of payment to be made to the extent of such sum. In such an event, the Homestarter Bonds registered in such Bondholder's name shall be deemed terminated and cancelled. However, the Homestarter Bondholder can avail of this Early Downpayment Application only if (a) such Bondholder is able to fully pay, or obtain firm bank or in-house financing, subject to the independent credit evaluation of the party providing the financing and on terms acceptable to the Issuer, for the portion of such purchase price not covered by the aforesaid sum at time of payment application; and (b) the Ayala Land Property of the Homestarter Bondholder's choice is available on the effectivity of the Early Downpayment Application. If the sum of the aggregate principal amount of the Homestarter Bonds held by the Homestarter Bondholder, plus accrued interest thereon from the last Interest Payment Date, net of applicable withholding tax exceeds the amount of the downpayment for the purchase price of the Homestarter Bondholder's selected Ayala Land Property, the excess shall be applied towards the payment of the remaining balance of the purchase price. Should the Homestarter Bondholder exercise this option, after the lapse of one hundred eighty (180) days from the Issue Date, the Homestarter Bondholder would be entitled to a Bonus Credit, in addition to the interest on the Homestarter Bonds subject to the terms and conditions detailed in Interest Payment above. For the avoidance of doubt, should the Homestarter Bondholder exercise this option within one hundred eighty (180) days from the Issue Date, the Homestarter Bondholder shall not be entitled to receive any Bonus Credit.
Issue Rating:	The Homestarter Bonds will be rated by PhilRatings.
Registrar and Paying Agent:	Philippine Depository and Trust Corp.
Trustee:	PNB Trust Banking Group
Listing:	PDEx

Specific terms related to the Commercial Paper

Issue Price:	The Commercial Paper will be issued at a discount to face value.

Commercial Paper Interest:	Interest on Commercial Paper will be fixed calculated on a true discount basis
Issue Rating:	The Commercial Paper will be rated by PhilRatings.
Registrar and Paying Agent:	Philippine Depository and Trust Corp.
Listing:	PDEx

SUMMARY OF THE OFFER

This Preliminary Prospectus and Offering relates to the fourth tranche of the Fixed-rate Bonds Series with a principal amount of Seven Billion Pesos (₱7,000,000,000.00). The following summary of the offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Preliminary Prospectus. The fourth tranche of the Fixed-rate Bonds is part of Ayala Land's ₱50,000,000,000.00 Debt Securities Program. (Please see "Overview of the Debt Securities Program").

Fourth Tranche of the Fixed-rate Bonds Series

Issuer:	Ayala Land, Inc.
Issue:	Fixed-rate Bonds (the "Bonds") constituting the direct, unconditional, unsecured and general obligations of the Issuer
Issue Amount:	₱7,000,000,000.00
Joint Lead Underwriters:	China Bank Capital Corporation PNB Capital and Investment Corporation SB Capital Investment Corporation
Offer Period:	The Offer shall commence at 10:00 a.m. on [•], 2017 and end at 5:00 p.m. on [•], 2017, or on such other date as the Issuer and the Underwriters may agree upon.
Issue Date:	[•], 2017 or such other date as may be agreed upon by the Issuer and the Underwriters
Maturity Date:	[•], 2027
Interest Rate:	Fixed interest rate of [•]% per annum
Interest Payment Date:	Shall be paid semi-annually in arrears on [•] and [•], or the next Banking Day if such dates fall on a non-Banking Day, of each year commencing on [•], until and including the relevant Maturity Date (each, an "Interest Payment Date")
Call Option and Call Option Dates:	The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Fixed-rate Bonds before the Maturity Date on any one of the anniversary dates indicated below (the "Call Option Dates"), or the immediately succeeding Banking Day if such date is not a Banking Day, in accordance with the following schedule:

Call Option Dates	Call Option Price
On the 7.0th year from Issue Date	102.00%
On the 8.0th year from Issue Date	101.00%
On the 9.0th year from Issue Date	100.50%

The Issuer shall give no less than thirty (30) nor more than sixty (60) days prior written notice of its intention to exercise its Call Option on the Fixed-rate Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Fixed-rate Bonds at the Call Option Date stated in such notice. The amount payable to the Bondholders in respect of any such early redemption shall be calculated as the sum of (i) the relevant Call Option Price

	applied to the principal amount of the then outstanding Fixed-rate Bonds being redeemed and (ii) all accrued interest on the Fixed-rate Bonds as at the relevant Call Option Date.
Purchase and Cancellation:	The Issuer may at any time purchase any of the Fixed-rate Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Fixed-rate Bonds pro-rata from all Bondholders. Any Fixed-rate Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Fixed-rate Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Issue Rating:	The Fixed-rate Bonds are rated PRS **[●]** by PhilRatings.

NET PROCEEDS FROM THE OFFER

The net proceeds from the ₱7.00 billion Offer is estimated to be ₱6.92 billion after deducting expenses related to the Offer. Said expenses are as follows:

Estimated proceeds from the sale of the Fixed-rate Bonds		₱7,000,000,000.00
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	1,767,500.00	
Documentary Stamp Tax	35,000,000.00	
Underwriting Fee	26,250,000.00	
Estimated Professional Expenses & Agency fees	9,000,000.00	
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	2,500,000.00	
Listing Fee	100,000.00	
		₱74,617,500.00
Estimated net proceeds to Ayala Land		₱6,925,382,500.00

A detailed discussion on the proceeds of the Offer appears on the “Use of Proceeds” of this Preliminary Prospectus.

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake its, his, her or their own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and Issuer thereof from the SEC which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those classified as high risk securities.

RISK FACTORS

An investment in the Bonds described in this Preliminary Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider the following factors, in addition to the other information contained in this Preliminary Prospectus, in deciding whether to invest in the Bonds. This Preliminary Prospectus contains forward-looking statements that involve risks and uncertainties. Ayala Land adopts what it considers conservative financial and operational controls and policies to manage its business risks. Ayala Land's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Preliminary Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Ayala Land, in particular, and those that pertain to the overall political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below.

Investors should carefully consider all the information contained in this Preliminary Prospectus including the risk factors described below, before deciding to invest in the Bonds. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.

RISKS ASSOCIATED WITH THE COMPANY

Ayala Land faces a highly competitive business environment

Ayala Land is subject to significant competition in each of its principal businesses. Competitive pressure is expected to remain as large property developers focus on the value-conscious middle market. Sustained demand growth is not likely to occur without real improvement in employment and real incomes. However, Ayala Land believes that, at present, there is no single property company that has a significant presence in all sectors of the property market.

Ayala Land competes with other developers and developments to attract purchasers of land and residential units, office and retail tenants as well as other construction and property management firms, and hotel operators.

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) Active land acquisition in key geographies and partnering with other developers (2) Continue current mixed use model versus pocket developments (3) gathering market intelligence and translating information into competitive proposals and (3) Hard push for timely opening of new properties / developments, among other control activities and procedures.

Land, Residential

With respect to land, condominium and office sales, Ayala Land competes for purchasers primarily on the basis of reputation, reliability, price and the quality and location of the community in which the relevant site is located. With respect to its horizontal residential housing developments, Ayala Land competes for buyers based on quality of projects and reasonable pricing of units.

(a) High-end residential

Ayala Land continues to be the leader in the high-end residential market. It competes with a price premium over other high-end developers but justifies it with superior locations, workmanship quality, and overall reputation in the real estate industry. Through these, it has been able to keep well ahead of other high-end players.

Real estate has always been a major investment vehicle for the affluent. However, in a volatile environment, such as the recent financial crisis and the subsequent global economic downturn, the high-end market tends to "wait and see," or they simply choose to place their money in other investment instruments. Ayala Land Premier registered revenues of ₱24.86 billion for the period ended December 31, 2016, slightly higher than the ₱23.40 billion posted in the same period in 2015 driven by higher bookings from projects such as Park Central Tower in Makati City and increased completion of residential buildings such as The Two Roxas Triangle and Garden Towers 1 & 2 in Ayala Center Makati, East and West Gallery Place in Bonifacio Global City, Arbor Lanes in Arca South, Taguig, and horizontal projects such as Riomonte and Soliento in Nuvali, Laguna and The Courtyards in Vermosa, Cavite.

Ayala Land has mitigated the market risks it faces through carefully planned project launches, clear product differentiation, product innovation, and increased market expansion through overseas sales and new segments.

(b) Upscale, residential

In the upscale market segment, Alveo registered revenues of ₱18.57 billion, 29% higher than the ₱14.36 billion generated in the same period due to increased completion of residential towers such as Park Triangle Residences, One and Two Maridien and Two Serendra in Bonifacio Global City, Lerato Tower 3 and Kroma in Makati and Portico Tower 1 in Pasig and subdivision projects such as Lumira and Mondia Nuvali, Laguna.

(c) Middle-income residential

In the middle-income market segment, Avida recorded revenues of ₱17.07 billion, 16% higher compared to same period last year on the account of higher bookings from Avida Tower Sola 1 in Vertis North, Quezon City and One Union Place Tower 3 in Arca South, Taguig and increased completion of Vita Towers in Vertis North, Asten Towers in Makati, The Montane and Turf Tower 1 in Bonifacio Global City, Riala Tower 1 and 2 in Cebu IT Park, Avida Towers Davao and subdivision projects in Nuvali namely Hillcrest Estates and Southfield Settings in Nuvali and residential buildings namely Avida Tower Davao Tower 2, Avida Towers BGC 34th Tower 1 and 2 and The Montane in Bonifacio Global City..

(d) Socialized and Economic Housing

Ayala Land entered the socialized housing segment in 2012 with the launch of Amaia Scapes in Laguna under the Company's subsidiary, Amaia Land Corp., carrying the brand Amaia. This segment is expected to provide a steady end-user demand in the long-term as one-third of the estimated twenty (20) million Filipino households and majority of the almost four (4) million national housing backlog belong to this segment. Amaia posted revenues of ₱3.35 billion which is lower compared to same period in 2015 due to lower sales take-up from Amaia Scapes and Skies Projects.

In terms of economic housing, Ayala Land formally launched its first socialized housing project in 2012 under the BellaVita brand in Cavite from subsidiary, BellaVita Land Corp. BellaVita significantly grew its revenues to ₱776.10 million, posting a 46% growth from ₱529.80 million last year due to higher bookings in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Cabanatuan City, Nueva Ecija and Cagayan De Oro City, Misamis Oriental.

Positive factors spurring interest because of their long-term effects in the real estate industry are the:

- Infrastructure, highway and railway projects within Metro Manila and nearby provinces;
- Increasing purchases by the overseas-based Filipino market due to marketing and promotions by various developers;
- Availability of financing from the Home Development Mutual Fund (Pag-IBIG); and
- Relatively low mortgage rates and longer maturities.

Office Space and Retail Rental

With respect to its office rental properties, Ayala Land competes for tenants primarily based upon the quality and location of the relevant building, the reputation of the building owner and operator, the quality of support services provided by the property manager, and rental and other charges. Under the current environment, lease rates and occupancy levels are under pressure in the Makati CBD where Ayala Land office buildings are located.

Revenues from Office Leasing reached ₱5.54 billion, 7% higher year-on-year from ₱5.16 billion due to the higher average rental rates of existing buildings and the positive contribution of new offices such as Bonifacio Stopover, UP Technohub Building P and UP Town Center BPO in Quezon City. Office Leasing EBITDA margin improved to 91% from 90% last year. Monthly average lease rates of offices registered 4% higher to ₱725 per square meter from ₱698 per square meter in the same period last year. Average occupancy rate registered at 87%, 3% higher than previous year due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 836,000 square meters for 2016. .

With respect to its retail properties for lease, Ayala Land competes for tenants primarily based upon the ability of the relevant retail center to attract customers, which generally depends on the quality and location of, and mix of tenants in, the relevant retail center and the reputation of the owner and/or operator of the retail center, as well as rental and other charges. The market for shopping centers has become especially competitive and the number of competing properties is expected to grow. Some competing shopping centers are located within relatively close proximity of each of Ayala Land's commercial centers.

Revenues from Shopping Centers reached ₱14.97 billion, 12% higher year-on-year from ₱13.37 billion due to the improved performance of stable malls and contribution of new malls such as UP Town Center in Quezon City, Ayala Malls Solenad in Nuvali, Santa Rosa Laguna, Tutuban Center, Manila, Ayala Malls Legazpi in Albay and the higher occupancy and average rental rates of existing malls. Shopping Centers EBITDA margin declined to 67% from 69% due to lower margins of newly opened malls. Monthly average lease rates registered 1% lower to ₱1,143 per square meter from ₱1,155 per square meter in the same period last year. Same mall rental growth increased by 5% year-on-year. Average occupancy rate registered at 91%. Total gross leasable area (GLA) of Shopping Centers registered at 1.62 million square meters for full year 2016.

Industrial Property Business

The industrial property business is affected by oversupply as well as limited industrial expansion and declining foreign investments. Overall, the industrial property segment is not likely to show significant demand improvement in the medium term.

Laguna Technopark, a development of the Ayala Land's subsidiary, Laguna Technopark, Inc. (LTI), remains the preferred location for locators and has been successfully expanding its offerings at a time when industrial parks in the Calabarzon area have been experiencing the effects of an oversupply of manufacturing and processing facilities.

Hotels and Resorts Operations

Although the hotel industry has seen increasing visitor arrivals in the past several years, it is generally subject to the slowdown in business activity due to global financial and local political turmoil and security concerns. Nonetheless, according to the Department of Tourism, 5.97 million foreign tourists visited the Philippines in 2016, while 56.1 million was recorded for domestic visits.

Revenues from Hotels and Resorts reached ₱6.05 billion, 1% higher year-on-year from ₱5.97 billion due to the improved revenue-per-available-room (REVPAR) of hotel and resorts. REVPAR of hotels increased by 0.7% to ₱3,786 per night while REVPAR of resorts increased by 7% to ₱8,087 per night. Hotels and Resorts EBITDA margin was at 28%. Average occupancy rate of Hotels registered at 73% while Resorts registered at 59% during the period. Hotels and Resorts currently operates 961 hotel rooms from its internationally branded segment; 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, 30 bed and breakfast rooms in Casa Kalaw Lio El Nido and 6 bed and breakfast rooms from Balay Kogon Sicogon, Iloilo 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 2,027 as of December 31, 2016.

Infrastructure, Construction and Property Development

Ayala Land's construction business is exposed to any potential sector-wide slowdown in construction activities.

Notwithstanding stiff competition in the industry, Ayala Land intends to maintain and enhance its position as the leading property developer in the Philippines by continuing its over-all business strategy of developing large-scale, mixed-use integrated communities within growth centers that perpetuate its strong market presence while ensuring a steady revenue growth for the Company. Ayala Land further intends to diversify its revenue base by expanding its real estate business into different markets, specifically the economic and socialized housing segments where bulk of consumer "end-user" demand lies, and geographic areas and growth centers across the country where there are significant growth opportunities or where its proposed developments complement its existing businesses.

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.

On top of these, the Company is continuously improving its self-perform and self-manufacture capability for better quality control in its developments.

Ayala Land's business may be affected by the risk posed by an asset price bubble

Inherent to any property market is the risk posed by an asset price bubble. This situation arises when a gross imbalance between demand and supply causes an unusual increase in asset prices and as supply begins to outstrip demand, a drastic drop in prices ensues causing the proverbial bubble to burst.

In the domestic market, the current property boom has been fuelled by both business and public confidence which in turn is driven by a number of factors including the robust domestic economy, low interest rates that support both business expansion and domestic consumption underpinned by a young demographic profile, moderate but consistently growing remittances from Overseas Filipino Workers, and the Philippines' success as a choice Business Process Outsourcing destination.

These factors alongside the prudential measures put in place by the Bangko Sentral ng Pilipinas to safeguard the health of the local financial system point to the Philippine property market being adequately protected against a domestic asset price bubble. For its part, the Company has embarked on a plan to achieve by 2020 a balanced portfolio of (i) residential businesses, which thrive on robust economic periods, and (ii) leasing businesses, which have proven to be more resilient across economic cycles thus providing some cushion between periods of economic trough. The Company's expansion of its residential businesses has likewise allowed it to cater to both the economic and socialized housing segments where the country's housing backlog primarily occurs thus tapping into another source of demand for its residential products.

Ayala Land's leverage creates a number of operating risks and might affect its ability to repay the Securities

The increase in debt of Ayala Land could have certain adverse consequences. For example, it could:

- reduce Ayala Land's ability to service its existing debt obligations, including the Securities;
- affect Ayala Land's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require Ayala Land to divert a substantial portion of its cash flow from operations to debt service;
- affect Ayala Land's flexibility in reacting to and taking advantage of developments and opportunities in the Philippine economy, the Philippine property development industry and its business; or
- place Ayala Land at a competitive disadvantage to its competitors that have less debt.

As at December 31, 2016, Ayala Land's consolidated short-term and long-term debts amount to an aggregate of ₱159.80 billion, ₱95.3 billion of which were evidenced by public instruments. Any such debt may, by mandatory provision of law, rank ahead of the Securities in the event of the insolvency or liquidation of Ayala Land. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments.

Ayala Land’s ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of which are beyond its control. If Ayala Land is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, Ayala Land would have to consider other various financing options such as sale of assets, procuring additional capital and other options available to Ayala Land under applicable law. Ayala Land might also have to modify, delay or abandon its development and expansion plans. See discussions under “Management’s Discussion and Analysis of Financial Condition” and “Results of Operation” of this Preliminary Prospectus.

The Company has stringent monitoring mechanisms in place designed to manage its debt levels and to ensure that these are within sustainable limits. The Company also actively tracks its inventory levels, accounts receivables and its contingent liability, all the while ensuring flexibility in its planned launches to adjust to operating and market conditions.

Ayala Land is subject to certain debt covenants

The Bond Agreements and agreements for certain debts of Ayala Land contain covenants that limit its ability to, among other things:

- incur additional long-term debt to the extent that such additional indebtedness results in a breach of a required debt-to-equity ratio;
- materially change its nature of business;
- merge, consolidate, or dispose of substantially all its assets; and
- encumber mortgage or pledge some of its assets.

Complying with these covenants may cause Ayala Land to take actions that it otherwise would not take or not take actions that it otherwise would take. Ayala Land’s failure to comply with these covenants would cause a default, which, if not waived, could result in the debt becoming immediately due and payable. In this event, Ayala Land may not be able to repay or refinance such debt on terms that are acceptable to Ayala Land or at all. See discussions under “Management’s Discussion and Analysis of Financial Condition,” “Results of Operations,” “Description of the Fourth Tranche of the Fixed-rate Bonds,” of this Preliminary Prospectus.

Ayala Land has historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenants. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, Ayala Land shall endeavor to obtain the necessary waivers in accordance with relevant debt agreements.

The occurrence of certain events of default under Ayala Land's other debt could affect Ayala Land’s ability to repay the Securities

A significant portion of the debt of Ayala Land contains terms which allow a lender to accelerate Ayala Land’s debt if any event or change in circumstances occurs which, in the sole opinion of such lender, would materially impair Ayala Land's ability to repay its debt. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of the Company’s debt. In which case, it may not be able to perform its payment obligations under the Securities.

Ayala Land has not defaulted in any of its debt obligations. Its ₱15.0 billion Bonds issued in April 2012, the ₱15.0 billion Aggregate Bonds, of which the first tranche of ₱8.0 billion was issued in April 2014 and the second and final tranche of ₱7.0 billion was issued in April 2015, and the first three tranches of the Fixed-rate Bonds, as well as the first tranche of the Homestarter Bond Series under the ₱50.0 billion Debt Securities Program in the aggregate amount of ₱15.0 billion issued in March 2016, April 2016, and October 2016, respectively, have been rated or have maintained a rating of PRS Aaa with PhilRatings, while its ₱15.0 billion Bonds issued in July 2013 and ₱6.0 billion Bonds issued in September 2013 have both been rated AAA with Credit Rating and Investors Services Philippines Inc. and have subsequently maintained a rating of PRS Aaa with PhilRatings. It shall continue its strategy of compliance with its debt obligations by adopting the necessary internal controls in financial management and adopting good corporate governance policies that will ensure that transactions do not violate debt covenants.

The Securities may be subordinated to other debt

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a public instrument, as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt not evidenced by a public instrument. Debt becomes evidenced by a public instrument when it has been acknowledged by the creditor and the debtor before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a *jurat* (a statement by one party of the circumstances in which an affidavit was made) may also be sufficient to make a document a public instrument. Accordingly, it may be possible for debt to become evidenced by a public instrument through the unilateral action of a creditor without the knowledge of the borrower.

As of December 31, 2016, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱159.80 billion, ₱95.3 billion of which were evidenced by public instruments. Any such debt may, by mandatory provision of law, rank ahead of the Securities in the event of the insolvency or liquidation of Ayala Land. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. However, should any bank or bondholder hereinafter have a preference or priority over the Securities as a result of notarization, then Ayala Land shall at its option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Securities as may be practicable.

Notwithstanding the foregoing, investors are assured of Ayala Land's continuing track record of prudent financial management which has allowed it to be in a net debt-to-equity position of 0.80:1 as of December 31, 2016. Thus, in the unlikely event that Ayala Land is dissolved, there will be sufficient assets for disposition that will meet all its debt obligations, whether secured or unsecured.

Ayala Land from time to time considers business combination alternatives

Although Ayala Land's loan covenants contain certain restrictions on business combinations, Ayala Land will be able to engage in certain types of combinations. Business combinations involve financial and operational risks and could result in significant changes to Ayala Land's operations, management and financial condition. These changes could adversely affect Ayala Land's ability to fulfill its obligations under the Securities and reduce the value of the Securities.

Ayala Land takes into consideration its existing debt obligations and concomitant debt covenants in making any major business investments or acquisitions. Any financial commitments under such business combinations are evaluated in terms of the inflow of revenues of such projects and their ability to service their own financial requirements once fully operational.

Republic Act No. 10667, the Philippine Competition Act ("PCA") authorizes the Philippine Competition Commission ("PCC") to review mergers and acquisitions to ensure compliance with the PCA. Section 17 of the PCA provides for mandatory notification to the PCC of any merger or acquisition thirty (30) days prior to its consummation, where generally the value of such transaction exceeds One Billion Pesos (₱1,000,000,000.00). Failure to report the merger or acquisition will render the contract void, and subject the parties to a fine between one percent (1.00%) to five percent (5.00%) of the value of the transaction.

Given the usual volume of the Issuer's transactions, mergers or acquisitions undertaken by the Issuer would likely meet the notification threshold under the PCA and its Implementing Rules and Regulations ("IRR"). The Issuer will comply with the requirements of the PCA and its IRR.

Successful development of Ayala Land's projects is dependent on various factors

There is no certainty that Ayala Land's current and future projects will be implemented as planned and within the projected timetable. Real estate developments are subject to risks such as delays in obtaining financing and/or finalizing project plans and/or obtaining approvals, increases in construction costs, natural calamities and/or market downturns hereinafter described. Ayala Land's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully.

Ayala Land continually looks for growth opportunities in different market segments and geographic areas in order that any negative impact on a particular market segment or geographic area by reason of political, economic or other factors will allow it to pursue its projects or other developments not affected thereby, thus, providing it with a steady revenue base.

Ayala Land's business is affected by regulation in the Philippines

Ayala Land operates a material part of its businesses in a regulated environment. Ayala Land is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions and the management and disposal of, and exposure to, hazardous materials.

Ayala Land cannot predict what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

The Housing and Land Use Regulatory Board ("HLURB") Resolution No. 926, or the "Revised Implementing Rules and Regulations to Govern the Time of Completion of Subdivision and Condominium Projects under P.D. No. 957" ("Resolution 926"), was recently promulgated to narrow the grounds to grant additional time to complete a given project. Ayala Land endeavors to complete its projects within the time granted by HLURB in the Licenses to Sell of the projects.

Ayala Land, through its construction and property management arms, keeps itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost-efficient means, a strategy which has earned Ayala Land awards from several local and international organizations.

Moreover, through its wholly-owned Makati Development Corporation ("MDC"), Ayala Land is able to rely upon forty one (41) years of experience in engineering, and an array of construction-related services including construction management, procurement and construction equipment management for the timely delivery of its various projects in accordance with safety and quality specifications.

Operational and Physical Risk Factors in Ayala Land's Business

Just like any other business, Ayala Land is not exempt from the various risks associated with property development and operational management. It is however cognizant of the fact that a thorough understanding of risks, its complexities and continuous improvement in design and business operations is key to better abatement of risks and ensuring leadership in the industry.

Since the inception of the Company's risk management program, the Management 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.

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. In 2016, the year-end equipment uptime for all managed properties is at 99.41% versus an internal target of 99%. Vendor performance evaluation of contracted services and customer feedback ratings of 93%, was also well within the 80% thresholds.

Product and service quality and safety risks are also relatively high in ongoing construction projects from safety-related incidents up to quality or workmanship issues. In 2016, the Company achieved 0.17 Total Disabling Injury Rate (TDIR), a significant improvement from previous years and better than comparable international construction companies. Likewise, it has attained a 92% Safety Maturity & Engagement, a rating that is higher than global norms, based on Employee Health and Safety survey conducted by Towers Watson. This is made possible through the strengthened controls and mitigation activities being employed by the Company.

Among such controls are (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.

On May 31, 2013 an explosion occurred inside a residential unit in Section B, Two Serendra. Two Serendra is a district of Serendra, a condominium development of Serendra, Inc., a subsidiary of Ayala Land. It is located at the Bonifacio Global City in Taguig City. The incident claimed the lives of four persons, including the occupant of the unit in Section B. Initial reports indicate that the explosion may have resulted from an improper accumulation of gas inside the unit. A government inter agency task force investigated the incident and its findings, that the explosion was caused by an accumulation of gas inside the unit due to the lack of care by the unit renovation contractor, and the parties possibly responsible, is pending review by the Department of Justice.

Ayala Land's subsidiary, Ayala Property Management Corporation, as the property manager of Serendra, provided support and assistance to the Serendra Condominium Corporation, the affected parties and the investigating units of government.

Natural catastrophes may affect Ayala Land's businesses adversely

The Philippines has experienced a number of major natural catastrophes in recent years, including typhoons, volcanic eruptions, earthquakes, mudslides, and droughts. Natural catastrophes may disrupt the Company's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. Furthermore, there is growing political and scientific consensus that emissions of greenhouse gases continue to alter the global atmosphere in ways that are affecting the global climate. These effects may include changes in temperature levels which may in turn bring about changes in weather patterns (including storm frequency and intensities, drought and rainfall levels), and ultimately, changes that may negatively affect global water and food security. The occurrence of such natural catastrophes exacerbated by climate change, and the annual variation in weather conditions may materially disrupt and adversely affect, in varying degrees geographically, the business operations, financial condition and results of operations of Ayala Land.

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 undergo 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. 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 manmade disasters. To protect the company assets and to ensure cost recovery for property damages other losses during these disasters, the Company maintains comprehensive insurance against catastrophic perils including but not limited to earthquake, typhoon and flood to cover its various developments against physical damage and business interruption based on declared values in each location and on probable maximum loss scenarios. Despite the series of natural disasters that befell the country in 2014 and 2013, including super typhoon Yolanda which caused massive destruction in the Visayan provinces as well as the Bohol earthquake in 2013, there have been no significant impact to the Company's business as proper mitigating measures have been put in place, such as but not limited to, engineering interventions and insurance.

In 2016, a major review of the Company's major business lines was conducted to identify the most critical business activities and the potential business impact on the business unit should these activities be interrupted over varying timeframes. This information is critical in helping the Company determine the timeframes within which critical business activities must be resumed following a disruption, as well as the resources required for business continuity.

The prospects of Ayala Land may be influenced by political and economic factors in the Philippines

The growth and profitability of Ayala Land will be influenced by the general political situation in, and the state of the economy of, the Philippines. Any political or economic instability in the future may have a negative effect on the financial results of Ayala Land and the level of dividends paid and distributions made by Ayala Land's subsidiaries.

Currently, the Company continues to enjoy 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 permitsare processed and released within acceptable time frame thereby helping in preventing serious project delays.

Ayala Land's business operations may be affected by any political and military instability in the Philippines

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration. In December 2011, the House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines for improperly issuing decisions that favored former President Arroyo, as well as for the failure to disclose certain properties, in violation of rules applicable to public employees and officials. In July 2013, a major Philippine newspaper reported the diversion and misuse of the Priority Development Assistance Fund by some members of Congress through pseudo-development organizations headed by Janet Lim Napoles, which prompted a number of investigations, including one in the Senate, on certain individuals. In September 2013, cases of plunder and malversation of public funds were filed with the Office of the Ombudsman against Janet Lim Napoles, three Senators, a few members of the House of Representatives and other Government personnel. In July 2014, a valid impeachment complaint, endorsed by three representatives from the House of Representatives, against President Aquino over his controversial budget spending program, the Disbursement Acceleration Program, was filed, and the House Committee on Justice has been mandated to handle the complaint.

In June 2016, the Philippines elected a new chief executive, President Rodrigo Duterte. Since it assumed office, President Duterte's administration has demonstrated commitment in implementing fiscal, monetary, and trade policies that are consistent with the pursuit of rapid, broad-based economic growth. Among others, the administration is embarking on a progressive tax reform and an ambitious infrastructure development agenda. However, perceptions over human rights and geopolitical issues may affect the overall sentiment on the Philippines and the business environment.

Any economic slowdown or deterioration in economic conditions in the Philippines may adversely affect Ayala Land's business and operations in the Philippines

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine peso, higher interest rates, slower growth and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector.

The government instituted several reform measures in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals, resulting in improved investor confidence and increased economic activities. Most recently, the Philippines was granted a Baa2 Stable Investment Grade rating from Moody's Investors Service on December 14, 2015. On April 24, 2015, Standard & Poor's Financial Services (S&P) reaffirmed the BBB Stable long-term sovereign credit rating of the Philippines, the highest rating ever recorded in the country's history. The Philippines was also given a BBB- Positive Investment Grade rating from Fitch Ratings (Fitch) last September 24, 2015. The Philippines' stable and positive investment grade status makes the Philippines more internationally competitive and more attractive to investments. Together with strong demand drivers, real gross domestic product (GDP) growth was at 6.8% in 2016 faster than the 5.8% in 2015, primarily driven by strong performances in the manufacturing, trade, renting and service sectors.

To mitigate the abovementioned risks, Ayala Land shall continue to adopt what it considers conservative financial and operational controls and policies within the context of the prevailing business, economic, and political environments taking into consideration the interests of its customers, stakeholders and creditors.

RISKS RELATING TO THE SECURITIES

An active or liquid trading market for the Securities may not develop

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the Securities will always be active or liquid. Even if the Securities are listed on the PDEx, trading in securities such as the Securities may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, and the overall market for debt securities among other factors. There is no assurance that the Securities may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Holders of the Securities may face possible gain or loss if the Securities are sold at the secondary market.

As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. The Securities when sold in the secondary market are worth more if interest rates decrease since the Securities have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

The Securities may not be able to retain its credit rating

There is no assurance that the rating of the Securities will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Bonds have no Preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or security holder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Securities in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A SECURITY, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident foreign individual" refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines."

TAXATION OF INTEREST

The National Internal Revenue Code of 1997, as amended, provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens, resident foreign individuals, domestic corporations, and resident foreign corporations from the Bonds is subject to income tax at the rate of 20%. Generally, interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income derived by non-resident foreign corporations from the Securities is subject to income tax at the rate of 20%. The said income tax is withheld at source and constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident Bondholder. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX EXEMPT STATUS

Bondholders who are exempt from, are not subject to final withholding tax, or are subject to a lower rate of final withholding tax on interest income may avail of such exemption or preferential withholding tax rate by submitting the necessary documents. Said Bondholder shall submit the following requirements, in form and substance prescribed by the Issuer, to the Registrar or to the Underwriters or selling agents (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) a copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid original tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption, and certified by an authorized officer of the Applicant as being a true copy of the original on file with the Applicant; (ii) a duly notarized undertaking, in prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Securities for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same Security holder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 72-2010; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Transfers taking place in the Register of Bondholders after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if/and or when allowed under are in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, within three (3) Business Days from settlement date: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed from the Issuer on account of such transfer.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.00 for each ₱200, or fractional part thereof, of the issue price of such debt instruments.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds.

TAXATION ON SALE OR OTHER DISPOSITION OF THE SECURITIES

Income Tax

Ordinary asset – The gain is included in the computation of taxable income, which is subject to the following graduated tax rates for Philippine citizens or resident foreign individuals:

Not over ₱10,000*	5%
Over ₱10,000 but not over ₱30,000	₱500 + 10% of the excess over ₱10,000
Over ₱30,000 but not over ₱70,000	₱2,500 + 15% of the excess over ₱30,000
Over ₱70,000 but not over ₱140,000	₱8,500 + 20% of the excess over ₱70,000
Over ₱140,000 but not over ₱250,000	₱22,500 + 25% of the excess over ₱140,000
Over ₱250,000 but not over ₱500,000	₱50,000 + 30% of the excess over ₱250,000
Over ₱500,000	₱125,000 + 32% of the excess over ₱500,000

**Other than minimum wage earners, who are exempt from paying income tax*

Capital asset – Gains shall be subject to the same rates of income tax as if the Bonds were held as ordinary assets, except that if the gain is realized by an individual who held the Bonds for a period of more than twelve (12) months prior to the sale, only 50% of gain will be recognized and included in the computation of taxable income. If the Bonds were held by an individual for a period of twelve (12) months or less, 100% of gain is included.

Gains derived by domestic or resident foreign corporations on the sale or other disposition of the Bonds are subject to a 30% income tax. Gross income derived by non-resident foreign corporations on the sale or other disposition of the Bonds is subject to a 30% income tax unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized from the sale, exchange or retirement of bonds, debentures and other certificate of indebtedness with a maturity of more than five (5) years are not subject to income tax.

Estate and Donor's Tax

The transfer of the Bonds by a deceased person to his heirs shall be subject to estate tax, which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20%, if the net estate is over ₱200,000.

A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at either (i) 30%, where the donee or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000, and where the donee or beneficiary is other than a stranger. For this purpose, a "stranger" is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

USE OF PROCEEDS

Following the offer and sale of the fourth tranche of the Fixed-rate Bonds Series in the amount of ₱7.00 billion, ALI expects that the net proceeds of the Offer shall amount to approximately ₱6.92 billion after fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

		Total
Estimated proceeds from the sale of the Bonds		₱7,000,000,000.00
Less: Estimated Upfront Expenses		
SEC Registration and Legal Research Fee	1,767,500.00	
Documentary Stamp Tax	35,000,000.00	
Underwriting Fee	26,250,000.00	
Estimated Professional Expenses and Agency fees	9,000,000.00	
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	2,500,000.00	
Listing Fee	100,000.00	
		74,617,500.00
Estimated net proceeds to Ayala Land		₱6,925,382,500.00

Aside from the fees enumerated above, the Company will be paying the following estimated annual fees related to the each of the Securities:

1. PDEx annual listing maintenance fee of ₱150,000.00; and
2. Annual Rating Monitoring and Agency fees of ₱80,000.00.

Expenses incurred in connection with the offering of the Securities, including documentary stamp tax, fees of the Trustee, and the Registrar and Paying Agent will be for the account of the Issuer.

Net proceeds amounting to approximately ₱6.92 billion will be used to partially finance the Company's general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the following capital expenditures:

(In Billions Pesos)	Launch Date	Total Cost	Spend		Planned Spend
			2014 / 2015	2016	2017
Intercon					
Retail	2016	5.3	-	0.3	0.3
BPO	2016	6.4	-	0.0	0.3
Hotels	2016	3.4	-	0.0	0.1
Transport Hub	2016	2.4	-	0.1	0.2
Ayala Triangle Garden 2					
HQ Office	2015	7.2	0.3	0.2	0.8
Retail	2015	1.4	0.1	0.1	0.3
Cloverleaf Mall	2015	2.5	0.0	1.2	1.3
Manila Bay					
Retail	2015	11.1	-	1.0	1.5

Citygate					
Retail	2014	0.9	0.1	0.4	0.4
HQ	2014	1.5	0.3	0.3	0.4
BPO	2014	2.7	0.6	0.7	0.8
Hotel	2014	1.6	0.1	0.4	0.3
Vertis Mall	2013	3.5	1.3	1.9	0.3
Total		**49.9**	**2.8**	**6.7**	**6.9**

The foregoing projects are housed under and are being undertaken by Ayala Land itself.

The completion of the Company's projects will be financed through the net proceeds of the Offer and net cash flows from operations. Costs related to the projects, in general, include various construction-related materials and services. Construction materials are procured in bulk and are paid for by the Company as delivered materials are billed by suppliers. Construction-related services are measured based on percentage of work completed and are billed to and paid by the Company based on such progress billings. The net proceeds from the Offer, which are expected to be fully utilized in 2017, will be disbursed accordingly.

The foregoing target completion dates have been calibrated in response to prevailing market conditions.

DETERMINATION OF OFFERING PRICE

The fourth tranche of the Fixed-rate Bonds Series shall be issued on a fully-paid basis and at an issue price that is at par.

PLAN OF DISTRIBUTION FOR THE FOURTH TRANCHE OF THE FIXED-RATE BONDS

THE FIXED-RATE BONDS OFFER

The Fixed-rate Bonds covered by this Preliminary Prospectus and described below is the fourth tranche of the Fixed-rate Bonds Series under the ₱50,000,000,000 Debt Securities Program that was authorized by a resolution of the Board of Directors of the Company dated November 27, 2015. A registration statement filed by the Company covering the Debt Securities Program was rendered effective by the Securities and Exchange Commission ("SEC") by its order and certificate of permit to offer securities for sale for the first tranche of the Fixed-rate Bonds Series issued on March 9, 2016 (the "Shelf Registration"). The first tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱8,000,000,000 and was issued on March 23, 2016 under a prospectus dated March 9, 2016. The second tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on April 25, 2016 under a prospectus dated April 12, 2016. The third tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on October 7, 2016 under a prospectus dated September 23, 2016.The SEC has issued a certificate of permit to offer securities for sale dated [•] for the fourth tranche of the Fixed-rate Bonds Series. Pursuant to such confirmation and certificate of permit to offer securities for sale, the fourth tranche of the Fixed-rate Bonds Series will be issued with an aggregate principal amount of ₱7,000,000,000 under this Preliminary Prospectus.

SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within three (3) years following the issuance of the first tranche of the Fixed-rate Bonds Series, Ayala Land may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Securities covered by such registration statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides Ayala Land with the ability to conduct such an offering within a comparatively short period of time. Ayala Land believes that this provides it with the increased ability to take advantage of opportunities in a volatile debt capital market, as these occur. Any subsequent offering under such rule requires the submission by Ayala Land of the relevant updates and amendments to the registration statement and the issuance of the corresponding Permit to Sell by the SEC. As a listed company, Ayala Land regularly disseminates such updates and information in its disclosures to the SEC and PSE.

However, there can be no assurance in respect of: (i) whether Ayala Land would issue such Securities at all; (ii) the size or timing of any individual issuance or the total issuance of such Securities; or (iii) the specific terms and conditions of any such issuance. Any decision by Ayala Land to offer such Securities will depend on a number of factors at the relevant time, many of which are not within Ayala Land's control, including but not limited to: prevailing interest rates, the financing requirements of Ayala Land's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

THE UNDERWRITERS OF THE FIXED-RATE BONDS OFFER

China Bank Capital, PNB Capital, and SB Capital, pursuant to an Underwriting Agreement with Ayala Land dated [•] (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the fourth tranche of the Fixed-rate Bonds Series at the Issue Price, and have also committed severally and not jointly to underwrite, in total ₱7,000,000,000 of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

For the Offer of the fourth tranche of the Fixed-rate Bonds Series, the Underwriters will receive a fee of up to 0.375% on the underwritten principal amount of the Fixed-rate Bonds issued. Such fee shall be inclusive of underwriting and participation commissions.

For the fourth tranche of the Fixed-rate Bonds Series, the amount of the commitments of the Underwriters are as follows:

Underwriter	Commitment
China Bank Capital	₱ 2,333,340,000.00
PNB Capital	₱ 2,333,330,000.00
SB Capital	₱ 2,333,330,000.00
Total	₱7,000,000,000.00

There is no arrangement for the Underwriters to return any unsold Securities to Ayala Land. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to Ayala Land of the net proceeds of the Securities.

The Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Securities. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for Ayala Land or other members of the Ayala Group of which Ayala Land forms a part.

The Underwriters have no direct relations with Ayala Land in terms of ownership by either of their respective major stockholder/s.

SALE AND DISTRIBUTION

The distribution and sale of the Securities shall be undertaken by the Underwriters who shall sell and distribute the Securities to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Securities for their own respective accounts.

OFFER PERIOD

The Offer Period shall commence at 10:00 a.m. on [•], 2017 and end at 5:00 p.m. on [•], 2017 or on such other date as the Issuer and Underwriters may agree upon.

APPLICATION TO PURCHASE

Applicants may purchase the Securities during the Offer Period by submitting to the Underwriters properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Securities in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration of Articles of Incorporation and By-Laws, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies authorizing the purchase of the Securities and designating the authorized signatory(ies) thereof. Individual applicants must also submit, in addition to the foregoing, a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) certified true copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized undertaking (in the prescribed form and substance by Ayala Land) declaring and warranting that the same Bondholder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar.

Completed Applications to Purchase and corresponding payments must reach the Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters of the completed Application to Purchase shall be subject to the availability of the Fixed-rate Bonds and the acceptance by Ayala Land. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE SECURITIES

If the Securities are insufficient to satisfy all Applications to Purchase, the available Securities shall be allotted in accordance with the chronological order of submission of properly completed Applications to Purchase on a first-come, first-served basis, subject to Ayala Land's right of rejection.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the Underwriters from whom such application to purchase the Fixed-rate Bonds was made.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Securities which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Fixed-rate Bondholders at the latter's risk.

PURCHASE AND CANCELLATION

The Issuer may at any time purchase any of the Securities in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Securities pro-rata from all Fixed-rate Bondholders. Any Securities so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Fixed-rate Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

SECONDARY MARKET

Ayala Land intends to list the Securities in the PDEx. Ayala Land may purchase the Securities at any time in the PDEx trading system without any obligation to make pro-rata purchases of Securities from all Fixed-rate Bondholders.

REGISTRY OF BONDHOLDERS

The Securities shall be issued in scripless form. A Master Certificate of Indebtedness representing the Fixed-rate Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Fixed-rate Bondholders.

Beneficial title to the Securities shall be shown in the Register of Fixed-rate Bondholders to be maintained by the designated registrar for the Fixed-rate Bonds. Initial placement of the Securities and subsequent transfers of interests in the Securities shall be subject to applicable Philippine selling restrictions prevailing from time to time. The Issuer will cause the Register of Fixed-rate Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Fixed-rate Bondholders and the particulars of the Fixed-rate Bonds held by them and of all transfers of Securities shall be entered in the Register of Fixed-rate Bondholders.

DESCRIPTION OF THE FOURTH TRANCHE OF THE FIXED-RATE BONDS

The following is a description of certain terms and conditions of the fourth tranche of the Fixed-rate Bonds. This description of the terms and conditions of the said Fixed-rate Bonds set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the Securities, copies of which are available for inspection at the offices of the Trustee. The terms and conditions set out in this section will, subject to amendment, be set out in the Trust Indenture between the Issuer and the Trustee.

The Bonds covered by this Preliminary Prospectus and described below is the fourth tranche of the Fixed-rate Bonds Series under the ₱50,000,000,000 Debt Securities Program that was authorized by a resolution of the Board of Directors of the Company dated November 27, 2015. A registration statement filed by the Company covering the Debt Securities Program was rendered effective by the Securities and Exchange ICommission ("SEC") by its order and certificate of permit to offer securities for sale for the first tranche of the Fixed-rate Bonds Series issued on March 9, 2016 (the "Shelf Registration"). The first tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱8,000,000,000 and was issued on March 23, 2016 under a prospectus dated March 9, 2016. The second tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on April 25, 2016 under a prospectus dated April 12, 2016. The third tranche of the Fixed-rate Bonds Series had an aggregate principal amount of ₱7,000,000,000 and was issued on October 7, 2016 under a prospectus dated September 23, 2016. The SEC has issued a certificate of permit to offer securities for sale dated [•] for the fourth tranche of the Fixed-rate Bonds Series. Pursuant to such confirmation and certificate of permit to offer securities for sale, the fourth tranche of the Fixed-rate Bonds Series will be issued with an aggregate principal amount of ₱7,000,000,000 (the "Fixed-rate Bonds" or the "Offer") under this Preliminary Prospectus.

The Fixed-rate Bonds are constituted by a Trust Indenture executed on [•] (the "Trust Indenture") between the Issuer and PNB Trust Banking Group (the "Trustee", which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture). The description of the terms and conditions of the Fixed-rate Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Indenture and the Registry and Paying Agency Agreement executed on [•] (the "Registry and Paying Agency Agreement") among the Issuer, the Registrar, and the Paying Agent.

PDTC has no interest in or relation to Ayala Land which may conflict with its roles as Registrar and as Paying Agent for the Offer. PNB Trust Banking Group has no interest in or relation to Ayala Land which may conflict with its role as Trustee for the Offer.

Copies of the Trust Indenture and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The holders of the Fixed-rate Bonds (the "Fixed-rate Bondholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

1. Form, Denomination and Title

(a) Form and Denomination

The Fixed-rate Bonds are in scripless form, and shall be issued, in denominations of Fifty Thousand Pesos (₱50,000.00) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

(b) Title

The beneficial interest to the Fixed-rate Bonds shall be shown on and recorded in the Register of Fixed-rate Bondholders maintained by the Registrar. A notice confirming the principal amount of the Fixed-rate Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Fixed-rate Bondholders following the Issue Date. Upon any assignment, title to the Fixed-rate Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Fixed-rate Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Fixed-rate Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Fixed-rate Bondholder.

(c) Fixed-rate Bond Rating

The Fixed-rate Bonds have been rated PRS **[●]** by PhilRatings. Obligations rated PRS **[●]** are of the **[●]** quality with **[●]** credit risk. The obligor's capacity to meet its financial commitment on the obligation is **[●].**.

PhilRatings' credit ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to Ayala Land and may change the ratings at any time, should circumstances warrant a change. After Issue Date, the Trustee shall monitor the compliance of the Fixed-rate Bonds with the regular annual reviews.

2. Transfer of the Fixed-rate Bonds

(a) Register of Fixed-rate Bondholders

The Issuer shall cause the Register of Fixed-rate Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Fixed-rate Bondholders and the particulars of the Fixed-rate Bonds held by them and of all transfers of Fixed-rate Bonds shall be entered into the Register of Fixed-rate Bondholders. As required by Circular No. 428-04 issued by the *Bangko Sentral ng Pilipinas,* the Registrar shall send each Fixed-rate Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Fixed-rate Bonds that is effected in the Registrar's system (at the cost of the Issuer). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Fixed-rate Bondholder as of the date thereof. Any requests of Fixed-rate Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Fixed-rate Bondholder. No transfers of the Fixed-rate Bonds may be made during the period commencing on a Record Date as defined in the section on "*Interest Payment Date*."

(b) Transfers; Tax Status

Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented.

A Fixed-rate Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under *"Payment of Additional Amounts; Taxation*,*"* within three (3) days from the settlement date for such transfer.

(c) Registrar

For transfers and record updates, notices and communication with the Registrar may be made thru the following:

Philippine Depository & Trust Corporation
37th Floor Enterprise Centre Tower I
Ayala Avenue, Makati City, Metro Manila

Telephone no:	(632) 884-4425
Fax no:	(632) 757-6025
E-mail:	baby_delacruz@pds.com.ph
Attention:	Josephine Dela Cruz, Associate Director

(d) Secondary Trading of the Fixed-rate Bonds

The Issuer intends to list the Fixed-rate Bonds in PDEx for secondary market trading. The Fixed-rate Bonds will be traded in a minimum board lot size of ₱10,000.00 as a minimum, and in multiples of ₱10,000.00 in excess thereof for as long as any of the Fixed-rate Bonds are listed on PDEx. Secondary market trading in PDEx shall follow the applicable PDEx rules, conventions, and guidelines governing trading and settlement between fixed-rate bondholders of different tax status and shall be subject to the relevant fees of PDEx and PDTC.

3. Ranking

The Fixed-rate Bonds constitute direct, unconditional, and unsecured Peso-denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, other than obligations preferred by the law.

4. Interest

(a) Interest Payment Dates

The Fixed-rate Bonds bear interest on its principal amount from and including Issue Date at the fixed rate of [•]% per annum, payable semi-annually in arrears on [•] and [•] of each year while the Fixed-rate Bonds are outstanding (each of which, for purposes of this section is an "Interest Payment Date") commencing on [•] or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the relevant Maturity Date.

The cut-off date in determining the existing Fixed-rate Bondholders entitled to receive interest or principal amount due shall be the day two (2) Business Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Fixed-rate Bondholders entitled to receive interest, principal or any other amount due under the Fixed-rate Bonds. No transfers of the Fixed-rate Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) Interest Accrual

Each Fixed-rate Bond shall cease to bear interest, net of applicable withholding taxes, from and including the relevant Maturity Date, as defined in the discussion on *"Final Redemption",* unless, upon due presentation, payment of the principal in respect of the Fixed-rate Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Penalty Interest"*) shall apply.

(c) Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Call Option

(a) Call Option

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Fixed-rate Bonds before the Maturity Date on any one of the anniversary dates indicated below (the "Call Option Dates"), or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

Call Option Dates	Call Option Price
On the 7.0th year from Issue Date	102.00%
On the 8.0th year from Issue Date	101.00%
On the 9.0th year from Issue Date	100.50%

The amount payable to the Fixed-rate Bondholders in respect of any such redemption shall be calculated as the sum of (i) the Call Option Price applied to the principal amount of the then outstanding Fixed-rate Bonds being redeemed and (ii) all accrued interest on the Fixed-rate Bonds as of the Call Option Date.

(b) Exercise of a Call Option

Should the Issuer elect to exercise a Call Option, it shall do so by delivery of an original and three (3) copies of a notice of such exercise to the Trustee, submitted during business hours on a date no earlier than sixty (60) days and no later than thirty (30) days prior to the Call Option Date. Once executed, completed and delivered to the Trustee, a Call Option notice is irrevocable.

Upon receipt of a Call Option notice fully complying with these Terms and Conditions, the Trustee shall transmit the same notice to the Fixed-rate Bondholders.

Notwithstanding anything to the contrary, in the event the Issuer has notified the Trustee that it will exercise the Call Option, any interest payment due on the Interest Payment Date immediately preceding the Call Option Date shall be paid on such Call Option Date.

6. Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the Fixed-rate Bonds shall be redeemed at par or 100% of face value on the Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment, on the succeeding Business Day if the Maturity Date is not a Business Day.

(b) Redemption for Taxation Reasons

If payments under the Fixed-rate Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Fixed-rate Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par plus accrued interest, net of applicable withholding taxes.

(c) Purchase and Cancellation

The Issuer may at any time purchase any of the Fixed-rate Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Fixed-rate Bondholders shall not be obliged to sell) Fixed-rate Bonds pro-rata from all Fixed-rate Bondholders. Any Fixed-rate Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Fixed-rate Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

(d) Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances ("Change in Law or Circumstance") as it refers to the obligations of the Issuer and to the rights and interests of the Fixed-rate Bondholders under the Trust Indenture and the Fixed-rate Bonds:

(i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Fixed-rate Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.

(ii) Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.

(iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

(iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Fixed-rate Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Indenture or in the Fixed-rate Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on *"Notice of Default*.*"*

7. Payments

The principal of, interest on and all other amounts payable on the Fixed-rate Bonds shall be paid to the Fixed-rate Bondholders by crediting of the cash settlement accounts designated by each of the Fixed-rate Bondholders. The principal of, and interest on, the Fixed-rate Bonds shall be payable in Philippine Pesos.

The Issuer shall ensure that so long as any of the Fixed-rate Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Fixed-rate Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

8. Payment of Additional Amounts; Taxation

Interest income on the Fixed-rate Bonds is subject to a final withholding tax at rates of between fifteen percent (15%) and twenty percent (20%) depending on the tax status of the relevant Fixed-rate Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

(a) The applicable final withholding tax applicable on interest earned on the Fixed-rate Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations as may be in effect from time to time (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) certified true copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized undertaking (in the prescribed form and substance by Ayala Land) declaring and warranting that the same Fixed-rate Bondholder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Fixed-rate Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Fixed-rate Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Fixed-rate Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

(b) Gross Receipts Tax under Section 121 of the Tax Code;

(c) Taxes on the overall income of any securities dealer or Fixed-rate Bondholder, whether or not subject to withholding; and

(d) Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337.

Documentary stamp tax for the primary issue of the Fixed-rate Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

9. Financial Ratios

The Issuer shall maintain, for as long as any of the Fixed-rate Bonds remain outstanding, a Debt to Equity Ratio of not more than 3:1.

10. Negative Pledge

For as long as any of the Fixed-rate Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Fixed-rate Bondholders who hold, represent or account for more than fifty percent (50%) of the principal amount of the Fixed-rate Bonds then outstanding (the "Majority Fixed-rate Bondholders"), permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "Lien") in favor of any creditor or class of creditors without providing the Fixed-rate Bondholders with a Lien, the benefit of which is extended equally and ratably among them to secure the Fixed-rate Bonds; provided however that*,* this restriction shall not prohibit "Permitted Liens," which are:

(a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset.

(b) Any Lien constituted for any obligation or credit facility incurred for the purpose of pursuing any infrastructure project or investment therein, whether such infrastructure project is undertaken by the Issuer itself, by its Affiliates, and/or by the Issuer or its Affiliates with third parties, and whether the same is carried on separately from or integrated with any of the real estate development of the Issuer, or any Lien constituted by the Issuer on its right to receive income or revenues (whether in the form of dividends or otherwise) from infrastructure projects or related investments therein.

(c) Any Lien created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.

(d) Any Lien to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.

(e) Any Lien: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Fixed-rate Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.

(f) Any Lien in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding ₱5,000,000,000.00.

(g) Any Lien existing on the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture.

(h) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the BSP on loans and financial accommodations extended to directors, officers, stockholders and related interests ("DOSRI").

(i) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement that has been assigned to such Affiliate by the Issuer.

(j) The assignment, transfer or conveyance of the Issuer's right to receive any of its income or revenues from receivables arising out of the sale of property held for sale by the Issuer in the ordinary course of business (the "Project Receivables").

(k) The assignment, transfer or conveyance of the right of the Issuer to receive any income or revenues other than from Project Receivables; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to exceed the ratio of the amount of indebtedness of the Issuer secured by any lien constituted pursuant to this subparagraph (k) to the noncurrent assets of the Issuer (as computed in accordance with Philippine Financial Reporting Standards (PFRS) and based on the most recent audited financial statements of the Issuer) which ratio shall not be more than 0.5:1.

(l) Any Lien to be constituted on the assets of the Issuer after the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture or any Lien for an aggregate loan accommodation not exceeding the equivalent of 10% of the market value of the consolidated assets of the Issuer as reflected in the latest appraisal report submitted by an independent and reputable appraiser.

(m) Any Lien constituted over the investment of the Issuer in any of its Affiliates, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Affiliates.

(n) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement (other than for borrowed money).

(o) Any title transfer or retention of title arrangement entered into by the Issuer in the normal course of its trading activities on the counterparty's standard or usual terms.

(p) Any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purpose of securing loan facilities denominated in Philippine Pesos granted by the Issuer in an aggregate principal amount not exceeding the amount of the deposit of the face amount (or value) of that financial instrument.

(q) Any Lien created over cash deposits or marketable investment securities in favor of a bank or financial institution to secure any borrowed money in connection with a treasury transaction; provided that, the aggregate amount of security does not at any time exceed US$30,000,000.00 or its equivalent. For this purpose, a "treasury transaction" means any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer's treasury management;

(r) The assignment, transfer or conveyance by way of Lien (in any case without recourse) of the Issuer's right to receive any income or revenues from any asset of the Issuer not used in the ordinary course of business; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to breach the Debt to Equity Ratio.

12. Events of Default

The Issuer shall be considered in default under the Fixed-rate Bonds and the Trust Indenture in case any of the following events (each an "Event of Default") shall occur and is continuing:

(a) Payment Default

The Issuer fails to pay when due and payable any amount which the Issuer is obliged to pay to the Fixed-rate Bondholders under the Trust Indenture and the Fixed-rate Bonds, and such failure, if due to causes other than the willful misconduct or gross negligence of the Issuer, is not remedied within five (5) Business Days from receipt by the Issuer of written notice of such non-payment from the Trustee; provided, however, that, the amount due for payment during the said five (5) Business Day remedy period shall be subject to the interest specified in the section *"Interest."*

(b) Representation/Warranty Default

Any representation and warranty of the Issuer hereof or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fourteen (14) days (or such longer period as the Majority Fixed-rate Bondholders shall approve) after receipt of written notice from the Fixed-rate Bondholders to that effect.

(c) Other Default

The Issuer fails to perform or violates any other provision, term of the Trust Indenture and the Fixed-rate Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation with respect to the covenant to maintain the prescribed financial ratio, (particularly a maximum debt to equity ratio of 3:1.0 and within ten (10) Business Days from the date of the occurrence of said violation, with respect to any other covenant or obligation; provided that, the Events of Default constituting insolvency initiated by the Issuer or closure default, or a violation of a negative covenant shall not be remediable.

(d) Cross Default

The Issuer violates any material term or condition of any contract executed by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within ten (10) Business Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Trust Indenture and the Fixed-rate Bonds; provided however that, no event of default shall occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds ₱500,000,000.00.

(e) Insolvency Default

The Issuer becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by the Issuer of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.

(f) Judgment Default

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱500,000,000.00 or its equivalent in any other currency is entered against the Issuer and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree or award is due under the applicable law or agreement.

(g) Writ and Similar Process Default

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of the Issuer's assets and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within thirty (30) calendar days after its issue or levy.

(h) Closure Default

The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or *force majeure.*

13. Notice of Default

The Trustee shall, within thirty (30) days after the occurrence of any Event of Default, give to the Fixed-rate Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default, as described in *"Payment Default*,*"* the Trustee shall immediately notify the Fixed-rate Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Fixed-rate Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Fixed-rate Bondholders or their duly authorized representatives may obtain an important notice regarding the Fixed-rate Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

14. Consequences of Default

(a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee, upon the written instructions of the Majority Fixed-rate Bondholders and by notice in writing delivered to the Issuer, or the Majority Fixed-rate Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the principal of the Fixed-rate Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Fixed-rate Bonds to the contrary notwithstanding.

(b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Fixed-rate Bondholders, by written notice to the Issuer and the Trustee may, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to a consequence of default, and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

(c) At any time after any Event of Default shall have occurred, the Trustee may:

(i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:

(aa) act thereafter as agents of the Fixed-rate Bondholders represented by the Trustee on the terms provided in the Paying Agency and Registry Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Fixed-rate Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Fixed-rate Bonds on behalf of the Trustee; and/or (bb) deliver all evidence of the Fixed-rate Bonds and all sums, documents and records held by them in respect of the Fixed-rate Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and

(ii) by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Fixed-rate Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, provision (bb) above and the Issuer's positive covenant to pay principal and interest, net of applicable withholding taxes, on the Fixed-rate Bonds, more particularly set forth in the Trust Indenture, shall cease to have effect.

In case any amount payable by the Issuer under the Fixed-rate Bonds, whether for principal, interest or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay Penalty Interest on the defaulted amount(s) from the time the amount falls due until it is fully paid.

15. Penalty Interest

In case any amount payable by the Issuer under the Fixed-rate Bonds, whether for principal, interest, net of applicable withholding taxes, or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay penalty interest on the defaulted amount(s) at the rate of twelve percent (12.00%) per annum (the "Penalty Interest") from the time the amount falls due until it is fully paid.

16. Payment in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Fixed-rate Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Fixed-rate Bonds with interest at the rate borne by the Fixed-rate Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

17. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Indenture and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first,* to the payment to the to the Trustee, the Registrar and Paying Agent, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second,* to the payment of the interest, net of applicable withholding taxes, in default, in the order of the maturity of such interest with Penalty Interest, which payment shall be made pro-rata among the Fixed-rate Bondholders; *third,* to the payment of the whole amount then due and unpaid upon the Fixed-rate Bonds for principal, and interest, net of applicable withholding taxes, with Penalty Interest, which payment shall be made pro-rata among the Fixed-rate Bondholders; and *fourth,* the remainder, if any shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. For this purpose, the Paying Agent shall deliver to the Trustee a joint certification of the funds to be applied for payment, and a schedule of payments to be made in accordance with the conditions.

18. Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

19. Remedies

All remedies conferred by the Trust Indenture and these Terms and Conditions to the Trustee and the Fixed-rate Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Fixed-rate Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Indenture, subject to the discussion below on *"Ability to File Suit."*

No delay or omission by the Trustee or the Fixed-rate Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Indenture to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

20. Ability to File Suit

No Fixed-rate Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Fixed-rate Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Fixed-rate Bondholders to take up matters related to their rights and interests under the Fixed-rate Bonds; (ii) the Majority Fixed-rate Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee, for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Fixed-rate Bondholders, it being understood and intended, and being expressly covenanted by every Fixed-rate Bondholder with every other Fixed-rate Bondholder and the Trustee, that no one or more Fixed-rate Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Fixed-rate Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Fixed-rate Bondholders.

21. Waiver of Default by the Fixed-rate Bondholders

The Majority Fixed-rate Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may, on behalf of the Fixed-rate Bondholders waive any past default, except the events of default defined as a payment default, breach of representation or warranty default, insolvency default, or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Fixed-rate Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Fixed-rate Bondholders shall be conclusive and binding upon all Fixed-rate Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Fixed-rate Bonds.

22. Trustee; Notices

(a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture and this Preliminary Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	PNB Trust Banking Group
Attention:	Josephine E. Jolejole / Roberto S. Vergara
Subject:	Ayala Land Fixed-rate Bonds due 2023
Address:	Trust Banking Group – Fiduciary Services Division Philippine National Bank 3F PNB Financial Center President Diosdado Macapagal Boulevard, Pasay City, Philippines
Facsimile:	573-4657 / 573-4649

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Any requests for documentation or certification and other similar matters must be communicated by the Fixed-rate Bondholder to the Trustee in writing and shall be subject to review, acceptance and approval by the Trustee. Upon such acceptance and approval, the Fixed-rate Bondholder shall pay to the Trustee upfront a fee of ₱1,500.00 (the “Activity Fee”) plus the costs of legal review, courier and the like. The Activity Fee may be adjusted from time to time, at the discretion of the Trustee.

In the absence of any applicable period stated elsewhere in these Conditions, written requests shall be reviewed and, if accepted and approved, addressed by the Trustee within ninety (90) days from receipt. This period may be extended should the Trustee be unable to review and address the requests for causes not attributable to the Trustee.

(b) Notice to the Fixed-rate Bondholders

The Trustee shall send all Notices to Fixed-rate Bondholders to their mailing address as set forth in the Register of Fixed-rate Bondholders. Except where a specific mode of notification is provided for herein, notices to Fixed-rate Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Fixed-rate Bondholders. The Trustee shall rely on the Register of Fixed-rate Bondholders in determining the Fixed-rate Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by Ayala Land to the Securities and Exchange Commission on a matter relating to the Fixed-rate Bonds shall be deemed a notice to Fixed-rate Bondholders of said matter on the date of the first publication.

(c) Binding and Conclusive Nature

Except as provided in the Trust Indenture, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Indenture, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Fixed-rate Bondholders and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Fixed-rate Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Indenture.

23. Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Fixed-rate Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture. The Trustee shall, in accordance with the terms and conditions of the Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Fixed-rate Bondholders, and to whom the Fixed-rate Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

(b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Indenture, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.

(c) None of the provisions contained in these Terms and Conditions or this Preliminary Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

24. Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Fixed-rate Bondholders of such resignation.

(b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor Trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Fixed-rate Bondholders, not the Issuer, that shall appoint the successor Trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Fixed-rate Bondholder who has been a bona fide holder for at least six (6) months (the "Bona Fide Fixed-rate Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor Trustee.

(c) Subject to Section (f) below, a successor Trustee must possess all the qualifications required under pertinent laws.

(d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor Trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor Trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor Trustee, any Bona Fide Fixed-rate Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor Trustee.

(e) The Majority Fixed-rate Bondholders may at any time remove the Trustee for cause, and appoint a successor Trustee, by the delivery to the Trustee so removed, to the successor Trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions of the Fixed-rate Bonds.

(f) Any resignation or removal of the Trustee and the appointment of a successor Trustee pursuant to any provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor Trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date"); provided however that, until such successor Trustee is qualified and appointed, the resigning Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor Trustee promptly upon the appointer thereof by the Issuer; provided finally that, such successor Trustee possesses all the qualifications as required by pertinent laws.

25. Successor Trustee

(a) Any successor Trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Indenture. The foregoing notwithstanding, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor Trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

(b) Upon acceptance of the appointment by a successor Trustee, the Issuer shall notify the Fixed-rate Bondholders in writing of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Fixed-rate Bondholders within ten (10) days after the acceptance of appointment by the successor trustee, the latter shall cause the Fixed-rate Bondholders to be notified at the expense of the Issuer.

26. Reports to the Bondholders

(a) The Trustee shall submit to the Fixed-rate Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Fixed-rate Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

(i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Fixed-rate Bondholders on the date of such report; and

(ii) any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Fixed-rate Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

(b) The Trustee shall submit to the Fixed-rate Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Fixed-rate Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10.00%) of the aggregate outstanding principal amount of the Fixed-rate Bonds at such time.

(c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

(i) Trust Indenture
(ii) Registry and Paying Agency Agreement
(iii) Articles of Incorporation and By-Laws of the Company
(iv) Registration Statement of the Company with respect to the Fixed-rate Bonds
(v) Opinions of the legal counsel with respect to the Issuer and the Fixed-rate Bonds

27. Meetings of the Fixed-rate Bondholders

A meeting of the Fixed-rate Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Fixed-rate Bondholders of any specified aggregate principal amount of Fixed-rate Bonds under any other provisions of the Trust Indenture or under the law and such other matters related to the rights and interests of the Fixed-rate Bondholders under the Fixed-rate Bonds.

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Fixed-rate Bondholders, or the holders of at least twenty-five percent (25.00%) of the aggregate outstanding principal amount of Fixed-rate Bonds may direct in writing the Trustee to call a meeting of the Fixed-rate Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Fixed-rate Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Fixed-rate Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

In case at any time, the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25.00%) of the aggregate outstanding principal amount of the Fixed-rate Bonds shall have requested the Trustee to call a meeting of the Fixed-rate Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Fixed-rate Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Fixed-rate Bondholders, personally or by proxy. The presence of the Majority Fixed-rate Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Fixed-rate Bondholders.

(d) Procedure for Meetings

(i) The Trustee shall preside at all the meetings of the Fixed-rate Bondholders, unless the meeting shall have been called by the Issuer or by the Fixed-rate Bondholders, in which case the Issuer or the Fixed-rate Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(ii) Any meeting of the Fixed-rate Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Fixed-rate Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Fixed-rate Bondholders, a person shall be a registered holder of one or more Fixed-rate Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Fixed-rate Bondholders shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Fixed-rate Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

(f) Voting Requirement

Except as provided in Condition 30 (Amendments), all matters presented for resolution by the Fixed-rate Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Fixed-rate Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture. Any resolution of the Fixed-rate Bondholders which has been duly approved with the required number of votes of the Fixed-rate Bondholders as herein provided shall be binding upon all the Fixed-rate Bondholders and the Issuer as if the votes were unanimous.

(g) Role of the Trustee in Meetings of the Fixed-rate Bondholders

Notwithstanding any other provisions of the Trust Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Fixed-rate Bondholders, in regard to proof of ownership of the Fixed-rate Bonds, the appointment of proxies by registered holders of the Fixed-rate Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

28. Evidence Supporting the Action of the Fixed-rate Bondholders

Wherever in the Trust Indenture it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Fixed-rate Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Fixed-rate Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Fixed-rate Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Fixed-rate Bondholders.

29. Non-Reliance

Each Fixed-rate Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Fixed-rate Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Fixed-rate Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.

30. Amendments

The Issuer and the Trustee may amend or waive any provisions of the Bond Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, without prior notice to or the consent of the Fixed-rate Bondholders or other parties, provided in all cases that such amendment or waiver does not adversely affect the interests of the Fixed-rate Bondholders and provided further that all Fixed-rate Bondholders are notified of such amendment or waiver.

The Issuer and the Trustee may amend the Terms and Conditions of the Fixed-rate Bonds with notice to every Fixed-rate Bondholder following the written consent of the Majority Fixed-rate Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Fixed-rate Bonds) or a vote of the Majority Fixed-rate Bondholders at a meeting called for the purpose. However, without the consent of each Bondholder affected thereby, an amendment may not:

(a) reduce the percentage of principal amount of Fixed-rate Bonds outstanding that must consent to an amendment or waiver;

(b) reduce the rate of or extend the time for payment of interest on the Fixed-rate Bonds;

(c) reduce the principal of or extend the Maturity Date or vary the Call Option Dates of the Fixed-rate Bonds;

(d) impair the right of any Fixed-rate Bondholder to receive payment of principal of and interest on such Fixed-rate Bondholder's Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Fixed-rate Bondholders;

(e) reduce the amount payable upon the redemption or repurchase of the Fixed-rate Bonds under the Terms and Conditions or change the time at which the Fixed-rate Bonds may be redeemed;

(f) make the Fixed-rate Bonds payable in money other than that stated in the Fixed-rate Bonds;

(g) subordinate the Fixed-rate Bonds to any other obligation of Ayala Land;

(h) release any security interest that may have been granted in favor of the Fixed-rate Bondholders;

(i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Fixed-rate Bondholders; or

(j) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Fixed-rate Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Fixed-rate Bondholders in the manner provided in the paragraph entitled "Notice to the Fixed-rate Bondholders."

31. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

32. Venue

Any suit, action, or proceeding against the Issuer with respect to the Fixed-rate Bonds or the Bond Agreements or on any judgment entered by any court in respect thereof may be brought in any competent court in the City of Makati, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Fixed-rate Bondholders expressly waiving other venue.

33. Waiver of Preference

The obligation created under the Bond Agreements and the Fixed-rate Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that this instrument may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippine are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the

Philippines shall be revoked if it be shown that an indebtedness of the Issuer for borrowed money has a priority or preference under the said provision.

34. Certain Defined Terms

The following sets forth the respective definitions of certain terms used in this Terms and Conditions of the Fixed-rate Bonds. Except as otherwise provided and where context indicates otherwise, defined terms in this Terms and Conditions of the Fixed-rate Bonds have the meanings ascribed to them in the Trust Indenture.

(a) **Affiliate** means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.

(b) **Bankruptcy** means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.

(c) **Current Liabilities** means the aggregate (as of the relevant date of calculation) of all liabilities of the Issuer falling due on demand or within one (1) year, including that portion of Long Term Debt which falls due within one (1) year (but excluding the current portion of any provision for estimated liability for land and property development) and such other liabilities as would be determined as such under the Philippine Financial Reporting Standards.

(d) **Lien** means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or its Affiliates' obligation.

(e) **Long Term Debt** means the aggregate (as of the relevant date of calculation) of all those component parts of the liabilities of the Issuer which fall due or whose final payment is due on a date more than one (1) year after the relevant date for calculation, exclusive of reserve for land development and deferred credits, i.e., unearned income and/or unrealized gains.

(f) **Majority Fixed-rate Bondholders** means the holders of more than fifty percent (50%) in principal amount, of the Fixed-rate Bonds then outstanding.

(g) **Total Liabilities** means the aggregate (as of the relevant date for calculation) of Current Liabilities and Long Term Debt.

(h) **Total Stockholders' Equity** means the aggregate (as of the relevant date for calculation) of the par value of the outstanding common stock, preferred stock, capital surplus, retained earnings appraisal surplus arising from past appraisal and any further appraisal surplus arising from subsequent independent certified appraisal of the property, plant and equipment of the Issuer effected in compliance with the Philippine Financial Reporting Standards, and any reserve for expansion projects, less any intangible assets such as, but not limited to, goodwill, trademarks, patents, copyrights, leaseholds, and treasury stocks.

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

All legal opinion/matters in connection with the offering of the Securities which are subject of this Offer will be passed upon by Romulo Mabanta Buenaventura Sayoc & De Los Angeles for the Underwriters and by Co Ferrer Ang-Co & Gonzales Law Offices for the Company.

INDEPENDENT AUDITORS

SyCip, Gorres, Velayo & Co., independent auditors and a member firm of Ernst & Young Global Limited audited Ayala Land, Inc. and Subsidiaries' consolidated financial statements for each of the three years in the period ended December 31, 2016, December 31, 2015 and December 31, 2014 included in this Preliminary Prospectus.

There is no arrangement that independent auditors will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

a. Audit and Audit-Related Fees

Ayala Land and its subsidiaries paid its independent auditors the following fees in the past two years: *(in ₱ million)*

Year	Audit & Audit-related Fees	Tax Fees	Other Fees
2016	26.87*	-	5.24**
2015	22.69*	-	1.95**

** Pertains to audit fees; no fees for other assurance and related services*
***SGV fees for the validation of stockholders' votes during annual stockholders' meetings and other assurance fees*

Under paragraph D.3.1 of the Ayala Land Audit and Risk Committee Charter, the Audit Committee (composed of Jaime C. Laya, Chairman, Rizalina G. Mantaring, and Antonino T. Aquino) recommends to the Board the appointment of the external auditor and the audit fees.

b. Tax Fees

Tax consultancy services are secured from entities other than the appointed independent auditors.

DESCRIPTION OF BUSINESS

Overview

Ayala Land is the real estate arm of Ayala Corporation. Ayala Land was spun-off by Ayala Corporation in 1988 to enhance management focus on Ayala Corporation's existing real estate business and to highlight the value of assets, management and capital structure of the real estate business.

The SEC issued Ayala Land its certificate of incorporation on June 30, 1988. The Ayala Land shares were offered to the public in an IPO of primary and secondary shares in 1991 and subsequently listed on the Makati and Manila Stock Exchanges (predecessors of the PSE). The IPO diluted Ayala Corporation's effective interest in Ayala Land to 88%. Since then, Ayala Corporation's effective interest has been further reduced to about 47.13% as at December 31, 2016 through, among others, the exercise of stock options by the respective employees of Ayala Corporation and Ayala Land, disposal of Ayala Land shares by Ayala Corporation and Ayala Land's issuance of new shares in relation to its acquisition of interest in companies owning properties in Canlubang, Laguna in 1993, exchanges under Bonds due 1996 and Bonds due 2001, conversions to Ayala Land common B shares of the entire ₱3.0 billion convertible Long Term Commercial Paper publicly issued in December 1994, and the equity top-up placements via an overnight bookbuilt offering of the Company in July 2012, March 2013 and January 2015.

As of December 31, 2016, equity attributable to equity holders of Ayala Land amounted to ₱147.71 billion. It is listed on the PSE with a market capitalization of ₱470.8 billion as of December 29, 2016, based on Ayala Land's common share closing price of ₱32.00 as of December 29, 2016, the last trading day of the said month.

As of December 31, 2016 foreign equity ownership of Ayala Land constituted 5,454,233,877 common shares and 607,203,775 voting preferred shares for an aggregate equivalent of 21.82% of total outstanding common shares and voting preferred shares.

Ayala Land's Businesses

Ayala Land is the leading and most diversified real estate conglomerate in the Philippines engaged in the planning and development of large scale, integrated estates having a mix of use for the sale of residential lots and buildings, office buildings and commercial and industrial lots, leasing of commercial and office spaces and the development, operation and management of hotels and resorts. The Company also develops commercial and industrial parks and is also engaged in property management, construction and other businesses like retail and healthcare.

The Residential Business Group ("RBG") handles the sale of high-end residential lots and units (including leisure community developments), office spaces, commercial and industrial lots, middle-income residential lots and units, affordable lot units and house and lot packages, economic housing units and house and lot packages, and socialized housing packages, and the lease of residential units and marketing of residential developments. The products developed and sold are further classified into the following brands: AyalaLand Premier ("ALP") for high-end village lots and condominium units, Alveo Land Corp. ("Alveo") for upscale village lots, condominium and office units, Avida Land Corp. ("Avida") for middle income village lots, house and lot packages and condominium units, Amaia Land Corp. ("Amaia", formerly First Communities Realty, Inc) for economic house and lot packages, and BellaVita Land Corp. ("BellaVita", formerly South Maya Ventures, Inc.) for the socialized house and lot packages.

Strategic Landbank Management and Visayas-Mindanao Group ("SLMG") are involved in the acquisition, development and sale of large, mixed-use, masterplanned communities; sale of override units or Ayala Land's share in properties made available to subsidiaries for development; lease of gas station sites and carparks outside Ayala Center; development, sale and lease of the Company and subsidiaries' product offerings in key cities in the Visayas and Mindanao regions. It also serves as a platform for all of the

Company's developments – residences, malls, offices, hotels and resorts, and all the services that make up a vibrant and sustainable community.

The Commercial Business Group develops shopping centers and leases to third parties retail space and land therein. Through its subsidiaries, Ayala Theaters Management, Inc. and Five Star Cinema, Inc., it also operates movie theatres in these shopping centers. The Company has also ventured into the operation of food courts and entertainment facilities to complement its shopping center operations.

Furthermore, it is involved in the development and lease or sale of office buildings; sale of industrial lots and lease of factory buildings; and fee-based management and operations of office buildings.

The Company's Hotels and Resorts Group is involved in the development, operation and management of branded and boutique/businessman's hotels and eco-resorts; and leasing of land to hotel tenants.

Ayala Land's geographic businesses are engaged in the development, sale and lease of the Company's and its subsidiaries' product offerings in key cities in the Visayas and Mindanao regions. In the international market, it has investments in an Asian real estate private equity fund and its fund management company.

Its support businesses, on the other hand, include construction and property management of Ayala Land and third-party projects, chilled water supply and retail of electricity.

Vision

Ayala Land's vision and mission is to enhance its standing and reputation as the Philippines' leading real estate developer, and to be a strong partner in nation building. By developing integrated, masterplanned and sustainable mixed-use communities in vibrant growth centers all over the country, it strives to continually elevate the quality of life for all of its customers.

Ayala Land shall be a responsible corporate citizen, and act with integrity, foresight and prudence. It shall empower its employees to deliver products that exceed its customers' expectations and build long-term value for its shareholders.

Competitive Strengths

Attractive Industry Fundamentals. The real estate industry in the Philippines offers rich opportunities across all its sub-sectors. Its bright prospects are anchored on strong fundamentals: a stable economy, steady foreign inflows, particularly from OFWs, increased affordability and the availability of attractive financing from banks, strong consumption spending in retail, and encouraging prospects for office space in the BPO sector.

Experience and Track Record. With over eight (8) decades of experience together with Ayala Corporation, Ayala Land is the largest and most experienced real estate developer in the Philippines. Combining leading-edge product innovation with prudent and effective risk management practices, the Company has the ability to manage across a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the industry. Ayala Land's proven track record includes the development of Makati as the country's premier CBD and Ayala Alabang as a prestigious suburban residential community. It is replicating these successes in areas such as Bonifacio Global City ("BGC"), Cebu, and NUVALI in Canlubang as well as recently launched estates in Abreeza Davao, Centrio Cagayan de Oro, Arca South Taguig, Circuit Makati and Vertis North Quezon City.

Trusted Brand and Unparalleled Product Line-up. The Ayala Land name is synonymous with quality and prestige and is the most widely trusted brand in Philippine real estate. Ayala Land maintains leadership in most of its product lines – residential subdivision and high-rise residential condominiums, shopping centers, office buildings, hotels and resorts – and across a broad spectrum of price-points and geographies.

Large, Strategic Landbank. With control of 9,852 hectares of land across various strategic locations in the Philippines, Ayala Land is a primary beneficiary of the country's asset reflation story. Providing significant upside is the more than 2000-hectare NUVALI in Laguna being developed as a showcase for environmental, economic and social sustainability.

Financial and Operating Resources. The Company has a strong balance sheet, supportive strategic shareholders, a variety of available funding sources and the patience to undertake both pocket-sized and large-scale projects or investments that balance the need for sustained earnings growth and long-term net asset value accretion. Ayala Land also draws on the competitive advantage provided by its wholly-owned subsidiaries Makati Development Corporation ("MDC") and Ayala Property Management Corporation ("APMC"), which are the country's largest and most experienced construction and property management companies, respectively.

Strong Management Team and Governance. The Company employs a proven and highly-credible management, architectural and engineering talent pool across all levels of the organization, most with experience across multiple business lines. Ayala Land also consistently ranks among the top Philippine companies in terms of corporate governance standards and best practices.

In 2016, Ayala Land has been awarded the following:

Award	Award Giving Body
Property Development Company of the Year	Frost and Sullivan
Plaque of Recognition, one of the Top Publicly-listed Corporations in the Philippines in Corporate Governance	Institutional Investors' Governance Awards
Best Managed Company in the Philippines (2nd)	Finance Asia
Best CFO in the Philippines - Jaime E Ysmael	Finance Asia
Best in Corporate Social Responsibility	Finance Asia
Best in Corporate Governance (2nd)	Finance Asia
Best Investor Relations Company (6th)	Finance Asia
Best Environmental Responsibility	Corporate Governance Asia
Best Investor Relations Company (Philippines)	Corporate Governance Asia
Asia's Best CEO (Investor Relations) - Bernard Vincent O. Dy	Corporate Governance Asia
Asia's Best CFO (Investor Relations) - Jaime E. Ysmael	Corporate Governance Asia
Overall Best Property Developer	Euromoney Real Estate Survey
Overall Best Residential Developer	Euromoney Real Estate Survey
Overall Leisure/Hotel Developer	Euromoney Real Estate Survey
Overall Best Industrial/Warehouse Developer	Euromoney Real Estate Survey

Best CEO, Property Sector (Sell-Side, 1st) - Bernard Vincent O Dy	Institutional Investor
Best IR Program, Property Sector (Overall, 1st)	Institutional Investor
Best CFO, Property Sector (Overall and Sell-Side, 1st) - Jaime E Ysmael	Institutional Investor
Best IR Program, Property Sector (Overall, 1st)	Institutional Investor
Best Website, Property Sector (Overall, 1st)	Institutional Investor
Best Analyst Days, Property Sector (Overall, 1st)	Institutional Investor
Best IR Professional, Property Sector (No. 2, Sell-Side) – Michael L Garcia	Institutional Investor
Best (Investor Relations) in the Real Estate Sector (Southeast Asia)	IR Magazine Awards Southeast Asia 2016
Certificate of Excellence in Investor Relations	IR Magazine Awards Southeast Asia 2016
Best Commercial Landscape Architecture Philippines: South Park District	Asia Pacific Property Awards
Best Office Interior Philippines: Avida Headquarters	Asia Pacific Property Awards
Best Developer Website Philippines and Asia Pacific: avidaland.com **qualified to the overall International Property Awards*	Asia Pacific Property Awards
Silver: Real Estate Marketing Campaign of the Year	Stevie International Business Award
Outstanding Developer under the Environmental Category: Anvaya Cove	FIABCI-Philippines International Real Estate Federation.
2016 Best Golf Resort in Asia Pacific (1st Runner Up): Anvaya Golf and Sports Club	Asian Golf Awards
016 Best Golf Course in the Philippines: Anvaya Golf and Sports Club	Asian Golf Awards
Best Commercial Landscape Architecture Philippines: South Park District	Asia Pacific Property Awards
Best Office Interior Philippines: Avida Headquarters	Asia Pacific Property Awards
Best Developer Website Philippines and Asia Pacific: avidaland.com **qualified to the overall International Property Awards*	Asia Pacific Property Awards
Silver: Real Estate Marketing Campaign of the Year	Stevie International Business Award
Outstanding Developer under the Environmental Category: Anvaya Cove	FIABCI-Philippines International Real Estate Federation.
2016 Best Golf Resort in Asia Pacific (1st Runner Up): Anvaya Golf and Sports Club	Asian Golf Awards

016 Best Golf Course in the Philippines: Anvaya Golf and Sports Club	Asian Golf Awards
Don Emilio Abello Award for Energy Efficiency (13 awards)	
Safety Organization of the Philippines Inc. (SOPI) National Fire Competition (7 properties)	
Construction Management Awards Received	

Sustainability Framework Embedded in Business Processes. Over the years, Ayala Land has been intensifying the integration of sustainability principles in every step of its business processes. Ayala Land's entire business process, from acquisition, assessment, planning, design, construction, delivery and property management focus on long-term benefits and shared value for stakeholders while foreseeing and managing risks and protecting all investments. Ayala Land has sustainability and risk management policies in place to protect projects from flooding and other geohazards. Technical due diligence is an integral part of site assessment, while flood and erosion control measures are built into masterplans, through site designs that include retention and detention basins, biodiversity (native vegetation) conservation where applicable. Projects are also designed to serve the needs of the commuting and walking public. Ayala Land also has set greenhouse gas ("GHG") emission intensity reduction targets and monitors energy, water and waste metrics in the properties it continues to manage.

Attractive Stock. For the three-year period ended December 31, 2016, Ayala Land has delivered a 3-year average Total Shareholder Return of 34.6%, higher than the 3-year average Total Shareholder Return of the Property Index of 37.9%. Total Shareholder Return is based on share price appreciation plus dividends paid for the relevant period.

Strategy

Ayala Land has long enjoyed leadership in the traditional markets it serves, leveraging on long term relationships with customers, landowners, tenants, its employees, the local government and NGO communities, and providers of capital. Ayala Land shares values and a common long-term orientation that allows all parties concerned to prosper over time. Many of the best names in local and international retailing anchor its shopping centers while top multinationals either set up base in its HQ-type offices or locate in its BPO facilities. Ayala Land is also the partner of choice for strategic new partners, such as the Shangri-La and Holiday Inn groups, which want to make significant new investments in the country and help prime the Company's strategic growth centers.

Ayala Land plans to maintain and enhance its position as the leading property developer in the Philippines by continuing to develop large-scale, mixed-use integrated communities while diversifying its revenue base across its wide portfolio of businesses. To achieve this, Ayala Land will embark on an aggressive strategy anchored on five main pillars that will lay the ground work for the Company's long-term sustainable growth:

- *Growth.* The Company will actively strengthen and slowly establish its presence in several identified growth centers across the country to effectively expand its footprint into new geographies. It will also introduce new formats within its existing business models to diversify its portfolio of highly differentiated product offerings and tap into previously unserved markets and consumer segments to broaden its reach.

- *Margin Improvement.* Ayala Land will continue to implement various spend management and cost control initiatives and pursue operational efficiencies further across the organization, without sacrificing quality and with strict adherence to the principles of sustainability, to bring overall costs down and drive profitability.

- *Capital Efficiency.* The Company will also make more efficient use of resources and capital to improve asset turnover and returns on capital. To this end, Ayala Land will pursue an asset-light approach to development and optimize land use by maximizing synergies within the organization, moving with scale to maximize utilization and value-capture.

- *Organizational Development.* Ayala Land will continue to strengthen its risk management program to effectively contain strategic, operational, financial and supply-chain risks associated with the much increased business activity levels and enhance its internal talent pool and support systems ensure that these are supportive of the Company's growth objectives.

- *Brand-Building.* The Company will continue to leverage on product differentiation and its distinct value proposition. Moreover, it shall ensure the safety, security and timely delivery of all projects accompanied by efficient and effective customer service.

Products / Business and Recent Updates

To carry on its business in an organized and efficient manner, Ayala Land structured its operations into key strategic business lines such as Property Development, Commercial Leasing, Hotels and Resorts and Services.

PROPERTY DEVELOPMENT

Residential Development

RBG is involved in the sale of high-end residential lots and units (including leisure community developments), middle-income residential lots and units, affordable lots and units, and economic housing lots and socialized housing units. It caters to domestic and overseas Filipino markets across the high-end, middle-income and affordable segments.

In recent years, overall growth of the residential market has been strong largely as a result of a huge housing backlog of 3.9 million units and affordable mortgage loans. On the international front, the continued growth of OFW remittances has injected new demand into the residential market. In response to these opportunities, Ayala Land will continue to grow its residential business line, which accounted for 58.7%, 54.4% and 63.6% of consolidated revenues as of December 2014, December 2015, and December 2016 respectively. A robust project pipeline will enable the Company to expand its product offerings in existing areas and accelerate geographic expansion, aided by strategic landbanking and mixed-use development and project management projects.

The Company will strengthen and provide clear differentiation across its five residential brands, each targeting a distinct segment of the market: ALP for the high-end segment, Alveo for the upscale market; Avida for the middle-income housing segment; Amaia for the economic housing segment; and BellaVita for the socialized housing segment.

To be more competitive, the Company will continue to enhance margins by leveraging its brand and track record to maximize pricing power where possible, along with managing construction costs and streamlining the project delivery process.

The Company's ongoing residential projects under the ALP brand include Courtyards in Vermosa and Arbor Lanes in Arca South, Taguig and Park Central Towers in Makati. Under the Alveo brand, key ongoing projects include High Park in Vertis North, Quezon City, Park Triangle Corporate Plaza in Bonifacio Global City, Veranda in Arca South, Lumira in NUVALI, Laguna and Solstice Towers One and Two in Circuit. Under the Avida brands, key ongoing projects include Avida Towers One Prime Taft in Manila, Avida One Antonio Place in Makati and Avida Settings in Alviera, Pampanga. Under the Amaia brand, Amaia Scapes Sequel in Bulacan, San Pablo, Urdaneta and General Trias. Under the Bellavita brand, Bellavita Cabanatuan, Pilillia and Alaminos in Laguna.

International Sales accounted for 23% of total reservation sales for the year ended December 31, 2016.

Aside from the expansion of sales efforts into other US states, Ayala Land is also looking at increasing its penetration in other markets such as Europe, the Middle East, and other fast growing markets like Singapore, China and Australia.

Strategic Landbank Management

SLMG is involved in the acquisition and development of large, mixed-use, masterplanned communities and serves as platform for all of the Company's developments – residences, malls, offices, and all the services that make up a vibrant and sustainable community.

With a long-term horizon, SLMG views its key landbank areas as launching pads for decades of development. Its approach to landbanking is oriented towards value creation and realization. SLMG applies financial discipline with a focus on yields, cashflows, and the judicious buying and selling of lots at the opportune time. The group develops, updates and refines masterplans, providing clear framework for decision making. It also engages community-based stakeholders such as local government units and other government entities to assure that vital infrastructure is in place to support the long-term development plans. Embedded in all these, and central to value creation and retention over time, is the concept of sustainability.

As of December 31, 2016, Ayala Land's land bank portfolio of 9,852 hectares is composed of 492 hectares in Metro Manila, 3,869 hectares in the Calabarzon area, 2,261 hectares in Bulacan and Pampanga, 1,209 hectares in other areas in Luzon and 2,021 hectares in Visayas and Mindanao.

Noteworthy actions made by Ayala Land to sustain growth in momentum in future years include the following:

- In Makati: The Ayala Center Redevelopment

  This will include the redevelopment three of the City's strategic areas: Ayala Center along Ayala Avenue and EDSA, Ayala Triangle Garden (ATG)'s northern tip and City Gate located within the vicinity of Ayala Avenue corner Buendia.

  Ayala Center gives way to the expansion of retail spaces, two office towers, two hotels one of which will be under the Seda Brand. Transport and linkages shall be improved with a public transit terminal that connects to the Metro Rail transit and improves access to the city buses along EDSA and internal transit within the Central Business District.

  The City's urban oasis, Ayala Triangle Gardens will have an additional 66,000 sqm of the highest grade office space and will be the new home of the 275-room five-star Mandarin Hotel. Retail areas of 9,000 sqm of GLA shall complete the development.

  City Gate which is the young and creative hub South of Makati will be the new mixed-use development envisioned to have a more creative edge. City Gate will have 55,000 sqm of Office GLA, 10,400 sqm of retail GLA and 293 hotel rooms under the Seda brand. Civic spaces of 2,600 sqm will be developed through a series of terraces.

  Circuit Makati is the entertainment district of Makati which is connected via Ayala Avenue Extension. It will have a gross floor area of around 1.3m upon full build-out with theater, mall, office residential and hotel components to be developed in the next 5 years.

  Land values remain high in the area. In 2016, developable land in Makati CBD was estimated by Global Property Guide to range from ₱378,000 to ₱668,000 per sqm.

- In BGC: Value Realization

  The Company's priming activities include Market! Market!, Serendra and Bonifacio High Street. Projects such as the recently opened St. Luke's Hospital, Mind Museum, and the Shangri-La Hotel Complex, will further drive land values upon completion. In 2012, Bonifacio High Street (BHS) Central – an extension of the existing BHS – was opened with an additional 10,000 sqm of retail GLA. One BHS was also launched, anchored by the ALP's high-end residential tower, The Suites with an estimated value of ₱9.0 billion. In 2012, Bonifacio High Street South (BHSS) was also launched which will house residential towers and offering office-for-sale products through launch of the BHSS Corporate Plaza.

- In Canlubang / NUVALI: Full Scale Regional Center

  Priming of NUVALI, the Company's showcase township development for environmental, economic and social sustainability, is well underway. Better than expected land values have been realized for the 5,039 residential lots and units put on the market since the soft launch of all residential brands in October 2007. The first BPO building in NUVALI One Evotech with total GLA of 11,500 sqm became operational by the 4th quarter of 2008 and the second BPO building Two Evotech opened in 2011. Solenad 2, the sequel to the first retail component of the development Solenad 1, also opened in 2011 with an additional 5,300 sqm of GLA. In the 3rd Quarter of 2015, Solenad 3 was completed expanding the mall footprint with another 40,000 sqm of GLA. SEDA Nuvali was opened to the public in March 2014.

  On the infrastructure side, the North-South road was already completed, as well as the establishment of Wi-Fi access in the lakeside area.

  Total project development cost was at ₱6.0 billion for phase 1 from 2007 to 2013. In a disclosure dated January 12, 2012, Ayala Land and its subsidiaries will be spending an estimated ₱12.5 billion as part of its capital expenditure program over the next five years in NUVALI through various developments, which will include residential, retail, office and hotel projects.

  Aside from the major parcels mentioned above, ALI has new growth centers located in different areas across the country. These growth centers are Vertis North and Cloverleaf in Quezon City, Altaraza in Bulacan, South Park in Alabang, Vermosa in Cavite, Abreeza in Davao, North Point and Capitol Central in Bacolod, Centrio in Cagayan de Oro, Atria Park in Iloilo, Arca South in Taguig, Alviera in Pampanga, and Lio Estate in Palawan.

- *Visayas-Mindanao*

  The Company has been active at all fronts of real estate business in the Visayas and Mindanao regions. Through its subsidiaries Cebu Holdings, Inc. ("CHI") and affiliate Cebu Property Ventures Development Corporation ("CPVDC"), the Company offers the full range of Ayala Land's product line-up in the region: residential development, shopping center operations, office and BPO buildings and sale of commercial lots and club shares at City Sports Club Cebu.

  It pioneered the seaside residential developments in Cebu with its landmark Amara project and has remained a market leader for the third consecutive year since its launch in 2005. In June 2007, Ayala Land entered the southern Philippine real estate market with the launch in Cagayan de Oro of Alegria Hills, ALP's first development in Mindanao. Two other Ayala Land projects in Negros Occidental continued to set the standards for local residential developments, Ayala Northpoint and Plantazionne Verdana Homes, both located in the suburbs of Bacolod City. In 2010, Ayala Land introduced its first high-rise residential towers in Cebu through ALP's 1016 Residences and Avida Towers Cebu I and II. Moreover, the newest estate in the Visayas region, Atria Park District located in Iloilo, was launched in 2013. It is envisioned to be another mixed-use project featuring residential towers, commercial establishments, parks and landscaped areas, medical facilities and a hotel building, over the long term.

Given Cebu's role as a primary destination and international gateway in Visayas and Mindanao, its shopping market has grown significantly and has extended to other key cities in the province. Ayala Land, through CHI, has embarked on a major expansion and renovation of Ayala Center Cebu. Adjacent to the mall, The Terraces opened at Ayala Center Cebu with additional 7,900 sqm of GLA while the second phase of the redevelopment opened an additional 34,000 square meters of gross leasable area.

With the growth of the IT industry, the demand for office space from both local and multinational companies continues to increase in Cebu. The Company, in partnership with CPVDC, built office spaces for lease to IT and IT-enabled firms and completed construction of Cebu eBloc, a 12-storey mid-rise office condominium, with a retail space at the ground floor. The Ayala Corporate Center in Cebu was likewise launched to address the demand for corporate offices.

As for developments in the Mindanao region, Ayala Land launched the first high rise residential projects in Davao through Alveo's Abreeza Residences and in Cagayan de Oro through Avida Centrio Towers in 2012. Moreover, there are currently two Seda Hotels operating in both Davao and Cagayan de Oro.

Last June 30, 2015, Ayala Land, Inc., Cebu Holdings, Inc. and SM Prime Holdings, Inc. won the bid for a 26.3-hectare property located in South Road Properties, Cebu City which will be co-developed pursuant to a joint masterplan.

Last June 6, 2016, Ayala Land, Inc. and Aboitiz Land Inc., through its joint venture entity, Cebu District Property Enterprises Inc., launched a 17.5-hectare mixed-use development in Mandaue City, Cebu named "Gatewalk Central".

COMMERCIAL LEASING

Shopping Centers

AMG is involved in the 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; and management and operations of malls which are co-owned with partners.

Ayala Land operates movie theater complexes with more than 50 screens situated in its shopping centers. The movie theaters are operated primarily as a means of attracting customers to its shopping centers. The theaters are managed by Ayala Theaters Management, Inc. and Five Star Cinema, Inc., wholly-owned subsidiaries of Ayala Land.

Leases for retail space within the shopping centers are generally short-term, ranging from one to five years for the initial lease, renewable annually. Land leases, on the other hand, have longer terms, usually up to 50 years in the case of hotel tenants. In general, rental rates for retail space equal the higher of (i) a basic rent plus a percentage of the tenant's gross sales, or (ii) a specified minimum amount. Rental rates for leases on hotel and department store sites are generally based on a percentage of gross sales.

Ayala Land's large-scale mixed-use developments that feature a retail component are greatly enhanced by the quality and distinctiveness of the retail concepts conceived and implemented by AMG. At the BGC, for instance, Serendra, Bonifacio High Street (BHS) and the recently opened BHS Central are priming the development in its City Center. Serendra's retail zone complements the suburban lifestyle of the residential development with authentic and unique restaurants and shops.

AMG continuously provides compelling and engaging mall events and promotions which enhance the shopping experience and sustain high pedestrian traffic. Events are being held daily, among them product launches, concerts, children's meet-and-greet events and youth-oriented fairs, at the Ayala Malls.

AMG provides a strong year-round support to all merchants. Merchants are valued as long-term partners. AMG constantly interacts and exchanges ideas with its merchants and provides training and development support where needed.

Ayala Land will pursue expansion plans anchored on the opportunities presented by the continued aspirational and lifestyle spending as well as growing value-consciousness among many families in different geographic areas. To ensure pipeline growth is based on right fundamentals, attention will be paid to selecting strategic sites, developing differentiated and superior product, serving the right markets, and ensuring proper execution of concepts for each new mall.

The Company also entered into a 50-year lease agreement with the Subic Bay Metropolitan Authority ("SBMA") and signed a joint-venture agreement with Anflo Management & Investment Corp. and Mindanao Motors Corp. which involves the construction of a shopping mall called Harbour Point inside the Subic Freeport Zone and in Cagayan de Oro City (Centrio), respectively, as part of the Company's geographic expansion program. In 2011, a 30-year lease contract agreement was signed with Ellimac Prime Holdings for the development of a retail complex within a 6-hectare property in Fairview, Quezon City, called Fairview Terraces.

In February 2011, the Board of Regents of the University of the Philippines (U.P.) awarded to the Company the lease contract for the development of a 7.4-hectare property at the U.P. Diliman East Campus, also known as the U.P. Integrated School (UP-IS) property along Katipunan Avenue in Quezon City. The Company signed a 25-year lease contract for the property, with an option to renew said lease for another 25 years by mutual agreement.

The project involved the construction of a retail establishment with 63,000 sqm of available gross leasable area (GLA) and a combination of headquarter-and-BPO-office type building with an estimated 8,000 square meters of GLA.

In the end of 2016, monthly average lease rates registered 1% lower to ₱1,143 per square meter from ₱1,155 per square meter in the same period last year. Same mall rental growth increased by 5% year-on-year. Average occupancy rate registered at 91%. Ayala Land operates and manages a total of more than 50 shopping centers and retail areas with a combined 1.62 million sqm in GLA as of December 31, 2016.

Offices Group

Ayala Land Offices Group is involved in the development and lease or sale of office buildings and fee-based management and operations of office buildings.

Ayala Land aims to be the leading provider of office space for BPOs and significantly built up its BPO portfolio from end-2007 levels of 35,803 sqm of GLA. The build-up involved a variety of offerings - in very choice locations - covering stand-alone, build-to-suit office buildings, integrated nodes within large-mixed used developments such as Glorietta 5, Glorietta 1 & 2, and Vertex One in San Lazaro, and entire self-contained BPO and IT campuses like the UP-Ayala Land TechnoHub, One and Two Evotech Buildings in NUVALI, and the AyalaLand Baguio TechnoHub, to name a few.

While Makati has been well established as the country's premier CBD for decades, the prospects are bright for BGC to mirror Makati's success in the future. Large corporates have purchased land and have chosen to build or relocate their offices in BGC.

For the full year 2016, monthly average lease rates of offices registered 4% higher to ₱725 per square meter from ₱698 per square meter in the same period last year. Average occupancy rate registered at 87%, 3% higher than previous year due to the completion of leased office spaces for tenant fit-out. Ayala Land owns and operates 5 traditional and 43 BPO buildings with a combined total gross leasable area (GLA) of Office Leasing registered at 836,000 square meters in GLA for 2016 given the completion of Vertis North 1, UP Technohub building P, UP Town Center BPO and Boni Stop- Over BGC among others.

HOTELS AND RESORTS

Ayala Land is also involved in the development, operation and management of branded and boutique/businessman's hotels and eco-resorts.

In 2010, Ayala Land successfully ventured into eco-tourism via the partnership with the Ten Knots Group for a 60% stake in the world-famous El Nido Resorts in Palawan. As of end of 2016, there are 213 island resort rooms available from Miniloc, Lagen, Apulit (previously Club Noah), and Pangulasian Islands in the province of Palawan.

In 2012, the Hotels and Resorts Group consolidated its ownership by completing the acquisition of the remaining 80% stake in Fairmont Hotels and Raffles Suites and Residences from Kingdom Hotels, Inc.

In 2013, the Hotels and Resorts Group signed an agreement with Asian Conservation Company to acquire its 40% stake in El Nido Resorts.

As of December 31, 2016, Hotels and Resorts currently operates 961 hotel rooms from its internationally branded segment; 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, 30 bed and breakfast rooms in Casa Kalaw Lio El Nido and 6 bed and breakfast rooms from its resort in Balay Kogon Sicogon and , Iloilo 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 2,027 as of December 31, 2016.

SERVICES

Its support businesses include construction of Ayala Land and third-party projects, hotels development and management, property management, chilled water supply and retail of electricity.

Construction

A wholly-owned subsidiary of Ayala Land, MDC is engaged in engineering, design and construction of vertical and horizontal developments including roads, bridges and utilities. MDC is responsible for horizontal construction works at Ayala Land's land developments and is likewise engaged in private industrial and government infrastructure projects. MDC also developed residential condominium buildings and mall projects. It continued to service site development requirements of Ayala-related projects while it provided services to third-parties in both private and public sectors. MDC collaborated with First Balfour, Inc. to build the state-of-the-art 600-bed St. Luke's Medical Center at BGC, which was completed in November 2009 and was opened to the public in January 2010.

MDC's outstanding workmanship was demonstrated by the Leadership in Energy and Environmental Design (LEED) Gold Certification by the U.S. Green Building Council for the design and construction of the US Embassy expansion project in Manila – the first for a non-American contractor.

MDC Build Plus was likewise formed, a 100% subsidiary of MDC, which caters primarily to projects focusing on the lower end of the base of the pyramid, particularly the residential brands Amaia and BellaVita.

As of December 31, 2016, MDC is managing a total of 243 projects with a net order book value of ₱104 billion.

Property Management

APMC, a wholly-owned subsidiary of Ayala Land, is engaged in property management, principally for Ayala Land and its subsidiaries. It also provided its services to third-party clients.

APMC guarantees worry-free ownership and helps property owners over the long haul in such areas as water, power and telecommunications, security, sustainable design and best practices aligned with green buildings, and assistance in managing the properties of owners living elsewhere. It offers a full suite of services not only to Ayala property owners and lessees but also to third party clients, including a centralized 24/7 concierge service as well as manages third party-carparks and is considered one of the largest third party carpark operators in the country today. Among its key third-party clients are the Makati Medical Center, Philippine Heart Center, Exim 2, Dusit Carpark and ABS-CBN.

As of December 31, 2016, APMC is managing a total of 200 properties with a total contract value of ₱1.1 billion.

International

Outside of the Philippines, Ayala Land is leveraging its current competencies to pursue attractive real estate investment opportunities.

The year 2007 marked the establishment and operation of ARCH Capital and its first Asian property fund, ARCH Capital Asian Partners LP. ARCH Capital Asian Partners is a private equity fund set up to pursue investments in Asian property markets which are in strong growth phases such as China, India and Thailand. The fund has several seeded investments and a number of projects that are moving actively. Among these are significant interests in a middle market residential community development project in Macau, a scaled medium-rise condominium project in Samut Prakarn province, Bangkok, and a high-end condominium project on Rama IV in the heart of Bangkok-Sathorn CBD. The fund's project management team, with its strong residential community development experience and the depth and support of Ayala personnel, has been actively involved in project design and planning stages for these projects.

First Longfield Investments Limited (incorporated in 2006) is wholly-owned by Ayala Land. Through Green Horizons Holdings Limited, it has a 17% stake in Arch Capital Management Co. Ltd, the fund management company established to handle the Asian private real estate equity fund which is co-sponsored by Ayala Land with Ayala Corporation.

In a disclosure to the SEC, PSE and PDEx dated March 7, 2011, Ayala Land, Ayala Corporation and The Rohatyn Group ("TRG"), an emerging markets-focused private investment firm, completed an exchange of ownership interests in ARCH Capital Management Co., Ltd ("ARCH Capital") and ARCH Capital Asian Partners, G.P. (a Cayman Islands company).

Ayala Land and Ayala Corporation, as sponsors of ARCH Capital, co-founded the investment management firm in 2006 together with Richard Yue. The exchange of ownership interest will result in TRG acquiring Ayala Land's 17% stake and Ayala Corporation's 33% interest, with Richard Yue retaining his current 50% interest in ARCH Capital. The completed exchange of ownership interests will leave the activities, management, focus, and shareholder structure of the ARCH Capital Fund unchanged, with Ayala Land retaining its current 8% stake in the Arch Capital Fund. Arch Capital Fund has existing projects in India, Thailand and China.

In the disclosure to the SEC, PSE and PDEx dated August 3, 2010, the Company's wholly-owned subsidiary Regent Wise Investments Limited and Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. ("SSTEC") have signed an Equity Joint Venture Agreement for the development of a 9.78-hectare residential project in China. The project is located in Tianjin Eco-City ("the Eco-City"), a 3,000-hectare collaboration between the Chinese and Singaporean governments which will showcase the future direction of urban planning and sustainable development.

The Company participated in the development of residential units as part of the planned more than 1,100 units within a 19-tower residential complex which will be located at the gateway of the Eco-City's Start-Up Area.

In another disclosure to the SEC, PSE and PDEX dated April 6, 2015, the company thru its wholly-owned subsidiary Regent Wise Investments Limited, has acquired 9.16% of the shares of Malaysian company GW Plastics Holdings Bhd., to be renamed MCT Bhd., through a private placement for a total amount of US$43 Million or ₱1.9 Billion. It exercised its option to acquire additional shares of MCT, Bhd. (MCT) for a total cost of US$92 Million, to bring its total shareholding in MCT from 9.16% to 32.95%.

The company in MCT (or Modular Construction Technology) 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, in-house trading company, direct execution of specialist works and its own pre-cast and ready-mixed concrete plants. The company has several ongoing projects in OneCitySubang Jaya and Cyberjaya, as well as a land bank in Dengkil, 1.5km away south of Cyberjaya, all located in the Klang Valley in Malaysia. By partnering with a company such as MCT, Bhd., Ayala Land will be expanding its footprint in Southeast Asia in line with its diversification goals and sets the platform for growth in Malaysia. This allows Ayala Land to 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.

Other Revenue

In addition to the above business lines, Ayala Land also derives income from its investment activities and sale of non-core assets.

Contributions to Revenue

The table below illustrates the amounts of revenue, profitability, and identifiable assets attributable to domestic and foreign operations for the years ended December 31, 2016, 2015, 2014: (in ₱'000)

	2016	**2015**	**2014**
Consolidated revenues			
Domestic	117,700,488	107,182,940	95,197,046
Foreign	-	-	-
Net operating income			
Domestic	32,663,447	27,750,804	23,856,787
Foreign	-	-	-
Net Income Attributable to Equity Holders of ALI			
Domestic	20,908,011	17,630,275	14,802,642
Foreign	-	-	-
Total Assets			
Domestic	536,432,995	442,341,800	388,944,463
Foreign	-	-	-

Residential development business contributed 58.7%, 54.4%, and 63.3% of December 2014, December 2015, and December 2016 consolidated revenues, respectively. The residential business includes development and sale of high-end lots and units, leisure properties, middle-income, affordable and economic housing and socialized housing.

Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets over the past three years

On February 23, 2017, Ayala Land together with BPI Capital Corporation and Kickstart Ventures, Inc. signed an investment agreement to acquire ownership stakes in BF Jade E-Service Philippines, Inc, owner and operator of online fashion platform, Zalora Philippines. ALI will own 1.91% of Zalora Philippines through this transaction.

On February 20, 2017, The Board of Directors during its meeting approved the raising of up to ₱20.00 billion through (i) retail bonds, (ii) corporate notes and/or (iii) bilateral term loans with a term of up to ten (10) years, to partially finance general corporate requirements. The Board also approved the raising of up to ₱10.00 billion through the issuance of short dated notes with a tenor of up to 21 months to refinance the Corporation's short term loans.

On August 19, 2016, The Board of Directors during its meeting approved the terms and conditions of the ₱7.0 billion third tranche of the Fixed-rate Bonds Series and ₱3.0 billion Homestarter Bonds under the Corporation's ₱50.0 Billion Debt Securities Program as approved by the SEC in March 2016.

On June 1, 2016, Ayalaland Mall Synergies, Inc., a wholly owned subsidiary of Ayala Land, Inc, was incorporated. The company will house the Commercial Business Group's allied businesses such as but not limited to the partnership with Mercato, LED, and operations of upcoming mall's foodcourt.

On May 19, 2016, additional ESOWN shares were subscribed under the ESOWN totaling 3,110,756 common shares.

On May 18, 2016, additional ESOWN shares were subscribed totaling 293,919 common shares at ₱26.27 per share by four (4) grantees.

On May 11, 2016, 137 ESOWN grantees subscribed to 13,646,546 common shares at ₱26.27 per share.

On April 12, 2016, the Board of Directors during its meeting approved the terms and conditions of the ₱7.0 billion second tranche of the Fixed-rate Bonds Series under the Corporation's ₱50.0 Billion Debt Securities Program as approved by the SEC in March 2016. The 9.5-year Fixed-rate Bonds was priced at a rate of 4.75% per annum. The Fixed-rate Bonds was issued on April 25, 2016 and will mature in 2025.

In March 2016, ALI bought additional 200,953,364 common shares of CHI. This increased the Company's stake from 56.40% to 66.87% of the total outstanding capital stock of CHI.

On March 14, 2016, the Company acquired 55% interest in Prow Holdings, Inc. for a purchase price of ₱150 million. The acquisition was made in line with the Company's partnership with Leonio Land, Inc. to develop a mixed-use community in Porac, Pampanga.

On March 1, 2016, SIAL Specialty Retailers, Inc. ("SIAL"), a joint venture company between ALI and the SSI Group, Inc., entered into a Deed of Absolute Sale with Metro Retail Stores Group, Inc. to sell fixed assets including fit-outs, furniture, fixtures and equipment in SIAL's department stores located at Fairview Terraces and UP Town Center.

In March 2016, the Company acquired an 18% stake in OCLP Holdings, Inc. (OHI), consistent with its thrust of expanding operations into other areas within and outside Metro Manila through partnerships. OHI holds

99.51% equity interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses.

On February 24, 2016, ALI and POPI executed a Deed of Subscription and a Supplement to the Deed of Subscription whereby ALI subscribed to 2.5 billion common shares of stock of POPI, which will represent 51.06% of the total outstanding shares of POPI. The consideration for the ALI subscription is ₱2.25 per share or a total subscription price of ₱5.6 billion of which 25% or ₱1.4 billion was paid and the balance of 75% to be paid upon fulfillment of certain terms and conditions.

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.

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.

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. ("CHI") and Cebu Property Ventures and Development Corp.

On October 15, 2015, ALI, through its wholly-owned subsidiary, Regent Wise Investments Limited, 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 in MCT from 9.16% to 32.95%.

On August 13, 2015, ALI entered into an agreement with Prime Orion Philippines, Inc. (POPI) to subscribe 2,500,000,000 common shares of stock or 51.36% interest in POPI for a total consideration of ₱5.6 billion, subject to certain terms and conditions. POPI is listed in the Philippine Stock Exchange and is the owner of Tutuban Center in Manila City through its wholly owned subsidiary Tutuban Properties, Inc.

On August 11, 2015, ALI has won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). ALI 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.

On June 30, 2015, Ayala Land, Inc., through SM-ALI Group consortium, participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 square meters, 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 (the "Property").

On April 8, 2015, Ayala Land, Inc. (ALI) purchased all of the 8.20 million common shares of Equinox Technoparks Ltd. (ETL) incorporated in the Company for a total consideration of ₱513.68 million. Accordingly, the company becomes a wholly-owned subsidiary of ALI.

On April 6, 2015, ALI through its wholly-owned subsidiary, Regent Wise Investments Limited, has acquired 9.16% of the shares of Malaysian company GW Plastics Holdings Bhd., to be renamed MCT Bhd., through a private placement for a total amount of US$43 Million or ₱1.9 Billion by partnering with a company such as MCT, Bhd., ALI will be expanding its footprint in Southeast Asia in line with its diversification goals and sets the platform for growth in Malaysia.

On February 6, 2015, ALI 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 ₱229M. This brings ALI's ownership in NTDCC from 70.36% to 73.24% of the total outstanding capital stock of NTDCC.

On February 6, 2015, ALI purchased its proportionate share in DBH Inc and Allante Realty who owns 4.08% each in NTDCC for a total of ₱422.5 million. This transaction increased ALI's stake in NTDCC from 58.53% to 63.82%.

On December 10, 2014, ALI purchased its proportionate share in Anglo Philippine Holdings Corporation's 15.79% interest in NTDCC for ₱738 million which consists of 2,265,507 shares. This transaction increased ALI's stake in NTDCC from 49.29% to 58.53%

On November 23, 2013, Ayala Land, through its wholly-owned subsidiary, Ayala Hotels and Resorts Corp, (AHRC) signed an agreement to acquire 100% interest in Asian Conservation Company, Inc. (ACCI) which effectively consolidates the remaining 40% interest in Ten Knots Development Corp. (TKDC) and Ten Knots Philippines Inc. (TKPI) (60%-owned subsidiary of the Company prior to this acquisition). The agreement resulted in the Company effectively obtaining 100% interest in TKPI and TKDC.

On October 31, 2013, the Company acquired a 55% interest in Taft Punta Engano Property, Inc. (TPEPI) for a consideration of ₱550.0 million. 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.

On April 16, 2013, ALI entered into a Sale and Purchase Agreement (SPA) with Global International Technologies Inc. (GITI) to acquire the latter's 32% interest in ALI Property Partners Co. (APPCo) for ₱ 3.52 billion. GITI is a 100% owned company of the Goldman Sachs Group Inc. The acquisition increased ALI's stake in APPCo from 68% to 100%. APPCo owns BPO buildings in Makati, Quezon City and Laguna with a total gross leasable area of around 230k sqm. 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.

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.

Various Diversification/new product lines introduced by the Company during the last three years

Hospitals/Clinics

Ayala Land entered into a strategic partnership with the Mercado Group in July 2013 to establish hospitals and clinics located in the Company's integrated mixed-use developments. The Company will enhance its communities with the introduction of healthcare facilities under the QualiMed brand. In 2014, QualiMed opened three (3) clinics in Trinoma, Fairview Terraces, McKinley Exchange Corporate Center, and Qualimed General Hospital in Atria Park, Iloilo while UP Town Center Clinic in Quezon City was opened in the end of 2015. In the 2nd Quarter of 2016, Qualimed opened a hospital in Altaraza San Jose Del Monte

Bulacan while Nuvali is set to open by 2nd Quarter of 2017. Qualimed is targeting to have a 10-hospital and 10-clinic network by 2020.

Convenience Stores
SIAL CVS Retailers, Inc., a joint venture entity between ALI Capital Corporation (formerly Varejo Corporation) and Specialty Investments, Inc. (wholly-owned subsidiaries of Ayala Land, Inc. and Stores Specialists, Inc., respectively) signed an agreement with FamilyMart Co, Ltd and Itochu Corporation to tap opportunities in the convenience store business. The first FamilyMart store was unveiled last April 7, 2013 at Glorietta 3 in Makati. A total of 98 FamilyMart stores are in operation as of December 31, 2016.

Department Stores
ALI Capital Corporation (formerly Varejo Corporation) and Specialty Investments, Inc. (wholly-owned subsidiaries of Ayala Land, Inc. and Stores Specialists, Inc., respectively) formed SIAL Specialty Retailers, Inc. to develop and operate department stores in ALI's mall developments. The first Wellworth branch opened in end of 2015 at Fairview Terraces in Quezon City. The second branch opened 2Q 2015 at UP Town Center also in Quezon City.

Supermarkets
ALI Capital Corporation (formerly Varejo Corporation), a subsidiary of Ayala Land, entered into a joint venture agreement with Entenso Equities Incorporated, a wholly-owned entity of Puregold Price Club, Inc., to develop and operate mid-market supermarkets for some of Ayala Land's mixed-use projects. The first supermarket opened in the 3rd quarter of 2015 at UP Town Center. The Company expects to roll out 3 mid-brand supermarkets per year.

Distribution Methods of Products

The Company's residential products are distributed to a wide range of clients through various sales groups.

Ayala Land (parent company) has its own in-house sales team. In addition, it has a wholly-owned subsidiary, Ayala Land Sales, Inc. ("ALSI"), which employs commission-based sales people. Ayala Land uses a sales force of about 15,000 brokers and sales agents guided by a strict Code of Ethics.

The OFW market is being pursued through award-winning websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. Ayala Land International Sales, Inc. ("ALISI"), created in March 2005, leads the marketing, sales and channel development activities and marketing initiatives of the three residential brands abroad. ALISI has established Marketing Offices in Northern California, specifically in Milpitas in 2012, its first branch, and in San Francisco in March 2014. Marketing Offices were also set up in Singapore in September 2013, Hong Kong in February 2014, and a Representative office in Dubai in 2013. ALISI also assumed the operations of AyalaLand International Marketing, Inc. in Italy and London. In addition, One Ayala program, which bundles the products and services of Ayala Land, BPI and Globe Telecom, gives access to potential Ayala Land clients overseas, i.e. through BPI's 17 overseas offices and 81 tie-ups. In addition, the Ayala Land-BPI Dream Deals program aims to generate additional sales from local market.

Separate sales groups have also been formed for certain subsidiaries which cater to different market segments under Amaia (economic housing), Avida (affordable housing), Alveo (middle-income housing) and BellaVita (socialized housing). To complement these sales groups, Ayala Land and its subsidiaries also tap external brokers.

Effective second half of 2008, residential sales support transactions of ALP, Alveo, and Avida is being undertaken by the shared services company Amicassa Process Solutions, Inc. ("APSI") put up by the Company. In 2010, Aprisa Business Solutions, Inc. (APRISA) completed its full roll-out to handle transactional accounting processes across the Ayala Land group.

Competition

Ayala Land is the only full-line real estate developer in the Philippines with a major presence in almost all sectors of the industry. Ayala Land believes that, at present, there is no other single property company that has a significant presence in all sectors of the property market. Ayala Land has different competitors in each of its principal business lines.

With respect to its mall business, Ayala Land's main competitor is SM Prime Holdings, Inc. whose focus on mall operations gives SM Prime Holdings, Inc. some edge over the Company in this line of business. Nevertheless, Ayala Land is able to effectively compete for tenants primarily based on its ability to attract customers -- which generally depends on the quality and location of its shopping centers, mix of tenants, reputation as a developer, rental rates and other charges.

For office rental properties, Ayala Land sees competition in smaller developers such as Kuok Properties (developer of Enterprise Building), Robinsons Land (developer of Robinsons Summit Center) and non-traditional developers such as the AIG Group (developer of Philam Towers) and RCBC (developer of RCBC towers). For BPO office buildings, Ayala Land competes with the likes of Megaworld and Robinsons Land. Ayala Land is able to effectively compete for tenants primarily based upon the quality and location of its buildings, reputation as a building owner, and quality of support services provided by its property manager, rental and other charges.

With respect to residential lot and condominium sales, Ayala Land competes with developers such as Megaworld, DMCI Homes, Robinsons Land, and SM Development Corporation. Ayala Land is able to effectively compete for purchasers primarily on the basis of reputation, price, reliability, and the quality and location of the community in which the relevant site is located.

For the middle-income/affordable housing business, Ayala Land sees the likes of SM Development Corp, Megaworld, Filinvest Land and DMCI Homes as key competitors. Alveo and Avida are able to effectively compete for buyers based on quality and location of the project and availability of attractive in-house financing terms.

For the economic housing segment, Amaia competes with Camella Homes, DMCI Homes, Filinvest, Robinsons Land and SM Development Corporation.

BellaVita, a relatively new player in the socialized housing market, will continue to aggressively expand its geographical footprint with product launches primarily located in provincial areas.

Capital Expenditures (Consolidated)

As of December 31, 2016, Ayala Land spent a total of ₱85.40 billion for project and capital expenditures. 86% of the capital expenditures were spent on construction of projects under core businesses with the remaining 14% spent for land acquisition.

Subsidiaries, Associates and Joint Ventures

As of December 31, 2016, there are several companies which are either subsidiaries or associates and joint ventures of Ayala Land. Certain details and the percentage of ownership held by Ayala Land of each of these companies are described below:

	Date of Incorporation	Effective Ownership (%)
Real Estate:		
Alveo Land Corporation (Alveo)	September 29, 1995	100
Serendra, Inc.	June 7, 1994	39
Solinea, Inc. (Solinea)	March 5, 2011	65

BGSouth Properties, Inc. (BGS)	August 10, 2011	50
Portico Land Corp. (Portico)	October 2, 2013	60
Serendra, Inc.	June 7, 1994	28
Amorsedia Development Corporation (ADC)	March 6, 1996	100
OLC Development Corporation and Subsidiary	June 28, 1996	100
HLC Development Corporation	June 28, 1996	100
Allysonia International Ltd.	February 18, 2000	100
Avida Land Corporation (Avida)	October 30, 1990	100
Buklod Bahayan Realty and Development Corp.	November 5, 1996	100
Avida Sales Corp. and Subsidiaries	December 22, 2008	100
Amicassa Process Solutions, Inc.	June 2, 2008	100
Avencosouth Corp. (Avencosouth)	April 26, 2012	70
BGNorth Properties, Inc. (BGN)	August 5, 2011	50
Amaia Land Co. (Amaia)	May 29, 2000	100
Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	65
Ayala Land International Sales, Inc. (ALISI)	March 29, 2005	100
Ayala Land International Marketing, Inc. (AIMI)	February 28, 2012	100
Ayala Land International (Singapore) Pte. Ltd	July 4, 2013	100
Ayala Land International Marketing (Hong Kong) Ltd	November 20, 2013	100
Ayala Land International Marketing, SRL	April 9, 2014	100
Ayala Land International Marketing, London	December 10, 2014	100
Ayala Land Sales, Inc.	March 6, 2002	100
Southportal Properties, Inc. (Southportal)	December 1, 2014	65
Buendia Landholdings, Inc.	October 27, 1995	100
Crans Montana Holdings, Inc.	December 28, 2004	100
Crimson Field Enterprises, Inc.	October 26, 1995	100
Ecoholdings Company, Inc. (ECI)	September 25, 2008	100
NorthBeacon Commercial Corporation (NBCC)	August 13, 1970	100
Red Creek Properties, Inc.	October 17, 1994	100
Regent Time International, Limited	March 28, 2003	100
Asterion Technopod Incorporated (ATI)	July 8, 2008	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	July 8, 2008	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	August 24, 2007	100
Hillsford Property Corporation (HPC)	August 24, 2007	100
Primavera Towncentre, Inc. (PTI)	December 18, 2009	100
Summerhill E-Office Corporation (Summerhill)	July 7, 2008	100
Sunnyfield E-Office Corporation (Sunnyfield)	July 7, 2008	100
Subic Bay Town Centre, Inc.	March 9, 2010	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	May 12, 2010	100
AyalaLand Real Estate Investments, Inc.	February 4, 2013	100
AyalaLand Advisory Broadway, Inc.	February 4, 2013	100
AyalaLand Development (Canada), Inc.	February 15, 2013	100
AyalaLand OpenAsia Holdings PTE, Ltd.	July 6, 2012	100
Blue Horizons Holdings PTE, Limited.	September 20, 2013	100
AyalaLand Commercial REIT, Inc. (ALCRI)	September 30, 2010	100
Arvo Commercial Corporation (Arvo)	June 23, 2011	100
BellaVita Land Corporation (BellaVita)	March 21, 1995	100
Nuevo Centro, Inc. (Nuevo Centro)	April 15, 2011	55
Alviera Country Club (Alviera)	July 9, 2014	50
Cavite Commercial Town Center, Inc.	July 31, 2009	100
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	July 26, 2006	100
One Dela Rosa Property Development, Inc.	September 4, 2006	100
First Gateway Real Estate Corp.	September 4, 2006	100
Glensworth Development, Inc. (Glensworth)	August 23, 2007	100
UP North Property Holdings, Inc.	March 26, 2007	100
ALO Prime Realty Corporation	April 23, 2008	100
Laguna Technopark, Inc. (LTI)	November 15, 1990	75
Ecozone Power Management, Inc.	August 20, 2010	75
Aurora Properties Incorporated	December 3, 1992	80
Soltea Commercial Corp.	June 13, 2013	16
Vesta Property Holdings, Inc.	October 22,1993	70
Altaraza Prime Realty Corporation	March 9, 2016	100
Prow Holdings, Inc.	May 24, 2013	55
Station Square East Commercial Corporation (SSECC)	March 17, 1989	69
Next Urban Alliance Development Corp.	May 4, 2015	100

Accendo Commercial Corp. (Accendo)	December 17, 2007	67
Avencosouth Corp.	April 26, 2012	20
Aviana Development Corporation	September 17, 2013	7
Aviana Development Corporation	September 17, 2013	50
Cagayan de Oro Gateway Corp. (CDOGC)	March 3, 2010	70
Ceci Realty, Inc. (Ceci)	August 22, 1974	60
Soltea Commercial Corp.	June 13, 2013	12
Soltea Commercial Corp.	June 13, 2013	60
CMPI Holdings, Inc.	May 30, 1997	60
CMPI Land, Inc.	March 27, 1998	36
ALI-CII Development Corpfcoration (ALI-CII)	August 6, 1997	50
Roxas Land Corporation (RLC)	March 18, 1996	50
Adauge Commercial Corporation (Adauge)	September 5, 2012	60
Southgateway Development Corp. (SDC)	October 19, 2012	100
Ayalaland MetroNorth, Inc. (AMNI)	November 29, 2012	100
Verde Golf Development Corporation	August 8, 2013	100
North Triangle Depot Commercial Corporation (NTDCC)	March 20, 2001	73
BGWest Properties, Inc. (BGW)	August 5, 2011	50
Lagdigan Land Corp. (Lagdigan)	March 17, 2014	60
Central Block Developers, Inc. (CBDI)	July 28, 2015	35
Cebu Holdings, Inc. (CHI)	December 9, 1988	56
Cebu District Properties Enterprise, Inc.	February 20, 2014	7
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	August 2, 1990	43
Cebu Leisure Company, Inc.	January 31, 1994	56
CBP Theatre Management, Inc.	February 1, 1994	56
Taft Punta Engaño Property, Inc. (TPEPI)	September 8, 2011	31
Cebu Insular Hotel Company, Inc. (CIHCI)	April 6, 1995	21
Solinea, Inc.	March 5, 2011	20
Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	20
Southportal Properties, Inc. (Southportal)	December 1, 2014	20
Central Block Developers, Inc. (CBDI)*	July 28, 2015	32
Alabang Commercial Corporation (ACC)	June 28, 1978	50
South Innovative Theater Management (SITMI)	February 2, 2001	50
ALI Commercial Center, Inc.	October 13, 2014	100
Prime Orion Philippines, Inc.	May 19, 1989	51
FLT Prime Insurance Corporation	February 22, 1977	37
Orion Solutions, Inc.	October 12, 1994	51
Orion I Holdings Philippines, Inc.	March 9, 1993	51
OE Holdings, Inc.	August 6, 1993	51
Orion Land, Inc.	April 22, 1996	51
Ayalaland Malls Synergies, Inc.	June 1, 2016	100
Ayaland Malls Vismin, Inc.	October 15, 2015	100
Ayaland Malls Northeast, Inc.	October 15, 2015	100
Construction		
Makati Development Corporation (MDC)	August 15, 1974	100
MDC Subic, Inc.	June 28, 2010	100
MDC Build Plus, Inc.	October 17, 2011	100
MDC Conqrete, Inc. (MCI)	August 12, 2013	100
MDC Equipment Solutions, Inc. (MESI)	September 16, 2013	100
Hotels		
Ayala Hotels, Inc. (AHI)	April 11, 1991	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	September 21, 2010	100
ALI Makati Hotel & Residences, Inc.	January 30, 2007	80
ALI Makati Hotel Property, Inc.	August 13, 2007	80
Regent Horizons Conservation Company, Inc. and Subsidiary	December 11, 2011	100
Enjay Hotels, Inc.	July 12, 1990	100
Greenhaven Property Venture, Inc.	July 9, 2008	100
Cebu Insular Hotel Company, Inc.	April 6, 1995	63
Bonifacio Hotel Ventures, Inc.	October 13, 2010	100
Southcrest Hotel Ventures, Inc.	October 18, 2010	67
Northgate Hotel Ventures, Inc.	October 18, 2010	70
North Triangle Hotel Ventures, Inc.	October 18, 2010	100
Ecosouth Hotel Ventures, Inc.	May 19, 2011	100
Sentera Hotel Ventures, Inc.	June 19, 2014	100

Econorth Resorts Ventures, Inc.	October 8, 2014	100
ALI Triangle Hotel Ventures, Inc.	March 4, 2014	100
Circuit Makati Hotel Ventures, Inc.	October 20, 2014	100
Capitol Centre Hotel Ventures, Inc.	October 20, 2014	100
Arca South Hotel Ventures, Inc.	October 17, 2014	100
Sicogon Town Hotel, Inc.	September 29, 2015	100
ALI Makati Hotels & Residences, Inc.	January 30, 2007	20
ALI Makati Hotel Property, Inc.	August 13, 2007	20
Ten Knots Phils., Inc.	November 22, 1979	60
Bacuit Bay Development Corporation	April 28, 1997	60
Lio Resort Ventures, Inc.	October 27, 2015	60
North Liberty Resort Ventures, Inc.	October 27, 2015	60
Paragua Eco-Resort Ventures, Inc.	October 27, 2015	60
Ten Knots Development Corp.	August 22, 1992	60
Chirica Resorts Corp.	September 25, 2009	60
Kingfisher Capital Resources Corp.	August 20, 2002	60
Pangulasian Island Resort Corporation	September 18, 2015	60
Sicogon Island Tourism Estate Corp.	July 8, 2015	100
Property Management		
Ayala Property Management Corporation (APMC)	August 8, 1977	100
Prime Support Services, Inc.	October 14, 2015	100
Ayala Theatres Management, Inc. and Subsidiaries	August 10, 1984	100
DirectPower Services, Inc. (DirectPower)	September 14, 2011	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	September 21, 2010	100
Entertainment		
Five Star Cinema, Inc.	December 18, 2000	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	October 10, 1997	50
Others		
ALInet.com, Inc. (ALInet)	May 5, 2000	100
First Longfield Investments Limited (First Longfield)	October 23, 2006	100
Green Horizons Holdings Limited	October 25, 2006	100
Aprisa Business Process Solutions, Inc. (Aprisa)	September 21, 2010	100
AyalaLand Club Management, Inc.	December 26, 2011	100
ALI Capital Corp. (formerly Varejo Corp.)	June 25, 2012	100
Sicogon Island Tourism Estate, Corp.	July 8, 2015	100
Integrated Eco-resort Inc.	May 27, 2015	100
Airwswift Transpor Inc. (formerly Island Transvoyager, Inc.)	October 2, 2002	100
Arca South Integrated Terminal, Inc.	November 27, 2015	100
Whiteknight Holdings, Inc. (WHI)	May 14, 2013	100
Ayalaland Medical Facilities Leasing Inc.	April 13, 2015	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)	March 28, 2005	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	September 21, 2010	78

**includes CPVDC interest in CBDI*

Real Estate

Alveo Land Corp., 100% owned by Ayala Land, offers various residential products to the middle-income market. Alveo's projects from 2014 up to 2015 includes Venare, The Lerato Tower (Makati City), Kasa Luntian (Tagaytay), Marquee Residences and Sedona Parc. For on-going projects, they have Kroma, Escala Salcedo, Lumira, The Stiles Enterprise, Mirala, Ferndale Villas and Alveo Financial Tower to name a few.

Avida Land Corp., a 100%-owned subsidiary, continued to develop affordable housing projects which offer house-and lot packages and residential lots. Avida also ventured into the development and sale of residential condominiums. Project launches in the past three years included Avida Towers Sucat, Avida Towers New Manila, Avida Towers San Lazaro, Avida Towers Makati West, Avida Settings NUVALI, Avida Residences San Fernando, Avida Residences Sta. Cecilia, and Riego de Dios Village.

Amaia Land Corp., formerly a subsidiary of Avida is now a wholly owned subsidiary of Ayala Land, was established to pursue a planned expansion of residential development operations to cater to the country's economic housing segment.

BellaVita Land Corp. (formerly South Maya Ventures Corp.), wholly-owned subsidiary of Ayala Land, aims to establish the country's first social enterprise community development targeting minimum wage earners and members of the informal business sector. Its first project in General Trias, Cavite was launched in November 2011.

Serendra, Inc., 28%-owned by ALI and 39%-owned by Alveo, is engaged in residential development. In 2004, it launched Serendra, a residential complex at the BGC in Taguig.

Solinea (formerly Bigfoot Palms, Inc.), a landholding entity, was acquired on March 05, 2011 through Alveo Land Corporation through acquisition of 65% shares of stock. The remaining 35% was acquired by Cebu Holdings, Inc., an associate of the Group.

Portico Land Corp., a subsidiary of Alveo was incorporated on October 2, 2013. Portico is 60%-owned by Alveo and 40% by MC. The subsidiary was organized to develop and operate the mixed-use developments primarily in Ortigas center.

Aviana Development Corporation, incorporated on September 17, 2013, is a 50-50 joint venture company between the Ayala Land Group (10%-owned by Accendo) and the Alcantara Group. The Company will develop approximately 27-hectare waterfront property in Lanang, Davao City.

Soltea Commercial Corp., a joint venture between the Company (60%), Ceci Realty, Inc. (20%) and Aurora Properties, Inc. (20%), was incorporated on June 13, 2013. Currently, its main purpose is the development of Solenad 3 project in Sta. Rosa, Laguna.

Roxas Land Corp., 50% owned, sold-out One Roxas Triangle in 2007. The project was started in 1996 and was completed in September 2001.

Verde Golf Development Corporation, a wholly owned subsidiary of the Company, was registered on August 8, 2013 primarily to develop, maintain, operate, manage and carry on the business, operation and management of the Southlinks golf facilities for the amusement, entertainment, recreation, leisure and athletic activities of the general public.

BGWest Properties, Inc., BGSouth Properties, Inc. and *BGNorth Properties, Inc.* were incorporated to engage in the development of high-end, middle-end and affordable residential and retail projects, respectively, in Bonifacio Global City.

Avencosouth was incorporated in the Philippines and is currently engaged in condominium development operations. The Company holds 90% indirect interest in Avencosouth as of December 31, 2012. It is 70% owned by Avida (wholly-owned subsidiary of the Company) and 30% owned by Accendo (67% owned by the Company). Avencosouth was registered with the SEC on April 26, 2012 and started commercial operations on August 11, 2012.

AIMI, a wholly-owned subsidiary of ALISI, was incorporated on February 28, 2012 to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Ayala Land International (Singapore) Pte. Ltd, a wholly owned subsidiary of ALISI, was established on July 4, 2013 to market real estate products of ALI through Licensed Estate Agents in Singapore.

Ayala Land International Marketing (Hong Kong) Ltd. (formerly, First Folio Limited), a wholly-owned subsidiary of ALISI, was incorporated on September 13, 2013 to engage in the marketing and sale of real estate products of ALI Hong Kong SAR.

Ayala Land International Marketing, SRL was organized when ALISI bought ownership interests 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.

Strategic Landbank Management

Aurora Properties, Incorporated, *Vesta Property Holdings, Inc.* and *Ceci Realty, Inc.* (incorporated in 1974) are owned by Ayala Land 80%, 70% and 60%, respectively. These companies, joint ventures with the Yulo Family, finalized plans for the development of nearly 1,700 hectares of land in Canlubang, Laguna.

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.

Nuevo Centro, Inc., a subsidiary of Ayala Land, was established primarily to acquire and hold real estate properties for the purpose of developing them into large-scale, mixed-used and masterplanned communities in Pampanga.

Regent Time International Limited, 100% owned by Ayala Land, also owns a stake at Bonifacio Land Corp. / Fort Bonifacio Development Corp.

NorthBeacon Commercial Corporation – formerly Alabang Theatres Management Corporation, is Ayala Land's wholly-owned vehicle for its MarQuee Mall in Pampanga, which commenced development in March 2007 and began operations in September 2009.

Station Square East Commercial Corporation, 69% owned subsidiary of Ayala Land, broke ground in 2002 for Market! Market!, a 150,000-sqm mall along C-5 Road in Taguig. It opened Phase 1A of the mall in 2004 and Phase 1B in 2005.

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.

Accendo Commercial Corp., with a 67% stake, ALI entered into a joint venture agreement with Anflo Group to develop a mixed-use project in Davao City.

ALI-CII Development Corporation, a 50-50% joint venture with Concepcion Industries, continued to operate Metro Point, a mid-market mall at the corner of EDSA and Taft Avenue, which was completed in the fourth quarter of 2001.

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

Alabang Commercial Corporation, 50% owned by Ayala Land, continued to manage and operate the Alabang Town Center.

North Triangle Depot Commercial Corporation, 73% owned by Ayala Land, commenced development of TriNoma (formerly referred to as North Triangle Commercial Center), a 191,000-sqm mall constructed at the main depot of MRT-3 in Quezon City. TriNoma broke ground in June 2005 and began operations in May 2007.

North Ventures Commercial Corporation, 100% wholly-owned subsidiary to handle the development of Fairview Terraces.

Primavera Town Centre, Inc, 100% wholly-owned subsidiary, was also formed to handle the planning, development and management of small-format retail facilities known as “neighborhood centers” within the Company’s existing and planned growth centers across the country.

Subic Bay Town Centre, Inc., 100% owned by Ayala Land, was incorporated on March 9, 2010 for the planning, development management of a mall to be located in Subic Bay Freeport Zone.

Cagayan De Oro Gateway Corp. was established to pursue a mixed-use development with a 47,000 sqm regional mall as its centerpiece. A 150-room boutique hotel shall be located on top of the mall, while a single tower residential condominium with 21 floors and 522 rooms shall be located right beside the mall. The project is strategically located in the economic hub of Cagayan de Oro City.

Arvo Commercial Corporation (ACC), a wholly owned subsidiary of the Ayala Land, was established primarily to develop and operate shopping malls within the ALI identified growth areas across the country.

Laguna Technopark, Inc., 75% owned, continued to sell industrial lots to local and foreign company locators. It also leases ready-built factory units within the Laguna Technopark.

ALO Inc., is the Company’s 100%-owned vehicle in partnership with MLT Investments (Goldman Sachs) which handle various BPO projects and investments.

Sunnyfield E-Office Corporation, Asterion Technopod, Inc., Westview Commercial Ventures Corp., Summerhill E-Office Corporation and Hillsford Property Corp. are wholly-owned entities established to handle, develop and manage all future BPO buildings located at various growth centers within the Philippines.

Cebu Holdings, Inc.,56% owned by Ayala Land, continued to manage and operate the Ayala Center Cebu and sell condominium units and lots within the Cebu Business Park. The company also launched Amara, a high-end seaside residential subdivision, and continued to sell club shares at City Sports Club Cebu. Through Cebu Property Ventures Development Corporation, CHI also continued to sell lots at the Asiatown IT Park.

Taft Punta Engaño Property Inc. (TPEPI) was incorporated on September 8, 2011, a wholly owned subsidiary of Taft Property Venture Development Corporation (TPVDC). TPEPI’s primary purpose is to create a mixed-use commercial and residential district within a 12-hectare property in Lapu-Lapu City. A joint venture agreement was entered into last April 26, 2013 between TPVDC and the Company. Under the agreement, the Company will own 55% of TPEPI and TPVDC will own the remaining 45% of TPEPI. The Company's rights to the venture were subsequently transferred to CHI on September 18, 2013 to enhance the latter’s portfolio and operations. It is consistent with the thrust of CHI to expand its business.

Amaia Southern Properties, Inc. (ASPI) was organized and incorporated on February 12, 2013 by Amaia together with Cebu Holdings Inc. (CHI), primarily to purchase and develop new real estate properties for planned projects in the south. ASPI is 65%-owned by Amaia and 35% by CHI.

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 the Group is to develop, sell and manage the operations for ALP Towers in Cebu.

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. CBDI was registered with the SEC on July 28, 2015 and has not yet started commercial operations.

Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between Ayala Land, Inc. 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.

Adauge, a 60% owned subsidiary of the Company, was incorporated on September 5, 2012 for the acquisition and development of a mixed-use project in Mandurriao, Iloilo City.

Regent Wise Investments Limited (Regent Wise), a wholly-owned subsidiary of Ayala Land, formed to enter into an Equity Joint Venture with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd for the development of a 9.78-hectare residential project in China. The project will be located in Tianjin Eco-city ("the Eco-City"), a 3,000-hectare collaboration between the Chinese and Singaporean governments which will showcase future direction of urban planning and sustainable development.

AyalaLand Real Estate Investments Inc. was incorporated on February 4, 2013 under the laws of British Columbia, Canada. It is 100%-owned by the Company through RegentWise. It is the beneficiary of the Trust and a Shareholder of Rize-AyalaLand (Kingsway) GP Inc. As of December 31, 2014 and 2013, it is a party to the Rize-AyalaLand (Kingsway) Limited Partnership.

AyalaLand Advisory Broadway Inc. was incorporated on February 4, 2013 under the laws of British Columbia, Canada. It is a wholly owned subsidiary of the Company through Regent Wise.

AyalaLand Development (Canada) Inc. was incorporated on February 15, 2013 under the laws of British Columbia, Canada. It is a wholly owned subsidiary of the Company through Regent Wise. It is a party to the Management Services Agreement between Rize-AyalaLand (Kingsway) Limited Partnership, Rize-AyalaLand (Kingsway) GP Inc., Rize Alliance Properties Ltd. and AyalaLand Development (Canada) Inc.

AyalaLand Commercial REIT, Inc., a wholly-owned subsidiary of Ayala Land was formed in September as a vehicle through which Ayala Land will own and operate select investment properties and which Ayala Land intends to undertake an IPO under Republic Act No. 9856 or the Philippines Real Estate Investment Trust ("REIT") Law. Said investment properties shall include prime shopping center and office assets currently owned by the Company which are mature, have recurring income streams and have achieved stable occupancy rates.

SDC, a wholly-owned subsidiary of the Company, was incorporated on October 19, 2012 to be involved in real estate development projects of the Group.

AMNI was incorporated in November 29, 2012 and is a wholly-owned subsidiary of the Company. It is established primarily to develop and operate shopping malls and offices.

Ayala Land Malls, Inc., a wholly-owned subsidiary of the Company, was incorporated this year as a shared-service entity to provide manpower services to the Ayala Malls Group.

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.

Prow Holdings, Inc. (PHI). In April 2016, the Company acquired a 22% stake in PHI which was subsequently increased to 33% in May 2016. The acquisition was undertaken pursuant to the joint venture agreement governing the development of the Alviera Estate in Porac, Pampanga.

Entertainment

Five Star Cinema, Inc., also wholly-owned, continued to manage and operate theaters at the Alabang Town Center.

Leisure and Allied Industries Phils., Inc., a 50-50% joint venture of Ayala Land with Australian company, LAI Asia Pte. Ltd., continued to operate family entertainment centers called TimeZone in various Ayala malls, as well as other malls.

Property Management

Ayala Property Management Corporation, 100%-owned by Ayala Land, continued to manage properties of Ayala Land and its subsidiaries. It also provided its services to third-party clients.

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.

Ayala Theaters Management, Inc., 100% owned, continued to manage and operate theaters at the Ayala Center in Makati.

Philippine Integrated Energy Solutions, Inc., a 100% owned subsidiary of Ayala Land established for the supply and operations of a district cooling system, performance contracting by introducing various energy solutions and bulk purchase of electricity.

DirectPower Services, Inc., (DirectPower), a wholly owned subsidiary of the ALI, was formed to engage in the bulk purchase and supply of electricity and to introduce various energy solutions.

Hotels and Resorts

Ayala Hotels, Inc., 50% owned, currently manages hotel land lease operations.

AHRC, a wholly-owned subsidiary of Ayala Land which will serve as a holding company for the Group's hotels and resorts operations.

Ten Knots Philippines, Inc. and Ten Knots Development Corporation (The Ten Knots Group), 60% owned by Ayala Land in partnership with Asian Conservation Company Inc. In 2013, the Hotels and Resorts Group signed an agreement with Asian Conservation Company to acquire its 40% stake in El Nido Resorts.

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.

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.

Pangulasian Island Resort Corporation is a wholly owned subsidiary of TKDC. 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.

Greenhaven Property Venture, Inc., 100% owned by Ayala Land through AHRC established to plan, develop and manage the hotel being constructed in Glorietta 1 as part of the Ayala Center redevelopment project.

Regent Horizons Conservation Company Inc. and Subsidiary. 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.

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

Econorth Resorts Ventures, Inc. is 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.

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.

*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 and 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.

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.

Construction

Makati Development Corporation, 100% owned by Ayala Land, continued to engage in engineering, design and construction of horizontal and low-rise vertical developments. It continued to service site development requirements of Ayala related projects while it provided services to third-parties in both private and public sectors.

MDC Build Plus was formed to cater primarily to projects focusing on the lower end of the base of the pyramid, particularly the residential brands Amaia and BellaVita.

MDC Conqrete, Inc. (MCI), a wholly owned subsidiary of MDC was incorporated on August 12, 2013 primarily to manufacture, facilitate, prepare, ready-mix, pre-cast and pre-fabricate floor slabs, wall panels and other construction materials and to manufacture, buy, sell and deal with cement and other related products.

MDC Equipment Solutions, Inc. (MESI) is a wholly owned subsidiary of MDC was incorporated on September 16, 2013 primarily to acquire, manage, and operate tools, heavy equipment and motor vehicles
Others

First Longfield Investments Limited is wholly-owned by Ayala Land. On March 7, 2011, ALI, Ayala Corp and The Rohatyn Group 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. The exchange in ownership interest resulted in TRG acquiring ALI's 17% stake and Ayala Corp'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.

Aprisa Business Solutions, Inc., a wholly-owned subsidiary of Ayala Land that will initially manage transactional accounting services.

ALI Capital Corporation, a wholly-owned subsidiary of the Company, was incorporated with the Securities and Exchange Commission (SEC) on June 25, 2012. It is the holding company of the Company for its retail-related initiatives. In 2012, the Company, through Varejo, formed a partnership with Specialty Investments, Inc. (SII) to pursue opportunities in the Philippine retail sector. SII is a wholly-owned subsidiary of Stores Specialists, Inc. (SSI), one of the largest retail companies in the Philippines, with the exclusive rights to sell, distribute and market in the country a variety of brands from around the world. The partnership with SII will enable the Company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

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

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

Whiteknight Holdings, Inc. (WHI) was registered on May 14, 2013. The Company entered into an agreement with the Mercado family to acquire WHI in July 2013. The transaction was consummated in November 2013, thereby making WHI a wholly owned subsidiary of the Company. WHI owns 33% equity stake in Mercado General Hospital, Inc., owner and operator of the Daniel O. Mercado Medical Center in Tanauan, Batangas, the University Physicians Medical Center through its subsidiary Mercado Ambulatory and Surgical Centers, Inc., DMMC - Institute of Health Sciences, Inc. and Panay Medical Ventures, Inc.

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.

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.

Suppliers

The Company has a broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

Customers

Ayala Land has a broad market base including local and foreign individual and institutional clients. The Company does not have a customer that will account for twenty percent (20%) or more of its revenues.

Research and Development

While the Company engages in research and development activities, the expenses incurred in connection with these activities are not material.

Employees

Ayala Land has a total workforce of 429 regular employees as of December 31, 2016.

The breakdown of the ALI - Parent Company employees according to category is as follows:

Senior Management	27
Middle Management	229
Staff	173
Total	429

Employees take pride in being an ALI employee because of the Company's long history of bringing high quality developments to the Philippines. With the growth of the business, career advancement opportunities are created for employees. These attributes positively affect employee engagement and retention.

The Company aims that its leadership development program and other learning interventions reinforce ALI's operating principles and provide participants with a set of tools and frameworks to help them develop skills and desired qualities of an effective leader. The programs are also venues to build positive relations and manage networks within the ALI Group.

ALI has a healthy relation with its employees' union. Both parties openly discuss employee concerns without necessity of activating the formal grievance procedure.

Further, employees are able to report fraud, violations of laws, rules and regulations, or misconduct in the organization thru reporting channels under the ALI Business Integrity Program.

ALI's Rank & File employees form the collective bargaining unit. ALI's current collective bargaining agreement covers the period January 1, 2015 to December 31, 2016. There have been no strikes in the last three (3) years.

Intellectual Property and Licenses

Intellectual Property

The Company has been licensed by Ayala Corporation, as the owner of the brand and business name "Ayala", to use the name "Ayala" in all of the Company's current projects which carries the said brand. The Company is required to obtain the consent and approval of Ayala Corporation for future projects which will carry the brand.

Ayala Land (by itself or through its subsidiaries) has secured registrations for its major brands Ayala Land Premier, Alveo, Avida, Amaia, BellaVita, and Ayala Malls. As a matter of policy, the Company and its subsidiaries also apply for, obtain and maintain trade name registrations for its various developments, projects and events.

In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of twenty (20) years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of ten (10) years, renewable for ten (10)-year periods, unless cancelled earlier.

Licenses

Phenix Building System. A 50%-50% joint venture between Maison Individuelles, S.A. ("MISA") of France and Avida was organized in June 1998 and subsequently registered with the SEC as Laguna Phenix

Structures Corporation (“LPSC”) in July 1999.

LPSC is primarily engaged in the business of manufacturing, installation, erection and construction, marketing and promotion, and wholesaling of buildings, houses and other structures and accessories using the “Phenix” technology (for which a patent has been registered and issued in the Philippines under RP Patent No. 29862). Both MISA and Avida assigned their respective license rights to LPSC since the latter’s incorporation.

Regulation

Presidential Decree No. 957, as amended, is the principal statute which regulates the development and sale of real property as part of a condominium project or subdivision. Presidential Decree No. 957 covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for primarily residential purposes. The Housing and Land Use Regulatory Board (“HLURB”) is the administrative agency of the Government which enforces this decree and has jurisdiction to regulate the real estate trade and business.

In this regard, all subdivision plans and condominium project plans of ALI are required to be filed with and approved by the HLURB. Approval of such plans is conditional on, among other things, ALI’s financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant local government unit. ALI, as owner of and dealer in real estate projects, is required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen of real estate projects of ALI are also required to register with the Philippine Regulatory Commission. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon complaint from an interested party. ALI has been able to maintain these permits and licenses.

Under current regulations, ALI as developer of subdivision projects having an area of one hectare or more is required to reserve at least 30% of the gross land area of such subdivision for open space for common uses, which include roads and recreational facilities. ALI, as a developer of subdivision projects with twenty (20) lots and below per hectare, is required to reserve at least 3.5% of the gross project area for parks or playgrounds. ALI has been compliant with these requirements.

Under the agrarian reform law and the regulations issued thereunder by the Department of Agrarian Reform (“DAR”), land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR. Republic Act No. 9700, the law extending the term of the comprehensive agrarian reform program for another five (5) years, was signed by President Arroyo on August 7, 2009, and expired on June 30, 2014. Prior to undertaking any development of agricultural lands, ALI obtains the necessary permits from the relevant government agencies.

While the 1987 Philippine Constitution prohibits foreigners from owning land, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%. To the extent of the foregoing, ALI’s foreign market for real estate projects is limited.

Republic Act No. 7279 requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 20% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB. ALI has been compliant with this requirement in accordance with the rules and regulations implementing Republic Act No. 7279.

Construction

The construction industry in the Philippines is subject to regulation by the Government as described below.

Licenses. A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In granting such license, the PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate Government agencies prior to actually undertaking each project. MDC is duly accredited by the PCAB as a licensed contractor and maintains all required qualifications in compliance with the PCAB's requirements.

Minimum Philippine Ownership Requirement. Under Philippine law, in order to bid on publicly funded Government contracts, a contractor must be at least 75% owned by Philippine nationals. In this connection, Ayala Land has maintained at least 60% ownership by Philippine nationals.

Property Laws

Land Registration

The Philippines has adopted a system of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged except with respect to claims annotated on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription.

Unregistered land may be brought under the system if, after proper surveying, application, publication, service of notice and hearing, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals. After the lapse of the period of appeal, the Registry of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and issuance of a new title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

In accordance with the said system of land registration, ALI ensures that all properties held or developed are properly covered by valid and subsisting certificates of title.

Zoning

Land use may be limited by zoning ordinances enacted by provinces, cities or municipalities. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. All developments of ALI comply with the applicable zoning classification.

Subdivisions and Condominiums

All subdivision lots and condominium plans for residential, commercial, industrial and other development projects are subject to approval by the local government unit in which the project is situated. The development of subdivision lots and condominium projects can commence only after the local government unit has issued the development permit.

Subdivision lots or condominium units may be sold or offered for sale only after a license to sell has been issued by the HLURB. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction of the subdivision lot or condominium project and compliance with applicable laws and regulations. All documents evidencing conveyances of subdivision and condominium units should be registered with the relevant Registry of Deeds.

Title to the subdivision lot or condominium unit must be delivered to the purchaser upon full payment of the purchase price.

The foregoing permits, licenses and approvals are secured by ALI for its subdivision and condominium developments

Property Taxation

Real property taxes are payable annually based on the property's assessed value. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. An additional special education fund tax of 1% of the assessed value of the property is also levied annually. ALI promptly pays the real estate taxes and assessments on the properties it owns.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. As a requisite for the issuance of an ECC, an environmentally critical project must prepare an Environmental Impact Statement ("EIS"), while a project in an environmentally critical area must prepare an Initial Environmental Examination ("IEE"), without prejudice to the power of the DENR to require a more detailed EIS. In case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

In addition to the requirement for the issuance of an ECC, all public and private proponents of subdivision development projects, housing projects and other land development and infrastructure projects are required to undertake an Engineering Geological and Geohazard Assessment (EGGA). The EGGA is undertaken in order that project proponents can adequately and comprehensively address and mitigate the possible effects/impacts of geologic hazards. To comply with this requirement, the proponent causes the preparation of an Engineering Geological and Geohazard Assessment Report (EGGAR) which includes the results of all engineering geological, structural geological and geohazard assessment and geotechnical tests, with any other specialized studies and tests undertaken, as prescribed by the DENR- Mines and Geosciences Bureau (MGB). The EGGAR shall be subject to review/verification by DENR-MGB and for appropriate transmittal or endorsement to the DENR-EMB and other concerned government Agencies. The EGGAR is used as an institutional planning tool to safeguard development projects from the hazards caused by geological phenomena. ALI undertakes the EGGA and secures ECCs prior to commencement of its real estate projects and exerts best efforts to comply with the conditions specified therein. Real Estate projects are also required to secure relevant local permits and abide by requirements specific to local zoning ordinances, and, if applicable, protected area guidelines. ALI secures the necessary permits and keeps track of national and local regulatory developments.

In general, there have been no materially significant or extraordinary costs incurred by ALI and its subsidiaries, taken as a whole, in respect of environmental compliance. ALI and its subsidiaries' costs of compliance with applicable environmental laws and regulations vary from project to project depending on various factors, especially local conditions. However, none of such costs have been material in respect of their finances as a whole.

DESCRIPTION OF PROPERTIES

LANDBANK / PROPERTIES WITH MORTGAGE OF LIEN

The following table provides summary information on ALI's land bank as of December 31, 2016. Properties are wholly-owned and free of lien unless noted.

Location	***Hectares***	***Primary land use***
Makati[1]	52	Commercial/Residential
Taguig[2]	71	Commercial/Residential
Makati (outside CBD)[3]	21	Commercial/Residential
Alabang[4]	149	Commercial/Residential
Las Piñas/Paranaque	16	Commercial/Residential
Quezon City[5]	123	Commercial/Residential
Others in Metro Manila	60	Commercial/Residential
Metro Manila	**492**	
NUVALI[6]	1,121	Commercial/Residential/Industrial
Laguna [7]	911	Commercial/Residential/Industrial
Cavite[8]	1,566	Commercial/Residential
Batangas/Rizal/Quezon[9]	271	Commercial/Residential
Calabarzon	**3,869**	
Bulacan/Pampanga[10]	**2,261**	Commercial/Residential
Others in Luzon[11]	**1,209**	Commercial/Residential
Bacolod/Negros Occidental	128	Commercial/Residential
Cebu[12]	229	Commercial/Residential
Davao[13]	184	Commercial/Residential
Cagayan De Oro[14]	365	Commercial/Residential
Iloilo[15]	1,116	Commercial/Residential
Others in VisMin	-	
Visayas/Mindanao	**2,021**	
TOTAL	**9,852**	

[1] Makati includes Ayala Center, Ayala Triangle, City Gate, Mandarin and Peninsula Hotel
[2] Taguig includes the Arca South Estate and portion of Bonifacio Global City.
[3] Includes Circuit which is under a joint development agreement with Philippine Racing Club, Inc.
[4] Alabang includes Alabang Town Center and Avida South Park District
[5] Includes UP Technohub, UP Town Center, TriNoma, Vertis North and Fairview Terraces
[6] NUVALI includes properties acquired from Aurora Properties Incorporated, Vesta Holdings, Inc. and Ceci Realty, Inc.
[7] Laguna includes properties under Ayala Greenfield Development Corp.
[8] Cavite includes Vermosa Estate
[9] Batangas/Rizal/Quezon includes Avida Sto. Tomas and Avida Communities-Quezon
[10] Pampanga includes Alviera which is under a joint venture development with Leonio Land Holdings, Inc.
[11] Includes Anvaya Cove property which is under a joint development agreement with SUDECO; Harbor Point Mall in Subic on lease agreement with Subic Bay Management Authority and El Nido Resorts
[12] Cebu includes the lot pad of Ayala Center Cebu under Cebu Holdings, Inc. (CHI), Cebu Marriott Hotel and Cebu Asia IT Town Park
[13] Davao includes Abreeza Mall through Accendo Commercial Corp.
[14] Cagayan de Oro includes Centrio
[15] Includes Iloilo Technohub site and Atria Park District

LEASED PROPERTIES

The Company has an existing contract with BCDA to develop, under a lease agreement a mall with an estimated gross leasable area of 150,000 square meters on a 9.8-hectare lot inside Fort Bonifacio. 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 ₱104.58 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.

On January 28, 2011, a notice was given to the Company for 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 a 58,000 square meters another 25 years by mutual agreement. The project involves the construction of a retail establishment with 63,000 square meters of available gross leasable area and a combination of Headquarter-and-BPO- type buildings with an estimated 8,000 square meters of office space.

RENTAL PROPERTIES

The Company's properties for lease are largely shopping centers and office buildings. It also leases land, carparks and some residential units. As of December 31, 2016, rental revenues from these properties accounted for ₱26.56 billion or 31.60% of Ayala Land's consolidated revenues, 8% higher than the ₱24.50 billion recorded in the same period in 2015. Lease terms vary depending on the type of property and tenant.

PROPERTY ACQUISITIONS

With 9,852 hectares in its land bank as of December 31, 2016, Ayala Land believes that it has sufficient properties for development in next 25 years.

Nevertheless, the Company continues to seek new opportunities for additional, large-scale, master-planned developments in order to replenish its inventory and provide investors with an entry point into attractive long-term value propositions. The focus is on acquiring key sites in the Mega Manila area and other geographies with progressive economies that offer attractive potential and where projected value appreciation will be fastest.

In a disclosure to the SEC dated February 10, 2011, ALI was awarded by the Board of Regents of the University of the Philippines (U.P.) the lease contract for the development of a 7.4-hectare property at the U.P. Diliman East Campus, also known as U.P. Integrated School (UP-IS) property along Katipunan Avenue in Quezon City. The lease contract is for a period of 25 years, with an option to renew said lease for another 25 years by mutual agreement. The development of the site involves the construction of a retail establishment with 63,000 square meters of available GLA and a combination of headquarter-and-BPO office type building with an estimated 8,000 square meters of GLA.

In February 2011, the Company through wholly-owned subsidiary Alveo Land entered into an agreement with Philippine Racing Club, Inc. to jointly pursue the development of the 21-hectare property located in Barangay Carmona, Makati City, more commonly known as "Sta. Ana Racetrack." The project is intended as a mixed-use development and will form part of the Company's ongoing developments in the City of Makati.

In a disclosure to the SEC, PSE and PDEx dated June 29, 2012, the Executive Committee of Ayala Land authorized the negotiation and entry into a strategic alliance with the Group led by Mr. Ignacio R. Ortigas for the purpose of allowing Ayala Land to participate in OCLP Holdings, Inc., the parent company of Ortigas & Company Limited Partnership, and in the development of its various properties and businesses.

In August 2012, the Group won the public bidding for the purchase of the 74-hectare Food Terminal, Inc. (FTI) property in Taguig. 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. The Group's bid was ₱24.3 billion.

In October 2012, the Company entered into a Purchase Agreement wherein the Seller (FTI) agrees to sell, convey, assign and transfer and deliver to the buyer, and the buyer agrees to purchase and acquire from the seller, all of the seller's rights and interests in the property. The property is designed to be a mixed-use development and will be transformed into a new business district that will serve as Metro Manila's gateway to the South.

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 for the Fairmont Hotel and Raffles Suites and Residences project in Makati which opened last December 2012. A total of ₱2,430.4 million was paid to acquire the interests of KHI in AMHRI and AMHPI.

On April 16, 2013, ALI entered into a Sale and Purchase Agreement (SPA) with Global International Technologies Inc. (GITI) to acquire the latter's 32% interest in ALI Property Partners Co. (APPCo) for ₱3.52 billion. GITI is a 100% owned company of the Goldman Sachs Group Inc. The acquisition increased ALI's stake in APPCo from 68% to 100%. APPCo owns BPO buildings in Makati, Quezon City and Laguna with a total gross leasable area of around 230,000 sqm. 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.

On November 23, 2013, ALI, through its wholly-owned subsidiary, Ayala Hotels and Resorts Corp, (AHRC) signed an agreement to acquire 100% interest in Asian Conservation Company, Inc. (ACCI) which effectively consolidates the remaining 40% interest in Ten Knots Development Corp. (TKDC) and Ten Knots Philippines Inc. (TKPI) (60%-owned subsidiary of the Company prior to this acquisition). The agreement resulted in the Company effectively obtaining 100% interest in TKPI and TKDC.

In January 2014, ALI entered and signed into a 50-50% joint venture agreement with AboitizLand, Inc. for the development of a 15-hectare mixed-use community in Mandaue City, Cebu. The first project of this joint venture will involve the construction of a mall and a residential condominium unit with an estimated initial cost of ₱3 billion.

On February 6, 2015, ALI purchased the combined remaining interest of Anglo Philippines 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 million. This increased ALI's ownership of NTDCC from 63.82% to 70.36% at the time of purchase.

On April 8, 2015, Ayala Land, Inc. (ALI) purchased all of the 8.20 million common shares of Equinox Technoparks Ltd. (ETL) incorporated in the Company for a total consideration of ₱513.68 million. Accordingly, the company becomes a wholly-owned subsidiary of ALI.

On June 20, 2015, ALI, through SM-ALI Group consortium, participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, 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 (the "Property"). SM-ALI Group consortium is a consortium among SM Prime Holdings, Inc. ("SM"), Ayala Land, and Cebu Holdings, Inc. ("CHI", together with ALI collectively referred to as the "ALI Group"). The SM-ALI Group will co-develop the property pursuant to a joint master plan.

On January 21, 2016, ALI and LT Group, Inc. (LTG) entered into an agreement 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.

MORTGAGE, LIEN OR ENCUMBRANCE OVER PROPERTIES

The Company has certain properties in Makati City that are mortgaged with BPI in compliance with BSP rules on directors, officers, stockholders and related interests.

CERTAIN LEGAL PROCEEDINGS

As of December 31, 2016, ALI, its subsidiaries, and its affiliates, are not involved in any litigation regarding an event which occurred during the past five (5) years that they consider material.

However, there are certain litigations ALI is involved in which it considers material, and though the events giving rise to the said litigation occurred beyond the five (5) year period, the same are still unresolved, as follows:

Las Piñas Property

Certain individuals and entities have claimed an interest in ALI's properties located in Las Piñas, Metro Manila, which are adjacent to its development in Ayala Southvale.

Prior to purchasing the aforesaid properties, ALI conducted an investigation of titles to the properties and had no notice of any title or claim that was superior to the titles purchased by ALI. ALI traced its titles to their original certificates of title and ALI believes that it has established its superior ownership position over said parcels of land. ALI has assessed these adverse claims and believes that its titles are in general superior to the purported titles or other evidence of alleged ownership of these claimants. On this basis, beginning October 1993, ALI filed petitions in the RTC of Makati and Las Piñas for quieting of title to nullify the purported titles or claims of these adverse claimants. These cases are at various stages of trial and appeal. Some of these cases have been finally decided by the Supreme Court ("SC") in ALI's favor. These include decisions affirming the title of ALI to some of these properties, which have been developed and offered for sale to the public as Sonera, Ayala Southvale. The remaining pending cases involve the remaining area of approximately 126 hectares.

Ayala Property Management Corp.

As a result of the explosion which occurred on October 19, 2007 at the basement of the Makati Supermarket Building, the Philippine National Police has filed a complaint with the Department of Justice ("DOJ") and recommended the prosecution of certain officers/employees of Makati Supermarket Corporation, the owner of the building, as well as some employees of ALI's subsidiary, Ayala Property Management Corp. ("APMC"), among other individuals, for criminal negligence. In a Joint Resolution dated April 23, 2008, the DOJ special panel of prosecutors ruled that there was no probable cause to prosecute the APMC employees for criminal negligence. This was affirmed by the DOJ Secretary in a Resolution dated November 17, 2008. A Motion for Reconsideration was filed by the Philippine National Police which remains pending with the DOJ. To date, no civil case has been filed by any of the victims of the incident.

ALI has made no provision in respect of such actual or threatened litigation.

MARKET PRICE OF AND DIVIDENDS ON AYALA LAND'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Ayala Land was incorporated in June 1988 and was listed on the PSE in July 1991.

Market Information

Ayala Land common shares are listed in the PSE.

Stock Prices (in ₱/share)

	High			Low			Close		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
First Quarter	36.95	38.85	29.95	27.20	33.50	29.50	35.25	38.50	29.90
Second Quarter	39.60	41.40	30.70	33.75	36.50	30.15	38.80	37.30	30.50
Third Quarter	42.00	39.30	35.00	37.90	32.40	34.45	38.50	34.00	34.95
Fourth Quarter	39.75	37.60	33.95	30.05	32.80	33.50	32.00	34.45	33.70

The market capitalization of ALI as of December 31, 2016, based on the closing price of ₱32.00/share for December 29, 2016 (the last trading day of the said month), was ₱470.8 billion. ALI's closing price as of March 2, 2017 was ₱36.15 which translates to a market capitalization of ₱531.9 billion.

Stockholders

The following are the top 20 direct holders of the common and preferred shares of the Company:

Common Shares: *There are approximately 9,362 registered holders of common shares of the Company as of December 31, 2016:*

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Corporation*	6,893,880,451	46.8567%
2.	PCD Nominee Corporation (Non-Filipino)	5,448,931,097	37.0356%
3.	PCD Nominee Corporation (Filipino)	22,076,617,715	14.1145%
4.	ESOWN Administrator 2009	17,328,205	0.1178%
5.	ESOWN Administrator 2012	14,526,933	0.0987%
6.	ESOWN Administrator 2015	13,937,614	0.0947%
7.	ESOWN Administrator 2010	13,407,775	0.0911%
8.	ESOWN Administrator 2016	13,257,370	0.0901%
9.	ESOWN Administrator 2011	10,835,023	0.0736%
10.	ESOWN Administrator 2013	10,597,390	0.0720%
11.	ESOWN Administrator 2014	9,634,273	0.0655%
12.	Emilio Lolito J. Tumbocon	8,343,512	0.0567%
13.	Jose Luis Gerardo Yulo	6,683,948	0.0454%
14.	Estrellita B. Yulo	5,732,823	0.0390%
15.	ESOWN Administrator 2008	5,367,273	0.0365%
16.	ESOWN Administrator 2006	4,704,977	0.0320%
17.	Pan Malayan Management and Investment Corp.	4,002,748	0.0272%
18.	Ma. Angela Y. La O'	3,728,620	0.0253%
19.	Lucio W. Yan	3,483,871	0.0237%
20.	TelengtanTelengtan Brothers & Sons Inc.	3,480,000	0.0237%

**40,629,064 shares held by Ayala Corporation (or 0.276% of the outstanding common shares) are lodged with PCD Nominee Corporation.*

Voting Preferred Shares:

There are approximately 2,821 registered holders of voting preferred shares of the Company as of December 31, 2016:

	Stockholder Name	No. of Preferred Shares	Percentage (of voting preferred shares)
1.	Ayala Corporation	12,163,180,640	93.0868%
2.	HSBC Manila OBO A/C 000-171512-554	459,390,800	3.5158%
3.	Government Service Insurance System	156,350,871	1.1966%
4.	Public Employees Retirement System of New Mexico	17,832,000	0.1365%
5.	HSBC Manila OBO A/C 000-171512-571	15,051,000	0.1365%
6.	DB MLA OBO SSBTC Fund HG16	15,000,000	0.1152%
7.	Wealth Securities, Inc.	14,825,373	0.1148%
8.	Deutsche Bank AG Manila OBO SSBTC Fund OD67 AC 12087020417	13,670,744	0.1135%
9.	Samuel Villes Santos and/or Luzviminda Lat Santos	12,001,800	0.1046%
10.	DB MLA OBO SSBTC Fund C021	8,497,223	0.0919%
11.	Investors Securities, Inc.	6,251,770	0.0650%
12.	First Metro Securities Brokerage Corp.	5,103,853	0.0478%
13.	Deutsche Regis Partners, Inc.	3,961,757	0.0391%
14.	DB MLA OBO SSBTC FUND FA20	3,951,800	0.0303%
15.	Papa Securities Corporation	3,536,538	0.0302%
16.	DB MLA OBO SSBTC Fund FA2N	3,534,608	0.0271%
17.	Maybank ATR Kim Eng Securities, Inc.	3,452,214	0.0271%
18.	Ansaldo, Godinez & Co. Inc.	3,388,848	0.0264%
19.	HSBC Manila OBO A/C 000-171512-551	2,940,048	0.0259%
20.	Belson Securities, Inc.	2,800,874	0.0225%

Dividends

STOCK DIVIDEND (Per Share)			
PERCENT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
20%	February 1, 2007	May 22, 2007	June 18, 2007

CASH DIVIDEND (Per Common Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.20711082	Feb. 21, 2014	March 7, 2014	March 21, 2014
0.20687187	Aug. 28, 2014	Sept. 11, 2014	Sept. 26, 2014
0.20750000	Feb. 20, 2015	March 6, 2015	March 20, 2015
0.20750000	Aug. 17, 2015	Sept. 2, 2015	Sept. 16, 2015
0.23800000	Feb. 26, 2016	March 11, 2016	March 23, 2016
0.23800000	Aug. 18, 2016	Sept. 2, 2016	Sept. 16, 2016
0.24000000	Feb. 20, 2017	March 6, 2017	March 22, 2017

CASH DIVIDEND (Per Voting Preferred Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.00474786	Feb. 21, 2014	June 16, 2014	June 30, 2014
0.00474786	Feb. 20, 2015	June 15, 2015	June 29, 2015
0.00474786	Feb. 26, 2016	June 15, 2016	June 29, 2016
0.00474786	Feb. 20, 2017	June 15, 2017	June 29, 2017

Dividend policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors.

Special cash dividends are declared depending on the availability of cash, taking into account the Company's CAPEX and project requirements and the progress of its ongoing asset rationalization program.

Cash dividends are subject to approval by the Company's Board but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Company's Board of Directors and the Company's stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE.

Recent Sale of Securities

For the past three years, common shares were issued representing the exercise of stock options by the Company's executives under the Executive Stock Option Plan (ESOP) and the subscription to the common shares under the Executive Stock Ownership Plan (ESOWN) as follows:

Year	No. of Shares	
	ESOP**	ESOWN
	(exercised)	(subscribed)
2014	5.6 Million	12.3 Million
2015	--	17.9 Million
2016	--	17.1 Million

***Not offered starting 2015*

The aforesaid issuance of shares was covered by the Commission's approval of the Company's Stock Option Plan on July 1991 and subsequently on March 2006.

On June 29, 2012, the SEC approved the Company's application for an increase in authorized capital stock from ₱21.5 Billion to ₱22.8 Billion to cover the offering and issuance of new 13.034 Billion voting preferred shares to common shareholders of the Company. The said issuance of the shares is an exempt transaction under Section 10.1 (e) of the SRC, "The sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock."

On July 16, 2012, Ayala Corporation executed the placement of, and subscription to the Company's 680,000,000 common shares at P20 per share or an aggregate of ₱13.6 billion. The placement price of ₱20 per share was at a 4.988% discount to the Company's closing price of ₱21.05 per common share on July 10, 2012 and was the agreed clearing price among the purchasers of the shares and the placement agents, Goldman Sachs (Singapore) Pte. J.P. Morgan Securities plc and UBS AG.

On March 12, 2013, Ayala Corporation executed the placement of, and subscription to the Company's 399,528,229 common shares at ₱30.50 per share or an aggregate of ₱12.2 billion. The placement price of ₱30.50 per share was at a 3.6% discount on the 5-day volume-weighted average price of the Company's stock and was the agreed clearing price among the purchasers of the shares and the placement agent, UBS Investment Bank.

On January 12, 2015, Ayala Corporation executed the placement of, and subscription to the Company's 484,848,500 common shares at ₱33.00 per share or an aggregate of ₱16 billion. The placement price of ₱33.00 per share was at a 3.9% discount on the 5-day volume-weighted average price of the Company's stock and was the agreed clearing price among the purchasers of the shares and the placement agent, UBS AG.

The Company filed Notices of Exemption with the SEC for the issuance of the 680,000,000, 399,528,229 and 484,848,500 common shares under the following provisions of the SRC:

SRC Subsection 10.1 (e), the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.

SRC Subsection 10.1 (h), "Broker's transaction, executed upon customer's orders, on any registered Exchange or other trading market."

SRC Subsection 10.1 (k), "The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period."

SRC Subsection 10.1 (l), "The sale of securities to banks, insurance companies, and investment companies."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Plan of Operations

Ayala Land's performance will continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of the real estate industry, including the Company.

Principles of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of Ayala Land and the following subsidiaries, associates, and joint ventures as of December 31,2016:

	Effective Ownership (%)
Real Estate:	
Alveo Land Corporation (Alveo)	100
Serendra, Inc.	39
Solinea, Inc. (Solinea)	65
BGSouth Properties, Inc. (BGS)	50
Portico Land Corp. (Portico)	60
Serendra, Inc.	28
Amorsedia Development Corporation (ADC)	100
OLC Development Corporation and Subsidiary	100
HLC Development Corporation	100
Allysonia International Ltd.	100
Avida Land Corporation (Avida)	100
Buklod Bahayan Realty and Development Corp.	100
Avida Sales Corp. and Subsidiaries	100
Amicassa Process Solutions, Inc.	100
Avencosouth Corp. (Avencosouth)	70
BGNorth Properties, Inc. (BGN)	50
Amaia Land Co. (Amaia)	100
Amaia Southern Properties, Inc. (ASPI)	65
Ayala Land International Sales, Inc. (ALISI)	100
Ayala Land International Marketing, Inc. (AIMI)	100
Ayala Land International (Singapore) Pte. Ltd	100
Ayala Land International Marketing (Hong Kong) Ltd	100
Ayala Land International Marketing, SRL	100
Ayala Land International Marketing, London	100
Ayala Land Sales, Inc.	100
Southportal Properties, Inc. (Southportal)	65
Buendia Landholdings, Inc.	100
Crans Montana Holdings, Inc.	100
Crimson Field Enterprises, Inc.	100
Ecoholdings Company, Inc. (ECI)	100
NorthBeacon Commercial Corporation (NBCC)	100
Red Creek Properties, Inc.	100
Regent Time International, Limited	100
Asterion Technopod Incorporated (ATI)	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	100
Hillsford Property Corporation (HPC)	100
Primavera Towncentre, Inc. (PTI)	100
Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	100
AyalaLand Real Estate Investments, Inc.	100
AyalaLand Advisory Broadway, Inc.	100
AyalaLand Development (Canada), Inc.	100
AyalaLand OpenAsia Holdings PTE, Ltd.	100
Blue Horizons Holdings PTE, Limited.	100
AyalaLand Commercial REIT, Inc. (ALCRI)	100
Arvo Commercial Corporation (Arvo)	100
BellaVita Land Corporation (BellaVita)	100
Nuevo Centro, Inc. (Nuevo Centro)	55
Alviera Country Club (Alviera)	50
Cavite Commercial Town Center, Inc.	100

AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	100
One Dela Rosa Property Development, Inc.	100
First Gateway Real Estate Corp.	100
Glensworth Development, Inc. (Glensworth)	100
UP North Property Holdings, Inc.	100
ALO Prime Realty Corporation	100
Laguna Technopark, Inc. (LTI)	75
Ecozone Power Management, Inc.	75
Aurora Properties Incorporated	80
Soltea Commercial Corp.	16
Vesta Property Holdings, Inc.	70
Altaraza Prime Realty Corporation (Altaraza)	100
Prow Holdings, Inc. (Prow)	55
Station Square East Commercial Corporation (SSECC)	69
Next Urban Alliance Development Corp.	100
Accendo Commercial Corp. (Accendo)	67
Avencosouth Corp.	20
Aviana Development Corporation	7
Aviana Development Corporation	50
Cagayan de Oro Gateway Corp. (CDOGC)	70
Ceci Realty, Inc. (Ceci)	60
Soltea Commercial Corp.	12
Soltea Commercial Corp.	60
CMPI Holdings, Inc.	60
CMPI Land, Inc.	36
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Adauge Commercial Corporation (Adauge)	60
Southgateway Development Corp. (SDC)	100
Ayalaland MetroNorth, Inc. (AMNI)	100
Verde Golf Development Corporation	100
North Triangle Depot Commercial Corporation (NTDCC)	73
BGWest Properties, Inc. (BGW)	50
Lagdigan Land Corp. (Lagdigan)	60
Central Block Developers, Inc. (CBDI)	35
Cebu Holdings, Inc. (CHI)	67
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	59
Cebu Leisure Company, Inc.	67
CBP Theatre Management, Inc.	67
Taft Punta Engaño Property, Inc. (TPEPI)	37
Cebu Insular Hotel Company, Inc. (CIHCI)	25
Solinea, Inc.	23
Amaia Southern Properties, Inc. (ASPI)	23
Southportal Properties, Inc. (Southportal)	23
Central Block Developers, Inc. (CBDI)	38
Alabang Commercial Corporation (ACC)	50
South Innovative Theater Management (SITMI)	50
ALI Commercial Center, Inc.	100
Prime Orion Philippines, Inc.	51
FLT Prime Insurance Corporation	37
Orion Solutions, Inc.	51
Orion I Holdings Philippines, Inc.	51
OE Holdings, Inc.	51
Orion Land, Inc.	51
Ayalaland Malls Synergies, Inc.	100
Ayaland Malls Vismin, Inc.	100
Ayaland Malls Northeast, Inc.	100
Construction	
Makati Development Corporation (MDC)	100
MDC Subic, Inc.	100
MDC Build Plus, Inc.	100
MDC Conqrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
Hotels	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc.	80
ALI Makati Hotel Property, Inc.	80
Regent Horizons Conservation Company, Inc. and Subsidiary	100
Enjay Hotels, Inc.	100
Greenhaven Property Venture, Inc.	100
Cebu Insular Hotel Company, Inc.	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67

Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
Sentera Hotel Ventures, Inc.	100
Econorth Resorts Ventures, Inc.	100
ALI Triangle Hotel Ventures, Inc.	100
Circuit Makati Hotel Ventures, Inc.	100
Capitol Centre Hotel Ventures, Inc.	100
Arca South Hotel Ventures, Inc.	100
Sicogon Town Hotel, Inc.	100
ALI Makati Hotels & Residences, Inc.	20
ALI Makati Hotel Property, Inc.	20
Ten Knots Phils., Inc.	60
Bacuit Bay Development Corporation	60
Lio Resort Ventures, Inc.	60
North Liberty Resort Ventures, Inc.	60
Paragua Eco-Resort Ventures, Inc.	60
Ten Knots Development Corp.	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Pangulasian Island Resort Corporation	60
Sicogon Island Tourism Estate Corp.	100
Property Management	
Ayala Property Management Corporation (APMC)	100
Prime Support Services, Inc.	100
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100
Entertainment	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
Others	
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield)	100
Green Horizons Holdings Limited	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100
AyalaLand Club Management, Inc.	100
ALI Capital Corp. (formerly Varejo Corp.)	100
Sicogon Island Tourism Estate, Corp.	100
Integrated Eco-resort Inc.	100
Airswift Transport Inc. (formerly Island Transvoyager, Inc.)	100
Arca South Integrated Terminal, Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Ayalaland Medical Facilities Leasing Inc.	100
Anvaya Cove Beach and Nature Club, Inc.(Anvaya Cove Beach)	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	78

Results of Operations for the Year Ended December 31, 2016

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of ₱20.91 billion, 19% higher than the ₱17.63 billion posted in 2015. Consolidated revenues reached ₱124.63 billion, 16% higher than the ₱107.18 billion generated in 2015. Revenues from Real Estate increased by 17% to ₱117.70 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 5.6% from 6.2% while the Earnings before interest and taxes (EBIT) margin registered higher at 30% from 29% 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 ₱79.24 billion in 2016, 17% higher than the ₱67.77 billion reported during the same period in 2015.

Revenues from the sale of residential lots and units reached ₱65.12 billion, 12% higher than ₱58.39 billion posted in the same period last year, driven by new bookings and project completion across all residential brands.

Ayala Land Premier (ALP) registered revenues of ₱24.86 billion, slightly higher than the ₱23.40 billion posted in the same period in 2015 driven by higher bookings from projects such as the Park Central Tower in Makati City and increased completion of residential buildings such as The Two Roxas Triangle and Garden Towers 1 & 2 in Ayala Center Makati, East and West Gallery Place in Bonifacio Global City, Arbor Lanes in Arca South, Taguig and horizontal projects such as Riomonte and Soliento in Nuvali, Laguna and The Courtyards in Vermosa, Cavite.

Alveo meanwhile registered revenues of P18.57 billion, 29% higher than the P14.36 billion generated in the same period due to increased completion of residential towers such as Park Triangle Residences, One and Two Maridien and Two Serendra in Bonifacio Global City, Lerato Tower 3 and Kroma in Makati and Portico Tower 1 in Pasig and subdivision projects such as Lumira and Mondia in Nuvali, Laguna.

Avida recorded revenues of P17.07 billion, 16% higher compared to same period last year on the account of higher bookings from Avida Tower Sola 1 in Vertis North, Quezon City and One Union Place Tower 3 in Arca South, Taguig and increased completion of Vita Towers in Vertis North, Asten Towers in Makati, The Montane and Turf Tower 1 in Bonifacio Global City, Riala Tower 1 and 2 in Cebu IT Park, Avida Towers Davao and subdivision projects in Nuvali namely Hillcrest Estates and Southfield Settings.

Amaia posted revenues of P3.35 billion which is lower compared to same period in 2015 due to lower sales take-up from Amaia Scapes and Skies Projects.

BellaVita meanwhile significantly grew its revenues to P776.10 million, posting a 46% growth from P529.80 million last year due to higher bookings in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Cabanatuan City, Nueva Ecija and Cagayan De Oro City, Misamis Oriental.

Residential sales for 2016 reached a total of P108.00 billion, 3% higher year-on-year, equivalent to an average monthly sales take-up of P9.0 billion. Residential Gross Profit (GP) margins of vertical developments improved to 35% from 34% due to sale of higher margin projects such as Park Central Tower in Makati while horizontal projects slightly declined to 43% from 44% due to higher development and land cost of recently launched projects.

Revenues from the sale of office spaces reached P8.20 billion, posting a 28% growth from the P6.42 billion registered in the same period in 2015 driven by higher bookings from Alveo Financial Tower in Makati Central Business District, Alveo Park Triangle Tower and Alveo Park Triangle Corporate Plaza and higher completion of High Street South Corporate Plaza 1 and 2 in Bonifacio Global City. Avida's office projects in Bonifacio Global City also contributed significant revenues from higher bookings from Avida Capital House and higher completion of One Park Drive. Gross profit margins of offices for sale buildings declined to 37% from 38% during the same period last year.

Revenues from the sale of commercial and industrial lots doubled to P5.92 billion from P2.95 billion due to higher lot sales in Arca South, Naic and Altaraza in 2016. GP margins of Commercial and Industrial lots declined to 41% from 50% due to sale of higher margin commercial lots in Arca South and Nuvali in the same period last year.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to P26.56 billion in 2016, 8% higher than the P24.50 billion recorded in the same period last year.

Revenues from Shopping Centers reached P14.97 billion, 12% higher year-on-year from P13.37 billion due to the improved performance of stable malls and contribution of new malls such as UP Town Center in Quezon City, Ayala Malls Solenad in Nuvali, Santa Rosa Laguna, Tutuban Center, Manila, Ayala Malls Legazpi in Albay and the higher occupancy and average rental rates of existing malls. Shopping Centers EBITDA margin declined to 67% from 69% due to lower margins of newly opened malls. Monthly average lease rates registered 1% lower to P1,143 per square meter from P1,155 per square meter in the same period last year. Same mall rental growth increased by 5% year-on-year. Average occupancy rate registered at 91%. Total gross leasable area (GLA) of Shopping Centers registered at 1.62 million square meters for full year 2016.

Revenues from Office Leasing reached P5.54 billion, 7% higher year-on-year from P5.16 billion due to the higher average rental rates of existing buildings and the positive contribution of new offices such as Bonifacio Stopover, UP Technohub Building P and UP Town Center BPO in Quezon City. Office Leasing EBITDA margin improved to 91% from 90% last year. Monthly average lease rates of offices registered 4% higher to P725 per square meter from P698 per square meter in the same period last year. Average occupancy rate registered at 87%, 3% higher than previous year due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 836 thousand square meters for 2016.

Revenues from Hotels and Resorts reached P6.05 billion, 1% higher year-on-year from P5.97 billion due to the improved revenue-per-available-room (REVPAR) of hotel and resorts. REVPAR of hotels increased by 0.7% to P3,786 per night while REVPAR of resorts increased by 7% to P8,087 per night. Hotels and Resorts EBITDA margin was at 28%. Average occupancy rate of Hotels registered at 73% while Resorts registered at 59% during the period. Hotels and Resorts currently operates 961 hotel rooms from its internationally branded segment; 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, 30 bed and breakfast rooms in Casa Kalaw Lio El Nido and 6 bed and breakfast rooms from Balay Kogon Sicogon, Iloilo 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 2,027 as of December 31, 2016.

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 P66.65 billion, 47% higher than the P45.25 billion reported in the same period in 2015.

Revenues from Construction reached P65.32 billion, 48% higher year-on-year from P44.07 billion due to the increase in order book of projects and higher completion within the Ayala Land Group. Revenues from Property Management reached P1.34 million, 14% higher year-on-year from P1.18 million due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses declined to 11% from 14%.

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

Equity in net earnings of associates and JVs registered a 495% growth to P554 million in 2016 due higher net earnings from Modular Construction Technology (MCT) Bhd., Ortigas & Co. Ltd Partnership and Fort Bonifacio Development Corporation. Meanwhile, Interest, Investment and Other Income reached P6.37 billion, mainly due to higher interest income on accretion and installment sales.

Expenses

Total expenses registered at P91.97 billion in 2016, 16% higher than the P79.43 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 17% to P76.57 billion from P65.34 billion last year.

General and Administrative Expenses (GAE) grew by 7% to P7.03 billion from P6.59 billion last year as a result of efficient cost management measures. GAE-to-revenue ratio further improved to 5.6% from 6.2% last year. Interest Expense, Financing and Other Charges meanwhile registered at P8.37 billion, 11% higher year-on year from P7.51 billion, mainly attributed to higher interest expense and a lower average interest rate of 4.49% compared to 4.71% during the previous year.

Project and Capital Expenditure

Ayala Land spent a total of P85.40 billion for project and capital expenditures in 2016. Of the total capital expenditure, 14% was spent on land acquisition, 5% was spent on the development of its estates, 43% was spent on the completion of residential projects and 30% 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 2016 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 P22.64 billion, resulting in a current ratio of 1.12:1. Total Borrowings stood at P159.80 billion as of December 31, 2016 from P130.99 billion as of December 2015, translating to a Debt-to-Equity Ratio of 0.93:1 and a Net Debt-to-Equity Ratio of 0.79:1. Return on Equity was at 14.9% as of December 31, 2016.

	End-December 2016	*End-December 2015*
Current ratio [1]	1.12:1	1.14:1
Debt-to-equity ratio [2]	0.93:1	0.87:1
Net debt-to-equity ratio [3]	0.79:1	0.74:1
Profitability Ratios:		
Return on assets [4]	5.0%	5.0%
Return on equity [5]	14.9%	14.7%
Asset to Equity ratio [6]	3.11	2.95
Interest Rate Coverage Ratio [7]	5.6	5.5

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
3 Net debt/ consolidated stockholders' equity (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

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2016.

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

<u>Income Statement items</u> – 2016 versus 2015

Real estate and hotel revenues increased by 17% mainly due to higher sales bookings and incremental project completion of residential projects and better performance of malls, leasing and hotels & resorts business groups.

Equity in net earnings of associates and joint ventures improved by 495% primarily due to higher equity from Malaysia (MCT-Modular Construction Technology) and China (Tianjin Eco-City Ayala) investments and contribution from Ortigas & Co. Ltd. Partnership and FBDC companies.

Real estate and hotel costs up by 17% due to higher costs coming from residential, malls, leasing and hotels & resorts business segments in 2016.

General and administrative expense higher by 7% primarily due to increase in contracted services, professional fees, insurance and repairs & maintenance.

Interest and other financing charges and other charges grew by 11% mainly due to the increased borrowings to finance various capital expenditures.

Provision for income tax increased by 20% largely due to higher taxable income mainly from real estate.

<u>Balance Sheet items</u> – 2016 versus 2015

Cash and cash equivalents improved by 10% largely due to bond issuance and loan availments made and the impact of the consolidation of POPI and Anvaya entities in 2016.

Short term investments up by 26% primarily due to additional money market placements and the impact of the consolidation of Anvaya companies in 2016.

Financial assets at fair value through profit or loss higher by 168% due to BG West, NUVALI companies, POPI, and APMC's UITF investment placements.

Accounts and notes receivables increased by 50% mainly due to higher sales and additional bookings from residential business group projects (subdivision, condominium, house & lot, and office building for sale) and improved performance of malls, leasing, and hotels & resorts business segments and increase in advances to contractors.

Real estate Inventories increased by 13% primarily due to new project launches of residential projects and incremental completion of the existing projects.

Other current assets up by 8% due to the increase in prepaid expenses and current project costs.

Non-current accounts and notes receivable decline by 15% largely due to the sale of real estate receivables on a without recourse basis, and contribution from decrease in advances to other companies.

Land and improvements increased by 9% primarily due to the consolidation of Prow Holdings, Inc. and additional acquisition of land parcels for future development.

Investments in associates and joint ventures higher by 43% due to the investments made with OCLP Holdings and ALI Eton and share in equity for full year 2016.

Investment properties up by 34% primarily due to the additional project costs on new & existing malls, buildings for lease and hotels and contribution from additional land acquisitions.

Available-for-sale financial assets improved by 177% due to Alviera country club share, Cebu City Sports Club and contribution from POPI.

Property and equipment higher by 9% largely due to increase in MDC's additional batching plants, machineries and equipments in response to capacity requirements brought about by new projects/contracts.

Deferred tax assets increased by 25% primarily due to higher deferred tax assets mainly from residential group's tax effect of temporary difference arising from sale and collection on booked accounts and contribution from PAS Straight-line recognition of revenue per Accounting Standard vs BIR computation.

Other non-current assets up by 66% largely due to the increase in leasehold rights on the acquisition of Prime Orion Philippines, Inc., and increase in prepaid costs incurred for the unlaunched projects.

Account and other payables increased by 16% due to higher expenses related to the development and project costs of new and existing projects of the residential, commercial, hotels & resorts business group and contribution from the increase in accrued expenses, interest payable, taxes payable and higher payables to external suppliers/contractors due to increased volume of construction projects for ALI.

Short-term debt 131% increased primarily due to additional short-term unsecured peso denominated bank loan availments.

Income tax payable higher by 15% mainly due to higher taxable income from real estate.

Deposit and other current liabilities up by 310% due to the increase in advances and deposits for various residential projects.

Current portion of long-term debt decreased by 41% mainly due to loan payments made.

Deferred tax liabilities higher by 144% primarily due to POPI's stepped-up value based from purchase price allocation.

Long-term debt - net of current portion increased by 17% largely due to ALI's bond issuance amounting to P25B.

Deposits and other noncurrent liabilities grew by 24% due to higher non-current security deposits from residential customers and contribution from leasing group's increase in security deposits, reservations and advance rental deposits.

Non-controlling interest up by 55% mainly due to the increase in non-controlling interest's share in full year 2016 NIAT and contribution from NCI share of Prow Holdings, Nuevo Centro, Aviana, POPI and BG companies.
Alveo meanwhile registered revenues of ₱18.57 billion, 29% higher than the ₱14.36 billion generated in the same period due to increased completion of residential towers such as Park Triangle Residences, One and Two Maridien and Two Serendra in Bonifacio Global City, Lerato Tower 3 and Kroma in Makati and Portico Tower 1 in Pasig and subdivision projects such as Lumira and Mondia in Nuvali, Laguna.

Avida recorded revenues of ₱17.07 billion, 16% higher compared to same period last year on the account of higher bookings from Avida Tower Sola 1 in Vertis North, Quezon City and One Union Place Tower 3 in Arca South, Taguig and increased completion of Vita Towers in Vertis North, Asten Towers in Makati, The Montane and Turf Tower 1 in Bonifacio Global City, Riala Tower 1 and 2 in Cebu IT Park, Avida Towers Davao and subdivision projects in Nuvali namely Hillcrest Estates and Southfield Settings.

Amaia posted revenues of ₱3.35 billion which is lower compared to same period in 2015 due to lower sales take-up from Amaia Scapes and Skies Projects.

BellaVita meanwhile significantly grew its revenues to ₱776.10 million, posting a 46% growth from ₱529.80 million last year due to higher bookings in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Cabanatuan City, Nueva Ecija and Cagayan De Oro City, Misamis Oriental.

Residential sales for 2016 reached a total of ₱108.00 billion, 3% higher year-on-year, equivalent to an average monthly sales take-up of ₱9.0 billion. Residential Gross Profit (GP) margins of vertical developments improved to 35% from 34% due to sale of higher margin projects such as Park Central Tower in Makati while horizontal projects slightly declined to 43% from 44% due to higher development and land cost of recently launched projects.

Revenues from the sale of office spaces reached ₱8.20 billion, posting a 28% growth from the ₱6.42 billion registered in the same period in 2015 driven by higher bookings from Alveo Financial Tower in Makati Central Business District, Alveo Park Triangle Tower and Alveo Park Triangle Corporate Plaza and higher completion of High Street South Corporate Plaza 1 and 2 in Bonifacio Global City. Avida's office projects in Bonifacio Global City also contributed significant revenues from higher bookings from Avida Capital House and higher completion of One Park Drive. Gross profit margins of offices for sale buildings declined to 37% from 38% during the same period last year.

Revenues from the sale of commercial and industrial lots doubled to ₱5.92 billion from ₱2.95 billion due to higher lot sales in Arca South, Naic and Altaraza in 2016. GP margins of Commercial and Industrial lots declined to 41% from 50% due to sale of higher margin commercial lots in Arca South and Nuvali in the same period last year.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to ₱26.56 billion in 2016, 8% higher than the ₱24.50 billion recorded in the same period last year.

Revenues from Shopping Centers reached ₱14.97 billion, 12% higher year-on-year from ₱13.37 billion due to the improved performance of stable malls and contribution of new malls such as UP Town Center in Quezon City, Ayala Malls Solenad in Nuvali, Santa Rosa Laguna, Tutuban Center, Manila, Ayala Malls Legazpi in Albay and the higher occupancy and average rental rates of existing malls. Shopping Centers EBITDA margin declined to 67% from 69% due to lower margins of newly opened malls. Monthly average lease rates registered 1% lower to ₱1,143 per square meter from ₱1,155 per square meter in the same period last year. Same mall rental growth increased by 5% year-on-year. Average occupancy rate registered at 91%. Total gross leasable area (GLA) of Shopping Centers registered at 1.62 million square meters for full year 2016.

Revenues from Office Leasing reached ₱5.54 billion, 7% higher year-on-year from ₱5.16 billion due to the higher average rental rates of existing buildings and the positive contribution of new offices such as Bonifacio Stopover, UP Technohub Building P and UP Town Center BPO in Quezon City. Office Leasing EBITDA margin improved to 91% from 90% last year. Monthly average lease rates of offices registered 4% higher to ₱725 per square meter from ₱698 per square meter in the same period last year. Average occupancy rate registered at 87%, 3% higher than previous year due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 836,000 square meters for 2016.

Revenues from Hotels and Resorts reached ₱6.05 billion, 1% higher year-on-year from ₱5.97 billion due to the improved revenue-per-available-room (REVPAR) of hotel and resorts. REVPAR of hotels increased by 0.7% to ₱3,786 per night while REVPAR of resorts increased by 7% to ₱8,087 per night. Hotels and Resorts EBITDA margin was at 28%. Average occupancy rate of Hotels registered at 73% while Resorts registered at 59% during the period. Hotels and Resorts currently operates 961 hotel rooms from its internationally branded segment; 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, 30 bed and breakfast rooms in Casa Kalaw Lio El Nido and 6 bed and breakfast rooms from Balay Kogon Sicogon, Iloilo 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 2,027 as of December 31, 2016.

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 ₱66.65 billion, 47% higher than the ₱45.25 billion reported in the same period in 2015.

Revenues from Construction reached ₱65.32 billion, 48% higher year-on-year from ₱44.07 billion due to the increase in order book of projects and higher completion within the Ayala Land Group. Revenues from Property Management reached ₱1.34 million, 14% higher year-on-year from ₱1.18 million due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses declined to 11% from 14%.

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

Equity in net earnings of associates and JVs registered a 495% growth to ₱554 million in 2016 due higher net earnings from Modular Construction Technology (MCT) Bhd., Ortigas & Co. Ltd Partnership and Fort Bonifacio Development Corporation. Meanwhile, Interest, Investment and Other Income reached ₱6.37 billion, mainly due to higher interest income on accretion and installment sales.

Expenses

Total expenses registered at ₱91.97 billion in 2016, 16% higher than the ₱79.43 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 17% to ₱76.57 billion from ₱65.34 billion last year.

General and Administrative Expenses (GAE) grew by 7% to ₱7.03 billion from ₱6.59 billion last year as a result of efficient cost management measures. GAE-to-revenue ratio further improved to 5.6% from 6.2% last year. Interest Expense, Financing and Other Charges meanwhile registered at ₱8.37 billion, 11% higher year-on year from ₱7.51 billion, mainly attributed to higher interest expense and a lower average interest rate of 4.49% compared to 4.71% during the previous year.

Project and Capital Expenditure

Ayala Land spent a total of ₱85.40 billion for project and capital expenditures in 2016. Of the total capital expenditure, 14% was spent on land acquisition, 5% was spent on the development of its estates, 43% was spent on the completion of residential projects and 30% 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 2016 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 ₱22.64 billion, resulting in a current ratio of 1.12:1. Total Borrowings stood at ₱159.80 billion as of December 31, 2016 from ₱130.99 billion as of December 2015, translating to a Debt-to-Equity Ratio of 0.93:1 and a Net Debt-to-Equity Ratio of 0.79:1. Return on Equity was at 14.9% as of December 31, 2016.

	End-December 2016	*End-December 2015*
Current ratio 1	1.12:1	1.14:1
Debt-to-equity ratio 2	0.93:1	0.87:1
Net debt-to-equity ratio 3	0.79:1	0.74:1
Profitability Ratios:		
Return on assets 4	5.0%	5.0%
Return on equity 5	14.9%	14.7%
Asset to Equity ratio 6	3.11	2.95
Interest Rate Coverage Ratio 7	5.6	5.5

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
3 Net debt/ consolidated stockholders' equity (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

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2016.

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

Income Statement items – 2016 versus 2015

Real estate and hotel revenues increased by 17% mainly due to higher sales bookings and incremental project completion of residential projects and better performance of malls, leasing and hotels & resorts business groups.

Equity in net earnings of associates and joint ventures improved by 495% primarily due to higher equity from Malaysia (MCT-Modular Construction Technology) and China (Tianjin Eco-City Ayala) investments and contribution from Ortigas & Co. Ltd. Partnership and FBDC companies.

Real estate and hotel costs up by 17% due to higher costs coming from residential, malls, leasing and hotels & resorts business segments in 2016.

General and administrative expense higher by 7% primarily due to increase in contracted services, professional fees, insurance and repairs & maintenance.

Interest and other financing charges and other charges grew by 11% mainly due to the increased borrowings to finance various capital expenditures.

Provision for income tax increased by 20% largely due to higher taxable income mainly from real estate.

<u>Balance Sheet items</u> – 2016 versus 2015

Cash and cash equivalents improved by 10% largely due to bond issuance and loan availments made and the impact of the consolidation of POPI and Anvaya entities in 2016.

Short term investments up by 26% primarily due to additional money market placements and the impact of the consolidation of Anvaya companies in 2016.

Financial assets at fair value through profit or loss higher by 168% due to BG West, NUVALI companies, POPI, and APMC's UITF investment placements.

Accounts and notes receivables increased by 50% mainly due to higher sales and additional bookings from residential business group projects (subdivision, condominium, house & lot, and office building for sale) and improved performance of malls, leasing, and hotels & resorts business segments and increase in advances to contractors.

Real estate Inventories increased by 13% primarily due to new project launches of residential projects and incremental completion of the existing projects.

Other current assets up by 8% due to the increase in prepaid expenses and current project costs.

Non-current accounts and notes receivable decline by 15% largely due to the sale of real estate receivables on a without recourse basis, and contribution from decrease in advances to other companies.

Land and improvements increased by 9% primarily due to the consolidation of Prow Holdings, Inc. and additional acquisition of land parcels for future development.

Investments in associates and joint ventures higher by 43% due to the investments made with OCLP Holdings and ALI Eton and share in equity for full year 2016.

Investment properties up by 34% primarily due to the additional project costs on new & existing malls, buildings for lease and hotels and contribution from additional land acquisitions.

Available-for-sale financial assets improved by 177% due to Alviera country club share, Cebu City Sports Club and contribution from POPI.

Property and equipment higher by 9% largely due to increase in MDC's additional batching plants, machineries and equipments in response to capacity requirements brought about by new projects/contracts.

Deferred tax assets increased by 25% primarily due to higher deferred tax assets mainly from residential group's tax effect of temporary difference arising from sale and collection on booked accounts and contribution from PAS Straight-line recognition of revenue per Accounting Standard vs BIR computation.

Other non-current assets up by 66% largely due to the increase in leasehold rights on the acquisition of Prime Orion Philippines, Inc., and increase in prepaid costs incurred for the unlaunched projects.

Account and other payables increased by 16% due to higher expenses related to the development and project costs of new and existing projects of the residential, commercial, hotels & resorts business group and contribution from the increase in accrued expenses, interest payable, taxes payable and higher payables to external suppliers/contractors due to increased volume of construction projects for ALI.

Short-term debt 131% increased primarily due to additional short-term unsecured peso denominated bank loan availments.

Income tax payable higher by 15% mainly due to higher taxable income from real estate.

Deposit and other current liabilities up by 310% due to the increase in advances and deposits for various residential projects.

Current portion of long-term debt decreased by 41% mainly due to loan payments made.

Deferred tax liabilities higher by 144% primarily due to POPI's stepped-up value based from purchase price allocation.

Long-term debt - net of current portion increased by 17% largely due to ALI's bond issuance amounting to ₱25B.

Deposits and other noncurrent liabilities grew by 24% due to higher non-current security deposits from residential customers and contribution from leasing group's increase in security deposits, reservations and advance rental deposits.

Non-controlling interest up by 55% mainly due to the increase in non-controlling interest's share in full year 2016 NIAT and contribution from NCI share of Prow Holdings, Nuevo Centro, Aviana, POPI and BG companies.

Review of 2015 operations vs. 2014

Ayala Land generated a net income after tax (attributable to equity holders of ALI) of ₱17.63 billion in 2015, 19% higher than the ₱14.80 billion posted in 2014. Consolidated revenues reached ₱107.18 billion, 13% higher than the ₱95.20 billion posted in the same period last year. Revenues from Real Estate increased by 13% 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% from 6.5% while the Earnings before interest and taxes (EBIT) margin registered higher at 29% from 27% 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% 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% 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 Taguig and Park Point Residences in Cebu.

Alveo meanwhile registered revenues of ₱14.36 billion, 31% 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 ₱14.28 billion in revenues, or 12% higher compared to same period last year and Amaia registering revenues of ₱3.85 billion, or 7% 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 ₱529.82 million, posting more than triple growth from ₱115.62 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% 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% from 43% 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% from 33%.

Revenues from the sale of office spaces reached ₱6.42 billion, posting a 32% 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% during the same period last year.

Revenues from the sale of commercial and industrial lots reached ₱2.74 billion, 42% 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% from 45% 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% higher than the ₱21.21 billion recorded in the same period last year.

Revenues from Shopping Centers reached ₱13.37 billion, 18% 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% from 65%. Monthly average lease rates registered 1% higher to ₱1,155 per square meter from ₱1,146 per square meter in the same period last year. Same store sales grew 3% year on year while same mall rental growth increased by 8% year-on-year. Average occupancy rate registered at 94%. 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% 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% from 87%. Monthly average lease rates of offices registered 3% higher to ₱698 per square meter from ₱676 per square meter in the same period last year. Average occupancy rate registered at 84% due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 715,000 square meters for 2015.

Revenues from Hotels and Resorts reached ₱5.97 billion, 6% 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 1% to ₱3,888 per night while REVPAR of resorts increased by 13% to ₱7,557 per night. Hotels and Resorts EBITDA margin was at 28%. Average occupancy rate of Hotels registered at 73% while Resorts registered at 58% 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% higher than the ₱29.80 billion reported in the same period in 2014.

Revenues from Construction reached ₱30.68 billion, 61% higher than the ₱19.21 billion posted last year due to the increase in order book of projects within the Ayala Land Group. Revenues from Property Management reached ₱729 million, 6% higher than the ₱688 million posted last year due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses decreased to 9% from 12% as bulk of construction accomplishments are from lower margin contract packages.

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% higher than the ₱71.34 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 10% to ₱65.34 billion from ₱59.40 billion last year.

General and Administrative Expenses (GAE) grew by 6% 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% from 6.5% last year. Interest Expense, Financing and Other Charges meanwhile registered at ₱7.51 billion, 31% higher year-on year from ₱5.74 billion, mainly attributed to higher interest expense and a higher average interest rate of 4.71% compared to 4.49% 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% was spent on land acquisition, 4% was spent on the development of its estates, 40% was spent on the completion of residential projects and 21% 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 ₱19.54 billion, resulting in a current ratio of 1.14:1. Total Debt stood at ₱131.0 billion as of December 31, 2015 from ₱124.67 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% as of December 31, 2015.

Key Financial Performance Indicators

The table below sets forth the comparative performance indicators of the Company and its subsidiaries:

	December 31, 2015	*December 31, 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]	*2.95:1*	*3.19:1*
Interest Rate Coverage [7]	*5.5*	*5.7*

[1] Current assets / current liabilities
[2] Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
[3] Net debt / consolidated stockholders' equity (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

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2015.

Material changes (+/- 5% or more) in the financial statements

Income Statement items – 2015 versus 2014

13% increase in real estate revenues
Primarily due to higher sales bookings and incremental completion of residential projects and improved performance of the leasing business segments

122% decrease in equity in net earnings of associates and joint ventures
Mainly due to lower equity from FBDC companies given absences of commercial lot sales

24% increase in interest and investment income
Largely due to higher accretion income on installment sales and contribution from higher interest income derived from money market placements and advances to other companies

10% increase in real estate costs and expenses
Primarily due to higher real estate revenues arising from higher contribution of residential and leasing business

6% increase in General and administrative expenses
Largely due to increase in compensation and benefits related expenses

31% increase in interest and other financing charges
Mainly due to higher borrowings to finance various capital expenditures and provisions made for possible losses and impairments

12% increase in Provision for Income Tax
Largely due to higher taxable income mainly from real estate business

12% increase in net income attributable to non-controlling interests
Primarily due to the increased contribution from BG Companies

Balance Sheet items – 2015 versus 2014

33% decrease in cash and cash equivalents
Largely due to payment of various capital expenditures on land acquisition and additional investments

45% decrease in short-term investments
Primarily due to the maturity of Short-term investment placements

88% decrease in fair value through profit or loss
Mainly due to the maturity of UITF placements that are not renewed and transfer to money market investments

11% increase in accounts and notes receivables (net)
Primarily due to higher sales and additional bookings from residential business group projects (subdivision, condominium and office for sale).

23% increase in real estate inventories
Largely due to new launches of residential projects

31% increase in noncurrent accounts and notes receivable
Largely due to additional bookings and increased sales from newly launched and existing residential projects (subdivision, condominium and office for sale).

16% increase in land and improvements
Primarily due to land development works on new acquisition of land parcels

36% decrease in available-for-sale financial assets
Mainly due to the sale of SSI's twenty one million shares of AFS investment

60% increase in investments in associates and joint ventures
Mainly due to the additional equity infusion to Regent Wise for the acquisition of shares in Modular Construction Technology (MCT) Bhd in Malaysia

19% increase in investment properties
Primarily due to additional project costs of malls and office buildings and contribution of additional land acquisition

29% increase in property and equipment
Mainly due to MDC's additional batching plants, additional CAPEX for projects and newly acquired assets for new projects and Phil. Energy's purchase of chillers and installation of district cooling system (DCS) in malls

23% increase in deferred tax assets
Primarily due to higher deferred tax assets mainly from residential group's tax effect of temporary difference arising from sale and collection on booked accounts.

67% increase in other noncurrent assets
Mainly due to additional acquisition of land parcels for future development

14% increase in account and other payables
Primarily due to higher expenses on development and project costs on the completion of existing and new projects, higher payable to suppliers, accrued expenses and taxes payable.

36% decrease in short-term debt
Mainly due to bank loan repayments of ALI subsidiaries

98% increase in income tax payable
Mainly due to higher taxable income for the period and provision of income tax

32% decrease in deposits and other current liabilities
Largely due to decrease in advances and deposits for projects

74% increase in current portion of long-term debt
Mainly due to addition and increase in loan amount of ALI and subsidiaries

9% decrease in deferred tax liabilities
Primarily coming from the recognition of deferred tax liabilities for the uncollected receivables from Residential development

5% decrease in Pension Liability
Mainly due to lower recognized liability on employee benefits.

8% increase in long-term debt
Mainly due to increase in loan amount of ALI and subsidiaries

23% increase in deposits and other noncurrent liabilities
Largely due to higher noncurrent security deposits from residential customers and new tenants for offices and increased retention payable

36% increase in capital stock
Mainly due to ALI's Equity top up placement in January 2015

7% increase in non-controlling interest
Mainly due to increase in 2015 year to date NIAT share of non-controlling interest

Review of 2014 operations vs. 2013

ALI posted a net income after tax (attributable to equity holders of ALI) of ₱14.80 billion for the year 2014, 26% higher than the reported net income after tax (attributable to equity holders of ALI) of ₱11.74 billion in 2013. Consolidated revenues reached ₱95.20 billion, 17% higher year-on-year. Revenues from Real Estate which comprised bulk of consolidated revenues, increased by 17% to ₱89.03 billion mainly driven by the strong performance across the Property Development, Commercial Leasing and Services businesses.

The ratio of GAE to revenues improved further to 6.5% from 7.3% year-on-year. EBIT margin improved to 31% in 2014 from 28% in the previous year.

Business Segments

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

Property Development. Property Development, which includes the sale of residential lots and units, office spaces, as well as Commercial and Industrial Lots, reported revenues of ₱61.84 billion in 2014, 19% higher than the ₱51.96 billion reported in 2013.

Revenues from the Residential Segment reached ₱52.26 billion in 2014, 24% higher than in 2013, driven by strong bookings and project completion across all residential brands. Ayala Land Premier (ALP) registered a revenue growth of 48% year-on-year to ₱23.10 billion, driven by significant bookings from residential lots in Soliento in Nuvali, The Courtyards in Imus and Dasmarinas, Cavite, Ayala Westgrove Heights in Silang, Cavite and Ayala Greenfield Estates in Calamba, Laguna and high-value condominium units such as East Gallery Place in Bonifacio Global City, Two Roxas Triangle and Garden Towers in Makati and Arbor Lanes in Arca South. Alveo meanwhile posted ₱10.38 billion in revenues, 1% higher compared to last year, owing to the higher sales and completion of its new and existing projects such as High Park in Vertis North, Verve Residences, Sequoia, in Bonifacio Global City, The Veranda in Arca South, Solstice in Circuit, Kroma and Escala in Makati and Lumira in Nuvali. Avida and Amaia likewise recorded revenue growth of 5% and 50% to ₱13.14 billion and ₱3.63 billion, respectively. Avida's performance was anchored on the higher contributions from Avida Towers Vita in Vertis North, Avida Towers BGC 34th Street and Avida Towers Verte in Bonifacio Global City and Avida Towers Riala in Cebu. Amaia's revenues was primarily driven by the strong sales of Amaia Steps Nuvali. BellaVita revenues increased 81% to ₱115.6 million, mainly due to solid bookings generated by its projects in General Trias and Alaminos.

Sales take-up in 2014 increased 11%, reaching a total of ₱101.7 billion, an all-time high, equivalent to an average monthly sales take-up of ₱8.48 billion. Residential Gross Profit (GP) margins of horizontal projects remained steady at 44% while GP margins of vertical developments slightly declined to 33% due to the sales mix. The Company's five residential brands launched a total of 16,564 units in 2014, with a total sales value of ₱84.5 billion.

In addition, revenue from the sale of office spaces by Alveo and Avida aggregated at ₱4.86 billion representing more than a four-fold increase from 2013 driven mainly by additional bookings and project completion of High Street South Corporate Plaza Towers, Park Triangle Corporate Plaza and One Park Drive in Bonifacio Global City. GP margins of offices for sale slightly declined to 38% in 2014 from 39% in the previous year due to the increased contribution of BPI Corporate Center in Cebu.

Revenues from the sale of Commercial and Industrial Lots decreased by 46% year-on-year in 2014 to ₱4.72 billion, mainly due to the sale of commercial lots in Arca South in 2013. GP margins of Commercial and Industrial lots however improved to 45% in 2014 from 40% in the previous year due to higher margins on commercial lots sold in Arca South, Altaraza and Nuvali.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues from Commercial Leasing amounted to ₱21.06 billion in 2014, 18% higher than the ₱18.00 billion recorded in the same period last year.

Revenues from Shopping Centers grew by 8% to ₱11.36 billion in 2014 from ₱10.48 billion in 2013. 2014 saw a steady increase in monthly average lease rates to ₱1,146 per square meter from ₱ 1,113 per square meter in 2013, with the opening of new malls and steady rental escalations. Total GLA was up 6% year-on-year to 1,336,168 square meters while occupied GLA was up by 5% year-on-year to 1,260,470. Same store rental growth increased by 6%. Shopping Centers EBITDA margin improved to 65% from 62% due to the higher contribution from new malls from higher occupancy and average rental rates.

Revenues from Office Leasing operations increased by 21% to ₱4.23 billion in 2014, from ₱3.50 billion last year due to the full year contribution of new offices from higher occupancy and average rental rates. Total GLA expanded to 611,816 square meters while total occupied office GLA expanded to 582,595 square meters in 2014. Average BPO lease rates increased 5% year-on-year to ₱676 per square meter due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 87% from 85%.

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, 203 island resort rooms from El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 665 rooms from its Seda Hotels located in Bonifacio Global City, Centrio Cagayan de Oro, Abreeza Davao which all opened in 2013, and the Seda Nuvali Hotel which opened in March 2014. Revenues of the Hotels and Resorts business grew by 40% to ₱5.62 billion in 2014 from ₱4.02 billion in 2013, primarily driven by improved performance of new hotels and resorts. REVPAR for hotels was at ₱3,831, higher by 26% versus 2013 levels due to improved occupancy and room rates at Holiday Inn, Fairmont Hotel and Raffles Residences and the Seda Hotels. REVPAR for resorts improved by 18% year-on-year to ₱6,706 owing to improved occupancy across all resorts. EBITDA margins for Hotels and Resorts increased to 29% from 20%.

Services. Services which include the Company's wholly-owned Construction and Property Management companies generated combined revenues of ₱29.80 billion in 2014, 22% higher than the ₱24.45 billion posted in 2013. Construction revenues grew by 25% to ₱28.76 billion with the steady completion of project within the ALI Group. Property Management revenues decreased 31% to ₱1.035 billion in 2014 due to lower revenues and the sale of Laguna Technopark Inc. waterworks in 2013. Blended EBITDA margins for Services increased to 11% from 9% in 2014.

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

Equity in Net Earnings from Investees grew by 18% to ₱647 million in 2014, from ₱550 million in 2013. The increase is mainly attributed to higher sales of commercial lots by FBDC. Meanwhile, Interest, Investment and Other income reached ₱5.5 billion, due to higher interest income on accretion and installment sales.

Expenses

Total expenses in 2014 amounted to ₱71.34 billion, 14% more than the ₱62.56 billion incurred in 2013. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 15% year-on-year amounting to ₱59.40 billion. GAE grew by only 5% to ₱6.20 billion primarily due to payroll and compensation-related expenses, with the GAE-to-revenue ratio declining to 6.5% from 7.3% last year. Interest Expense, Financing and Other Charges meanwhile increased by 20% year-on year to ₱5.74 billion, mainly attributed to new bond issuances to finance the Company's expansion plans.

Project and Capital Expenditure

The Company spent a total of ₱83.3 billion for project and capital expenditures in 2014, 26% more than the ₱66.3 billion spent in 2013. The bulk of capital expenditures was spent on project completion (62% of the total) with the remaining balance spent for land acquisition (38%). For 2015, the Company has allotted ₱100.3 billion for capital expenditures primarily earmarked for the completion of ongoing developments and launches of new residential and leasing projects which will help sustain the Company's growth trajectory in the coming years.

Financial Condition

The Company's balance sheet continues to be solid, with adequate capacity to support its growth plans for 2015 and beyond. Cash and Cash Equivalents including short term investments and UITF investments classified as FVPL stood at ₱34.59 billion, resulting in a Current Ratio of 1.23:1. Total Borrowings stood at ₱124.67 billion from ₱101.90 billion as of December last year, translating to a Debt-to-Equity Ratio of 1.02:1 and a Net Debt-to-Equity Ratio of 0.74:1. Return on Equity was at 14.4% in 2014.

Key Financial Performance Indicators

The table below sets forth the comparative performance indicators of the Company and its subsidiaries:

	December 31, 2014	*December 31, 2013*
Current ratio [1]	*1.23:1*	*1.45:1*
Debt-to-equity ratio [2]	*1.02:1*	*0.91:1*
Net debt-to-equity ratio [3]	*0.74:1*	*0.55:1*
Profitability Ratios:		
Return on assets [4]	*5.0%*	*4.9%*
Return on equity [5]	*14%*	*13%*
Asset to Equity ratio [6]	*3.19:1*	*2.90:1*
Interest Rate Coverage [7]	*5.7*	*6.5*

[1] *Current assets / current liabilities*
[2] *Total debt/ consolidated stockholders' equity, net of unrealized gain (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*
[3] *Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl – excludes Arch Capital Fund)*
[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*

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2014.

Material changes (+/- 5% or more) in the financial statements

Income Statement items – 2014 versus 2013

17% increase in real estate revenues
Primarily due to higher sales bookings and incremental completion of residential projects and improved performance of leasing, hotels and resorts business segments

18% increase in equity in net earnings of associates and joint ventures
Largely attributable to the higher equity contribution from FBDC companies

36% increase in interest and investment income
Due primarily from higher interest income on accretion

36% decrease in other income
Largely due to the sale of the waterworks business and the contribution from the decrease in other income from DPSI and EMPI

15% increase in real estate costs and expenses
Largely due to higher costs and expenses

5% increase in general and administrative expenses
Primarily due to higher taxes & licenses, donation, dues & fees, training & seminars, repairs &maintenance and office services related expenses

20% increase in interest expense and other financing charges
Largely due to the increased borrowings to finance various capital expenditures

32% increase in provision for income tax
Mainly due to higher taxable income for the period

14% increase in net income attributable to non-controlling interests
Primarily due to the increased contribution from BG Companies, Vismin and Nuvali companies

Balance Sheet items – 2014 versus 2013

1,702% increase in short-term investments
Mainly due to the increase in short-term investment placements and increased interest rates

53% decrease in financials assets at fair value through profit or loss
Largely due to the matured UITF placements that are not renewed

37% increase in accounts and notes receivable (net)
Primarily due to higher sales of new and existing residential projects

11% increase in real estate inventories
Mainly due to additional land acquisitions, incremental project completion and new launches of residential projects

22% increase in other current assets
Mainly due to proceeds from the sale of projects in escrow deposits

78% increase in noncurrent accounts and notes receivables
Largely due to increased sales from newly launched and existing residential projects.

133% increase in available-for-sale financial assets
Mainly due to ALI Capital Corporation's SSI AFS investment

28% increase in land and improvements
Primarily due to additional acquisition of land parcels for future development

18% increase in investments in associates and joint ventures
Largely due to the increase in equity in net earnings from FBDC group.

15% increase in investment properties
Mainly due to additional costs on new & existing malls and buildings for lease and land acquisitions

7% increase in property and equipment
Contribution from new hotel and HQ (Alveo and Avida) buildings and improvements, installation of district cooling systems in shopping centers and acquisition of construction formworks and equipment fleet

25% increase in deferred tax assets
Primarily due to higher deferred tax assets mainly from residential group's tax effect of temporary difference arising from sale and collection on booked accounts. Taxable income (per percentage of completion or POC) is greater than accounting income (per collection).

35% increase in accounts and other payables
Mainly due to higher expenses on the completion of existing and new projects

31% increase in short-term debt
Primarily due to increase in loan availments of ALI Parent, Avida and Alveo and new loan of TKDC

39% decrease in income tax payable
Mainly from lower taxable income in 4Q 2014 and increase in actual amount paid for 3nd quarter ITR filing

43% increase in current portion of long-term debt
Mainly due to increase in loan amount from ALI parent, hotels & resorts and malls group, ADC, Avida, and Phil. Energy

9% increase in deposits and other current liabilities
Mainly due to tenants' deposits and construction bonds which will be applied against the rent and service due.

20% increase in long-term debt - net of current portion
Largely attributable to increase in loan availments of ALI parent and subsidiaries and new loan availments of malls and residential companies

38% increase in pension liabilities
Primarily due to impact of Revised PAS 19 employee benefits.

51% decrease in deferred tax liabilities
Mainly due to deferred tax liability arising from temporary difference on non-taxable income recognized during the period.

9% increase in deposits and other noncurrent liabilities
Largely due to higher deposits from residential customers and new tenants for offices and increased retention payable

15% increase in retained earnings
Mainly due to the increase in income for the period

6% decrease in stock options outstanding
Mainly due to issuance and cancellation of ESOP/ESOWN

323% increase in net unrealized gain on available-for-sale financial assets
Primarily due to the increase in available-for-sale financial assets investments

10% increase in non-controlling interest

Primarily due to the increase in the share in Net Income of all subsidiaries below 100% ownership

25% increase in Parent Equity Reserve
Mainly due to increase additional equity interest in NTDCC, CECI

CHANGES IN ACCOUNTING AND FINANCIAL DISCLOSURE

Adoption of New and Amended Accounting Standards and Interpretations

Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the previous financial year ended December 31, 2015, except for the adoption of new Standards and Interpretations enumerated below.

Annual Improvements to PFRSs (2012-2014 cycle)
In the 2012 – 2014 annual improvements cycle, five amendments to four standards were issued, which included an amendment to PFRS 5, *Noncurrent Assets held for Sale and Discontinued Operations-Changes in Methods of Disposal,* PFRS 7, *Financial Instruments: Disclosures-Servicing Contracts and to Condensed Interim Financial Statements,* PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate,* and PAS 34, *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report'.*

These improvements 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:

PAS 1, *Presentation of Financial Statements: Disclosure Initiative (Amendment)*
The amendments to PAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing PAS 1 requirements. The amendments clarify
• The materiality requirements in IAS 1
• That specific line items in the statement(s) of profit or loss 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 Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

Early application is permitted since these amendments are 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.

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 noncurrent assets.

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
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 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. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. 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 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendments)*
These amendments clarify 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.

PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in joint operation is not re-measured 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 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.

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 profit or loss 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.

PIC Q&A No. 2016-02
In 2016, the PIC issued Q&A No. 2016-02 to clarify the accounting treatment of club shares held by an entity as follows:

PAS 32 and PAS 38 – *Accounting Treatment of Club Shares Held by an Entity*

Club shares as financial assets
Equity instruments of another entity are considered as financial assets of the investor/holder in accordance with PAS 32.11. Furthermore, PAS 32.11 defines an equity instrument as any contract that evidences a residual interest in the assets after deducting its liabilities. A proprietary club share entitles the shareholder to a residual interest in the net assets upon liquidation which justifies that such instrument is an equity instrument and thereby qualifies as a financial asset to be accounted for under

PAS 39*, Financial Instruments: Recognition and Measurement.*

Club shares as intangible assets
PAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance. The key characteristics of intangible assets are that they are resources controlled by the entity from which the entity expects to derive future economic benefits, lack physical substance and are identifiable to be distinguished from goodwill.

A non-proprietary club share, though an equity instrument in its legal form, is not an equity instrument in the context of PAS 32. Furthermore, it does not entitle the holder to a contractual right to receive cash or another financial asset from the issuing corporation. The holder of the share, in substance, only paid for the privilege to enjoy the club facilities and services but not for ownership of the club. In such case, the holder must account for the share as an intangible asset under PAS 38. The Company has evaluated the accounting treatment of its club shares following the guidance under the above PIC Q&A and has concluded that it exercises control over Anvaya Cove Beach, Anvaya Cove Golf and Alviera Country Club. Accordingly, these three (3) club entities were consolidated as of and for the year December 31, 2016. For the other club shares it holds where the Company does not exercise significant influence or joint control, the Company reclassified these from “Real estate inventories” to “AFS”. Prior year financial statements have not been restated and a third balance sheet has not been presented since the impact of the application of this interpretation is deemed to be not material.

Standards and Interpretations issued but not yet effective

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 consolidated financial statements.

Effective beginning on or after January 1, 2017

Amendment to PFRS 12*, Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments do not have any impact on the Group’s financial position and results of operation. The Group will include the required disclosures in its 2017 consolidated financial statements.

Amendments to PAS 7*, Statement of Cash Flows, Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early

application of the amendments is permitted. Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

Amendments to PAS 12*, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Effective 2018 beginning on or after January 1, 2018

PFRS 9, Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

PFRS 9, *Financial Instruments (2014 or final version)*
In July 2014, the final version of PFRS 9, Financial Instruments, was issued. 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 comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to PFRS 2*, Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without

restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.
The Group is assessing the potential effect of the amendments on its consolidated financial statements.

Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 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 PFRS 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 PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effectivity date.

Amendments to PAS 40*, Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

PFRS 16, Leases
Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, Leases. 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 PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

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 SEC and the FRSC 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 following new standard issued by the IASB has not yet been adopted by the FRSC:

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 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 1 January 2017 with early adoption 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 Standard (IAS) 17. Rather, lessees will apply the single-asset method. 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 IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

(as of December 31, 2016)

The write-ups below include positions currently held by the directors and executive officers, as well as positions held during the past five years.

Board of Directors

Fernando Zobel de Ayala	Francis G. Estrada
Jaime Augusto Zobel de Ayala	Jaime C. Laya
Bernard Vincent O. Dy	Rizalina G. Mantaring
Antonino T. Aquino	Arturo G. Corpuz
Delfin L. Lazaro	

Fernando Zobel de Ayala, Filipino, 56, 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., AC Energy Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice-Chairman of Ayala Automotive Holdings Corporation, ALI Eton Property Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc. Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. and Bonifacio Art Foundation, Inc.; Director of LiveIt Investments, Ltd., AC Infrastructure Holdings Corporation, Liontide Holdings Inc., Asiacom Philippines, Inc., Ayala Education, Inc., Ayala Retirement Fund Holdings, Inc., Ayala International Holdings Limited, 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, Filipino, 57, 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 Chairman of Ayala Education, Ayala Retirement Fund Holdings, Inc., AC Industrial Holdings, Inc. and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy Holdings, Inc., Ayala Healthcare Holdings, Inc., LiveIt Investments Limited, AI North America, Inc., and AG Holdings Limited; Chairman of Harvard Business School Asia-Pacific Advisory Board; and member of the Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, and Endeavor Philippines. He was the Philippine Representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council from 2010 to December 2015. He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business Administration in 1987. In 2007, he received the Harvard Business School Alumni Achievement Award, the school's highest recognition. He was a recipient of the Presidential Medal of Merit in 2009 for enhancing the prestige and honor of the Philippines both at home and abroad. In 2010, he was bestowed the Philippine Legion of Honor, with rank of Grand Commander, by the President of the Philippines in recognition of his outstanding public service. In 2015, he received the Order of Mabini, with rank of

Commander, for his vital contributions during the Philippines' hosting of the Asia Pacific Economic Cooperation (APEC) Summit.

Bernard Vincent O. Dy, Filipino, 53, 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 three other publicly listed companies namely: Cebu Holdings, Inc., Cebu Property Ventures and Development Corporation and Prime Orion Philippines, Inc. His other significant positions include: Chairman of Ayala Property Management Corporation, Makati Development 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., Nuevocentro, Inc., Philippine Integrated Energy Solutions, Inc., SIAL Specialty Retailers, Inc. and SIAL CVS Retailers, Inc.; 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, and Bonifacio Art Foundation, Inc.; Director of Whiteknight Holdings, Inc., Ayalaland Medical Facilities Leasing, Inc., Alveo-Federal Land Communities, Inc., and ALI Eton Property Development Corporation; Trustee of Ayala Foundation, Inc.; and Member of Ayala Group Club, 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 1997 and 1989, respectively.

Antonino T. Aquino, Filipino, 68, has served as Director of ALI since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), 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. Board member of Nuevo Centro and Anvaya Beach & Nature Club. He is a Member of the Multi Sector Governance Council of the Armed Forces of the Philippines 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 degree in BS Management and Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

Arturo G. Corpuz, Filipino, 61, is a member of the Management Committee of ALI since 2008 and a member of the ALI Board. He is also a member of the Board of Aurora Properties, Inc., Vesta Properties Holdings, Inc., Nuevocentro, Inc., Next Urban Alliance Development Corp. and Alviera Country Club, Inc. He is a former President of the Philippine Economic Society and a Fellow of the Foundation for Economic Freedom and the Philippine Institute of Environmental Planning. Mr. Corpuz received his baccalaureate degree in Architecture from the University of the Philippines in 1977 and his masteral and doctoral degrees in urban and regional planning from Cornell University in 1984 and 1989.

Delfin L. Lazaro, Filipino, 70, has served as member of the Board of ALI since April 1996. He holds the following positions in publicly listed companies: Director of Ayala Corporation, Integrated MicroElectronics, Inc., Manila Water Company, Inc., and Globe Telecom, Inc. His other significant positions include: Director of Philwater Holdings Company , Inc. and Chairman of Atlas Fertilizer & Chemicals Inc.; Director of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of Ayala International Holdings, Ltd., Bestfull Holdings Limited, Probe Productions, Inc. ; and Trustee of Insular Life Assurance Co., Ltd. He graduated with BS Metallurgical Engineering 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, Filipino, 67, has served as Independent Director of ALI since April 2008. His other significant positions are: Independent Director of Philamlife 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; Chairman, Multi-Sectoral Governance Council, Armed Forces of the Philippines; Chairman, Investment Committee, De La Salle Philippines; Member, National Mission Council, De La Salle Philippines; Member, Board of Trustees, De La Salle Lipa; 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; 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.

Jaime C. Laya, Filipino, 77, has served as an Independent Director of ALI since April 2010. He is member of the Board of Directors of publicly listed companies, being 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 of Charter Ping An Insurance Corporation; 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, and other non-profit, non-stock corporations. He graduated magna cum laude from University of the Philippines in 1957 with a degree in B.S.B.A. (Accounting) and completed his M.S. in Industrial Management at Georgia Institute of Technology in 1960 and his Ph.D. in Financial Management at Stanford University in1967. 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.

Rizalina G. Mantaring, Filipino, 57, has served as an Independent Director of ALI since April 2014. She holds the following position: 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 First Philippine Holdings, Corp. and Microventures Foundation Inc. She is also the Chair 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 BS Electrical Engineering, cum laude, graduate of the University of the Philippines. She obtained her MS degree in Computer Science from the State University of New York at Albany.

Management Committee Members / Key Executive Officers

Bernard Vincent O. Dy*	President and Chief Executive Officer
Dante M. Abando	Senior Vice President
Arturo G. Corpuz*	Senior Vice President
Anna Ma. Margarita B. Dy	Senior Vice President
Jose Emmanuel H. Jalandoni	Senior Vice President
Jaime E. Ysmael	Senior Vice President, Chief Finance Officer, Chief Information Officer & Chief Compliance Officer
Lyle A. Abadia	Vice President
Leovigildo D. Abot	Vice President

Augusto D. Bengzon	Vice President, Treasurer & Deputy Chief Financial Officer
Aniceto V. Bisnar, Jr.	Vice President
Manuel A. Blas II	Vice President
Ruby P. Chiong	Vice President
Myrna Lynne C. Fernandez	Vice President
Jose Juan Z. Jugo	Vice President
Robert S. Lao	Vice President
Michael Alexis C. Legaspi	Vice President
Joselito N. Luna**	Vice President
Christopher B. Maglanoc	Vice President
Romeo T. Menpin, Jr.	Vice President
Carol T. Mills	Vice President
William Thomas F. Mirasol	Vice President
Rodelito J. Ocampo	Vice President
Ginaflor C. Oris	Vice President
Angelica L. Salvador	Vice President
Eliezer C. Tanlapco	Vice President
Maria Rowena Victoria M. Tomeldan	Vice President
Jennylle S. Tupaz	Vice President
Solomon M. Hermosura	Corporate Secretary & Group General Counsel

** Member of the Board*
*** Retired effective December 31, 2016*

Dante M. Abando, Filipino, 52, is a Senior Vice President and Member of the Management Committee of ALI. He is concurrently the President of Makati Development Corporation (MDC) and is also a member of MDC's Board of Directors. He is currently the Chairman of MDC BuildPlus, Inc. and Chairman and President of MDC Concrete, Inc. and MDC Equipment Solutions, Inc. He was the past President and Board Member of Alveo Land Corporation. He is currently a Board Member of Avida Land Corporation, Serendra, Inc. and Anvaya Cove Golf & Sports Club, Inc. Since 2014, he has been a member of the Board of Trustees of the Philippine Constructors Association (PCA) and its subsidiaries and is currently its Chairman and President. Dan has also been a member of the Board of Trustees of the University of the Philippines Alumni Engineers (UPAE) since 2015. He graduated with a degree in Bachelor of Science in Civil Engineering from the University of the Philippines in 1986 and earned his Master's degree in Business Administration in 1995 from the same university. In 2012, he completed the Executive Program on Real Estate Management at Harvard University Graduate School of Business.

Anna Ma. Margarita B. Dy, Filipino, 47, is a Senior Vice President since January 1, 2015 and member of the Management Committee of Ayala Land, Inc. since August 2008. She is the Head of the Strategic Landbank Management (SLMG) of ALI. She is also a director of Cebu Holdings, Inc., one of the publicly listed subsidiaries of ALI. Her other significant positions include: Director and Executive Vice President of Fort Bonifacio Development Corporation; Director and President of Nuevocentro, Inc. and Alviera Country Club, Inc; Director of Aurora Properties, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc., AyalaLand Medical Facilities Leasing, Inc. and Next Urban Alliance Development Corp. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo De Manila University with BS of Arts Degree in Economics Honors Program. She earned her Master's degree in economics from London School of Economics and Political Science UK 1991 and MBA at Harvard Graduate School of Business Administration in Boston.

Jose Emmanuel H. Jalandoni, Filipino, 48, is a Senior Vice President and member of the Management Committee of Ayala Land, Inc. He is the Group Head of commercial businesses including malls, offices, hotels, resorts and ALI Capital. He is the President of Prime Orion Philippines, Inc. and a director of Cebu Holdings, Inc., publicly liste subsidiaries of ALI. His other significant positions include: Chairman of AyalaLand Offices, AyalaLand Hotels and Resorts Corporation, Cebu Insular Hotel Co., Inc., Ten Knots Philippines, Inc., Ten Knots Development Corporation, Chirica Resorts Corporation, Bacuit Bay

Development Corporation, Ecoholdings Company, Inc., Pangulasian Island Resort Corp., Paragua Eco-Resort Ventures, Inc., Sicogon Town Hotel, Inc., Lio Resort Ventures, Inc., North Liberty Resort Ventures, Inc., Asterio Technopad Incorporated, Laguna Technopark, Inc., Arvo Commercial Corporation, Central Block Developers, Inc; Arca South Terminal Inc. and ALI Commercial Center, Inc. He is also a director of OCLP Holdings, Inc., North Triangle Depot Commercial Corporation, Alabang Commercial Corporation, Station Square East Commercial Corporation, Accendo Commercial Corporation, Integrated Eco-Resort, Inc., Philippine Integrated Energy Solutions, Inc., ALI-Eton Property Development Corporation and Philippine FamilyMart CVS, Inc. He joined ALI in 1996 and held various positions in the company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Jaime E. Ysmael, Filipino, 56, is a Senior Vice President, Group Chief Finance Officer, Chief Information Officer, Compliance Officer and member of the Management Committee of ALI. Concurrently, he is a Managing Director of Ayala Corporation and Chairman, President & Chief Executive Officer of OCLP Holdings, Inc. and Concrete Aggregates Corporation. His other significant positions include: Chairman of the Board of Directors of Anvaya Cove Beach and Nature Club, Inc. Anvaya Golf and Sports Club, Inc. and Aprisa Business Process Solutions, Inc.; Director and Vice Chairman of CMPI Holdings, Inc.; Chairman and President of Tower One & Exchange Plaza Condominium Corporation; Director and Treasurer of Alveo Land Corp., Serendra, Inc., Philippine Integrated Energy Solutions, Inc., Ayala Property Management Corporation, BGNorth Properties, Inc., BGWest Properties, Inc., BGSouth Properties, Inc. and Alinet..Com, Inc., ; Director of Alviera Country Club, Inc., Alabang Commercial Corp., Amaia Land Corp., Avida Land Corp., North Triangle Depot Commercial Corp., Station Square East Commercial Corp., Nuevocentro, Inc., Aurora Properties, Inc, Vesta Properties Holdings, Inc., Ayala Greenfield Development Corporation, Ayalaland Commercial Reit, Inc., Bellavita Land Corp., DirectorPower Services, Inc., Ecozone Power Management, Inc. Laguna Technopark, Northgate Hotel Ventures, Inc., Portico Land Corp., Southcrest Hotel Ventures, Inc., ALI Eton Property Development Corporation; Director and President of CMPI Land, Inc.; and Treasurer of Ayala Property Management Corporation, He is also a Director of FINEX Research and Development Foundation, Inc. and the Asia Pacific Real Estate Association Ltd. Philippine Chapter. Mr. Ysmael holds a degree in Business Administration, Major in Accounting (Summa Cum Laude) at the University of the East, Manila, Philippines and is a Certified Public Accountant. He earned an MBA, Major in Finance, at The Wharton School and an MBA in International Studies at The School of Arts and Sciences of the University of Pennsylvania in Philadelphia, USA, as a fellow of The Joseph H. Lauder Institute of Management and International Studies.

Lyle A. Abadia**,** Filipino, 59, has served as Vice President of ALI since November 2016. He is the President of BellaVita Land Corporation and Head of Special Projects of the Strategic Landbank Management Group. Likewise, he is a Board of Director of Amicassa Process Solutions, Inc. Prior to joining Ayala Land, Inc. in 2004, he held various executive positions in two (2) ALI's subsidiaries, commencing in 1982 under Ayala Theatres Management, Inc. and moved to join Laguna Technopark, Inc. in 1991 as one of the pioneering executive officers who crafted the successful transformation of the 650 hectares former sugarcane plantation into what is now known as one of the word- class industrial estates in the country. Mr. Abadia holds a degree in Bachelor of Science in Commerce, Major in Accounting at the Colegio De San Jose – Recoletos. He completed a Basic Management Program at the Asian Institute of Management (AIM) and in-house program for Harvard Leadership Acceleration Program (LEAP).

Leovigildo D. Abot, Filipino, 53, is currently a Vice President and Chief Audit Executive (CAE) of Ayala Land, Inc. He joined ALI in 2000 as Chief Finance Officer (CFO) of Ayala Hotels, Inc. Over the years in ALI, he occupied several CFO positions in other ALI's business units such as Avida Land Corporation, Land and Community Development Group or LCDG (now ALP) and Strategic Landbank Management Group (SLMG). Prior to Audit, he was the Head of ALI's Corporate Accounting Division, concurrent to his CFO assignment in SLMG. As ALI's Principal Accounting Officer, he led the transformation initiative of consolidating the transactional accounting functions of more than 25 ALI companies into Aprisa Business Process Solutions, Inc. He also headed ALI's transition to international accounting and reporting standards (IAS/IFRS). He graduated Magna Cum Laude from University of the East- Manila with BS in Business Administration, major in Accounting (Honors Program) in 1984. A Certified Public Accountant (CPA), he completed his Strategic

Business Economics Program (SBEP) at University of Asia and the Pacific from 1999 to 2000. He was accepted as Fellow of the Institute of Corporate Directors (ICD) after his completion of the ICD's Professional Directors Program (PDP) in 2016.

Augusto D. Bengzon**,** Filipino, 54, joined ALI in December 2004 and currently serves as its Deputy Chief Finance Officer and Treasurer. His other significant positions include: Treasurer of Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Bellavita Land Corp., Ceci Realty Inc., Hero Foundation Inc., Roxas Land Corporation and Vesta Property Holdings, Inc.; Director of Alviera Country Club, Inc., Anvaya Cove Golf & Sports Club, Inc., AyalaLand Commercial Reit, Inc. and Makati Development Corporation. Prior to joining ALI, he was a Vice President and Credit Officer in Global Relationship Banking at Citibank N.A. where he spent sixteen years in various line management roles covering Treasury, Portfolio Management, Debt Syndication and Relationship Management. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted a full scholarship at the Asian Institute of Management where he received his Master's in Business Management degree.

Aniceto V. Bisnar, Jr.**,** Filipino, 53, is a Vice President of Ayala Land, Inc. since January 2009. He is also the Chief Operating Officer of the Visayas-Mindanao Group of Ayala Land, Inc. He is currently the President of publicly listed companies Cebu Holdings, Inc. and Cebu Property Ventures & Development Corp. His other significant positions are: Chairman of Adauge Commercial Corporation and Amaia Southern Properties, Inc.; Chairman and President of Taft Punta Engano Property, Inc., North Point Estate Association, Inc., Cebu Leisure Company, Inc., and Asian I-Office Properties, Inc., and Vice Chairman of South Portal Properties, Inc., Avenco South Corporation and Central Block Developers, Inc. He is also the President of CBP Theatre Management Company, Inc., and Lagdigan Land Corporation; and the Vice President of Solinea, Inc. He is a director of Accendo Commercial Corporation, Westview Commercial Ventures Corp., Cagayan de Oro Gateway Corp., Bonifacio Estates Services Corp., Aurora Properties Inc., Ceci Realty, Inc., Vesta Property Holdings, Inc., and a member of the Board of Trustee of the Hero Foundation, Inc. He completed his Master's in Business Management (MBM) degree in 1989 from the Asian Institute of Management (AIM) in Makati City and graduated in the top 5% of his class at the Philippine Military Academy in Baguio City in 1985. He also took up Master Planning and Mixed-Use Development at Harvard University School of Urban Design.

Manuel A. Blas II**,** Filipino, 61, is a Vice President of Ayala Land Inc. since January 2007, and is currently the Head of Commercial Operations in Fort Bonifacio Development Corporation and Head of Project Development for Makati. He is also assigned as Managing Director of Bonifacio Arts Foundation, Inc. He spearheaded the project development of The Mind Museum, the first world class science museum in the country. He also holds other significant positions in Fort Bonifacio Development Corporation Subsidiaries: President of Bonifacio Estate Services Corporation, Executive Vice President of Bonifacio Transport Corporation, Director of Bonifacio Global City Estate Association, Bonifacio Water Corporation and Bonifacio Gas Corporation. He graduated Valedictorian, Summa Cum Laude from De La Salle University with a Bachelor's Degree in Liberal Arts, major in Economic and Theology and also completed his Masters in Arts degree in Religious Studies in 2004 and graduated as Summa Cum Laude from Maryhill School of Theology.

Ruby P. Chiong**,** Filipino, 50, has served as Vice President of Ayala Land, Inc. since November 2016. She is the Chief Finance Officer of Ayala Land Inc.'s Commercial Business Group. Her other positions include: Director and Treasurer of ALI Commercial Center, Inc., Ayalaland Offices, Inc., North Triangle Depot Commercial Corporation, Leisure and Allied Philippines, Inc., Ten Knots Development Corporation, Ayala Theatres Management, Inc., Laguna Technopark, Inc., Direct Powers Services, Inc., Ecozone Power Management, Inc., FLT Prime Insurance Corporation; Director and Vice President of ALI Capital Corp.; Director of Ayalaland Hotels and Resorts Corp, Ayalaland Malls, Inc.; Treasurer of Alabang Commercial Corporation, Station Square East Commercial Corporation. Prior to being Chief Finance Officer in ALI, she was an Associate Director of Corporate Strategy at Ayala Corporation. She earned a degree of BS in Business Administration and Accountancy from the University of the Philippines, Diliman in 1987 and took her Master's Degree in Management at the Asian Institute of Management in 1996.

Myrna Lynne C. Fernandez, Filipino, 48, is a Vice President since January 1, 2016. She is the Head of Operations, Leasing and Technical of Ayala Malls, President of Ayala Theaters Management Inc., and Sr. Vice President of Ayala Land Malls Inc. Her other significant positions include Director of North Triangle Depot Commercial Corp., North Beacon Commercial Corp., North Ventures Commercial Corp., Ayala Land Malls NorthEast Inc. and Ayala Land Malls Vismin Inc.; General Manager and Director of ALI Commercial Center Inc.; President and Director of South Innovative Theater Management Inc., Cavite Commercial Center Corp. and Five Star Cinema Inc. and Vice President of Soltea Commercial Corp. She is a graduate of Bachelor of Science in Business Administration at the University of the Philippines, Diliman. She earned her Masters in Business Management from the Asian Institute of Management.

Jose Juan Z. Jugo**,** Filipino, 44, has been Vice President of ALI since January 2013. His is currently the Managing Director of Ayala Land Premier. His other key roles in Ayala Land, Inc. are as Chairman of Ayala Land Sales, Inc., South Portal Properties, Inc., Anvaya Environmental Foundation, Inc., Ayala Club Management, Inc., and Verde Golf Development Corporation. He is also President and CEO of Ayala Hotels, Inc., BG West Properties, Inc., Anvaya Cove Beach and Nature Club, Anvaya Cove Golf and Sports Club, and Ayala Greenfield Golf & Leisure Club. He is likewise a Board Director in Roxas Land Corporation, Ayala Greenfield Development Corporation, BellaVita Land Corporation, Aviana Development Corporation, and Amicassa Process Solutions, Inc. He earned his Bachelors Degree in Marketing Management from De La Salle University Manila in 1994, and completed his Masteral Studies in ESEM, Madrid, Spain in 1995. Before joining ALI in 2000, he was in the fast moving consumer goods sector.

Robert S. Lao, Filipino, 43, has been Vice President of Ayala Land Inc. since April 7, 2014. He is concurrently the President and a member of the Board of Directors of Alveo Land Corp since January 2012. He is also the President and a member of the Board of Directors of Amaia Land Corp since January 2016. He is recently appointed as the Head of the Central Land Acquisition Unit in Ayala Land Inc. He is also a member of the Board of Directors of Serendra, Inc., Alveo-Federal Land Communities, Inc. and BGSouth Properties, Inc. and Amaia Southern Properties Inc. and the Chief Operating Officer of Portico Land Corp. Prior to joining Ayala Land, Inc., he served as a Senior Process Engineer of Fujitsu Computer Products Corporation of the Philippines (FCPP) and Lead Process Engineer of PT. Quantum Electronics in Indonesia. He is a licensed Real Estate Broker. He studied at the University of Santo Tomas (UST) and graduated cum laude in Bachelor of Science in Industrial Engineering in 1995. He completed his Master's in Business Management (MBM) degree in 2001 from the Asian Institute of Management (AIM) and attended the International Student Exchange Program from University of Cologne in Germany.

Michael Alexis C. Legaspi, Filipino, 59, is President & CEO of AyalaLand Hotels & Resorts Corporation (AHRC), owner of a portfolio of global hotel brands, and also owner, developer and operator of its home grown Seda Hotels. AHRC currently has 15 hotels and resorts in its portfolio with 15 more under construction. He is concurrently the Chairman of Ten Knots Development Corporation, owner-operator of the world-renowned El Nido Resorts group in Palawan comprised of four eco-tourism island resorts: Miniloc Island Resort, Lagen Island Resort, Apulit Island Resort and Pangalusian Island Resort. Al also sits as President of the owning companies of the Fairmont and Raffles Hotels Makati, Holiday inn & Suites Makati, Cebu City Marriott, and the various Seda Hotels in Bonifacio Global City, Nuvali, Davao, Cagayan de Oro and Iloilo. He serves as Vice President and Director of the Philippine Hotel Owners Association. He graduated with a degree of B.S. Hotel Restaurant Administration from the University of the Philippines, Diliman in 1980.

Christopher B. Maglanoc**,** Filipino, 46, is a Vice President of ALI since April 2013 and is currently President of Avida Land Corporation. He was Chief Operating Officer and Head of Project and Strategic Management in Avida Land before he was elected as President of the Company effective January 1, 2012. Prior to his stint in Avida in 2004, he occupied Management positions in various business units in Ayala Land, Inc. (i.e. Commercial Centers, Corporate Planning, and Alveo Land, Inc.). His other significant positions include: Chairman of Avida Sales Corp.; President of Avencosouth Corp.; Director of AmicaSSA Process Solutions, Inc., BellaVita, Blue Horizons Holdings Pte Ltd., and BGNorth Properties, Inc. He graduated from UP Los Baños with degrees in BA Sociology and BS Economics in 1990 and 1992, respectively. He finished his MBA from the Asian Institute of Management and attended the International Student Exchange Program in Copenhagen Business School in Denmark in 1997.

Romeo T. Menpin, Jr.**,** Filipino, 47, is a Vice President of ALI since January 2014. He is currently the Head of the Construction Methods and Support Group (CMSG) of Makati Development Corporation. Before joining MDC, he was a Director, President and Chief Operating Officer of Ayala Property Management Corporation and also the President of Philippine Integrated Energy Solutions Inc. He is also a Director of PhilEnergy. He joined ALI in May 2008 from Kuok Group of Companies where he was a Vice President and Head of Mall Operations of Shangri-la Plaza Corporation. Prior to this, he also held various management positions from APMC and Laguna Technopark, Inc. since 1996. He graduated with a degree of Bachelor of Science in Mechanical Engineering from Mapua Institute of Technology and completed units in Masters in Business Administration from De La Salle University in 2001.

Carol T. Mills**,** Filipino, 44, has served as Vice President of Ayala Land, Inc. since November 2016. She is the President of Ayala Land Offices, Inc. She is Chairman and President of various Ayala Land Offices subsidiaries namely UP North Property Holdings, Inc., First Gateway Real Estate Corp., One Dela Rosa Property Development Inc., ALO Prime Realty Corp., Glensworth Development Inc., Hillsford Property Corp., and Sunnyfield E-Office Corp.; President of Asterion Technopod Inc., as well as a Director of North Triangle Depot Commercial Corp. and Central Block Developers Inc. Carol joined Ayala Land in 1993 and prior to her current position, she was Deputy Head of Business Development for Ayala Malls from 2008 to 2013, General Manager for Alabang Town Center from 2004 to 2008, and Operations Manager for Glorietta from 2000 to 2004. She graduated Magna Cum Laude from the University of the Philippines in 1993 with a Bachelor of Science degree in Business Administration and earned her Masters in Business Administration from the Amos Tuck School of Business, Dartmouth College in New Hampshire, USA in 1998.

William Thomas F. Mirasol, Filipino, 52, is a Vice President of Ayala Land, Inc. since January 2014 and is currently the Chief Operating Officer and Senior Vice President of Ortigas & Co. (OCLP Holdings, Inc.) and a director of a number of Ayala Land subsidiaries. In his 25 years with the company, he has handled various business lines including retail operations, commercial project development, commercial leasing and operations, Land & House development and sales force organization & management for local and international markets. He graduated from De La Salle University Manila with a degree in Commerce in 1989. He finished his MBM from the Asian Institute of Management in 1992.

Ginaflor C. Oris, Filipino, 49, is currently the Chief Finance Officer and Corporate Finance and Procurement Group (CFPG) Head of Makati Development Corporation. Prior to her assignment to MDC, she was the Managing Director for Corporate Finance and Asset Management of Ayala Corporation (AC). She was concurrently the CFO of Azalea Group, which held AC's various investments in information and communications technology (ICT), business process outsourcing (BPO), venture capital funds and emerging market funds. Gina brings with her more than 20 years of experience gained from AC and BPI Capital Corporation covering strategic financial management, execution of mergers, acquisitions and divestment transactions, financial reporting, controls, risk management and oversight of some of AC's portfolio investments and other assets. She graduated from Ateneo de Manila University with a degree of B.S Mathematics major in Computer Science in 1987. She completed Master in Business Management at Asian Institute of Management in 1992.

Rodelito J. Ocampo**,** Filipino, 53, is a Vice President of ALI since December 2010. He is currently Makati Development Corporation's (MDC) Head of Construction Operations and the President and General Manager of MDC BuildPlus. Before his MDC assignment, he served as Technical Services Head of Avida Land Corp. and Alveo Land Corp., wholly owned subsidiaries of ALI and Head of the Construction Management of ALI Residential Buildings. Prior to joining ALI, he was employed by a construction firm where he held various engineering and project management positions for a period of 10 years. He is a licensed Civil Engineer. He graduated from Mapua Institute of Technology with a degree in BS Civil Engineering in 1983.

Angelica L. Salvador, Filipino, 54, is a Vice President of Ayala Land, Inc., and is currently the Controller of the Company. Her other key functions are as President of Aprisa Business Process Solutions, Inc. and Member of the Board of Directors of Amaia Land Corp and of AmicaSSa Process Solutions, Inc. Prior to her current assignment, she was the Chief Finance Officer of the ALI Residential Business Group and of various ALI-owned subsidiaries Alveo Land Corp., Ayala Property Management Corp., Ayala Land International Sales, Inc, and Laguna Technopark, Inc. Before joining Ayala Land, she was part of the Internal Audit Team of Ayala Corporation. She graduated cum laude from the University of the Philippines Diliman with Bachelor of Science degree in Business Administration and Accountancy, and obtained her Master's in Business Management (MBM) degree from the Asian Institute of Management.

Maria Rowena Victoria M. Tomeldan, Filipino, 55, Head, Ayala Malls Group, Ayala Land, Inc. Her other significant positions include:; Chairman of the Board of Directors of Ayala Land Malls, Inc. (formerly Solerte), Chairman and President of Ayalaland Malls Synergies, Inc., Orion Maxis, Inc., Orion Solutions, Inc. and FLT Prime Insurance Corporation Primavera Towncentre, Inc., Ayala Theatres Management, Inc., Five Star Cinema, Inc., Leisure and Allied Industries Phils., Inc., Cavite Commercial Town Centre Inc., Subic Bay Town Center, Inc., South Innovative Theatre Management, Inc., and North Beacon Commercial Corporation, Westview Commercial Ventures Corporation, North Ventures Commercial Corporation; Vice Chairman of the Board of Directors of Lagoon Development Corporation, AyalaLand Metro North, Inc.; Director of Director of Prime Orion Philippines Inc. , Bonifacio Global City Estate Association, ALI-CII Development Corporation, Alabang Commercial Corporation and Asterion Technopod Incorporated; Soltea Commercial Corp, Cagayan De Oro Gateway Corporation, Station Square East Commercial Corporation, North Triangle Depot Commercial Corporation, Laguna Technopark, Inc., Ecozone Power Management, Inc., Arvo Commercial Corporation, Summerhill Commercial Ventures Corp; Executive Vice President of Accendo Commercial Corporation; AyalaLand Malls VisMin, Inc. and Governor of the Ayala Center Estate Association, Inc. Presently, she is a board member of the International Council of Shopping Centers (ICSC) -Asia Advisory Board and is a 2015 ICSC Trustees Distinguished Service Awardee. She was a cum laude graduate of Bachelor of Arts in Economics from the University of the Philippines in 1983 and earned her Masters in Business Administration (MBA) degree from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

Jennylle S. Tupaz, Filipino, 44, is a Vice President of Ayala Land, Inc. (ALI). She is Chief Operating Officer of ALI's upscale residential brand Alveo Land Corp., after having led the brand's Project Development Group for 6 years. She has 20 years of project development experience in ALI which includes previous stints in Avida, and the Leisure & Lifestyle Communities Group (LLCG) before it was merged with Ayala Land Premiere (ALP). Concurrently, she is head of the Project Development Council of ALI's development business group, president and board member of Alveo-Federal Land Communities, Inc. and board member of Solinea Inc. She holds a Bachelor of Science degree in Statistics from the University of the Philippines.

Eliezer C. Tanlapco, Filipino, 67, is a Consultant and Group Head of Human Resources and Public Affairs and member of the Management Committee of Ayala Land, Inc. (ALI). Prior to this role, he was HR Consultant for Ayala Group Counsellors Corporation and Ayala Corporation from which he retired as Employee Relations and Services Director. He was previously ALI VP for Human Resources. He is a member of the Board of Directors of Ayala Multi-Purpose Cooperative and was the Vice Chair of Ayala Group HR Council and Champion of Ayala Group Labor Relations Network. He has had extensive work experience as Senior Leader in Human Resources and Community Development for multinational companies locally and abroad. He practiced law with a law firm and with the Office of the President of the Philippines. Atty. Tanlapco holds a Bachelor of Arts degree from the University of the Philippines and earned his Law Degree at Ateneo de Manila University. He completed his Management Development Program from the Asian Institute of Management, and Strategic Business Economics Program from the University of Asia and the Pacific, both with distinction.

Solomon M. Hermosura, Filipino, 54, has served as Corporate Secretary of the Company since April 2011 and the Group General Counsel of the Company since April 2015. He was the General Counsel from April 2014 to 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 served as a Director of Bank of the Philippine Islands from April 18, 2003 to April 9, 2014 and of Integrated Micro-Electronics, Inc. from April 14, 2009 and April 12, 2012. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Significant Employees

The Company considers its human resources working as a team as a key element for its continued success. But the Company has no employee who is not an executive officer and who is expected to make individually on his own a significant contribution to the business.

Family Relationships

Fernando Zobel de Ayala, the Chairman, and Jaime Augusto Zobel de Ayala, the Vice Chairman, are brothers.

Involvement in Certain Legal Proceedings (over the past 5 years)

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.
b. None of them has been convicted by final judgment in a criminal proceeding or is subject to a pending criminal proceeding, both domestic and foreign.
c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.
d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

EXECUTIVE COMPENSATION

Directors and Executive Officers

Directors. Article IV Section 17 of the Company's By-Laws provides:

"Section 17 – 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%) of the net income before income tax of the Corporation during the preceding year.

The compensation and remuneration committee of the Board of Directors shall have the responsibility for recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope." (As Amended April 13, 2011.)

During the 2011 annual stockholders' meeting, the stockholders ratified the resolution increasing the remuneration of non-executive directors as follows:

	From	To
Retainer Fee:	₱500,000.00	₱1,000,000.00
Board Meeting Fee per meeting attended:	₱100,000.00	₱200,000.00
Committee Meeting Fee per meeting attended:	₱20,000.00	₱100,000.00

None of the directors, in their 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 with regard to the remuneration of its directors and officers aside from the compensation received as herein stated.

Officers. The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four (4) highly compensated executives amounted to ₱167.0 million in 2015 and ₱188.0 in 2016. The projected total annual compensation for the current year is ₱195.0 million.

Total compensation paid to all senior personnel from Manager and up amounted to ₱1,070.3 million in 2015 and ₱1,089.80 in 2016. The projected total annual compensation for the current year is ₱1,139.46 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Bernard Vincent O. Dy* President & CEO Arturo G. Corpuz Senior Vice President Jose Emmanuel H. Jalandoni Senior Vice President Anna Ma. Margarita B. Dy Senior Vice President Jaime E. Ysmael Senior Vice President			
CEO & Most Highly Compensated Executive Officers	Actual 2015	₱94.7.0M	₱91M
	Actual 2016	₱103.0M	₱85M
	Projected 2017	₱110.0M	₱85M**
All other officers*** as a group unnamed CEO & Most Highly Compensated Executive Officers	Actual 2015	₱697.1M	₱373.2M
	Actual 2016	₱709.5M	₱380.3M
	Actual 2015	₱88.0M	₱79M

** Compensation includes full year effect of CEO and market adjustments to selected officers for retention purposes.*
*** Exclusive of Stock Option exercise.*
**** Managers and up.*

The total annual compensation paid to all senior personnel from Manager and up was all paid in cash. The total annual compensation includes the basic salary and other variable pay (guaranteed bonus and performance bonus). The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered Employees' Retirement Fund. There is no plan or arrangement by which the Executive Officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

Options Outstanding

Since 1998, the Company has offered its officers options to acquire common shares under its executive stock option plan (ESOP). There were no ESOP shares available as of end-December 2015.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of December 31, 2016:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of outstanding shares)
Common	Ayala Corporation[1] 34/F, Tower One Ayala Triangle Ayala Ave., Makati City	Ayala Corporation[2]	Filipino	6,934,509,515	24.96298%
Preferred				12,163,180,640	43.78524%
Common	PCD Nominee Corporation (Non-Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[4]	Various	2,590,053,872	9.32372%
Common	PCD Nominee Corporation (Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[4]	Filipino	2,035,988,651	7.32919%
Common	PCD Nominee Corporation (Non-Filipino)[3]Filipino[3] G/F MSE Bldg. Ayala Ave., Makati City	Aberdeen Asset Management Asia Limited[5]	Singaporean	1,450,128,911	5.22020%
Common	PCD Nominee Corporation (Non-Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	Aberdeen Asset Managers Limited[5]	British	1,408,748,314	5.07124%

[1] *Ayala Corporation ("AC") is the parent of the Company.*
[2] *Under the By-laws and the Corporation Code, the AC Board has the power to decide how AC's shares are to be voted.*
[3] *PCD is not related to the Company.*
[4] *Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. Out of the 4,647,627,156,688 common shares registered in the name of PCD Nominee Corporation, 1,955,775,961 or 69417040447.04044% of the voting stock is for the account of The Hongkong and Shanghai Banking Corporation (HSBC) and 1,884,494,591 or 6.78384% of the voting stock is for the account of Deutsche Bank Manila (DB). The Company has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, none of HSBC, DB or any of its customers beneficially owns more than 5% of the Company's common shares.*
[5]*Aberdeen Asset Management Asia Limited and Aberdeen Asset Managers Limited (collectively, "Aberdeen") are the clients of a participant of PCD. Aberdeen has the power to decide how their shares in the Company are to be voted.*

<u>Security Ownership of Directors and Management (Executive Officers) as of December 31, 2016</u>

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Directors				
Common	Fernando Zobel de Ayala	(direct) 12,000	Filipino	0.00004%
Common	Jaime Augusto Zobel de Ayala	(direct) 12,000	Filipino	0.00004%
Common	Bernard Vincent O. Dy	(direct & indirect) 11,796,540	Filipino	0.04247%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.07310%
Common	Arturo G. Corpuz	(direct & indirect) 6,638,724	Filipino	0.02390%
Common	Jaime C. Laya	(direct) 10,000	Filipino	0.00004%
Common	Delfin L. Lazaro	(direct) 1	Filipino	0.00000%
Common	Francis G. Estrada	(direct) 1	Filipino	0.00000%
Common	Rizalina G. Mantaring	(direct) 1	Filipino	0.00000%
CEO and Most Highly Compensated Executive Officers				
Common	Bernard Vincent O. Dy	(direct & indirect) 11,796,540	Filipino	0.04247%
Common	Arturo G. Corpuz	(direct & indirect) 6,638,724	Filipino	0.02390%
Common	Jose Emmanuel H. Jalandoni	(direct & indirect) 5,706,152	Filipino	0.02054%
Common	Anna Ma. Margarita B. Dy	(direct & indirect) 6,071,767	Filipino	0.02186%
Common	Jaime E. Ysmael	(direct & indirect) 9,302,400	Filipino	0.03349%
Other Executive Officers				
Common	Dante M. Abando	(direct & indirect) 4,110,818	Filipino	0.01480%
Common	Lyle A. Abadia	(indirect) 443,589	Filipino	0.00160%
Common	Leovigildo D. Abot	(direct & indirect) 603,868	Filipino	0.00217%
Common	Augusto D. Bengzon	(indirect) 2,313,116	Filipino	0.00833%
Common	Aniceto V. Bisnar, Jr.	(direct & indirect) 1,723,473	Filipino	0.00620%
Common	Manny A. Blas II	(direct & indirect) 1,784,233	Filipino	0.00642%
Common	Ruby P. Chiong	(indirect) 874,580	Filipino	0.00315%
Common	Myrna Lynne C. Fernandez	(indirect) 997,568	Filipino	0.00359%
Common	Jose Juan Z. Jugo	(indirect) 766,355	Filipino	0.00276%
Common	Robert S. Lao	(indirect) 903,090	Filipino	0.00325%
Common	Michael Alexis C. Legaspi	(indirect) 3,958,439	Filipino	0.01425%
Common	Joselito N. Luna*	(direct & indirect) 3,760,955	Filipino	0.01354%
Common	Christopher B. Maglanoc	(indirect) 710,438	Filipino	0.00256%
Common	Romeo T. Menpin, Jr.	(direct & indirect) 475,984	Filipino	0.00171%
Common	Carol T. Mills	(indirect) 435,669	Filipino	0.00157%
Common	William Thomas F. Mirasol	(indirect) 186,146	Filipino	0.00067%
Common	Rodelito J. Ocampo	(direct & indirect) 2,186,250	Filipino	0.00787%
Common	Ginaflor C. Oris	(indirect) 339,786	Filipino	0.00122%
Common	Angelica L. Salvador	direct & indirect) 947,242	Filipino	0.00341%
Common	Ma. Rowena Victoria M. Tomeldan	(direct & indirect) 1,219,579	Filipino	0.00439%
Common	Eliezer C. Tanlapco	(Indirect) 91,717	Filipino	0.00033%
Common	Jennylle S. Tupaz	(indirect) 418,417	Filipino	0.00151%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		**88,999,444**		**0.32038%**

**Retired effective December 31, 2016.*

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

Voting Trust Holders of 5% or More

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

Changes in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions

The Company and its subsidiaries (the "Group"), in their regular conduct of business, have 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, and development, management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions. Transactions that have been entered into by the Group with related parties for the years ended December 31, 2016, 2015 and 2014 are disclosed in Note 25 to the Ayala Land's audited consolidated financial statements respectively, which are included in this Preliminary Prospectus.

However, no other transaction, without proper disclosure, was undertaken by the Group in which any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Company's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

ALI employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

DESCRIPTION OF DEBT

As of December 31, 2016, Ayala Land had the equivalent of ₱159.8 billion of outstanding debt, of which ₱141.0 billion are unsecured.

Of Ayala Land's outstanding debt, ₱ 93.7 billion is evidenced by a debt instrument that was acknowledged by both the creditor and Ayala Land before a notary public. Under Philippine law, in the event that a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a debt instrument that has been acknowledged by the creditor and the borrower before a notary public enjoys a preference over unsecured debt that has not been so notarized. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. (See discussion under *"Risk Factors and Other Considerations"* of this Preliminary Prospectus).

The following tables set forth the outstanding long and short-term debt of Ayala Land and its subsidiaries as of December 31, 2016 (in ₱ millions).

Short-Term Debt

Borrower	Amount
Ayala Land, Inc.	₱18,682.2
Alveo Land Corp.	850.1
Avida Land Corp.	4,712.1
Total	**₱24,244.4**

Long-Term Debt

Borrower	Current		NonCurrent		Total	
	Peso	**US$**	**Peso**	**US$**	**Peso**	**US$**
Ayala Land, Inc.	865.5	9.1	100,833.8	30.2	101,735.4	39.4
Alabang Commercial Corp.	5.1	-	130.5	-	135.6	-
Accendo Commercial Corp	475.0	-	837.5	-	1,312.5	-
Adauge Commercial Corporation	24.8	-	582.8	-	607.6	-
AyalaLand Hotels and Resorts Corporation	855.7		4,621.3	-	5,477.0	-
Alveo Land Corp.	150.0	-	4,275.0	-	4,425.0	-
Amaia Land Corp.	37.5	-	1,403.7	-	1,441.2	-
Arvo Commercial Corporation	8.9	-	146.8	-	155.7	-
Avida Land Corp.	170.0	-	6,170.0	-	6,340.0	-
Cagayan de Oro Gateway Corp	949.3	-	1,246.3	-	2,195.7	-
Cebu Holdings, Inc.	442.3	-	5,706.0	-	6,148.3	-
Hillsford Property Corp.	53.6	-	-	-	53.6	-
HLC Development Corp.	179.4	-	1,031.7	-	1,211.1	-
North Triangle Depot Commercial Corporation	85.0	-	1,773.8	-	1,858.8	-
Philippine Integrated Energy Solutions, Inc.	88.0	-	1,549.5	-	1,637.5	-
Subic Bay Town Center, Inc	744.6	-	-	-	744.6	-
Sunnyfield E-Office Corporation	18.4	-	61.2	-	79.6	-
Westview Commercial Ventures Corp.	34.0	-	-	-	34.0	-
Total Consolidated	**5,187.2**	**9.1**	**130,369.9**	**30.2**	**135,593.2**	**39.3**

The table below details Ayala Land's Issuances of Debt Securities / New Financing through Loans as of December 31, 2016 (in ₱ millions).

Borrower	Amount	Nature
Ayala Land, Inc.	79,644.6	availment of short-term loans, assumption of subsidiaries' debt, and issuance of bonds
Alveo Land Corp.	2,013.9	availment of short-term
AyalaLand Hotels and Resorts Corporation	1,436.5	availment of long-term loans
Avida Land Corp.	6,307.0	availment of short-term
Total	**89,402.0**	

The following sets out the repayments of Debt Securities and Loans from January 1 to December 31, 2016 (in ₱ millions):

Borrower	Amount	Nature
Ayala Land, Inc	54,450.8	repayment of short term, homestarter bonds and amortization on matured long-term loans
Accendo Commercial Corp	75.0	amortization on long-term loan
AyalaLand Hotels and Resorts Corporation	1,677.8	amortization/assignment of long-term loans
Alveo Land Corp.	1,819.0	amortization on long-term loan
Amaia Land Corp.	37.5	amortization on long-term loan
Arvo Commercial Corporation	8.9	amortization on long-term loan
Avida Land Corp.	1,994.8	repayment of short-term loans and amortization on long-term loans
Cagayan de Oro Gateway Corp	99.4	amortization on long-term loan
Cebu Holdings, Inc.	90.9	amortization on long-term loan
Hillsford Property Corp.	12.4	amortization on long-term loans
HLC Development Corp.	179.4	amortization on long-term loans
North Triangle Depot Commercial Corporation	85.0	amortization on long-term loan
Philippine Integrated Energy Solutions, Inc.	88.0	repayment of loan and amortization on long-term loan
Sunnyfield E-Office Corporation	43.8	amortization on long-term loan
Subic Bay Town Center, Inc	18.4	amortization on long-term loan
Westview Commercial Ventures Corp.	7.8	amortization on long-term loan
Total	**60,701.3**	

There were no commercial papers issued and outstanding during the period ended December 31, 2016.

CORPORATE GOVERNANCE

Ayala Land has always been committed to strong and transparent corporate governance, going well beyond mere compliance with the code mandated by law. Ayala Land made several important improvements to its governance in 2004, focusing on increasing the involvement of various governance bodies, strengthening performance management, and ensuring compliance with Philippine Accounting Standards. In 2007, the Company adopted several initiatives aimed toward achieving governance excellence. These include conduct of a Self-Assessment Survey by the Board of Directors and Board Committees, development of Business Contingency Plans, adoption of risk-based audit approach and independent quality review of the Internal Audit function. Ayala Land believes that these changes will streamline its existing business models, improve execution, reduce risks, and better safeguard the collective and individual interests of its diverse set of shareholders.

Ayala Land seeks to promote and enhance compliance to good corporate governance. Ayala Land requires the observance of best practices and transparency in all of its subsidiaries, including those that are not listed on the PSE and not covered by the SEC Code of Corporate Governance.

The evaluation system which was established to measure or determine the level of compliance of the Board of Directors and top level management with its Revised Manual of Corporate Governance (the “Revised Manual”) consists of a Customer Satisfaction Survey which is filled up by the various functional groups indicating the compliance rating of certain institutional units and their activities. The evaluation process also includes a Board Performance Assessment which is accomplished by the Board of Directors indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the required certificate of compliance with the Revised Manual of the SEC.

To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the company, as well as the mechanism for monitoring and evaluating Management’s performance. The Board also makes certain the presence and adequacy of internal control mechanisms for good governance.

There were no deviations from the Revised Manual. The Company has adopted in the Revised Manual the leading practices and principles of corporate transparency, and full compliance therewith has been made since the adoption of the Revised Manual.

The Company is taking further steps to further strengthen adherence to principles and practices of good corporate governance.

FINANCIAL INFORMATION

The following pages set forth Ayala Land's audited consolidated financial statements for the period ended December 31, 2016, 2015 and 2014.