PSE Number: E-5000
SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

31F Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

December 31, 2015

(Year Ending)

Annual Report - SEC Form 17-A

(Form Type)

(Amendments – if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2015**

2. SEC Identification Number **152747**

3. BIR Identification No. **000-153-790-000**

4. Exact name of the issuer as specified in its charter: **AYALA LAND, INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
   Makati City, Philippines

6. Industry Classification Code: _______ (SEC Use Only)

7. Address of principal office and postal code: **31F Tower One and Exchange Plaza,**
   Ayala Triangle, Ayala Avenue, Makati City 1226

8. Issuer's telephone number, including area code: **(632) 750-6974**

9. Former name, former address, former fiscal year: **not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA:

As of December 31, 2015

Title of each class	Number of shares issued and outstanding
Common shares	**14,695,631,367**
Preferred shares	**13,066,494,759**

Amount of debt outstanding: **P58,956,360,000.00** (Registered)

11. Are any or all of these securities listed on a Stock Exchange?
    Yes [x] No [ ]

Name of Stock Exchange: **Philippine Stock Exchange**
Class of securities listed: **Common shares**

14,695,631,367 common shares have been listed with the Philippine Stock Exchange as of **December 31, 2015**.

12. Check whether the issuer:

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

Yes [x]   No [ ]

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

Yes [x]   No [ ]

13. Aggregate market value of the voting stock held by non-affiliates:

P264.1 billion (as of end-2015)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [ ]   **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2015 Audited Consolidated Financial Statements (incorporated as reference for Items 5, 7, 10 & 12 of SEC Form 17-A)

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PART I - BUSINESS

Item 1. Business

Background

Ayala Land, Inc. ("Ayala Land" 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; 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. Furthermore, 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, 2015, Ayala Corporation's effective ownership in Ayala Land is 47.19% with the remaining interest owned by the public. Ayala Land is listed with a total of 14,695,631,367 outstanding common shares and 13,066,494,759 voting preferred shares. Foreign equity ownership in Ayala Land is 23.15% composed of 5,817,770,302 outstanding common shares and 609,475,030 voting preferred shares. Equity attributable to equity holders of Ayala Land amounted to ₱133.73 billion.

As of December 31, 2015, Ayala Land has a total market capitalization of ₱506.3 billion based on the closing price of ₱34.45 per common share on December 29, 2015, 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.

Products / Business Lines

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

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.

Strategic Landbank Management and Visayas-Mindanao - 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

Commercial Leasing

Shopping Centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operations of malls which are co-owned with partners

Office Leasing - development and lease or sale of office buildings and lease of factory buildings

Hotels and Resorts - development, operation and management of branded and owner-operated hotels; lease of land to hotel tenants; development, operation and management of eco-resorts

Services

Construction – land development and construction of ALI and third-party projects

Property Management – facilities management of ALI and third-party projects; operation of water and sewage treatment facilities in some ALI projects; distribution of district cooling systems; bulk purchase and supply of electricity for energy solutions

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

Products / Business Lines (with 10% or more contribution to 2015 consolidated revenues):

Property Development	51%
(Sale of residential lots and units, office spaces and commercial and industrial lots)	
Commercial Leasing	17%
(Shopping Centers, Office Leasing and Hotels and Resorts Operations)	
Services	32%
(Construction and Property Management)	

<u>Distribution Methods of Products</u>

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.

The overseas Filipino (OF) 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, led the marketing, sales and channel development activities and marketing initiatives of the three residential brands abroad. ALISI established marketing offices in North America (Miltipas and San Francisco), Hong Kong, Singapore, Dubai and Rome. ALISI likewise assumed operations of AyalaLand Int'l. Marketing in Italy and London.

Separate sales groups have also been formed for certain subsidiaries which cater to different market segments under Bellavita (socialized housing), Amaia (economic housing), Avida (affordable housing) and Alveo (middle-income 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, Avida, Amaia and BellaVita is being undertaken by the shared services company Amicassa Process Solutions, Inc. ("APSI") put up by the Company. In 2011, Aprisa Business Solutions, Inc. (APRISA) completed its full roll-out to handle transactional accounting processes across the Ayala Land group.

Development of the business of the registrant and its key operating subsidiaries/associates and joint ventures during the past three years

Ayala Land, Inc. - parent company (incorporated in 1988), pursued major high-end residential land development and condominium projects, office buildings, leisure community project and shopping center operations. Its horizontal residential projects include, among others, Abrio, Santierra, Elaro, Luscara, Ayala Westgrove Heights and Ayala Greenfield Estates. Residential condominium projects undertaken in the past three years include Park Terraces, West Tower Serendra, Garden Towers, The Suites, 1016 Residences, Two Roxas Triangle and Parkpoint Residences. Redevelopment activities have been completed in Glorietta, Alabang Town Center and Ayala Center Cebu. Operations of traditional headquarter-type and BPO buildings continued as well as the development of its leisure community project, Anvaya Cove in Bataan.

Property Development

Ayala Land Premier continues to lead in the luxury segment with the launch of its high-value residential condominiums and lots. Projects launched in the past three years include residential lots in Soliento in Nuvali, The Courtyards in Imus/ Dasmarinas Cavite, as well as condominium units in East Gallery Place at BGC, Two Roxas Triangle and Arbor Lanes in Arca South. Horizontal residential projects include, among others, Abrio, Santierra, Elaro, Luscara, Ayala Westgrove Heights and Ayala Greenfield Estates. Residential condominium projects undertaken in the past three years include Park Terraces, West Tower Serendra, Garden Towers, The Suites, 1016 Residences, Two Roxas Triangle and Parkpoint Residences.

Alveo Land Corp., 100% owned by Ayala Land, offers various residential products to the middle-income market. Projects launched in the past three years include High Park 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, Solistice in Circuit, High Street South Corporate Plaza, Verve Residences, Lerato, Portico, and Abreeza Place among others.

Avida Land Corp., a 100%-owned subsidiary, continued to develop affordable housing projects which offer house-and lot packages and residential lots. Projects launched in the past three years include Avida Towers One Union Place in Arca South, Avida Towers Verte BGC, Avida Towers 34^{th} St BGC, Avida Towers Turf BGC, Avida Towers Makati West, Avida Settings Alviera, Avida Settings Cabanatuan, Avida Residences Dasmarinas, and Avida Settings Altaraza,

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. Projects launched in the past three years include Amaia Scapes Bauan, Amaia Scapes San Fernando, Amaia Scapes Bulacan, Amaia Steps Altaraza, Amaia Steps Capitol Central and Amaia Steps Nuvali among others.

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 December 2011. Projects launched in the past three years include BellaVita in Porac, Tayabas, Capas, San Pablo, Lipa, Cabanatuan, Pillilia and Alaminos among others.

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.

Roxas Land Corp., 50% owned, sold-out One Roxas Triangle in 2007.The project was started in 1996 and was completed in September 2001. Two Roxas Triangle was launched in November 2014 and is sold-out.

Ayala Greenfield Development Corporation ("AGDC"), 50-50% owned by Ayala Land and Greenfield Development Corporation, started development of Ayala Greenfield Estates in Calamba, Laguna in 1999.Over the past twelve years, AGDC continued to develop and sell lots in this high-end residential subdivision.

Nuevo Centro, Inc., a wholly-owned subsidiary of Ayala Land, was established primarily to develop Alviera, a 1,025 has estate in Porac Pampanga. Some of its projects include Avida Settings Alviera, Alveo Montala and Alviera Country Club.

BG West Properties, Inc., BG South Properties, Inc. and *BG North 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. Projects launched in the past three years include The Suite, Park Triangle Residences and Corporate Plaza, One and Two Meridian and East and West Gallery.

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. Avida Towers Davao Project is under Avencosouth.

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.

Ayala Land International Marketing, Inc., 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 was established by ALISI on July 4, 2013 with the same objectives as ALIM.

Ayala Land International Marketing (Hong Kong) Ltd. was established by ALISI when it further expanded by acquiring First Folio Limited in Hong Kong on September 13, 2013.

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.

Amaia Southern Properties, Inc. 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 1016 Residences an Ayala Land Premier project in Cebu.

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

Strategic Landbank Management

Aurora Properties, Incorporated and *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.

Emerging City Holdings, Inc. and *Berkshires Holdings, Inc.*, both 50% owned, served as Ayala Land's corporate vehicles in the acquisition of a controlling stake in Bonifacio Land Corp. / Fort Bonifacio Development Corp. ("FBDC") through Columbus Holdings, Inc. in 2003. FBDC continues to sell commercial lots and condominium units at the BGC while it leases out retail spaces.

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

Nuevo Centro, Inc., a wholly-owned 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.

Shopping Centers

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.

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.

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

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

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.

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

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

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.

CagayanDe 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.

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.

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

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.

AyalaLand Metro North Inc. 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.

Corporate Business

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.

Asian I-Office Properties, Inc - In 2008, the Company was invited by CPVDC, an ALI subsidiary, to be a partner in the Asian i-Office Properties, Inc. ("AiO") for a 60% stake. It manages and operates two BPO buildings located in the Asiatown IT Park in Cebu (eBloc and Peak Building A).In 2013, Ayala Land sold its 60% interest in Asian I-Office Properties, Inc. to Cebu Property Ventures and Development Corporation.

Ayala Land Offices, Inc. (ALO), is the Company's 100%-owned vehicle owns and operates various BPO projects and buildings which include UP Technohub BPO Offices.

Sunnyfield E-Office Corporation, Asterion Technopod, Inc., Crestview E-Office Corporation, 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.

Hotels and Resorts

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

AyalaLand Hotels and Resorts Corporation (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.

Greenhaven Property Venture, Inc., 100% owned by Ayala Land through AHRC established to plan, develop and manage Holiday Inn and Suites Glorietta.

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 TKPI. The Company was incorporated on September 18, 2015 and was primarily organized to plan, develop, construct, own and operate sports, vacation, recreation and resort facilities and other related business activities.

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 which has recently broke ground and will be completed by 2020.

*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.

Visayas-Mindanao

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 projects include the Alcoves, Park Point Residences and 1016 Residences among others.

Adauge Commercial Corporation, a 60% owned subsidiary of the Company, was incorporated on September 5, 2012 for the development of Atria Mall and Avida Towers Iloilo among others.

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.

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

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.

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.

International

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

Regent Wise Investments Limited (Regent Wise), a wholly-owned subsidiary of Ayala Land registered in Hongkong and holds interest in Tiangjin, China thru Sino-Singapore Tianjin Eco-City Investment and in British Columbia, Canada.

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.

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.

MDC Subic Inc. is a wholly owned subsidiary of MDC primarily to develop ALI projects in Subic including Harbor Mall.

<u>Others</u>

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

ALI Capital Corp, 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 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.

<u>Bankruptcy, Receivership or Similar Proceedings</u>
None for any of the subsidiaries and affiliates above.

<u>Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years</u>

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$92Mn, 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 08, 2015, ALI purchased all of the 8.2 million common shares of Aegis PeopleSupport Realty Corporation amounting to P435M. Aegis PeopleSupport Realty Corporation is a PEZA-registered entity and the owner of Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City.

On April 06, 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 Mn or P1.9 Bn. y 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 06, 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 PhP229M. This brings ALI's ownership in NTDCC from 70.36% to 73.24% of the total outstanding capital stock of NTDCC.

On February 06, 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

P3.52 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 andCHI 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

New Businesses

Ayala Land ventured into maiden businesses to further complement and enhance the value proposition of its large scale, masterplanned, integrated mixed-use communities. The introduction of these new formats is likewise seen to boost the Company's recurring income base.

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. As of 2015, QualiMed has four (4) clinics in Trinoma, Fairview Terraces, McKinley Exchange Corporate Center and UP Town Center, (2) Ambulatory Surgical Center in PGH Manila and Daniel Mercado Medical Center, Batangas and (1) General Hospital in Atria Park, Iloilo. Qualimed is on track on the target to grow the hospitals and clinics.

Convenience Stores

SIAL CVS Retailers, Inc., a joint venture entity between 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 112 FamilyMart stores are in operations as of end 2015.

Department Stores

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.

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 was opened in the 3rd quarter of 2015 at UP Town Center. The Company expects to roll out 3 mid-brand supermarkets per year.

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 whose focus on mall operations gives SM Prime 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, SM 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 the 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.

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.

Transactions with related parties

Please refer to Item 12 of this report (“Certain Relationships and Related Transactions).

Government approvals/regulations

The Company secures various government approvals such as the ECC, development permits, license to sell, etc. as part of the normal course of its business.

Employees

Ayala Land has a total workforce of 460 regular employees as of December 31, 2015.

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

Senior Management	25
Middle Management	231
Staff	204
Total	460

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.

Risks

Ayala Land is subject to significant competition in each of its principal businesses. Ayala Land competes with other developers and developments to attract land and condominium buyers, shopping center and office tenants, and customers of the retail outlets, restaurants, and hotels and resorts across the country. 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.

High-End, Middle-Income, Affordable Residential, and Economic and Socialized Housing Developments
With respect to high-end and middle-income land and condominium sales, Ayala Land competes for buyers primarily on the basis of reputation, reliability, price and the quality and location of the community in which the relevant site is located. For the affordable, economic and socialized housing markets, Ayala Land competes for buyers based on quality of projects, affordability of units and availability of in-house financing. Ayala Land is also actively tapping the overseas Filipino market.

Shopping Center, Office Space and Land Rental
For its shopping centers, Ayala Land competes for tenants primarily based on the ability of the relevant shopping center to attract customers - which generally depend on the quality and location of, and mix of tenants in, the relevant retail center and the reputation of the owner of the retail center - and rental and other charges. The market for shopping centers has become especially competitive and the number of competing properties is growing. Some competing shopping centers are located within relatively close proximity of each of Ayala Land's commercial centers.

With respect to its office rental properties, Ayala Land competes for tenants primarily based on the quality and location of the relevant building, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges. The Company is addressing the continuing demand from BPOs by providing fully integrated and well maintained developments (high rise or campus facility) in key locations in the country.

Hotels and Resort Operations
The local hotel and resort sector is largely driven by foreign and local travel for leisure or business purposes. Any slowdown in tourism and business activity due to global financial and local political turmoil and security concerns could potentially limit growth of the Company's hotels and resorts.

Construction
Ayala Land's construction business is benefiting from the improved performance of the construction industry, particularly from an uptick in development activities mostly from the residential and retail sectors. Any slowdown in the construction business could potentially cap growth of the Company's construction arm.

Other risks that the company may be exposed to are the following:

- Changes in Philippine and international interest rates
- Changes in the value of the Peso
- Changes in construction material and labor costs, power rates and other costs
- Changes in laws and regulations that apply to the Philippine real estate industry
- Changes in the country's political and economic conditions
- Product and service quality and safety issues that go with the volume and pace of expansion
- Frequent occurrence of natural disasters affecting our developments

To mitigate the above mentioned risks, Ayala Land shall continue to adopt appropriate risk management measures as well as conservative financial and operational controls and policies to manage the various business and operational risks it faces.

Working Capital

Ayala Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures agreements, borrowings and issuance of bond proceeds from the sale of non-core assets.

Domestic and Export Sales

The table below illustrates the amounts of revenue, profitability, and identifiable assets attributable to domestic and foreign operations for the years ended December 31, 2015, 2014, 2013: (in ₱'000)

	2015	**2014**	**2013**
Consolidated revenues			
Domestic	107,182,940	95,197,046	81,523,070
Foreign	-	-	-
Net operating income			
Domestic	27,750,804	23,856,787	18,960,063
Foreign	-	-	-
Net Income Attributable to Equity Holders of ALI			
Domestic	17,630,275	14,802,642	11,741,764

Foreign	-	-	-
Total Assets			
Domestic	442,341,800	388,944,463	325,473,685
Foreign	-	-	-

Residential development business contributed 58.7% of 2014 consolidated revenues and 51% for 2015. The residential business includes development and sale of high-end lots and units, leisure properties, middle-income, affordable and economic housing and socialized housing.

Item 2. Properties

Landbank / Properties WITH MORTGAGE OF LIEN

The following table provides summary information on ALI's landbank as of December 31, 2015. Properties are held and owned by ALI or its subsidiaries.

Location	***Hectares***	***Primary land use***
Makati[1]	53	Commercial/Residential
Taguig[2]	93	Commercial/Residential
Makati (outside CBD)[3]	23	Commercial/Residential
Alabang[4]	23	Commercial/Residential
Las Piñas/Paranaque	130	Commercial/Residential
Quezon City[5]	132	Commercial/Residential
Others in Metro Manila	67	Commercial/Residential
Metro Manila	***521***	
NUVALI[6]	1,434	Commercial/Residential/Industrial
Laguna [7]	634	Commercial/Residential/Industrial
Cavite[8]	1,431	Commercial/Residential
Batangas/Rizal/Quezon[9]	255	Commercial/Residential
Calabarzon	***3,755***	
Bulacan/Pampanga[10]	***1,526***	Commercial/Residential
Others in Luzon[11]	***1,212***	Commercial/Residential
Bacolod/Negros Occidental	135	Commercial/Residential
Cebu[12]	248	Commercial/Residential
Davao[13]	89	Commercial/Residential
Cagayan De Oro[14]	319	Commercial/Residential
Iloilo[15]	51	Commercial/Residential
Others in VisMin	1,092	
Visayas/Mindanao	***1,934***	
TOTAL	***8,948***	

[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 152,000 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 P106.5 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity.

On January 28, 2011, a notice was given to the Company for the P4.0 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.

(For the complete list of leased properties, please refer to Audited FS)

Rental Properties

The Company's properties for lease are largely shopping centers and office buildings. It also leases land, carparks and some residential units. In the year 2015, rental revenues from these properties accounted for ₱24.5 billion or 23% of Ayala Land's consolidated revenues, 16% higher than the ₱21.2 billion recorded in the previous year. Lease terms vary depending on the type of property and tenant.

Property Acquisitions

With 8,948 hectares in its landbank as of December 31, 2015, 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, 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.

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 Allante Realty and Development Corporation (Allante) and DBH, Inc. (DBH) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 167,548 common shares and 703,904 preferred shares amounting to ₱229 million. This brings ALIC) consisting of 167,548 common shares and 703,904 total outstanding capital stock of NTDCC.

In April 2015, ALI purchased all of the 8.2 million common shares of Aegis PeopleSupport Realty Corporation amounting to ₱435 million. Aegis PeopleSupport Realty Corporation is a PEZA-registered entity and the owner of Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City. The building is a certified LEED-Gold Office with a gross leasable area of 18,092 sqm and is largely occupied by Teleperformance under a long-term lease.

In June 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.

In January 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.

Item 3. Legal Proceedings

As of December 31, 2015, 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 litigation 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.

However, the Group has various contingent liabilities arising in the ordinary conduct of business including a case related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. The outcomes of the legal proceedings for various cases are not properly determinable. Accordingly, no provision for any liability has been made in the consolidated financial statements.

In the opinion of the management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position of operations. Disclosures required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, were not provided as it may prejudice the Company's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – SECURITIES OF THE REGISTRANT

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

Ayala Land common shares are listed with the Philippine Stock Exchange.

Philippine Stock Exchange
Prices (in PhP/share)

Philippine Stock Exchange
Prices (in PhP/share)

	High		Low		Close	
	2015	2014	2015	2014	2015	2014
First Quarter	38.60	29.95	33.50	29.50	38.50	29.90
Second Quarter	41.00	30.70	37.00	30.15	37.30	30.50
Third Quarter	39.00	35.00	33.15	34.45	34.00	34.95
Fourth Quarter	37.60	33.95	33.40	33.50	34.45	33.70

The market capitalization of ALI as of end-2015, based on the closing price of ₱34.45/share, was approximately ₱506.26 billion.

The price information as of the close of the latest practicable trading date February 26, 2016 is ₱32.05 per share.

Stockholders

The following are the top 20 registered holders of the common equity securities of the Company:

Common Stockholders: There are 9,503 registered holders of common shares of the Company as of January 31, 2016:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Corporation*	6,893,880,451	46.91109%
2.	PCD Nominee Corporation (Non-Filipino)	5,787,781,920	39.38437%
3.	PCD Nominee Corporation (Filipino)	1,723,692,368	11.72928%
4.	ESOWN Administrator 2009	17,455,003	0.11878%
5.	ESOWN Administrator 2015	14,311,411	0.09739%
6.	ESOWN Administrator 2010	13,852,130	0.09426%
7.	ESOWN Administrator 2012	12,484,736	0.08496%
8.	ESOWN Administrator 2011	11,309,987	0.07696%
9.	ESOWN Administrator 2013	11,204,916	0.07625%
10,	ESOWN Administrator 2014	10,393,181	0.07072%
11.	Emilio Lolito J. Tumbocon	8,092,986	0.05507%
12.	Jose Luis Gerardo Yulo	6,783,948	0.04616%
13.	ESOWN Administrator 2006	6,212,848	0.04228%
14.	ESOWN Administrator 2008	6,134,606	0.04174%
15.	Estrellita B. Yulo	5,732,823	0.03901%
16.	ESOWN Administrator 2005	4,814,524	0.03276%

17.	Pan Malayan Management and Investment Corporation	4,002,748	0.02724%
18.	Ma. Angela Y. La'o	3,728,620	0.02537%
19.	Lucio W. Yan	3,483,871	0.02371%
20.	Telengtan Brothers and Sons, Inc.	3,480,000	0.02368%

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

Voting Preferred Stockholders: There are approximately 2,816 registered holders of voting preferred shares of the Company as of January 31, 2016.

	Stockholder Name	**No. of Common Shares**	**Percentage (of voting preferred shares)**
1.	Ayala Corporation	12,163,180,640	93.0868%
2.	HSBC Manila OBO A/C 000-171512-554	513,222,800	3.9278%
3.	Government Service Insurance System	156,350,871	1.1966%
4.	HSBC Manila OBO A/C 000-171512-571	15,051,000	0.1152%
5.	DB MLA OBO SSBTC Fund HG16	15,000,000	0.1148%
6.	Wealth Securities, Inc.	14,825,373	0.1135%
7.	DB MLA OBO SSBTC Fund SS01	13,670,744	0.1046%
8.	Samuel Villes Santos and/or Luzviminda Lat Santos	12,001,800	0.0919%
9.	DB MLA OBO SSBTC Fund C021	8,497,223	0.0650%
10.	Investors Securities, Inc.	6,251,770	0.0478%
11.	First Metro Securities Brokerage Corp.	5,103,853	0.0391%
12.	Deutsche Bank AG Manila OBO BNYM AC 1214004162	4,943,400	0.0378%
13.	HSBC Manila OBO A/C 000-171512-551	4,484,748	0.0343%
14.	DB MLA OBO SSBTC Fund FA20	3,951,800	0.0302%
15.	Deutsche Regis Partners, Inc.	3,896,157	0.0298%
16.	Papa Securities Corporation	3,536,538	0.0271%
17.	DB MLA OBO SSBTC Fund FA2N	3,534,608	0.0271%
18.	Maybank ATR Kim Eng Securities, Inc.	3,479,514	0.0266%
19.	Ansaldo, Godinez & Co. Inc.	3,388,848	0.0259%
20.	Belson Securities, Inc.	2,800,874	0.0214%

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
0.14787806	Feb. 19, 2013	March 5, 2013	March 19, 2013
0.14348287	Aug. 22, 2013	Sept. 6, 2013	Sept. 20, 2013
0.20711082	Feb. 21, 2014	March 7, 2014	March 21, 2014
0.20687187	Aug. 28, 2014	Sept. 11, 2014	Sept. 26, 2014
0.2075	Feb. 20, 2015	March 6, 2015	March 20, 2015

0.2075	Aug. 17, 2015	Sept. 2, 2015	Sept. 16, 2015
0.238	Feb. 26, 2016	March 11, 2016	March 23, 2016

CASH DIVIDEND (Per Voting Preferred Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.00474786	Feb. 19, 2013	June 14, 2013	July 1, 2013
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

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 (exercised)	ESOWN (subscribed)
2012	6.6 Million	25.2 Million
2013	3.2 Million	18.8 Million
2014	5.6 Million	12.3 Million

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 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 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."

<u>Corporate Governance</u>

i. The evaluation system which was established to measure or determine the level of compliance of the Board and top level management with its Revised Manual of Corporate Governance 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 indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the Annual Corporate Governance Report to the Securities and Exchange Commission.

ii. 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 ensures the presence and adequacy of internal control mechanisms for good governance.

iii. There were no deviations from the Company's Revised Manual of Corporate Governance. The Company has adopted in the Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Revised Manual.

iv. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

PART III – FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operation

Review of 2015 operations vs. 2014

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of P17.63 billion in 2015, 19% higher than the P14.80 billion posted in 2014. Consolidated revenues reached P107.18 billion, 13% higher than the P95.20 billion posted in the same period last year. Revenues from Real Estate increased by 13% to P100.66 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 P67.77 billion in 2015, 10% higher than the P61.84 billion reported during the same period in 2014.

Revenues from the sale of residential lots and units reached P58.39 billion, 12% higher than the P52.26 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 P23.40 billion, slightly higher than the P22.49 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 P14.36 billion, 31% higher than the P10.99 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 P14.74 billion in revenues, or 12% higher compared to same period last year and Amaia registering revenues of P3.91 billion, or 8% 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 P529.80 million, posting more than triple growth from P115.60 million last year due to higher bookings from projects in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Porac Pampanga and Cabanatuan City, Nueva Ecija.

Residential sales for 2015 reached a total of P105.34 billion, 4% higher year-on-year, equivalent to an average monthly sales take-up of P8.8 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 P6.42 billion, posting a 32% growth from the P4.86 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 P2.74 billion, 42% lower year-on-year from P4.68 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 P24.50 billion in 2015, 16% higher than the P21.21 billion recorded in the same period last year.

Revenues from Shopping Centers reached P13.37 billion, 18% higher year-on-year from P11.36 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 P1,155 per square meter from P1,146 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 P5.16 billion, 22% higher year-on-year from P4.23 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 P698 per square meter from P676 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 thousand square meters for 2015.

Revenues from Hotels and Resorts reached P5.97 billion, 6% higher year-on-year from P5.62 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 P3,888 per night while REVPAR of resorts increased by 13% to P7,557 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 P45.25 billion, 52% higher than the P29.80 billion reported in the same period in 2014.

Revenues from Construction reached P44.07 billion, 53% higher year-on-year from P28.76 billion due to the increase in order book of projects within the Ayala Land Group. Revenues from Property Management reached P1.18 million, 14% higher year-on-year from P1.03 million due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses improved to 14% from 11%.

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

Equity in net earnings of associates and JVs registered a loss of P140 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 P6.66 billion, mainly due to higher interest income on accretion and installment sales.

Expenses

Total expenses registered at P79.43 billion in 2015, 11% higher than the P71.34 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 10% to P65.34 billion from P59.40 billion last year.

General and Administrative Expenses (GAE) grew by 6% to P6.59 billion from P6.20 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 P7.51 billion, 31% higher year-on year from P5.74 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 P82.20 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 P19.54 billion, resulting in a current ratio of 1.14:1. Total Borrowings stood at P130.99 billion as of December 31, 2015 from P124.67 billion as of December 2014, translating to a Debt-to-Equity Ratio of 0.87:1 and a Net Debt-to-Equity Ratio of 0.74:1. Return on Equity was at 14.7% as of December 31, 2015.

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

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 investees
Mainly due to lower equity from FBDC companies given absences of commercial lot sales

24% increase in interest, fees 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
Primarily due to higher real estate revenues arising from higher contribution of residential and leasing business

6% increase in General administrative expenses
Largely due to increase in compensation & benefits related expenses

31% increase in interest expense, financing and other 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 financial asset
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 non-current 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

*2*9% 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 non-current 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 customers & tenant's deposit
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 non-current 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

Risks

Ayala Land is subject to significant competition in each of its principal businesses. Ayala Land competes with other developers and developments to attract land and condominium buyers, shopping center and office tenants, and customers of the retail outlets, restaurants, and hotels and resorts across the country.

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.

High-End, Middle-Income, Affordable Residential, and Economic and Socialized Housing Developments

With respect to high-end and middle-income land and condominium sales, Ayala Land competes for buyers primarily on the basis of reputation, reliability, price and the quality and location of the community in which the relevant site is located. For the affordable, economic and socialized housing markets, Ayala Land competes for buyers based on quality of projects, affordability of units and availability of in-house financing. Ayala Land is also actively tapping the overseas Filipino market.

Shopping Center, Office Space and Land Rental

For its shopping centers, Ayala Land competes for tenants primarily based on the ability of the relevant shopping center to attract customers - which generally depend on the quality and location of, and mix of tenants in, the relevant retail center and the reputation of the owner of the retail center - and rental and other charges. The market for shopping centers has become especially competitive and the number of competing properties is growing. Some competing shopping centers are located within relatively close proximity of each of Ayala Land's commercial centers.

With respect to its office rental properties, Ayala Land competes for tenants primarily based on the quality and location of the relevant building, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges. The Company is addressing the continuing demand from BPOs by providing fully integrated and well maintained developments (high rise or campus facility) in key locations in the country.

Hotel and Resort Operations

The local hotel and resort sector is largely driven by foreign and local travel for leisure or business purposes. Any slowdown in tourism and business activity due to global financial and local political turmoil and security concerns could potentially limit growth of the Company's hotels and resorts.

Construction

Ayala Land's construction business is benefiting from the improved performance of the construction industry, particularly from an uptick in development activities mostly from the residential and retail sectors. Any slowdown in the construction business could potentially cap growth of the Company's construction arm.

Other risks that the company may be exposed to are the following:

- Changes in Philippine and international interest rates
- Changes in the value of the Peso
- Changes in construction material and labor costs, power rates and other costs
- Changes in laws and regulations that apply to the Philippine real estate industry
- Changes in the country's political and economic conditions
- Changes in the country’s liquidity and credit exposures

To mitigate the above mentioned risks, Ayala Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to manage the various business risks it faces.

Review of 2014 operations vs. 2013

2014 vs. 2013

Results of Operations

Ayala Land, Inc. (ALI or “the Company”) posted a net income of P14.80 billion for the year 2014, 26% higher that the reported net income of P11.74 billion in 2013. Consolidated revenues reached P95.20 billion, 17% higher year-on-year. Revenues from Real Estate which comprised bulk of consolidated revenues, increased by 17% to P89.03 billion mainly driven by the strong performance across the Property Development, Commercial Leasing and Services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 6.5% from 7.3% year-on-year. Earnings before interest and taxes (EBIT) margin improved to 27.4%in 2014 from 25.9% 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 P61.84 billion in 2014, 19% higher than the P51.96 billion reported in 2013.

Revenues from the Residential Segment reached P52.26 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 P23.10 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 P10.38 billion in revenues, 14% 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 P12.51 billion and P2.42 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 P115.6million, 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 P101.7 billion, an all-time high, equivalent to an average monthly sales take-up of P8.48 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 P84.5 billion.

In addition, revenue from the sale of office spaces by Alveo and Avida aggregated at P4.86 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 44% year-on-year in 2014 to P8.43 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 P21.06 billion in 2014, 18% higher than the P18.00 billion recorded in the same period last year.

Revenues from Shopping Centers grew by 8% to P11.36 in 2014 from P10.48 billion in 2013. 2014 saw a steady increase in monthly average lease rates to P1,146 per square meter from P1,113 per square meter in 2013, with the opening of new malls and steady rental escalations. Total gross leasable area (GLA) was up 6% year-on-year to 1,336,168 square meters while occupied gross leasable area (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 P4.23 billion in 2014, from P3.50 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 P676 per square meter due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to87% 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 P5.62 billion in 2014 from P4.02 billion in 2013, primarily driven by improved performance of new hotels and resorts. Revenue per Available Room (REVPAR) for hotels was at P3,831, 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 P6,706 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 P29.80 billion in 2014, 22% higher than the P24.45 billion posted in 2013. Construction revenues grew by 25% to P28.76 billion with the steady completion of project within the ALI Group. Property Management revenues decreased 31% to P1.035 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 P647 million in 2014, from P550 million in 2013. The increase is mainly attributed to higher sales of commercial lots by Fort Bonifacio Development Corporation (FBDC). Meanwhile, Interest, Investment and Other income reached P5.5 billion, due to higher interest income on accretion and installment sales.

Expenses

Total expenses in 2014 amounted to P71.34 billion, 14% more than the P62.56 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 P59.40 billion. General and Administrative Expenses (GAE) grew by only 5%to P6.20 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 P5.74 billion, mainly attributed to new bond issuances to finance the Company's expansion plans.

Project and Capital Expenditure

The Company spent a total of P83.3 billion for project and capital expenditures in 2014, 26% more than the P66.3 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 P100.3 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 stood at P34.59 billion, resulting in a Current Ratio of 1.22:1. Total Borrowings stood at P124.67 billion from Php101.90 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 (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

Material changes (+/- 5% or more) in the financial statements

Income Statement items – 2014 versus 2013

17% increase in real estate and hotel 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 investees
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 and hotel costs
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, financing and other 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

1702% 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 non-current 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 Varejo'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

Results of Operations for the Year Ended December 31, 2013

Ayala Land, Inc. ("ALI" or "the Company") posted a record P11.74 billion in net income after tax (attributable to equity holders of ALI) for the year 2013, 30% higher than the P9.04 billion recorded the previous year. Consolidated revenues reached P81.52 billion, 36% higher year-on-year.Revenues from Real Estate, which comprised the bulk of consolidated revenues, increased by 40% to P76.34 billion mainly driven by the strong performance across the Property Development, Commercial Leasing and Services business lines.

Corporate costs remain under control with the ratio of General and Administrative Expenses (GAE) to revenues declining further to 7.3% from 7.9% in 2012.Earnings before interest and taxes (EBIT) margin expanded to 26% in 2013, from 25% 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, registered revenues of P51.96 billion in 2013, 51% higher than the P34.46 billion recorded in 2012.

Revenues from the Residential Segment reached P41.99 billion in 2013, 32% higher than the P31.88 billion reported the previous year, largely due to solid bookings and steady project launches across all brands. Ayala Land Premier (ALP) generated P15.56 billion in revenues or an improvement of 41% year-on-year on the back of higher revenues from premium condominium units in 1016 Residences, Park Terraces, The Suites and Parkpoint Residences and new launches such as Two Roxas Triangle and

Garden Tower 2. Alveo meanwhile posted revenues of P9.10 billion, 18% higher than last year owing to sales contributions from Two Maridien and Verve Residences in Bonifacio Global City, Mirala in Nuvali, Escala Salcedo and Solstice Tower in Makati, Celadon Park Tower 3 in Manila and Solinea Tower 2 in Cebu. Avida and Amaia likewise attained revenue growth of 42% and 54% to P12.50 billion and P2.43 billion, respectively. Avida's performance was anchored on strong bookings from the success of new projects such as Avida 34th Street Tower 2 and Avida Cityflex Tower 2 in Bonifacio Global City, Madera Grove Estates in Bulacan, Avida Woodhill Settings in Nuvali, Avida Towers Vita in Quezon City, Avida Centera Towers 3 and 4 in Mandaluyong and Avida Riala Towers 1 and 2 in Cebu, as well as increased sales in existing projects such as Avida Parkway Settings, Avida Ridgeview Estates and Avida Village Cerise in Nuvali, Avida San Lorenzo Tower 2 in Makati and Avida Prime Taft Tower 1 in Pasay. Amaia revenues was boosted by sales from recent launches namely Amaia Steps Sucat, Amaia Skies Avenida, Amaia Steps Bicutan, Amaia Steps Nuvali, Amaia Steps Cavite, Amaia Steps Lucena and Amaia Steps Bauan. BellaVita, coming from a low base on its first year of operations, saw revenues increase by 308% to P63.93 million, mainly due to revenues generated from its General Trias and Alaminos projects.

Sales take-up value in 2013 reached a record level of P91.93 billion, equivalent to an average monthly sales take-up of P7.66 billion, an all-time high and 18% higher than the P6.47 billion average last year. Residential Gross Profit (GP) margins of horizontal projects declined slightly to 44% from 48% owing to lesser subdivision lots sold in Nuvali while GP margins of vertical developments improved from 35% to 37% due to moderate price escalations and impact of cost containment measures. The Company's five residential brands launched a total of 28,482 units in 2013 worth P108 billion. For 2014, the Company is expecting continued demand for housing products and will be launching around 30,000 units across all residential brands.

Revenues from the sale of Commercial and Industrial Lots grew by 256% in 2013 to P8.80 billion, primarily due to the sale of commercial lots in NUVALI and Arca South. However, GP margins dropped to 40% from 50% as the commercial lot sales in Arca South carried lower margins.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues for Commercial Leasing amounted to P18.00 billion in 2013, 21% higher than the P14.91 billion recorded in the previous year.

Revenues from Shopping Centers increased by 10% to P10.48 billion in 2013, driven by higher average lease rates and expanded gross leasable area (GLA). Average lease rates rose in 2013 by 3% despite the opening of new provincial malls that normally have lower rental rates than Metro Manila shopping centers. Occupied gross leasable area (GLA) was up by 7% year-on-year, while same-store rentals increased by 4%. Shopping Centers EBITDA margins slightly declined to 62% from 64% last year, due to the continuing impact of redevelopment projects in Ayala Center Makati and Ayala Center Cebu. Average occupancy rate across all malls was maintained at a healthy level of 95%, in spite of additional GLA from newly-opened malls.

Revenues from Office leasing operations rose by 18% to P3.50 billion in 2013 from P2.97 billion in the previous year.Revenue growth was attained due to higher lease rates and occupied GLA of business process outsourcing (BPO) office spaces, which grew by 16% year-on-year (an increase of 55,919 square meters). Total available BPO GLA reached 490,450 square meters as of year-end, while average BPO lease rates increased 8% to P633 per square meter. EBITDA margins of the total office portfolio improved to 85% from 84%.

Hotels and Resorts currently operates 1,294 internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 192 island resort rooms in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 515 Seda Hotel rooms between Bonifacio Global City, Centrio Cagayan de Oro and Abreeza Davao. Revenues of the Hotels and Resorts business grew by 64% to P4.02 billion in 2013 from P2.45 billion last year, primarily driven by contributions from new hotels and resorts. Revenue per Available Room (REVPAR) for the stable hotels in the company's portfolio was at P3,592, while REVPAR for resorts was at P5,683 per night. EBITDA margins for Hotels and Resorts increased to 20% driven by the improved performance of new hotels and resorts.

Services, which include the Company’s wholly-owned Construction and Property Management companies, generated combined revenues of P26.33 billion in 2013, 29% higher than the P20.38 billion posted last year. Construction revenues rose by 19% to P22.96 billion given an increased orderbook and the steady completion of ALI Group projects. Property Management revenues increased 196% to P3.38 billion in 2013, driven by the contribution of PhilEnergy and Direct Power. Blended EBITDA margins for Services improved to 9% from 7% in 2012 due to effective cost management efforts.

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

Equity in Net Earnings from Investees rose by 3% to P550 million in 2013 from P536 million in the previous year. Interest and Investment Income meanwhile declined by 17% to P3.54 billion in 2013. The decrease is mainly attributed to the effect of the one-time gain on the re-measurement of ALI Makati Hotel & Residences, Inc. and ALI Makati Hotel Property, Inc. in 2012 and lower interest income on the Company’s money market placements, despite a higher average cash balance in 2013. Other Income grew by 165% to P1.10 billion, primarily due to the sale of Laguna Technopark’s waterworks business.

Expenses

Total expenses amounted to P62.56 billion in 2013, 38% more than the P45.39 billion incurred in 2012.Real Estate and Hotels Expenses rose 40% year-on-year to P51.84 billion. GAE meanwhile grew by 25% to P5.93 billion, primarily due to payroll and donation-related expenses. Nevertheless, GAE-to-revenue ratio was lower at 7.3% in 2013. Interest Expense, Financing and Other Charges increased by 32% year-on year to P4.79 billion, mainly attributed to new bond issuances to finance the Company’s expansion plans. The average cost of the Company’s consolidated debt, however, decreased to 5.1% from 5.4% in 2012.

Project and Capital Expenditure

The Company spent a total of P66.02 billion in capital expenditures in 2013, 7% lower than the P71.29 billion spent the previous year. The bulk of capital expenditures in 2013 were utilized for residential developments (32% of total), land acquisition (41%), offices (8%), shopping centers (12%), hotels and resorts (2%), with the balance spent on support business and land development activities in the Company’s strategic landbank areas. For 2014, the Company has allotted another P70.0 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. The total value of the 78 projects that are expected to be launched this year is estimated to be at around P142 billion.

Financial Condition

The Company’s balance sheet remains strong with sufficient capacity to carry out its aggressive growth plans in 2014 and beyond. Cash and Cash Equivalents stood at P40.76 billion, resulting in a Current Ratio of 1.45: 1. Total Borrowings stood at P101.90 billion from Php74.78 billion as of December last year, translating to a Debt-to-Equity Ratio of 1.04:1 and a Net Debt-to-Equity Ratio of 0.62:1. Return on equity was maintained at 13% in 2013.

Key Financial Performance Indicators

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

	End-December 2013	*End-December 2012 (As restated)*
Current ratio [1]	1.45:1	1.41:1

Debt-to-equity ratio [2]	1.04:1	0.91:1
Net debt-to-equity ratio [3]	0.61:1	0.51:1
Profitability Ratios:		
Return on assets [4]	4.9%	5.3%
Return on equity [5]	13.0%	13.0%
Asset to Equity ratio [6]	2.90	2.66:1
Interest Rate Coverage Ratio [7]	6.5	6.7

[1] *Current assets / current liabilities*

[2] *Total debt/ stockholders' equity attributable to equity holders of ALI (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*

[3] *Net debt/ stockholders' equity attributable to equity holders of ALI (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)*

[4] *Total Net income / average total assets*

[5] *Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI*

[6] *Total Assets /Total stockholders' equity*

[7] *EBITDA/Interest expense*

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 2012.

Material changes (+/- 5% or more) in the financial statements

Income Statement items – 2013 versus 2012

36% increase in real estate revenues
Mainly due to the sale of commercial lots in Arca South and strong contributions across all residential brands primarily Ayala Land Premiere, Alveo and Avida coupled with a growing commercial leasing and hotels and resorts businesses.

17% decrease in interest and investment income
Mainly attributed to the effect of the one-time gain onre-measurement of ALI Makati Hotel & Residences, Inc. (AMHRI) and ALI Makati Hotel Property, Inc. (AMPHI) in 2012 and lower interest income on money market placements, despite higher average cash balance.

165% increase in other income
Primary due to the sale of Laguna Technopark's waterworks property and higher management fees.

40% increase in real estate costs and expenses
Mainly driven by development costs related to Arca South commercial lots and residential projects.

25% increase in general and administrative expenses
Primarily due to higher compensation and benefits and donation related expenses.

26% increase in interest expense and other financing charges
Mainly due to higher debt levels.

85% increase in other charges
Largely due to provisions for impairment.

34% increase in provision for income tax
Mainly due to higher taxable income for the period.

26% increase in net income attributable to non-controlling interests
Primarily due to higher income from BG companies.

Balance Sheet items – 2013 versus 2012

13% decrease in cash and cash equivalents
Mainly due to reclassification of UITF to financial asset at fair value through profit or loss.

1% decrease in short-term investments
Primarily due to maturity of short-term investments.

1,778% increase in financial assets at fair value through profit or loss and available- for- sale financial assets
Mainly due to investments in UITF

26% increase in accounts and notes receivables (net)
Largely due to launch of new projects and higher bookings.

59% increase in real estate inventories
Mainly due to incremental project completion and new launches.

13% increase in other current assets
Mainly due to proceeds from the sale of projects in escrow deposits.

15% increase in non-current accounts and notes receivables
Largely due to increased sales of Ayala Land Premier, Alveo and Avida projects.

28% increase in land and improvements
Mainly due to the acquisition of additional land parcels for future development.

18% increase in investments in associates and joint ventures
Largely due to increased in equity in net earnings from FBDC group.

29% decrease in available-for-sale financial assets
Largely due to the redemption of Ayala Corporation preferred shares.

19% increase in investment properties
Largely due to new projects such as Fairview Terraces, Harbor Point, Holiday Inn Makati, and Seda Hotels.

15% increase in property and equipment
Mainly due to new hotel buildings andimprovements and installation of district cooling systems in shopping centers.

71% increase in deferred tax assets
Mainly due to higher deferred tax assets on taxable temporary differences.

151% increase in other noncurrent assets
Mainly due to project costs related to Ayala Land resorts.

42% increase in accounts and other payables
Primarily due to increase in trade payables with the completion of existing and new projects

27% increase in short-term debt
Mainly due to new loan availment of ALI-Parent, Amaia and ALI Property Partners Corporation (APPCO).

18% increase in income tax payable
Largely due to higher taxable income

46% decrease in current portion of long-term debt
Primarily due to significant loan payments by ALI-parent.

6% decrease in deposits and other current liabilities
Mainly due to customer deposits from various residential projects.

47% increase in long-term debt – net of current portion
Mainly due to new issuance of fixed rate bonds and new loan availments.

96% increase in pension liabilities
Primarily due to impact of Revised PAS 19 employee benefits.

25% increase in deferred tax liabilities
Mainly due to increase in fair value of AMHRI and AMHPI.

18% increase in deposits and other noncurrent liabilities
Primarily due to increase in liability for purchased land.

30% increase in paid up capital
Mainly due to top up placement amounting to P12.2 billion.

7% decrease in stock options outstanding
Primarily due to issuance of ESOP and ESOWN shares.

13% decrease in unrealized gain on available-for-sale financial assets
Primarily due to the presence of unrealized gain in Ayala Corporation's preferred redeemed in 2013.

107% increase in actuarial loss on pension obligation
Primarily due to impact of revised PAS19 related to employee benefits.

15% increase in retained earnings
Mainly due to increase in income.

100% decrease in treasury stock
Largely attributed to retirement of redeemed preferred shares.

Item 7. Financial Statements

The 2014 consolidated financial statements of the Company are incorporated herein in the accompanying Index to Exhibits.

Foreign Exchange Gains/Losses

Net foreign exchange loss arising from foreign exchange transactions amounted to P31.8 million for the year ended December 31, 2014.

Interest & Other Financing Charges and Other Charges

Interest and other charges in 2014 amounted to P5.4billion, breakdown of which is provided in Note 22 of the 2014 consolidated financial statements which is incorporated herein in the accompanying Index to Exhibits.

Receivables

Accounts and Notes receivable as of end-2014 amounted to P58.6 billion, breakdown of which is provided in Notes 7 and 29 of the 2014 consolidated financial statements.

Accounts and Other Payables

Accounts and Other Payables as of end-2014 amounted to P104.5 billion, breakdown of which is provided in Notes 16 and 29 of the 2014 consolidated financial statements.

General and Administrative Expenses

General and Administrative expenses in 2014 amounted to P6.2 billion, breakdown of which is provided in Notes 22, 26 and 28 of the 2014 consolidated financial statements.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

(a) The principal accountant and external auditor of the Company is SyCip, Gorres, Velayo & Co. (SGV & Co.). The same accounting firm is being recommended for re-election at the annual stockholders' meeting.

(b) Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, and Ms. Jessie D. Cabaluna has been the Partner-in-charge since audit year 2011.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with the SGV & Co. on any matter of accounting and financial disclosure.

(c) **Audit and Audit-Related Fees**

ALI and its subsidiaries paid its external auditors the following fees in the past two years: (in Php million; with VAT)

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

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

(d) **Tax Fees**

Tax consultancy services are secured from entities other than the external auditor.

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which became effective January 1, 2015.

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

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

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

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

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group

- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

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

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

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

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

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

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

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

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

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

PAS 40, *Investment Property*

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

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

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

Effective 2016

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

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

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

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

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

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

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

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

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

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

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

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9. The Group is currently assessing the impact of adopting this standard.

Deferred Effectivity

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as

construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group is currently assessing the impact of adopting this standard.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The FRSC decided to postpone the original effective date of January 1, 2016 until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

The write-ups below include positions held as of December 31, 2015 and in the past five years, and personal data as of December 31, 2015 of directors and executive officers.

Board of Directors

Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala
Bernard Vincent O. Dy
Antonino T. Aquino
Delfin L. Lazaro
Vincent Y. Tan
Francis G. Estrada
Jaime C. Laya
Rizalina G. Mantaring

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

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

Bernard Vincent O. Dy, Filipino, 52, is the President & Chief Executive Officer of ALI effective April 7, 2014. Prior to this post, he was the Head of the Residential Business, Commercial Business and Corporate Marketing and Sales of ALI. He is the Chairman of two other publicly listed companies namely: Cebu Holdings, Inc. and Cebu Property Ventures and Development Corporation. His other significant positions include: Chairman of Ayala Property Management Corporation, Ayala Land International Sales, Inc., Amicassa Process Solutions, Inc., Amaia Land Corporation, Avida Land Corp., Alveo Land Corp., Alviera Country Club, Inc., Ayalaland Commercial Reit, Inc., Lagdigan Land Corporation, Bellavita Land Corporation, Avencosouth Corp., Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corp., and ALI Capital Corp.; Vice Chairman of Ayala Greenfield Development Corporation; Chairman and President of Serendra, Inc.and; Director and President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc. Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation, Accendo Commercial Corp., Hero Foundation Incorporated, Bonifacio Art Foundation,; Director of, Ayala Land Sales, Inc., North Triangle Depot Commercial Corporation, Ayala Greenfield Golf & Leisure Club, Makati Development Corporation, Nuevocentro, Inc., Whiteknight Holdings, Inc., Ayalaland Medical Facilities Leasing, Inc., Alveo-Federal Land Communities, Inc., Philippine Integrated Energy Solutions, Inc.,; Trustee of Ayala Foundation, Inc.; Member of Ayala Group Club, Inc.; and Treasurer of SIAL Specialty Retailers, Inc. and SIAL CVS Retailers, Inc. In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police. He earned a degree of B.B.A Accountancy from the University of Notre Dame in 1985 and took his Master's Degree in Business Administration and International Relations at the University of Chicago in 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. He is a Member of the Multi Sectoral Advisory Board of the Philippine Army since 2014. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (Philam). He earned a degree in BS Management and Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

Delfin L. Lazaro, Filipino, 69, 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 Micro-Electronics, Inc., Manila Water Company, Inc., and Globe Telecom, Inc.; and Independent Director of Lafarge Republic, Inc. His other significant positions include: Chairman of Philwater Holdings Company, Inc. and Atlas Fertilizer & Chemicals Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC Energy Holdings, Inc., AC Infrastructure Holdings Corporation, Ayala International Holdings, Ltd., Bestfull Holdings Limited, Probe Productions, Inc. and Empire Insurance Company; and Trustee of Insular Life Assurance Co., Ltd. He graduated with 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.

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

Francis G. Estrada, Filipino, 66, 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 and Member of the Audit Committee of Clean Air Asia, Inc.; Member, Multi-Sectoral Governance Council, Armed Forces of the Philippines; Fellow, Institute for Solidarity in Asia; Trustee of the Sociedad Espanola de Beneficiencia; Vice Chairman and Trustee of Bancom Alumni, Inc.; Director of the Maximo T. Kalaw Foundation; former President of the Asian Institute of Management; former Chairman of De La Salle University Board of Trustees; former Chairman of the Board of Visitors of the Philippine Military Academy; former Member of the National Mission Council and Chairman of the Investment Committee of De La Salle Philippines; Most Outstanding Alumnus of the Asian Institute of Management in 1989. Mr. Estrada graduated from De La Salle University with undergraduate degrees in Liberal Arts and Business Administration in 1971, a Master's Degree in Business Management (with Distinction) at the Asian Institute of Management in 1973 and completed the Advanced Management Program at the Harvard Business School in 1989.

Jaime C. Laya*,* Filipino, 76, 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 Trustee of Cultural Center of the Philippines, St. Paul's University – Quezon City, Ayala Foundation, Inc., Escuela Taller de Filipinas Foundation, Inc., Fundación Santiago, Manila Polo Club, and other non-profit, non-stock corporations. He graduated magna cum laude from University of the Philippines in 1957 with a degree in B.S.B.A. (Accounting) and completed his M.S. in Industrial Management at Georgia Institute of Technology in 1960. He later graduated from Stanford University as Ph.D. in Financial Management in 1967. He has served as Minister of the Budget, Minister of Education, Culture and Sports, Governor of the Central Bank of the Philippines, Chairman of the National Commission for Culture and the Arts, and Professor and Dean of Business Administration of the University of the Philippines.

Rizalina G. Mantaring*,* Filipino, 56, 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 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.

Nominees to the Board of Directors for election at the stockholders' meeting:

All incumbent directors, except Mr. Vincent Y. Tan

Arturo G. Corpuz, Filipino, 59, is a Senior Vice President and member of the Management Committee of ALI since 2008. He heads the Urban and Regional Planning Division and the Central Land Acquisition Unit of ALI. He is a Trustee of the Makati Parking Authority and 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.

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
Raul M. Irlanda***	Senior Vice President
Jose Emmanuel H. Jalandoni	Senior Vice President
Emilio Lolito J. Tumbocon***	Senior Vice President
Jaime E. Ysmael	Senior Vice President, Chief Finance Officer, Chief Information Officer & Chief Compliance Officer
Leovigildo D. Abot	Vice President
Augusto D. Bengzon	Vice President & Treasurer
Aniceto V. Bisnar, Jr.	Vice President
Manuel A. Blas II	Vice President
Maria Corazon G. Dizon***	Vice President
Myrna Lynne C. Fernandez****	Vice President
Jose Juan Z. Jugo	Vice President
Laurent P. Lamasuta	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
William Thomas F. Mirasol	Vice President
Rodelito J. Ocampo	Vice President
Angelica L. Salvador	Vice President
Maria Rowena Victoria M. Tomeldan	Vice President
Solomon M. Hermosura	Corporate Secretary & Group General Counsel

**Member of the Board, **Senior Vice President effective January 1, 2016, ***Retired effective December 31, 2015, ****Vice President effective January 1, 2016.*

Dante M. Abando, Filipino, 51, is a Senior Vice President and Member of the Management Committee of ALI. He is concurrently the President and a Member of the Board of Directors of Makati Development Corporation. His other significant positions include: Chairman of MDC BuildPlus; Chairman and President of MDC Concrete, Inc. and MDC Equipment Solutions, Inc.; President of MDC Subic; Past President and Board Member of Alveo Land Corporation; Board member of Avida Land Corporation, Serendra, Inc. and Anvaya Cove Golf & Sports Club, Inc. He is the 2016 President of Philippine Constructors Association where he also served as past 1st & 2nd Vice President & Trustee and Treasurer and Trustee of UP Alumni Engineers. He graduated with a degree in Bachelor of Science in Civil Engineering from the University of the Philippines in 1986 and he earned his Master's degree in Business Administration also from the University of the Philippines in 1995. In 2012, he finished the Executive Program on Real Estate Management at Harvard University Graduate School of Business.

Arturo G. Corpuz, Filipino, 59, is a Senior Vice President and member of the Management Committee of ALI since 2008. He heads the Urban and Regional Planning Division and the Central Land Acquisition Unit of ALI. He is a Trustee of the Makati Parking Authority and 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.

Anna Ma. Margarita B. Dy, Filipino, 46, 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. 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.

Raul M. Irlanda, CFM, Filipino, 60, is a Senior Vice-President of Ayala Land Inc. and a member of the Management Committee until December 31, 2015. He is the Chairman of the Board and Chief Executive Officer of Ayala Property Management Corporation, President and Chief Executive Officer and Director of Philippine Integrated Energy Solutions Inc. and DirectPower Service, Inc., Board Member of Makati Development Corporation and MDC BuildPlus. He is also the Vice-President and Director of Tower One Condominium Corporation, and the first and only Filipino Certified Facility Manager (CFM) by the International Facility Management Association (IFMA), Governor of Ayala Center Estate Association (ACEA) and Makati Commercial Estate Association Inc. (MaCEA) also the head of Ayala Security Force (ASF), and Trustee YMCA Makati. He graduated with a degree of Bachelor of Science in Management/Finance from San Sebastian College, took Masteral studies in Business Administration major in Financial Management from De La Salle University. He also completed the Executive Development Program at the Aresty Institute of Executive Education at The Wharton School, University of Pennsylvania.

Jose Emmanuel H. Jalandoni, Filipino, 47, 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. 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, 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, Pangulasian Island Resort Corp., Integrated Eco-Resort, Inc., Paragua Eco-Resort Ventures, Inc., Sicogon Town Hotel, Inc., Lio Resort Ventures Inc. and North Liberty Resort Ventures 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.

Emilio Lolito J. Tumbocon, Filipino, 59, is a Senior VicePresident at ALI, and a member of its Management Committee until December 31, 2015. He is the Group Head of the Visayas-Mindanao Group and the Human Resources & Public Affairs Group. He is a Director of Cebu Holdings, Inc., Cebu District Property Enterprise, Inc., Accendo Commercial Corporation, Cagayan de Oro Gateway Corporation, Taft Punta Engaño Property, Inc., Alveo Land Corporation, Makati Development Corporation, Ecozone Power Management Corp., Laguna Technopark, Inc., Anvaya Cove Golf & Sports Club, Inc., Northgate Hotel Ventures, Inc., Aviana Development Corporation, Southcrest Hotel Ventures, Inc., and North Point Estate Association, Inc.. He graduated at the University of the Philippines with a degree of B.S. in Civil Engineering in 1979 and finished his Master's in Business Administration (MBA) in the same university in 1985. He also took the Construction Executive Program (CEPS '87) at Stanford University, California, U.S.A., the Senior Business Executive Program (SBEP'91) at the University of Asia & the Pacific, and The Executive Program (TEP'97) at the Darden Graduate School of Business Administration, University of Virginia, U.S.A. He is a member of the Construction Industry Arbitration Commission of the Construction Industry Authority of the Philippines, Department of Trade & Industry and is a certified Project Management Professional (PMP) of the Project Management Institute since 2006. He has 35 years of extensive work experience in the construction and real estate industry.

Jaime E. Ysmael, Filipino, 55, 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 Anvaya Cove Beach and Nature 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 Ayala Land International Sales, Inc., Ayala Land Sales, Inc., Alveo Land Corp., Laguna Technopark, Inc., Serendra, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, Cebu Holdings, Inc., and Philippine Integrated Energy Solutions, Inc.; Director, Treasurer and Compliance Officer of Anvaya Cove Golf and Sports Club, 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., Ceci Realty, Inc., Aurora Properties, Inc. and Vesta Properties Holdings, Inc; and Treasurer of Cebu Property Ventures and Development Corporation and AyalaLand Medical Facilities Leasing, Inc. He is also Chairman of FINEX Research and Development Foundation, Inc. and member of the Board of Directors of the Financial Executives Institute of the Philippines, 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, Pennsylvania, USA, as a fellow of The Joseph H. Lauder Institute of Management and International Studies.

Leovigildo D. Abot, Filipino, 52, 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.

Augusto D. Bengzon, Filipino, 52, joined ALI in December 2004 as Vice President and Treasurer. His other significant positions include: Treasurer of Avida Land Corporation, Makati Development Corp., Roxas Land Corporation, Aurora Properties, Inc., AyalaLand Medical Facilities Leasing, Inc., Next Urabn Alliance Corp., Nuevocentro, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc and Hero Foundation, Inc.; Director of the Anvaya Cove Golf and Sports Club, Inc. and Alviera Country Club, Inc.; Trustee of the PNP Foundation, Inc., and the Dr. Fe del Mundo Medical Center Foundation Phils., Inc. 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, 51, 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 and President of Taft Punta Engano Property, Inc., North Point Estate Association, Inc., Adauge Commercial Corp., Cebu Leisure Company, Inc., and Asian I-Office Properties, Inc.; and Vice Chairman of South Portal Properties, Inc., AvencoSouth Corporation, and Central Block Developers, Inc. He is the President of CBP Theatre Management Company, Inc., and Lagdigan Land Corporation. He is also the Vice President of Solinea, Inc. He holds the directorship 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., East Binan Properties, Inc. and 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, 60, 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.

Maria Corazon G. Dizon, Filipino, 52, is a Vice President and Head of ALI-Capital Corp. which is ALI's wholly-owned vehicle for new businesses that include Retailing Businesses (convenience stores, department stores and supermarkets), Entertainment, Tourism Estate developments, Transportation, Power, Healthcare and Asset Management. Prior to her retirement in December 2015, she held the following significant positions in the following companies: Director of ALI Capital Corp., Philippine Family Mart CVS, Inc., SIAL Specialty Retailers, Inc., SIAL CVS Retailers, Inc., Sicogon Island Tourism Estate, Inc., AyaGold Retailers, Inc., Mercado General Hospital Inc, Mercado Ambulatory Surgical Center, Inc, Panay Medical Ventures Inc., DMMC Institute of Health Sciences Inc., Integrated Eco-Resort, Inc., Mercado General Hospital San Jose Del Monte Inc. and Mercado General Hospital Sta. Rosa Inc. Over the years in ALI, she occupied various key positions including Business Development and Strategic Planning Head, Asset Management Head and Chief Finance Officer for the Ayala Malls Group, Head of Corporate Control and Analysis Division, Head of ALI Investor Relations Unit and Chief Finance Officer of Residential and Office Buildings Groups. She is a Certified Public Accountant, graduated with a degree on BSC Accounting from the University of Sto. Tomas in 1984 and completed units for a Master’s in Business Administration degree from the De La Salle Graduate School by 2003.

Myrna Lynne C. Fernandez, Filipino, 47, is a Vice President since January 1, 2016. She is the Head of Leasing and Operations of Ayala Malls and President of Ayala Theaters Management Inc. that manages cinema operations in all Ayala Malls. Her other significant positions include Director of AyalaLand Malls Northeast, Inc. and AyalaLand Malls Vismin, Inc. She is a graduate of Bachelor of Science in Business Administration at the University of the Philippines - Diliman. She earned her MBA from the Asian Institute of Management.

Jose Juan Z. Jugo, Filipino, 44, has been a Vice President of ALI since January 2013. His is currently the Managing Director of Ayala Land Premier. His other key functions 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 & CEO of Anvaya Cove Beach and Nature Club, Inc., and Anvaya Cove Golf and Sports Club, Inc. He is likewise a Director in BG West Properties, Inc., Roxas Land Corporation, BellaVita Land Corporation, Aviana Development Corporation, Ayala Greenfield Development Corporation, Ayala Greenfield Golf & Leisure Club, and Amicassa Process Solutions, Inc. He earned his Bachelor’s Degree in Marketing Management from De La Salle University Manila in 1994, and then completed his Masteral Studies in ESEM, Madrid, Spain. Before joining ALI in 2000, he held management positions in the fast moving consumer goods sector.

Laurent P. Lamasuta, Filipino, 50, is a Vice President of ALI since January 2015 and is currently President of Ayala Property Management Corporation (APMC). Prior to joining APMC, he was President and CEO of Ten Knots Development Corporation; developer, operator and manager of El Nido Resorts comprising of four eco-tourism island resorts in Palawan. Mr. Lamasuta has had several posts with the international luxury hotel industry with stints in independent top properties like The Ritz in Paris, the Dorchester in London, The Manila Hotel in Manila as well as international brands like Intercontinental

Hotels, Ritz-Carlton Hotels and Le Meridien Hotels. Previously he was a Senior Advisor of Ayala Land for member and customer relations of its Residential Business Group. He Joined Ayala Land in 2005 to open Ayala Greenfield Golf and Leisure Club, Inc., and Anvaya Cove Beach and Nature Club. Some of Mr. Lamasuta's Board Directorships include Ten Knots Development Corporation, Ten Knots Philippines, Bacuit Bay Development, Chirica Corp., Ayala Greenfield Golf and Leisure Club, Anvaya Cove Beach and Nature Club, Inc., Anvaya Cove Golf and Sports Club, Inc., Ayala Club Management Inc., Pangulasian Isand Resort Corp., Anvaya Cove Foundation, El Nido Foundation, and Chairman of Prime Support Services, Inc. He graduated from Collège "La Rostagne," in Antibes, France, and further gained a degree in tourism and hotel management in 1985 with the following qualifications: Certificat d'Aptitude Professionnelle (C.A.P.), Brevet d'Enseignement Professionel (B.E.P.), and Brevet de Technicien Hôtelier (B.T.H.) from the Lycée d'Hôtellerie et de Tourisme, in Nice, France. He is a recipient of the Hotel and Catering International Management Association (HCIMA) Certificate and License in Hotel Management given by the Westminster College in London, England.

Robert S. Lao, Filipino, 41, is a Vice President of Ayala Land, Inc. and concurrently the President and a member of the Board of Directors of Alveo Land Corp since January 2012. He is also a member of the Board of Directors of Serendra, Inc., Alveo-Federal Land Communities, Inc. and BGSouth 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, 57, is a Vice President of ALI since July 2009, and President AyalaLand Hotels & Resorts Corp and concurrently President and CEO of El Nido Resorts. He also serves as the President/Director of Enjay Hotels, Inc., Cebu Insular Hotel Co., Inc., Greenhaven Property Ventures, Inc., ALI Makati Hotel & Residences, Inc., ALI Makati Hotel Property, Inc., Bonifacio Hotel Ventures, Inc., North Triangle Hotel Ventures, Inc., Ecosouth Hotel Ventures, Inc., Sentera Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Arcasouth Hotel Ventures, Inc., Circuit Makati Hotel Ventures, Inc., Econorth Resort Ventures, Inc., ALI Triangle Hotel Ventures, Inc., Northgate Hotel Ventures, Inc., Southcrest Hotel Ventures, Inc., Sicogon Town Hotel, Inc., Paragua Eco-Resorts Ventures, Inc., Ten Knots Development Corp., Ten Knots Phils., Inc., Lio Resorts Venture, Inc., North Liberty Resorts Ventures, Inc., and Pangulasian Island Resort Corp. He previously held the following positions: Head of Sales Division of ALI, Resident Manager of Oakwood Premier Ayala Center and Senior Vice President and Head of Operations of Ayala Property Management Corporation. He graduated with a degree of B.S. Hotel Restaurant Administration from the University of the Philippines, Diliman in 1980.

Joselito N. Luna, Filipino, 52, is a Vice President and member of Ayala Land's Management Committee since August 2008. He is also Ayala Land, Inc.'s Chief Architect and Head of Innovation and Design. His other significant positions include: Director of Vesta Properties Holdings, Inc., Aurora Properties, Inc., Anvaya Cove Beach and Nature Club Inc. and a member of the Board of Trustees of Philippine Green Building Council. He is also a member of ALI's Technical Council and is the Chairman of ALI's Safety Council. He graduated with a degree of B.S. Architecture from the University of the Philippines in 1985. He took graduate studies in the School of Urban and Regional Planning in U.P. Diliman from 1987 to 1989. In 2003 he completed the Executive Education Program of the University of Michigan Business School, Ann Arbor.

Christopher B. Maglanoc, Filipino, 45, 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, 46, is a Vice President of ALI since January 2014. He is currently the Head of the Electro Mechanical and Commissioning Group 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.

William Thomas F. Mirasol, Filipino, 51, is a Vice President of Ayala Land, Inc. since January 2014 and is currently the Chief Operating Officer and Senior Vice President of OCLP Holdings, Inc. and a director of a number of Ayala Land subsidiaries. In his 24 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.

Rodelito J. Ocampo, Filipino, 52, 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, 53, is a Vice President of Ayala Land, Inc., and is currently the Controller of the Company. Her other key functions are: President of AmicaSSa Process Solutions, Inc. and of Aprisa Business Process Solutions, Inc. and Member of the Board of Directors of Amaia Land Corp. 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., Laguna Technopark, Inc. and Ayala Land International Sales, 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 degree in BS Business Administration and Accountancy, and obtained her MBA from the Asian Institute of Management.

Maria Rowena Victoria M. Tomeldan, Filipino, 53, is a Vice President of ALI since January 2005. She currently heads Operations and Support Services, Commercial Business Group. Her other significant positions include: Director of Bonifacio Global City Estate Association, ALI-CII Development Corporation, Alabang Commercial Corporation; Chairman of the Board of Directors of Ayala Land Malls, Inc. (formerly Solerte), 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.; President of ALI Commercial Center Inc., 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 is a cum laude graduate of Bachelor of Arts in Economics with Masters in Business Administration (MBA) at the University of the Philippines. She took the Executive Development Program at the Aresty Institute of Executive Education in. Wharton University, Pennsylvania, USA.

Solomon M. Hermosura, Filipino, 53, 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 graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

<u>Significant Employees</u>

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

<u>Family Relationships</u>

Fernando Zobel de Ayala, Chairman of the Board of Directors, and Jaime Augusto Zobel de Ayala, Vice Chairman, are brothers.

<u>Involvement in Certain Legal Proceedings (over the past 5 years)</u>

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 being 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 Commission 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.

Item 10. Executive Compensation

Directors and Executive Officers

<u>Directors</u>. 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 on 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.

Officers. The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four highly compensated executives amounted to P135.5 million in 2014 and P167.0 million in 2015. The projected total annual compensation for the current year is P173.0 million.

Total compensation paid to all senior personnel from Manager and up amounted to P981.3 million in 2014 and P1,070.3 million in 2015. The projected total annual compensation for the current year is P1,119.0 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Bernard Vincent O. Dy* President & CEO Arturo G. Corpuz Senior Vice President Raul M. Irlanda Senior Vice President Emilio Lolito J. Tumbocon Senior Vice President Jaime E. Ysmael Senior Vice President			
CEO & Most Highly Compensated Executive Officers	Actual 2014 (restated)	₱87.5M	₱48M
	Actual 2015	₱88.0M	₱79M
	Projected 2016	₱94.0M	**₱79M
All other officers*** as a group unnamed	Actual 2014 (restated)	₱656.5M	₱324.8M
	Actual 2015	₱697.1M	₱373.2M
	Projected 2016	₱745.8M	**₱373.2M
** 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

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

(a) Security Ownership of Record and Beneficial Owners of more than 5% as of January 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 total outstanding shares)
Common	Ayala Corporation[1] 34/F, Tower One Ayala Triangle Ayala Ave., Makati City	Ayala Corporation[2]	Filipino	6,934,509,515	24.97831%
Preferred				12,163,180,640	43.81214%
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	2,923,706,995	10.53128%
Common	PCD Nominee Corporation (Filipino)[4] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[5]	Filipino	1,723,692,368	6.20879%
Common	PCD Nominee	Aberdeen Asset	Singaporean	1,455,326,611	5.24213%

[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 4,647,399,363 common shares registered in the name of PCD Nominee Corporation, 2,106,897,110 or 7.58911% of the voting stock is for the account of The Hongkong and Shanghai Banking Corporation (HSBC) and 1,930,632,902 or 6.95420% 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.

	Corporation (Non-Filipino)[4] G/F MSE Bldg. Ayala Ave., Makati City	Management Asia Limited[5]			
Common	PCD Nominee Corporation (Non-Filipino)[4] G/F MSE Bldg. Ayala Ave., Makati City	Aberdeen Asset Managers Limited[6]	British	1,408,748,314	5.07435%

(b) Security Ownership of Directors and Management (Executive Officers) as of January 31, 2016.

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) 10,536,167	Filipino	0.03795%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.07314%
Common	Vincent Y. Tan	(direct & indirect) 12,950,871	Canadian	0.04665%
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) 10,536,167	Filipino	0.03795%
Common	Arturo G. Corpuz	(direct & indirect) 6,195,761	Filipino	0.02232%
Common	Raul M. Irlanda**	(direct & indirect) 1,034,604	Filipino	0.00373%
Common	Emilio Lolito J. Tumbocon**	(direct & indirect) 8,938,585	Filipino	0.03220%
Common	Jaime E. Ysmael	(direct & indirect) 8,848,635	Filipino	0.03187%
Other Executive Officers				
Common	Dante M. Abando	(direct & indirect) 3,333,264	Filipino	0.01201%
Common	Leovigildo D. Abot	(direct & indirect) 477,773	Filipino	0.00172%
Common	Augusto D. Bengzon	(indirect) 2,067,444	Filipino	0.00745%
Common	Aniceto V. Bisnar, Jr.	(direct & indirect) 1,516,701	Filipino	0.00546%
Common	Manny A. Blas II	(direct & indirect) 1,534,308	Filipino	0.00553%
Common	Ma. Corazon G. Dizon**	(direct & indirect) 1,141,495	Filipino	0.00411%
Common	Anna Ma. Margarita B. Dy	(indirect) 5,299,857	Filipino	0.01909%
Common	Myrna Lynne C. Fernandez*	(indirect) 800,500	Filipino	0.00288%
Common	Jose Emmanuel H. Jalandoni	(indirect) 5,383,260	Filipino	0.01939%
Common	Jose Juan Z. Jugo	(indirect) 460,787	Filipino	0.00166%
Common	Laurent P. Lamasuta	(indirect) 2,378,791	Filipino	0.00857%
Preferred		(indirect) 1,977,234		0.00712%
Common	Robert S. Lao	(indirect) 594,648	Filipino	0.00214%
Common	Michael Alexis C. Legaspi	(indirect) 3,651,853	Filipino	0.01315%
Common	Joselito N. Luna	(direct & indirect) 3,760,955	Filipino	0.01355%
Common	Christopher B. Maglanoc	(indirect) 506,485	Filipino	0.00182%
Common	Romeo T. Menpin, Jr.	(direct & indirect) 251,051	Filipino	0.00090%
Common	William Thomas F. Mirasol	(indirect) 186,146	Filipino	0.00067%
Common	Rodelito J. Ocampo	(direct & indirect) 1,303,090	Filipino	0.00469%
Common	Angelica L. Salvador	(direct & indirect) 1,008,190	Filipino	0.00363%

[5] Aberdeen Asset Management Asia Limited and Aberdeen Asset Managers Limited (collectively, "Aberdeen") are the clients of a participant of PCD. The Company has no record relating to the power to decide how the shares held by PCD and beneficially owned by Aberdeen are to be voted.

Common	Ma. Rowena Victoria M. Tomeldan	(direct & indirect) 1,249,281	Filipino	0.00450%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		**107,727,925**		**0.388011%**
** Vice President effective January 1, 2016.* ***Retired effective December 31, 2015.*				

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

(c) 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.

(d) Changes in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

Item 12. 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.

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.

Parent Company / Major Holders

As of January 31, 2016, Ayala Corporation owns 68.79% of the total outstanding voting shares of the Company.

PART V – CORPORATE GOVERNANCE

Item 13. Compliance with leading practice on 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.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits

The following exhibit is incorporated by reference in this report:

<u>2015 Consolidated Audited Financial Statements</u>

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

The following current reports have been reported by Ayala Land during the year 2014.

Unstructured Disclosures
Consolidated changes in the 2014 Annual Corporate Governance Report
Ayala Land Executive Committee approves P16B top up placement
Ayala Land completed P16B equity placement
Retirees as of December 2014
Change in the number of outstanding shares
Notice and agenda of the 2015 Annual Stockholders' Meeting
Analyst Briefing invitation on FY 2014 results
Ayala Land acquires additional shares of Anglo Philippine Holdings Corp in NTDCC
Ayala Land acquires shares of Allante Realty and Development Corp. and DBH, Inc. in NTDCC
Press release on FY 2014 results
Declaration of cash dividends
Results of the board meeting
Detailed notice and agenda of the 2015 Annual Stockholders' Meeting
Attendance of officers in Corporate Governance seminars
LLEDP pre-qualification submission
PSE Corporate Governance Guidelines Report
Ayala Land acquisition of shares in MCT BHd
Results of the Organizational Meeting of the Board
Clarification of News Reports
ALI's P21B bonds gets highest rating (PhilStar)
ALI upbeat on 2015 prospects looking at P10B debt (Manila Bulletin)
AboitizLand to start P3B housing venture with ALI (Manila Bulletin)
Ayala Land expands to Malaysia
Ayala Land in talks with banks for P11b loan (BusinessWorld)
Ayala Land to raise P13B more via debt (BusinessMirror)
ALI to spend $124M to triple current MCT shareholdings (PhilStar)
Clark prospect lures property majors (BusinessWorld)
Ayala Land defers bond sale to manage liabilities (BusinessWorld)
Ayala Land allots P70B for Cavite Towship (BusinessMirror)
Ayala Land reins in land bank spending, cuts capex (BusinessWorld)
ALI mulls ringgit loan to fund Malaysian deal (BusinessWorld)
Ayala Land prepares for P90B funding (Malaya Business Insight)

(c) Reports under SEC Form 17-C filed
None.

(d) Material events subsequent to the end of the reporting period that have not been reflected in the financial statements of the reporting period

On January 12, 2016, the Company has entered into a partnership with Manila Water Philippine Ventures, Inc, a wholly owned subsidiary of Manila Water Company, Inc, for the waterworks of ALI's projects nationwide. The MOA was signed by ALI and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp.

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

The Company plans to raise ₱8 billion from the issuance of fixed rate bonds, documents filed with the Securities and Exchange Commission on February 1, 2016. The ₱8-billion bond offering forms part of the ₱50-billion debt securities program that ALI plans to implement over the next two years. The bonds will have a tenor of 10 years. The Company appointed BPI Capital Corp. as the lead underwriter of the offering. Joint lead underwriters include BDO Capital & Investments Corp. China Bank Capital Corp., First Metro Investments Corp. and PNB Capital and Investments Corp.

In February 2016, the Company purchased additional 906,000 common shares of CHI from BPI Securities totaling ₱4.06 million. This brings ALI's ownership from 56.36% to 56.40% of total outstanding capital stock of CHI.

On February 24, 2016, the Company and POPI executed a Deed of Subscription and a Supplement to the Deed of Subscription whereby the Company subscribed to 2,500.0 million common shares of stock of POPI, which will represent 51.06% of the total outstanding shares of POPI. The consideration for the Company's subscription is ₱2.25 per share or a total subscription price of ₱5,625.0 million, of which 25.0% or ₱1,406.3 million was paid and the 75.0% to be paid upon fulfillment of certain terms and conditions.

On February 26, 2016, the BOD approved the declaration of cash dividends amounting to ₱0.238 per outstanding common share. These will be paid out on March 23, 2016 to shareholders on record as of March 11, 2016.

Further, on the same date, the BOD also declared annual cash dividends of 4.74786% per year or ₱0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. These will be paid out on June 29, 2016 to shareholders on record as of June 15, 2016.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on APR 1 4 2016.

By:

Bernard Vincent O. Dy
President / Chief Executive Officer

Solomon M. Hermosura
Corporate Secretary

Jaime E. Ysmael
Chief Finance Officer

Angelica L. Salvador
Comptroller

SUBSCRIBED AND SWORN to before me this APR 1 4 2016 affiants exhibiting to me their respective Passports, as follows:

Names	Passport No.	Date of Issue	Place of Issue
Bernard Vincent O. Dy	EB4700081	February 14, 2012	Manila
Solomon M. Hermosura	EB2913409	July 5, 2011	Manila
Jaime E. Ysmael	EB6092044	August 6, 2012	Manila
Angelica L. Salvador	EB5675861	June 18, 2012	Manila

Notary Public

Doc. No. 46;
Page No. 85;
Book No. V;
Series of 2016.

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

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

CHARLENE MAE C. TAPIC-CASTRO
Notary Public - Makati City
Appt. No. 393 until December 31, 2016
Attorney's Roll No. 58720
PTR No. 5328139MD; 01-06-2016; Makati City
IBP Lifetime Roll No. 010104
MCLE Compliance No. V-0004684; 11-28-2014
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

AYALA LAND, INC.
INDEX TO EXHIBITS
Form 17-A – Item 7

No.		
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	n.a.
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	n.a.
(8)	Voting Trust Agreement	n.a.
(9)	Material Contracts	n.a.
(10)	2015 Consolidated Financial Statements: Ayala Land, Inc. and Subsidiaries (with notarized Statement of Management Responsibility)	Attached
	2015 Financial Statements of "significant" subsidiaries/affiliates which are not consolidated	n.a.
(13)	Letter re: Change in Certifying Accountant	n.a.
(16)	Report Furnished to Security Holders	n.a.
(18)	Subsidiaries of the Registrant	50
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	n.a.
(20)	Consent of Experts and Independent Counsel	n.a.
(21)	Power of Attorney	n.a.
(29)	Additional Exhibits	n.a.

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n.a. Not applicable or require no answer.

AYALA LAND, INC. – SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
(As of December 31, 2015)

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, 2015:

	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)	100
Cavite Commercial Town Center, Inc.	100
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp.	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
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)	56
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	43
Cebu Leisure Company, Inc.	56
CBP Theatre Management, Inc.	56
Taft Punta Engaño Property, Inc. (TPEPI)	31
Cebu Insular Hotel Company, Inc. (CIHCI)	21
Solinea, Inc.	20
Amaia Southern Properties, Inc. (ASPI)	20
Southportal Properties, Inc. (Southportal)	20
Central Block Developers, Inc. (CBDI)**	32
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	8
Alabang Commercial Corporation (ACC)	50
South Innovative Theater Management (SITMI)	50

ALI Commercial Center, Inc.	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	100
Ayalaland Malls Vismin, Inc.	100
Ayalaland 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
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
Island Transvoyager, Inc.	100
Arca South Integrated Terminal, Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Ayalaland Medical Facilities Leasing Inc.	100

AYALA LAND, INC.

INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Supplementary Schedules *(For schedules A-L please refer to ____)*

Report of Independent Public Accountants on Supplementary Schedules

A. Financial Assets
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C. Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
D. Intangible Assets - Other Assets
E. Long-Term Debt
F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
G. Guarantees of Securities of Other Issuers
H. Capital Stock
I. Reconciliation of Retained Earnings Available for Dividend Declaration
J. Map of Relationships of Companies within the Group
K. List of Applicable Standards and Interpretations
L. Financial Ratios
M. Schedule and Use of Bond Proceeds

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

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

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ayala Land, Inc.
31st Floor, Tower One and Exchange Plaza, Ayala Triangle
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Land, Inc. and its subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated February 26, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Schedules A to K listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 0017580, January 4, 2016, Makati City

February 26, 2016

AYALA LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
As of December 31, 2015

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE A - Financial Assets
As of December 31, 2015

NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	NUMBER OF SHARE OR PRINCIPAL AMOUNT	Amount in the Balance Sheet	INCOME RECEIVED & ACCRUED
Loans and Receivables			
A. Cash in Bank		**Php 9,364,158,699**	**Php 14,191,130**
BPI			
Peso		5,870,686,778	1,707,730
Foreign Currency		158,108,459	
Other Banks			
Peso		3,114,003,843	12,483,400
Foreign Currency		221,359,619	
B. Cash Equivalents 1/		**9,667,462,290**	**187,961,377**
BPI			
Special Savings Account		6,983,652,996	58,486,015
Other Banks			
Others		2,683,809,294	129,475,362
C. Loans and receivable		**73,323,714,355**	**2,233,810,393**
Trade		73,065,714,355	2,212,736,657
Investment in bonds classified as loans and receivables 2/		258,000,000	21,073,736
D . Financial Assets at FVPL		**731,676,908**	**43,214,999**
Investment in UITF		288,229,268	-
Investment in Funds		443,447,640	
E. AFS Financial assets		500,359,037	**Php 72,096,812**
TOTAL :		**Php 93,587,371,289**	**Php 2,551,274,711**

1/ Cash equivalents are short term, highly liquid investments that are made for varying period of up to three (3) months depending on the immediate cash requirements of the group and earn interest at the respective short term rates.

2/ Investment in bonds classified as loans and receivables pertain to the Company's investment in unsecured subordinated notes of Land Bank of the Philippines and Development Bank of the Philippines.

SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2015

NAME	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE		TOTAL
				CURRENT	NON-CURRENT	
Employees						
Notes Receivable	Php 105,643,769	Php 331,212,655	Php 157,432,608	Php 276,166,210	Php 3,257,606	Php 279,423,816
Accounts Receivable	326,272,657	627,980,998	522,069,034	432,184,621	-	432,184,621
	Php 431,916,426	**Php 959,193,653**	**Php 679,501,642**	**Php 708,350,831**	**Php 3,257,606**	**Php 711,608,437**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
As of December 31, 2015
(In Philippine Peso)

	Amount Owed by Ayala Land, Inc. (ALI) Subsidiaries to ALI PARENT			
	Receivable Balance per ALI Parent	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
ACCENDO COMMERCIAL CORP	1,014,574,469	1,014,574,469	1,014,574,469	
Adauge Commercial Corp.	10,732,531	10,732,531	10,732,531	
ALABANG COMMERCIAL CORPOR	10,256,972	10,256,972	10,256,972	
ALI Commercial Center, Inc.	90,358,106	90,358,106	90,358,106	
Ayalaland Offices Inc	1,002,554,948	1,002,554,948	1,002,554,948	
ALI-CII DEVELOPMENT CORPO	3,635,117	3,635,117	3,635,117	
AMORSEDIA DEVELOPMENT COR	913,286,695	913,286,695	913,286,695	
ALO Prime Realty Corporation / AEGIS	4,465	4,465	4,465	
ALVEO LAND CORPORATION	3,916,351,495	3,916,351,495	3,916,351,495	
APRISA BUSINESS PROCESS SOLUTIONS, INC.	590,973	590,973	590,973	
AMAIA LAND CORPORATION	1,095,290,055	1,095,290,055	1,095,290,055	
AVIDA LAND CORPORATION	5,646,198,227	5,646,198,227	5,646,198,227	
ARVO COMMERCIAL CORPORATION	84,687,617	84,687,617	84,687,617	
AURORA PROPERTIES, INC.	67,779,618	67,779,618	67,779,618	
Aviana Development Corporation	579,838	579,838	579,838	
AYALA HOTELS, INC.	1,485,836	1,485,836	1,485,836	
AYALA LAND HOTELS AND RESORTS	56,589,303	56,589,303	56,589,303	
AYALA LAND INTERNATIONAL	100,756,922	100,756,922	100,756,922	
AYALA LAND SALES INC.	40,981,746	40,981,746	40,981,746	
AYALA PROPERTY MANAGEMENT	31,780,724	31,780,724	31,780,724	
AYALALAND CLUB MANAGEMENT, INC.	8,003,338	8,003,338	8,003,338	
AyalaLand Malls, Inc.	15,931	15,931	15,931	
Ayalaland Medical Facilities Leasing, In	3,734,402	3,734,402	3,734,402	
Ayalaland Metro North, Inc.	1,184,508,017	1,184,508,017	1,184,508,017	
BELLAVITA LAND CORPORATIO	2,750	2,750	2,750	
BG WEST PROPERTIES, INC.	2,607,522,513	2,607,522,513	2,607,522,513	
BUENDIA LANDHOLDINGS, INC	1,344,629	1,344,629	1,344,629	
CAGAYAN DE ORO GATEWAY CORPORATION	6,141,574	6,141,574	6,141,574	
CAVITE COMMERCIAL TOWNCENTER	31,962,058	31,962,058	31,962,058	
CEBU HOLDINGS, INC.	473,076,261	473,076,261	473,076,261	
CECI REALTY CORPORATION	132,164,869	132,164,869	132,164,869	
Central Block Developers, Inc.	226,931	226,931	226,931	
CMPI HOLDINGS, INC.	1,304,364	1,304,364	1,304,364	
CRANS MONTANA PROPERTY HO	38,167	38,167	38,167	
CRESTVIEW E-OFFICE CORPORATION / WESTVIEW	6,430,708	6,430,708	6,430,708	
CRIMSON FIELD ENTERPRISES	216,489,041	216,489,041	216,489,041	
DIRECTPOWER SERVICES, INC	13,051,332	13,051,332	13,051,332	
ECOHOLDINGS COMPANY, INC.	695,283	695,283	695,283	
FIRST LONGFIELD INVESTMENT	6,684	6,684	6,684	
HILLSFORD PROPERTY CORP.	3,078,884	3,078,884	3,078,884	
Lagdigan Land Corp.	469	469	469	
LAGUNA TECHNOPARK, INC.	3,592,090	3,592,090	3,592,090	
LEISURE AND ALLIED INDUST	705,250	705,250	705,250	
MAKATI DEVELOPMENT CORPORATION	5,439,628,748	5,439,628,748	5,439,628,748	
NORTH BEACON COMMERCIAL C	11,639,816	11,639,816	11,639,816	
NORTH TRIANGLE DEPOT	32,065,427	32,065,427	32,065,427	
NORTH VENTURES COMMERCIAL CORP.	62,292,538	62,292,538	62,292,538	
NUEVOCENTRO, INC	2,625,824,576	2,625,824,576	2,625,824,576	
PHIL INTEGRATED ENERGY SOLN.,INC	12,664,150	12,664,150	12,664,150	
PRIMAVERA TOWNCENTRE INC.	20,898,145	20,898,145	20,898,145	
RED CREEK PROPERTIES, INC	231,743,668	231,743,668	231,743,668	
REGENT TIME INTERNATIONAL	96,790,963	96,790,963	96,790,963	
REGENT WISE INVESTMENTS LIMITED	357,655	357,655	357,655	
ROXAS LAND CORPORATION	32,337,150	32,337,150	32,337,150	
SERENDRA, INC.	137,043,147	137,043,147	137,043,147	
Soltea Commercial Corp.	24,502,464	24,502,464	24,502,464	
SOUTHGATEWAY DEVELOPMENT CORP.	500,898,650	500,898,650	500,898,650	
SOUTHPORTAL PROPERTIES, INC.	99,724,956	99,724,956	99,724,956	
STATION SQUARE EAST COMME	1,118,183,992	1,118,183,992	1,118,183,992	
SUBIC BAY TOWN CENTER INC	1,392,823	1,392,823	1,392,823	
SUMMERHILL E-OFFICE, INC.	14,488,793	14,488,793	14,488,793	
SUNNYFIELD E-OFFICE CORP.	6,867,230	6,867,230	6,867,230	
TEN KNOTS DEVELOPMENT CORPORATION	612,950,435	612,950,435	612,950,435	
VAREJO CORPORATION	1,124,604,223	1,124,604,223	1,124,604,223	
TEN KNOTS PHILIPPINES, INC.	2,715,980	2,715,980	2,715,980	
Verde Golf Development Corporation	28,360,438	28,360,438	28,360,438	
VESTA PROPERTY HOLDINGS,	4,746,166	4,746,166	4,746,166	
WhiteKnight Holdings, Inc.	18,175,446	18,175,446	18,175,446	
Sub-Total	**31,043,468,782**	**31,043,468,782**	**31,043,468,782**	

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
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	Amount Owed by ALI PARENT to ALI SUBSIDIARIES			
	Receivable Balance per ALI Subsidiaries	**Payable Balance per ALI Parent**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
ACCENDO COMMERCIAL CORP	1,264,927	1,264,927	1,264,927	
Adauge Commercial Corporation	26,000	26,000	26,000	
ALABANG COMMERCIAL CORPORATION	9,462,565	9,462,565	9,462,565	
ALI Commercial Center, Inc.	37,005,636	37,005,636	37,005,636	
ALVEO LAND CORP.	267,313,400	267,313,400	267,313,400	
AMAIA LAND CORP.	2,941,894	2,941,894	2,941,894	
Amorsedia Development Corporation	100,936,666	100,936,666	100,936,666	
APRISA BUSINESS PROCESS SOLUTIONS INC.	1,490,882	1,490,882	1,490,882	
ARVO COMMERCIAL CORPORATION	978,354,234	978,354,234	978,354,234	
AURORA PROPERTIES, INC.	520,409,089	520,409,089	520,409,089	
AVIDA LAND CORP.	958,070,465	958,070,465	958,070,465	
AYALA HOTELS, INC.	1,356,030	1,356,030	1,356,030	
AYALA LAND INTERNATIONAL SALES INC.	9,113,124	9,113,124	9,113,124	
Ayala Land Metro North, Inc.	396	396	396	
AYALA LAND SALES, INC.	5,242,919	5,242,919	5,242,919	
AYALA PROPERTY MANAGEMENT CORP.	13,445,501	13,445,501	13,445,501	
AYALALAND HOTELS AND RESORTS CORP.	16,697,694	16,697,694	16,697,694	
Ayalaland Offices Inc	40,990,485	40,990,485	40,990,485	
BellaVita Land Corp	811,031	811,031	811,031	
BG West Properties, Inc	1,400,050	1,400,050	1,400,050	
BUENDIA LANDHOLDINGS	709,316	709,316	709,316	
CAGAYAN DE ORO GATEWAY CORP.	3,957,211	3,957,211	3,957,211	
CEBU HOLDINGS, INC.	13,806,019	13,806,019	13,806,019	
CECI REALTY CORPORATION	10,217,465	10,217,465	10,217,465	
CMPI HOLDINGS, INC.	6,000,000	6,000,000	6,000,000	
CRANS MONTANA PROPERTY HOLDINGS	171,568,876	171,568,876	171,568,876	
DIRECTPOWER SERVICES, INC.	15,587,645	15,587,645	15,587,645	
First Longfield Investments	16,853,071	16,853,071	16,853,071	
FIVE STAR CINEMA, INC.	33,520	33,520	33,520	
LAGUNA TECHNOPARK INC.	43,652,827	43,652,827	43,652,827	
LEISURE AND ALLIED INDUSTRIES PHILIPPINES INC	6,400	6,400	6,400	
MAKATI DEVELOPMENT CORPORATION	6,138,000,207	6,138,000,207	6,138,000,207	
NORTH BEACON COMMERCIAL CORPORATION	21,688,312	21,688,312	21,688,312	
NORTH TRIANGLE DEPOT COMMERCIAL CORPORATION	167,021,493	167,021,493	167,021,493	
North Ventures Commercial Corp	582,312	582,312	582,312	
NUEVOCENTRO, INC	10,492	10,492	10,492	
PRIMAVERA TOWNCENTRE INC.	1,407,328	1,407,328	1,407,328	
REGENT TIME INTERNATIONAL, LIMITED	324,346,117	324,346,117	324,346,117	
REGENT WISE INVESTMENTS LIMITED	3,340,538,860	3,340,538,860	3,340,538,860	
SERENDRA, INC.	94,813,618	94,813,618	94,813,618	
Soltea Commercial Corp.	1,028	1,028	1,028	
STATION SQUARE EAST COMMERCIAL CORP	1,441,286	1,441,286	1,441,286	
SUBIC BAY TOWN CENTER INC	684,845	684,845	684,845	
VAREJO CORP	632,570,983	632,570,983	632,570,983	
Verde Golf Development Corporation	1,461,045	1,461,045	1,461,045	
VESTA PROPERTY HOLDINGS, INC.	4,211,960,557	4,211,960,557	4,211,960,557	
Sub-Total	**18,185,253,819**	**18,185,253,819**	**18,185,253,819**	**-**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
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	Amount Owed by MAKATI DEVELOPMENT CORP. to ALI SUBSIDIARIES			
	Receivable Balance per ALI Subsidiaries	Payable Balance per MDC	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Arvo Commercial Corporation	3,391,794	3,391,794	3,391,794	
BellaVita Land Corp.	187,677,100	187,677,100	187,677,100	
Avida Land Corp. (Conso)	3,905,790,956	3,905,790,956	3,905,790,956	
Amaia Land Corp. (Conso)	4,717,965,344	4,717,965,344	4,717,965,344	
BG West Properties, Inc.	215,966,308	215,966,308	215,966,308	
Aurora Properties, Inc.	159,492,158	159,492,158	159,492,158	
Serendra Inc.	700,394,622	700,394,622	700,394,622	
Vesta Prop. Holdings, Inc	40,378,225	40,378,225	40,378,225	
Ceci Realty, Inc.	82,633,799	82,633,799	82,633,799	
Roxas Land Corporation	2,185,643	2,185,643	2,185,643	
Southportal Properties	17,395,472	17,395,472	17,395,472	
Alabang Commercial Corp.	390,689,070	390,689,070	390,689,070	
Station Square East	477,300,000	477,300,000	477,300,000	
Ayalaland Metro North Inc	484,608,586	484,608,586	484,608,586	
Soltea Commercial Corp.	116,332,973	116,332,973	116,332,973	
North Ventures Com Corp	81,736,887	81,736,887	81,736,887	
Phil Integ Energy Sol,Inc	75,721,946	75,721,946	75,721,946	
ALO Prime Realty Corporat	414,000,000	414,000,000	414,000,000	
Southgateway Dev. Corp	52,353,278	52,353,278	52,353,278	
CagayanDeOro Gateway Corp	156,801,863	156,801,863	156,801,863	
Ten Knots Development Corporation	600,000,000	600,000,000	600,000,000	
Ten Knots Philippines, Inc.	170,118,866	170,118,866	170,118,866	
Varejo Corp.	4,879,292	4,879,292	4,879,292	
Verde Golf Development Corporation	6,563,758	6,563,758	6,563,758	
Ayalaland Medical Facilit	333,784,304	333,784,304	333,784,304	
ALVEO LAND CORP. (Conso)	2,113,728,788	2,113,728,788	2,113,728,788	
Community Innovations, Inc.	611,784	611,784	611,784	
Accendo Commercial Corp	241,391,441	241,391,441	241,391,441	
Adauge Commercial Corp.	40,233,737	40,233,737	40,233,737	
Subic Bay Town Centre Inc	6,353,240	6,353,240	6,353,240	
Cebu Holdings, Inc.	1,218,283,320	1,218,283,320	1,218,283,320	
Ayalaland Offices Inc. (Conso)	205,580,140	205,580,140	205,580,140	
Sunnyfield E-Office Corp.	18,579,995	18,579,995	18,579,995	
Summerhill Commercial Ventures Corp.	104,666,859	104,666,859	104,666,859	
Amorsedia Development Corporation (Conso)	59,466,615	59,466,615	59,466,615	
AyalaLand Hotels and Resorts Corp. (Conso)	463,289,416	463,289,416	463,289,416	
Nuevocentro Inc.	313,256,525	313,256,525	313,256,525	
Sub-Total	**18,183,604,104**	**18,183,604,104**	**18,183,604,104**	**-**

	Amount Owed by ALI Subsidiaries to ACCENDO COMMERCIAL CORP.			
	Receivable Balance per Accendo	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	2,412,964	2,412,964	2,412,964	
ALABANG COMMERCIAL CORPORATION	6,365	6,365	6,365	
Aviana Development Corporation	573,580	573,580	573,580	
CEBU HOLDINGS, INC.	40,230	40,230	40,230	
AyalaLand Hotels and Resorts Corp. (Conso)	0	0	0	
Philippine Integrated Energy Solutions, Inc.	816,532	816,532	816,532	
Cagayan De Oro Gateway Corporation	2,070	2,070	2,070	
Sub-Total	**3,851,741**	**3,851,741**	**3,851,741**	**-**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
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	Amount Owed by ALI Subsidiaries to ADAUGE COMMERCIAL CORP.			
	Receivable Balance per Adauge	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Makati Development Corporation	274,412	274,412	274,412	
MDC Build Plus, Inc.				
Avida Land Corporation	130,000,000	130,000,000	130,000,000	
Amaia Land Corporation	60,000,000	60,000,000	60,000,000	
Westview Commercial Ventures Corp.	2,791	2,791	2,791	
Sentera Hotel Ventures, Inc.	-	-	-	
Sub-Total	**190,277,203**	**190,277,203**	**190,277,203**	**-**

Alabang Commercial Corporation (Conso)	Amount Owed by ALI Subsidiaries to ALABANG COMMERCIAL CORP. &			
	Receivable Balance per ACC & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Serendra Inc.	5,028	5,028	5,028	
Five Star Cinema, Inc.	1,427,479	1,427,479	1,427,479	
Station Square East Commercial Corp	22,445	22,445	22,445	
ALI Commercial Center,Inc	531,460	531,460	531,460	
Accendo Commercial Corp	18,949	18,949	18,949	
Cebu Holdings, Inc. (Conso)	9,877	9,877	9,877	
Ayala Land Sales, Inc.	571,187	571,187	571,187	
North Beacon Comml Corp.	189,247	189,247	189,247	
Cagayan De Oro Gateway Corporation	600	600	600	
Sub-Total	**2,776,273**	**2,776,273**	**2,776,273**	**-**

ALI Commercial Center, Inc.	Amount Owed by ALI Subsidiaries to ALI COMMERCIAL CENTER INC.			
	Receivable Balance per ACCI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Arvo Commercial Corporation	31,489	31,489	31,489	
Ayala Property Management Corporation	15,381,053	15,381,053	15,381,053	
Avida Land Corporation	476,784	476,784	476,784	
Amaia Land Corporation	41,800,000	41,800,000	41,800,000	
Serendra Inc.	339,863	339,863	339,863	
Alveo Land Corporation	36,590,000	36,590,000	36,590,000	
ALABANG COMMERCIAL CORPORATION (Conso)	12,020,541	12,020,541	12,020,541	
Accendo Commercial Corp	1,125,367	1,125,367	1,125,367	
North Triangle Depot Commercial Corp	137,700,000	137,700,000	137,700,000	
Subic Bay Town Center Inc.	732,375	732,375	732,375	
CEBU HOLDINGS, INC. (Conso)	741,317	741,317	741,317	
Cavite Commercial Towncenter Inc.	98,754,612	98,754,612	98,754,612	
Ayalaland Metro North, Inc.	144,471,139	144,471,139	144,471,139	
Soltea Commercial Corp.	344,553,459	344,553,459	344,553,459	
NorthBeacon Commercial Corporation	29,669,173	29,669,173	29,669,173	
Westview Commercial Ventures Corp.	31,839	31,839	31,839	
Cagayan De Oro Gateway Corporation	716,685	716,685	716,685	
Sub-Total	**865,135,693**	**865,135,693**	**865,135,693**	**-**

ALI-CII Development Corporation	Amount Owed by ALI Subsidiaries to ALI-CII DEVELOPMENT CORP			
	Receivable Balance per ALI-CII	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
CEBU HOLDINGS, INC. (Conso)	30,000,000	30,000,000	30,000,000	
Sub-Total	**30,000,000**	**30,000,000**	**30,000,000**	**-**

AYALA LAND INC. AND SUBSIDIARIES
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Alveo Land Corporation (Conso)

	Amount Owed by ALI Subsidiaries to ALVEO LAND CORP. & SUBSIDIARIES			
	Receivable Balance per Alveo Land Corporation	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Prop. Mngt.Corp	115,762	115,762	115,762	
Aurora Properties, Inc.	11,419,925	11,419,925	11,419,925	
Vesta Prop. Holdings, Inc	153,073,431	153,073,431	153,073,431	
Accendo Commercial Corp	138,781,297	138,781,297	138,781,297	
Cebu Holdings, Inc.	18,131,298	18,131,298	18,131,298	
Ayala Land Intl Sales,Inc	1,407	1,407	1,407	
Nuevocentro Inc.	2,004,729	2,004,729	2,004,729	
Crans Montana Prop Hold	6,058,463	6,058,463	6,058,463	
Makati Development Corp. (Conso)	24,663,520	24,663,520	24,663,520	
Amaia Land Corp. (Conso)	186,000,000	186,000,000	186,000,000	
Avida Land Corp. (Conso)	2,050,544,543	2,050,544,543	2,050,544,543	
Serendra Inc.	86,894,942	86,894,942	86,894,942	
Ayalaland Metro North Inc	55,500,000	55,500,000	55,500,000	
Sub-Total	**2,733,189,318**	**2,733,189,318**	**2,733,189,318**	**-**

Amorsedia Development Corporation (Conso)

	Amount Owed by ALI Subsidiaries to AMORSEDIA DEVELOPMENT CORP. &			
	Receivable Balance per Amorsedia & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation (Conso)	63,000,000	63,000,000	63,000,000	
Sub-Total	**63,000,000**	**63,000,000**	**63,000,000**	**-**

AyalaLand Hotels and Resorts Corp. (Conso)

	Amount Owed by ALI Subsidiaries to AHRC & SUBSIDIARIES			
	Receivable Balance per AHRC & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Prop. Mngt.Corp	352,404	352,404	352,404	
Avida Land Corp. (Conso)	40,000,000	40,000,000	40,000,000	
Ayala Hotels, Inc.	793,999	793,999	793,999	
Phil Integ Energy Sol,Inc	11,690	11,690	11,690	
Ayalaland Offices Inc.	686,698	686,698	686,698	
Ten Knots Development Corporation	3,021,395	3,021,395	3,021,395	
Ten Knots Philippines, Inc.	117,259	117,259	117,259	
Amaia Land Corporation (Conso)	10,371	10,371	10,371	
Sub-Total	**44,993,816**	**44,993,816**	**44,993,816**	**-**

Aurora Properties, Inc.

	Amount Owed by ALI Subsidiaries to AURORA PROPERTIES INC.			
	Receivable Balance per API	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	350,115,667	350,115,667	350,115,667	
Amaia Land Corporation	271,343,885	271,343,885	271,343,885	
Laguna Technopark Inc.	60,000,000	60,000,000	60,000,000	
Vesta Properties Incorporated	27,739	27,739	27,739	
Alveo Land Corporation	42,000,000	42,000,000	42,000,000	
Ayala Land International Sales, Inc	10,000,000	10,000,000	10,000,000	
Soltea Commercial Corp.	29,000,000	29,000,000	29,000,000	
NorthBeacon Commercial Corporation	9,000,000	9,000,000	9,000,000	
Summerhill Commercial Ventures Corp.	58,000,000	58,000,000	58,000,000	
Sub-Total	**829,487,292**	**829,487,292**	**829,487,292**	

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
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	Amount Owed by ALI Subsidiaries to VESTA PROPERTY HOLDINGS, INC.			
	Receivable Balance per VPHI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	2,109,912,964	2,109,912,964	2,109,912,964	
Amaia Land Corporation	221,000,000	221,000,000	221,000,000	
Ayalaland Metro North, Inc.	-	-	-	
Alveo Land Corporation	1,629,801,818	1,629,801,818	1,629,801,818	
Alabang Commercial Corporation	59,800,000	59,800,000	59,800,000	
Soltea Commercial Corp.	90,600,000	90,600,000	90,600,000	
Sub-Total	**4,111,114,782**	**4,111,114,782**	**4,111,114,782**	

	Amount Owed by ALI Subsidiaries to CECI REALTY, INC.			
	Receivable Balance per CECI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	216,936,160	216,936,160	216,936,160	
Amaia Land Corporation	81,400,000	81,400,000	81,400,000	
Aurora Properties, Inc.	15,948,137	15,948,137	15,948,137	
Vesta Properties Incorporated	19,065,641	19,065,641	19,065,641	
Alveo Land Corporation	297,500,000	297,500,000	297,500,000	
Alabang Commercial Corporation	50,000,000	50,000,000	50,000,000	
Cebu Holdings, Inc. (Conso)	10,000,000	10,000,000	10,000,000	
Cavite Commercial Towncenter Inc.	51,300,000	51,300,000	51,300,000	
Soltea Commercial Corp.	916,380	916,380	916,380	
AyalaLand Offices, Inc. (Conso)	27,968,308	27,968,308	27,968,308	
Summerhill Commercial Ventures Corp.	222,000,000	222,000,000	222,000,000	
ALO Prime Realty Corporation	350,000,000	350,000,000	350,000,000	
Sub-Total	**1,343,034,626**	**1,343,034,626**	**1,343,034,626**	

	Amount Owed by ALI Subsidiaries to CENTRAL BLOCK DEVELOPERS, INC.			
	Receivable Balance per Central Block	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	80,000,000	80,000,000	80,000,000	
Amaia Land Corporation	134,000,000	134,000,000	134,000,000	
ALO Prime Realty Corporation	25,000,000	25,000,000	25,000,000	
Sub-Total	**239,000,000**	**239,000,000**	**239,000,000**	

	Amount Owed by ALI Subsidiaries to CRANS MONTANA HOLDINGS, INC.			
	Receivable Balance per Crans Montana	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Soltea Commercial Corp.	20,000,000	20,000,000	20,000,000	
Sub-Total	**20,000,000**	**20,000,000**	**20,000,000**	

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
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	Amount Owed by ALI Subsidiaries to AVIDA LAND CORP. & SUBSIDIARIES			
	Receivable Balance per Avida Land Corp. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Arvo Commercial Corp	6,465,953	6,465,953	6,465,953	
Ayala Prop. Mngt.Corp	5,397,265	5,397,265	5,397,265	
BellaVita Land Corp.	77,801,616	77,801,616	77,801,616	
Aurora Properties, Inc.	23,608,502	23,608,502	23,608,502	
Ayala Hotels, Inc.	25,702	25,702	25,702	
Summerhill Com. Ven. Corp	10,180	10,180	10,180	
Nuevocentro Inc.	57,691,632	57,691,632	57,691,632	
CagayanDeOro Gateway Corp	44,307,286	44,307,286	44,307,286	
Makati Development Corp. (Conso)	551,021	551,021	551,021	
Serendra Inc.	131,274	131,274	131,274	
Roxas Land Corporation	1,334,581	1,334,581	1,334,581	
ALVEO LAND CORP. (Conso)	73,074	73,074	73,074	
Cebu Holdings, Inc. (Conso)	61,146,669	61,146,669	61,146,669	
Ayala Land International Sales, Inc.(Conso)	3,191,702	3,191,702	3,191,702	
Amorsedia Development Corporation (Conso)	175,116	175,116	175,116	
Amaia Land Corporation (Conso)	111,329,018	111,329,018	111,329,018	
Sub-Total	**393,240,590**	**393,240,590**	**393,240,590**	**-**

	Amount Owed by ALI Subsidiaries to AYALA HOTELS, INC.			
	Receivable Balance per AHI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	15,000,000	15,000,000	15,000,000	
AyalaLand Hotels and Resorts Corp. (Conso)	90,838,025	90,838,025	90,838,025	
Sub-Total	**105,838,025**	**105,838,025**	**105,838,025**	**-**

	Amount Owed by ALI Subsidiaries to AYALA LAND INTERNATIONAL SALES, INC. & SUBS.			
	Receivable Balance per ALISI & Subs	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation (Conso)	21,897,569	21,897,569	21,897,569	
BellaVita Land Corp.	747,793	747,793	747,793	
ALVEO LAND CORP. (Conso)	8,768,860	8,768,860	8,768,860	
AyalaLand Offices, Inc. (Conso)	14,277	14,277	14,277	
Ayala Greenfield Devt Cor (Conso)	490,269	490,269	490,269	
Amaia Land Corporation (Conso)	884,777	884,777	884,777	
Sub-Total	**32,803,544**	**32,803,544**	**32,803,544**	**-**

	Amount Owed by ALI Subsidiaries to AYALA LAND SALES, INC.			
	Receivable Balance per ALSI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	30,087,309	30,087,309	30,087,309	
Amaia Land Corporation	69,845	69,845	69,845	
Amorsedia Development Corporation (Conso)	12,376,246	12,376,246	12,376,246	
Sub-Total	**42,533,400**	**42,533,400**	**42,533,400**	

	Amount Owed by ALI Subsidiaries to AYALALAND CLUB MANAGEMENT, INC.			
	Receivable Balance per ACMI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Verde Golf Development Corporation	1,363,000	1,363,000	1,363,000	
Sub-Total	**1,363,000**	**1,363,000**	**1,363,000**	**-**

AYALA LAND INC. AND SUBSIDIARIES
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	Amount Owed by ALI Subsidiaries to AYALALAND COMMERCIAL REIT, INC.			
	Receivable Balance per ALCRI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	26,000,000	26,000,000	26,000,000	
North Triangle Depot Commercial Corp	250,000,000	250,000,000	250,000,000	
NorthBeacon Commercial Corporation	15,000,000	15,000,000	15,000,000	
Summerhill Commercial Ventures Corp.	25,000,000	25,000,000	25,000,000	
Sub-Total	**316,000,000**	**316,000,000**	**316,000,000**	

	Amount Owed by ALI Subsidiaries to AVIANA DEVELOPMENT CORP.			
	Receivable Balance per Aviana	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	100,046,586	100,046,586	100,046,586	
Sub-Total	**100,046,586**	**100,046,586**	**100,046,586**	**-**

	Amount Owed by ALI Subsidiaries to SERENDRA, INC.			
	Receivable Balance per Serendra, Inc.	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Property Management Corporation	333,119	333,119	333,119	
Avida Land Corporation (Conso)	1,313,100,000	1,313,100,000	1,313,100,000	
Cebu Holdings, Inc. (Conso)	100,000,000	100,000,000	100,000,000	
Amorsedia Development Corporation (Conso)	228,800,000	228,800,000	228,800,000	
Amaia Land Corporation	1,504,000,000	1,504,000,000	1,504,000,000	
BG West Properties, Inc	17,001,618	17,001,618	17,001,618	
Leisure and Allied Industries Phils. Inc.	48,800,000	48,800,000	48,800,000	
Station Square East Commercial Corp	8,300,000	8,300,000	8,300,000	
North Triangle Depot Commercial Corp	22,000,000	22,000,000	22,000,000	
Ayala Land International Sales, Inc	15,500,000	15,500,000	15,500,000	
Soltea Commercial Corp.	295,400,000	295,400,000	295,400,000	
Summerhill Commercial Ventures Corp.	46,000,000	46,000,000	46,000,000	
Sub-Total	**3,599,234,736**	**3,599,234,736**	**3,599,234,736**	

	Amount Owed by ALI Subsidiaries to AMAIA LAND CO. & SUBSIDIARIES			
	Receivable Balance per Amaia Land Co. & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
BellaVita Land Corp.	114,427	114,427	114,427	
Aurora Properties, Inc.	7,056,000	7,056,000	7,056,000	
Alveo Land Corp.	100,000	100,000	100,000	
Avida Land Corp. (Conso)	6,247,822	6,247,822	6,247,822	
Makati Development Corp. (Conso)	2,351,188	2,351,188	2,351,188	
Ayala Land Intl Sales,Inc. (Conso)	105,963	105,963	105,963	
Sub-Total	**15,975,401**	**15,975,401**	**15,975,401**	**-**

	Amount Owed by ALI Subsidiaries to TEN KNOTS PHILS., INC. & SUBSIDIARIES			
	Receivable Balance per TKPI & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ecoholdings Company, Inc.	263,844	263,844	263,844	
Ten Knots Development Corporation(Conso)	27,376,895	27,376,895	27,376,895	
Sub-Total	**27,640,739**	**27,640,739**	**27,640,739**	

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	Amount Owed by ALI Subsidiaries to FIRST LONGFIELD INVESTMENT LTD.			
	Receivable Balance per FLIL	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Varejo Corp.	223,804,979	223,804,979	223,804,979	
Sub-Total	**223,804,979**	**223,804,979**	**223,804,979**	

	Amount Owed by ALI Subsidiaries to VAREJO CORP.			
	Receivable Balance per Varejo	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Amaia Land Corp.	25,000,000	25,000,000	25,000,000	
Sub-Total	**25,000,000**	**25,000,000**	**25,000,000**	

	Amount Owed by ALI Subsidiaries to PRIMAVERA TOWNCENTRE, INC.			
	Receivable Balance per Primavera Towncentre, Inc.	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Arvo Commercial Corporation	401,906	401,906	401,906	
AyalaLand Offices, Inc. (Conso)	837,584	837,584	837,584	
North Ventures Commercial Corp.	3,749	3,749	3,749	
AyalaLand Malls, Inc.	634	634	634	
Sub-Total	**1,243,873**	**1,243,873**	**1,243,873**	**-**

	Amount Owed by ALI Subsidiaries to APRISA BUSINESS PROCESS SOLUTIONS, INC.			
	Receivable Balance per Aprisa	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
MAKATI DEVELOPMENT CORPORATION (Conso)	1,193,661	1,193,661	1,193,661	
Amaia Land Corporation (Conso)	16,800	16,800	16,800	
Avida Land Corporation	23,057,461	23,057,461	23,057,461	
Arvo Commercial Corporation	25,312	25,312	25,312	
Serendra Inc.	1,322,103	1,322,103	1,322,103	
AyalaLand Hotels and Resorts Corp.	26,880	26,880	26,880	
Alveo Land Corporation	376,174	376,174	376,174	
ALI-CII Development Corporation	50,064	50,064	50,064	
ALI Commercial Center, Inc.	194,480	194,480	194,480	
Ayalaland Metro North, Inc.	23,130	23,130	23,130	
Nuevocentro, Inc.	37,229	37,229	37,229	
Crans Montana Holdings Inc.	15,165	15,165	15,165	
Regent Wise Investments Limited	145,548	145,548	145,548	
Whiteknight Holdings, Inc.	15,645	15,645	15,645	
Ayalaland Medical Facilities Leasing Inc.	4,410	4,410	4,410	
Sub-Total	**26,504,062**	**26,504,062**	**26,504,062**	

	Amount Owed by ALI Subsidiaries to ECOHOLDINGS, INC.			
	Receivable Balance per Ecoholdings, Inc.	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ten Knots Philippines, Inc.	94,668,752	94,668,752	94,668,752	
Sub-Total	**94,668,752**	**94,668,752**	**94,668,752**	**-**

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	Amount Owed by ALI Subsidiaries to AYALA PROPERTY MNGT. CORP.			
	Receivable Balance per APMC	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Arvo Commercial Corp	23,740	23,740	23,740	
Makati Development Corp.	345,089	345,089	345,089	
Ceci Realty, Inc.	166,242	166,242	166,242	
Amaia Land Corp.	1,391,948	1,391,948	1,391,948	
Serendra Inc.	6,444,684	6,444,684	6,444,684	
Alveo Land Corp.	6,225,309	6,225,309	6,225,309	
ALI Commercial Center,Inc	6,653	6,653	6,653	
Ayalaland Metro North Inc	326,869	326,869	326,869	
Soltea Commercial Corp.	1,606,054	1,606,054	1,606,054	
Westview Comml Vents Corp	47,589	47,589	47,589	
Sunnyfield E-Office Corp.	113,399	113,399	113,399	
Southgateway Dev. Corp	81,810	81,810	81,810	
Nuevocentro Inc.	561,550	561,550	561,550	
Avida Land Corp. (Conso)	719,366,405	719,366,405	719,366,405	
Cebu Holdings, Inc. (Conso)	7,627,640	7,627,640	7,627,640	
Ayalaland Offices Inc. (Conso)	1,302,716	1,302,716	1,302,716	
Amorsedia Development Corporation (Conso)	394,649	394,649	394,649	
Sub-Total	**746,032,346**	**746,032,346**	**746,032,346**	**-**

	Amount Owed by ALI Subsidiaries to AYALALAND OFFICES, INC. & SUBSIDIARIES			
	Receivable Balance per ALOI & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Soltea Commercial Corp.	60,100,000	60,100,000	60,100,000	
Amaia Land Corp.	170,000,000	170,000,000	170,000,000	
CECI Realty Corp. (Conso)	17,696,171	17,696,171	17,696,171	
Alveo Land Corp. (Conso)	6,132	6,132	6,132	
Hillsford Property Corporation	188,074,127	188,074,127	188,074,127	
North Ventures Commercial Corp.	4,796	4,796	4,796	
Sunnyfield E-Office Corp.	25,000,000	25,000,000	25,000,000	
DirectPower Services, Inc	61,849	61,849	61,849	
ALO Prime Realty Corporation	268,000,000	268,000,000	268,000,000	
Sub-Total	**728,943,074**	**728,943,074**	**728,943,074**	

	Amount Owed by ALI Subsidiaries to ARVO COMMERCIAL CORPORATION			
	Receivable Balance per ARVO	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	25,700,000	25,700,000	25,700,000	
Amaia Land Corporation	19,300,000	19,300,000	19,300,000	
Leisure and Allied Industries Phils. Inc.	28,200,000	28,200,000	28,200,000	
North Triangle Depot Commercial Corp	11,000,000	11,000,000	11,000,000	
Primavera Towncentre, Inc.	308,275	308,275	308,275	
Ayalaland Metro North, Inc.	3,806,720	3,806,720	3,806,720	
Soltea Commercial Corp.	23,000,000	23,000,000	23,000,000	
Summerhill Commercial Ventures Corp.	9,015,915	9,015,915	9,015,915	
Sub-Total	120,330,909	120,330,909	120,330,909	

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	Amount Owed by ALI Subsidiaries to BELLAVITA LAND CORP.			
	Receivable Balance per Bellavita	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Primavera Towncentre, Inc.	2,046,916	2,046,916	2,046,916	
Makati Development Corporation (Conso)	10,560	10,560	10,560	
Avida Land Corporation (Conso)	55,000,000	55,000,000	55,000,000	
Sub-Total	**57,057,476**	**57,057,476**	**57,057,476**	

	Amount Owed by ALI Subsidiaries to BG West Properties, Inc.			
	Receivable Balance per BG West	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation (Conso)	625,500,000	625,500,000	625,500,000	
Ayala Land International Sales, Inc (Conso)	1,000,000	1,000,000	1,000,000	
Sub-Total	**626,500,000**	**626,500,000**	**626,500,000**	

	Amount Owed by ALI Subsidiaries to CAVITE COMMERCIAL TOWNCENTER INC.			
	Receivable Balance per CCTCI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Property Management Corporation	562,470	562,470	562,470	
Makati Development Corporation	39,280	39,280	39,280	
Avida Land Corporation	20,000	20,000	20,000	
Sub-Total	**621,750**	**621,750**	**621,750**	

	Amount Owed by ALI Subsidiaries to CAGAYAN DE ORO GATEWAY CORP.			
	Receivable Balance per CDOGC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	7,039,415	7,039,415	7,039,415	
ALI Commercial Center, Inc.	300	300	300	
Accendo Commercial Corp	85,072,386	85,072,386	85,072,386	
North Ventures Commercial Corp.	2,500	2,500	2,500	
Cebu Holdings, Inc. (Conso)	35,000,000	35,000,000	35,000,000	
AyalaLand Hotels and Resorts Corp. (Conso)	13,929,619	13,929,619	13,929,619	
Sub-Total	**141,044,220**	**141,044,220**	**141,044,220**	**-**

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	Amount Owed by ALI Subsidiaries to CEBU HOLDING, INC. & SUBSIDIARIES			
	Receivable Balance per CHI & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Prop. Mngt.Corp	3,094	3,094	3,094	
Southportal Properties	445,115,882	445,115,882	445,115,882	
Subic Bay Town Centre Inc	943	943	943	
Ayalaland Metro North Inc	126,222,436	126,222,436	126,222,436	
Westview Comml Vents Corp	112	112	112	
Southgateway Dev. Corp	20,000,000	20,000,000	20,000,000	
Amaia Land Corporation (Conso)	348,105,553	348,105,553	348,105,553	
Makati Development Corporation (Conso)	925,776	925,776	925,776	
Avida Land Corporation (Conso)	795,109,304	795,109,304	795,109,304	
Alveo Land Corp. (Conso)	415,933,982	415,933,982	415,933,982	
Alabang Commercial Corporation (Conso)	1,100	1,100	1,100	
ALI Commercial Center,Inc	850	850	850	
Accendo Commercial Corp	225,118,038	225,118,038	225,118,038	
Ayala Land Sales, Inc.	684,960	684,960	684,960	
Soltea Commercial Corp.	14,300,000	14,300,000	14,300,000	
Summerhill Commercial Ventures Corp.	13,000,000	13,000,000	13,000,000	
AyalaLand Hotels and Resorts Corp. (Conso)	26,143,558	26,143,558	26,143,558	
Cagayan De Oro Gateway Corporation	17,620	17,620	17,620	
NorthBeacon Commercial Corporation	27,019,354	27,019,354	27,019,354	
Cebu Holdings, Inc. (Conso)	66,160,730	66,160,730	66,160,730	
Sub-Total	**2,523,863,292**	**2,523,863,292**	**2,523,863,292**	**-**

	Amount Owed by ALI Subsidiaries to DIRECT POWER SERVICES INC.			
	Receivable Balance per DPSI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	254,600,000	254,600,000	254,600,000	
Amaia Land Corporation	20,400,000	20,400,000	20,400,000	
Serendra Inc.	6,864,695	6,864,695	6,864,695	
Philippine Integrated Energy Solutions, Inc.	14,297,915	14,297,915	14,297,915	
Ten Knots Development Corporation	64,117	64,117	64,117	
Ten Knots Philippines, Inc.	180,000,000	180,000,000	180,000,000	
ALI-CII Development Corporation	3,725,942	3,725,942	3,725,942	
Station Square East Commercial Corp	47,534,569	47,534,569	47,534,569	
ALI Commercial Center, Inc.	43,584,637	43,584,637	43,584,637	
Accendo Commercial Corp	47,000,000	47,000,000	47,000,000	
North Triangle Depot Commercial Corp	25,983,653	25,983,653	25,983,653	
AyalaLand Offices, Inc. (Conso)	49,223,260	49,223,260	49,223,260	
Alabang Commercial Corporation (Conso)	14,966,011	14,966,011	14,966,011	
Sub-Total	**708,244,799**	**708,244,799**	**708,244,799**	

	Amount Owed by ALI Subsidiaries to NORTH VENTURES COMMERCIAL CORP.			
	Receivable Balance per NVCC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Makati Development Corporation	2,438,344	2,438,344	2,438,344	
Avida Land Corporation	94,169,372	94,169,372	94,169,372	
Amaia Land Corporation	25,000,000	25,000,000	25,000,000	
Alveo Land Corporation	25,000,000	25,000,000	25,000,000	
Alabang Commercial Corporation (Conso)	40,012,450	40,012,450	40,012,450	
Ayalaland Metro North, Inc.	2,913	2,913	2,913	
Soltea Commercial Corp.	14,000,000	14,000,000	14,000,000	
NorthBeacon Commercial Corporation	18,000,000	18,000,000	18,000,000	
Cagayan De Oro Gateway Corporation	900	900	900	
Sub-Total	**218,623,979**	**218,623,979**	**218,623,979**	**-**

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	Amount Owed by ALI Subsidiaries to FIVE STAR CINEMA INC.			
	Receivable Balance per FSCI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Alabang Commercial Corporation (Conso)	582,276	582,276	582,276	
Leisure and Allied Industries Phils. Inc.	23,000,000	23,000,000	23,000,000	
ALI Commercial Center, Inc.	349,180	349,180	349,180	
Sub-Total	**23,931,456**	**23,931,456**	**23,931,456**	

	Amount Owed by ALI Subsidiaries to LAGDIGAN LAND CORPORATION			
	Receivable Balance per Lagdigan	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	15,000,000	15,000,000	15,000,000	
Sub-Total	**15,000,000**	**15,000,000**	**15,000,000**	

	Amount Owed by ALI Subsidiaries to LAGUNA TECHNOPARK INC.			
	Receivable Balance per LTI & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayala Prop. Mngt.Corp	1,233	1,233	1,233	
Amorsedia Development Corporation (Conso)	20,000,000	20,000,000	20,000,000	
Sub-Total	**20,001,233**	**20,001,233**	**20,001,233**	

	Amount Owed by ALI Subsidiaries to NORTH BEACON COMMERCIAL CORP.			
	Receivable Balance per NBCC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	120,751	120,751	120,751	
Amaia Land Corporation	10,593	10,593	10,593	
Ayalaland Metro North, Inc.	22,537	22,537	22,537	
Nuevocentro, Inc.	576,511	576,511	576,511	
APRISA Business Process Solutions, Inc	1,200	1,200	1,200	
Subic Bay Town Center Inc.	4,350	4,350	4,350	
Cebu Holdings, Inc. (Conso)	320	320	320	
Alabang Commercial Corporation (Conso)	735	735	735	
Sub-Total	**736,997**	**736,997**	**736,997**	**-**

	Amount Owed by ALI Subsidiaries to NORTH TRIANGLE DEPOT COMMERCIAL CORP.			
	Receivable Balance per NTDCC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Alabang Commercial Corporation (Conso)	103,324	103,324	103,324	
Cebu Holdings, Inc. (Conso)	25,036	25,036	25,036	
ALI Commercial Center, Inc.	328,580	328,580	328,580	
Subic Bay Town Center Inc.	140	140	140	
Ayalaland Metro North, Inc.	12,392	12,392	12,392	
NorthBeacon Commercial Corporation	84,909	84,909	84,909	
Cagayan De Oro Gateway Corporation	7,686	7,686	7,686	
Sub-Total	**562,068**	**562,068**	**562,068**	**-**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
As of December 31, 2015
(In Philippine Peso)

	Amount Owed by ALI Subsidiaries to PHILIPPINE INTEGRATED ENERGY SOLUTIONS,			
	Receivable Balance per Phil. Energy	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Avida Land Corporation	57,700,000	57,700,000	57,700,000	
Amaia Land Corporation	5,100,000	5,100,000	5,100,000	
Alveo Land Corporation	29,200,000	29,200,000	29,200,000	
North Triangle Depot Commercial Corp	314,740	314,740	314,740	
Cebu Holdings, Inc.	24,600,713	24,600,713	24,600,713	
Ayalaland Metro North, Inc.	150,000,000	150,000,000	150,000,000	
Direct Power Services Inc.	10,869	10,869	10,869	
Cagayan De Oro Gateway Corporation	426,219	426,219	426,219	
Sub-Total	**267,352,541**	**267,352,541**	**267,352,541**	**-**

	Amount Owed by ALI Subsidiaries to RED CREEK			
	Receivable Balance per Red Creek	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Crimson Field Enterprises, Inc.	24,420	24,420	24,420	
Sub-Total	**24,420**	**24,420**	**24,420**	

	Amount Owed by ALI Subsidiaries to SUBIC BAY TOWNCENTER INC.			
	Receivable Balance per SBTCI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Makati Development Corporation (Conso)	11,706,299	11,706,299	11,706,299	
Cebu Holdings, Inc. (Conso)	22,500,000	22,500,000	22,500,000	
Avida Land Corporation	2,500,000	2,500,000	2,500,000	
Alabang Commercial Corporation	15,000,000	15,000,000	15,000,000	
Soltea Commercial Corp.	14,000,000	14,000,000	14,000,000	
NorthBeacon Commercial Corporation	7,814	7,814	7,814	
Sub-Total	**65,714,113**	**65,714,113**	**65,714,113**	**-**

	Amount Owed by ALI Subsidiaries to SOLTEA			
	Receivable Balance per Soltea	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Cavite Commercial Towncenter Inc.	5,512	5,512	5,512	
Sub-Total	**5,512**	**5,512**	**5,512**	

	Amount Owed by ALI Subsidiaries to STATION SQUARE EAST COMMERCIAL CORP.			
	Receivable Balance per SSECC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Amaia Land Corporation	24,978	24,978	24,978	
BellaVita Land Corp.	12,972	12,972	12,972	
Serendra Inc.	19,804	19,804	19,804	
ALI Commercial Center, Inc.	144,650	144,650	144,650	
NorthBeacon Commercial Corporation	780	780	780	
Cagayan De Oro Gateway Corporation	300	300	300	
Makati Development Corporation (Conso)	345,000	345,000	345,000	
Avida Land Corporation (Conso)	147,048	147,048	147,048	
Alabang Commercial Corporation (Conso)	4,430	4,430	4,430	
Cebu Holdings, Inc. (Conso)	2,965	2,965	2,965	
Sub-Total	**702,928**	**702,928**	**702,928**	**-**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
As of December 31, 2015
(In Philippine Peso)

	Amount Owed by ALI Subsidiaries to AYALALAND MALLS, INC. & SUBSIDIARIES			
	Receivable Balance per ALMI & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Cavite Comml Town Center	363,454	363,454	363,454	
Soltea Commercial Corp.	506,394	506,394	506,394	
North Beacon Comml Corp.	986,956	986,956	986,956	
Sub-Total	**1,856,803**	**1,856,803**	**1,856,803**	

	Amount Owed by ALI Subsidiaries to AYALALAND MEDICAL FACILITIES LEASING,			
	Receivable Balance per AMFLI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Alveo Land Corporation	20,000,000	20,000,000	20,000,000	
Cebu Holdings, Inc. (Conso)	10,000,000	10,000,000	10,000,000	
Sub-Total	**30,000,000**	**30,000,000**	**30,000,000**	

	Amount Owed by ALI Subsidiaries to AYALALAND METRO NORTH INC.			
	Receivable Balance per AMNI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Summerhill Commercial Ventures Corp.	1,994	1,994	1,994	
Sub-Total	**1,994**	**1,994**	**1,994**	

	Amount Owed by ALI Subsidiaries to TEN KNOTS DEVELOPMENT CORP. &			
	Receivable Balance per TKDC & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Serendra Inc.	110,102	110,102	110,102	
Ten Knots Philippines, Inc.	196,559,658	196,559,658	196,559,658	
Sub-Total	**196,669,761**	**196,669,761**	**196,669,761**	**-**

	Amount Owed by ALI, ALI-Subsidiaries to WESTVIEW COMMERCIAL VENTURES			
	Receivable Balance per Westview	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Cebu Holdings, Inc. (Conso)	10,000,000	10,000,000	10,000,000	
Soltea Commercial Corp.	25,000,000	25,000,000	25,000,000	
Sub-Total	**35,000,000**	**35,000,000**	**35,000,000**	**-**

	Amount Owed by ALI, ALI-Subsidiaries to WHITEKNIGHT HOLDINGS, INC.			
	Receivable Balance per Westview	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Ayalaland Medical Facilities Leasing Inc.	2,928,214	2,928,214	2,928,214	
Sub-Total	**2,928,214**	**2,928,214**	**2,928,214**	**-**

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
As of December 31, 2015
(In Philippine Peso)

	Amount Owed by ALI Subsidiaries to MDC			
	Receivable Balance per MDC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
ACC	100,832,173	100,832,173	100,832,173	
ACCENDO	44,520,067	44,520,067	44,520,067	
Adauge	41,892,771	41,892,771	41,892,771	
AHRC	265,469,618	265,469,618	265,469,618	
ALMNI	106,998,859	106,998,859	106,998,859	
ALVEO	2,403,965,078	2,403,965,078	2,403,965,078	
AMAIA	712,495,327	712,495,327	712,495,327	
AMORSEDIA	59,466,615	59,466,615	59,466,615	
API	101,756,824	101,756,824	101,756,824	
APPCO	8,636,808	8,636,808	8,636,808	
ARVO	-	-	-	
AVIDA	1,201,649,775	1,201,649,775	1,201,649,775	
BELLAVITA	28,319,619	28,319,619	28,319,619	
BGWEST	1,158,555,306	1,158,555,306	1,158,555,306	
CCTI	-	-	-	
CDOGC	166,766,222	166,766,222	166,766,222	
CECI	23,867,882	23,867,882	23,867,882	
CHI	376,533,539	376,533,539	376,533,539	
GISBORNE/fairview prime	486,234	486,234	486,234	
LTI	15,025,807	15,025,807	15,025,807	
NBCC	-	-	-	
NUEVO CENTRO	546,815	546,815	546,815	
PHILENERGY	68,076,573	68,076,573	68,076,573	
PHILINTEG	16,236,583	16,236,583	16,236,583	
RLC	381,827,430	381,827,430	381,827,430	
SBTCI	-	-	-	
SERENDRA INC	363,537,341	363,537,341	363,537,341	
SOLTEA	87,592,071	87,592,071	87,592,071	
South Portal	5,828,259	5,828,259	5,828,259	
SOUTHGATEWAY DEVT CORP	7,079,045	7,079,045	7,079,045	
SSECC	-	-	-	
SUMMERHILL	521,592,550	521,592,550	521,592,550	
TKDC	-	-	-	
Varejo	-	-	-	
VESTA	60,932,167	60,932,167	60,932,167	
Total	**8,330,487,356**	**8,330,487,356**	**8,330,487,356**	
Total Eliminated Receivables	**97,756,322,378**	**97,655,385,712**	**97,756,322,378**	

AYALA LAND, INC. AND SUBSIDIARIES
Schedule D - Intangible Assets - Other Assets
As of December 31, 2015

DESCRIPTION	BEGINNING BALANCE	ADDITIONS AT COST	CHARGED TO COSTS & EXPENSES	CHARGED TO OTHER ACCTS	OTHER CHANGES ADDITIONS (DEDUCTIONS)	ENDING BALANCE
Lease Right 1/	Php 100,143,277	Php -	Php (6,676,218)	Php -	Php -	Php 93,467,059
	Php 100,143,277	**Php -**	**Php (6,676,218)**	**Php -**	**Php -**	**Php 93,467,059**

1/ Leaseright pertains to the right to use an island property expiring on December 31, 2029.
These intangible assets were included under non-current assets.

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
As of December 31, 2015

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE/ FACILITY AGREEMENT	CURRENT PORTION OF LONG-TERM DEBT	LONG-TERM DEBT (NET OF CURRENT PORTION)	Interest Rate	No. of Periodic Installment	Maturity Date
Ayala Land, Inc.:						
Bonds						
Philippine Peso	1,000,000	219,670		5.000%	N/A, Bullet	January 07, 2016
Philippine Peso	2,000,000	1,963,180		4.000%	N/A, Bullet	May 31, 2016
Philippine Peso	9,350,000	-	9,304,168	5.625%	N/A, Bullet	April 27, 2019
Philippine Peso	4,000,000	-	3,973,778	4.625%	N/A, Bullet	October 10, 2020
Philippine Peso	5,650,000	-	5,615,830	6.000%	N/A, Bullet	April 27, 2022
Philippine Peso	7,000,000	-	6,939,536	4.500%	N/A, Bullet	April 29, 2022
Philippine Peso	15,000,000	-	14,886,169	5.000%	N/A, Bullet	January 30, 2024
Philippine Peso	8,000,000		7,927,851	5.625%	N/A, Bullet	April 25, 2025
Philippine Peso	2,000,000	-	1,982,849	6.000%	N/A, Bullet	October 10, 2033
Floating rate corporate notes (FRCNs)	1,000,000	1,000,000		Variable	N/A, Bullet	October 12, 2016
Fixed rate corporate notes (FXCNs)						
Philippine Peso	920,000	100,000		7.750%	N/A, Bullet	September 22, 2016
Philippine Peso	5,700,000	3,675,000		5.625%	3	January 20, 2016
Philippine Peso	1,330,000	13,300	1,290,100	8.900%	6	January 28, 2019
Philippine Peso	3,300,000	33,000	3,248,788	6.875%	6	January 19, 2021
Philippine Peso	5,000,000	50,000	4,900,000	4.500%	33	March 10, 2023
Philippine Peso	1,000,000	10,000	990,000	7.500%	11	January 19, 2026
Bank loan -US Dollar	2,484,062	-	1,882,400	Variable	6	January 10, 2023
Bank loan -Peso						
Bank Loan *(BDO)*	10,000,000		8,200,000	4.500%	8	February 28, 2026
Bank Loan *(BPI)*	609,875	17,861	592,014	Variable	Various	Various from 2021 to 2023
Bank Loan *(DBP)*	4,789,500	233,650	4,498,725	4.725%	Various	Various from 2020 to 2021
Bank Loan *(RCBC)*	1,900,000	9,500	1,890,500	4.500%	26	March 30, 2023
Sub-Total	**92,033,437**	**Php 7,325,161**	**Php 78,122,708**			
Subsidiaries:						
Bonds	5,000,000		4,956,541	5.320%	N/A, Bullet	June 06, 2021
Fixed rate corporate notes (FXCNs)	Various	87,500	3,362,500	Various fixed rates	Various	Various from 2018 to 2020
Bank Loan *(BPI)*	Various	947,380	10,989,225	Various fixed and floating rates	Various	Various from 2015 to 2023
Bank Loan *(Chinabank)*	500,000	25,000	425,000	5.750%	Various	December 28, 2017
Bank Loan *(DBP)*	Various	80,000	1,440,000	Fixed and floating rates	Various	December 28, 2018
Bank Loan *(LandBank of the Phil)*	Various	111,775	4,683,225	Various fixed rates	Various	Various from 2020 to 2022
Bank Loan *(PNB)*	Various	125,000	3,812,500	Various fixed rates	Various	Various, 2020
Bank Loan (UBP)	3,000,000		3,000,000	5.25%	Various	March 30, 2022
Bank Loan *(RCBC)*	1,143,000		135,320	5.000%	12	January 30, 2020
Bank Loan *(Security Bank)*	Various	105,836	775,182	Various fixed rates	Various	November 28, 2017
Sub-Total		**Php 1,482,491**	**Php 33,579,493**			
		Php 8,807,652	**Php 111,702,201**			

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE F - Indebtedness to Related Parties
(Long Term Loans from Related Companies)
As of December 31, 2015

NAME OF RELATED PARTY	BALANCE AT BEGINNING OF PERIOD		BALANCE AT END OF PERIOD	
Bank of the Philippine Islands	Php	14,499,553	Php	12,522,323

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2015

NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE COMPANY FOR W/C THIS STATEMENT IS FILED	TITLE OF ISSUE OF EACH CLASS OF SECURITIES GUARANTEED	TOTAL AMOUNT GUARANTEED & OUTSTANDING	AMOUNT OWNED BY PERSON FOR W/C STATEMENT IS FILED	NATURE OFGUARANTEE
	NOT APPLICABLE			

AYALA LAND, INC. AND SUBSIDIARIES

SCHEDULE H- CAPITAL STOCK

As of December 31, 2015

TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING AT SHOWN UNDER				NUMBER OF SHARES RESERVED FOR	NUMBER OF SHARES HELD BY RELATED PARTIES	DIRECTORS, OFFICERS AND EMPLOYEES	OTHERS
		ISSUED	SUBSCRIBED	TREASURY SHARES	TOTAL				
Common Stock	20,000,000,000	14,586,068,012	109,563,355		14,695,631,367	9,055,165	6,934,509,515	131,855,732	
Preferred Stock	15,000,000,000	13,066,494,759			13,066,494,759		12,163,180,640	1,977,714	

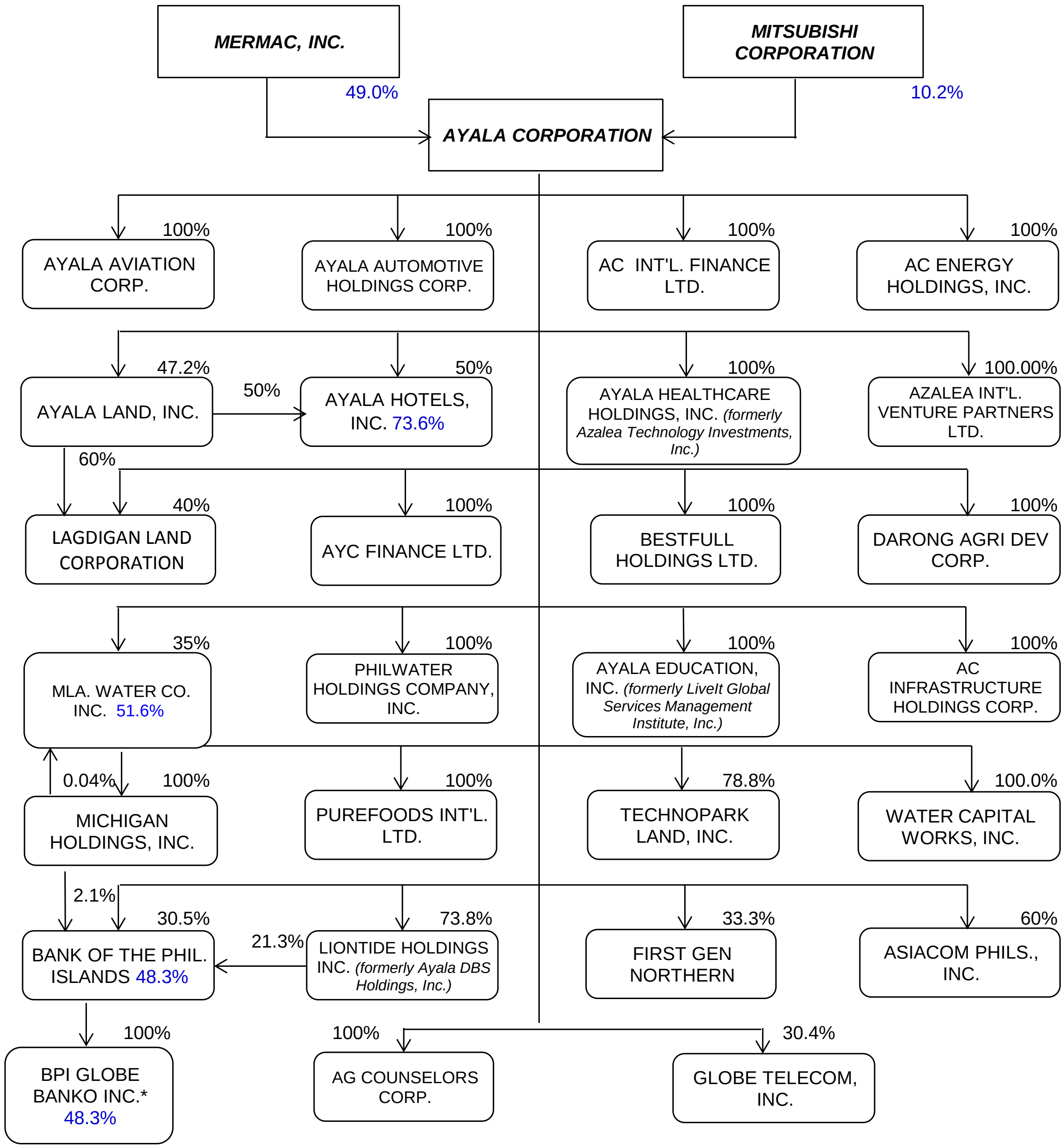
AYALA LAND, INC.

SCHEDULE I - RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2015

Items	Amount (In Thousands)	
Unappropriated Retained Earnings, beginning	**Php**	**29,626,106,781**
Less adjustments:		
Treasury shares		
Deferred tax assets		(1,596,540,328)
Fair Value adjustment		(593,852,588)
Unappropriated Retained Earnings, as adjusted, beginning		**27,435,713,865**
Net Income based on the face of AFS	Php	11,149,504,064
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the year		359,353,270
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Adjustment due to deviation from PFRS/GAAP – loss		
Loss on fair value adjustment of investment property (after tax)		
Net Income Actual/Realized	**Php**	**11,508,857,334**
Less: Other adjustments		
Dividend declarations during the period		(6,156,764,914)
Effects of prior period adjustments		
Reversal of Treasury shares		
		5,352,092,420
Unappropriated Retained Earnings, as adjusted, ending	**Php**	**32,787,806,285**

AYALA CORPORATION AND SUBSIDIARIES
SCHEDULE J - CORPORATE ORGANIZATIONAL CHART
As of December 31, 2015



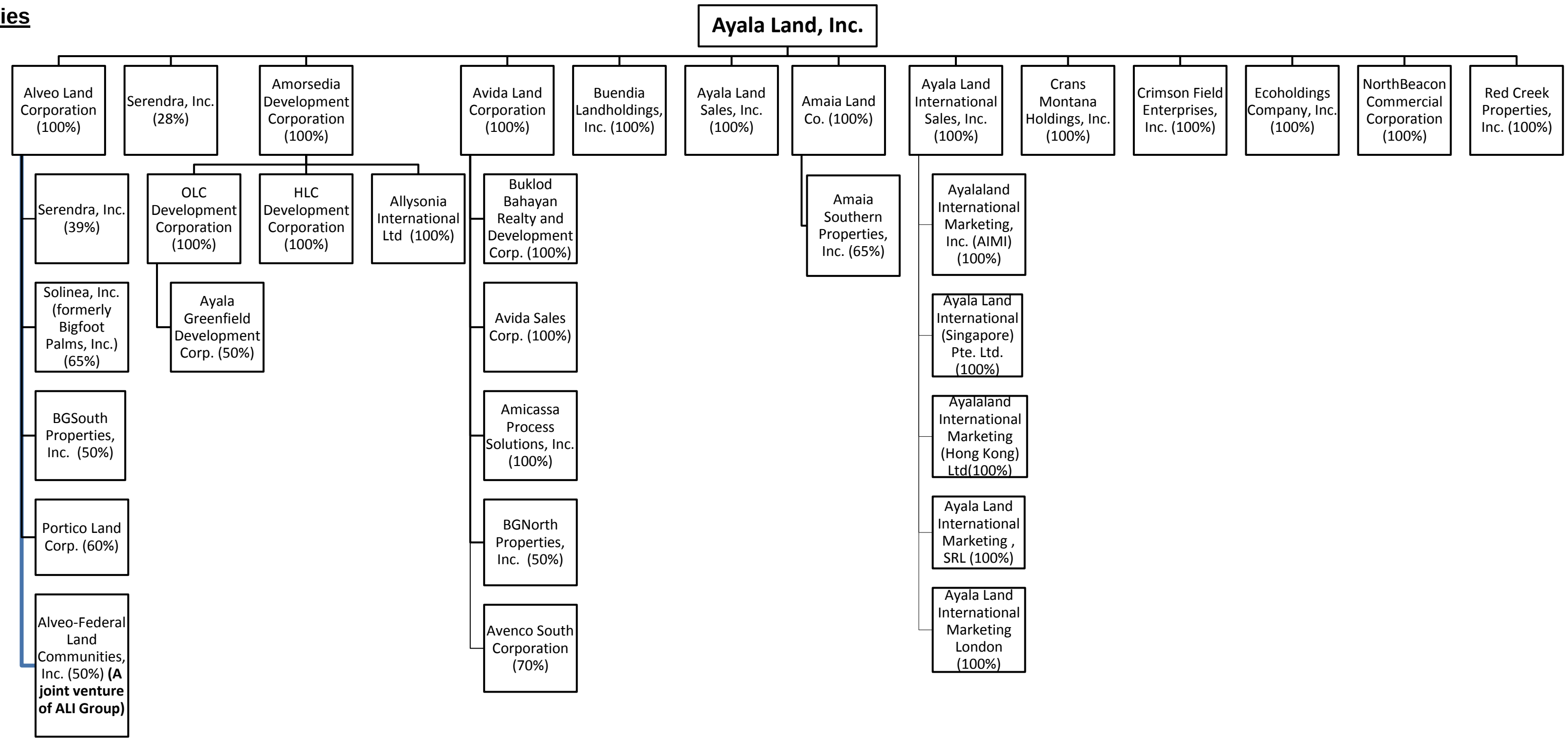
** BPI acquired the ownership share of AC (20%) and Globe (40%) in BPIG in December 2015*

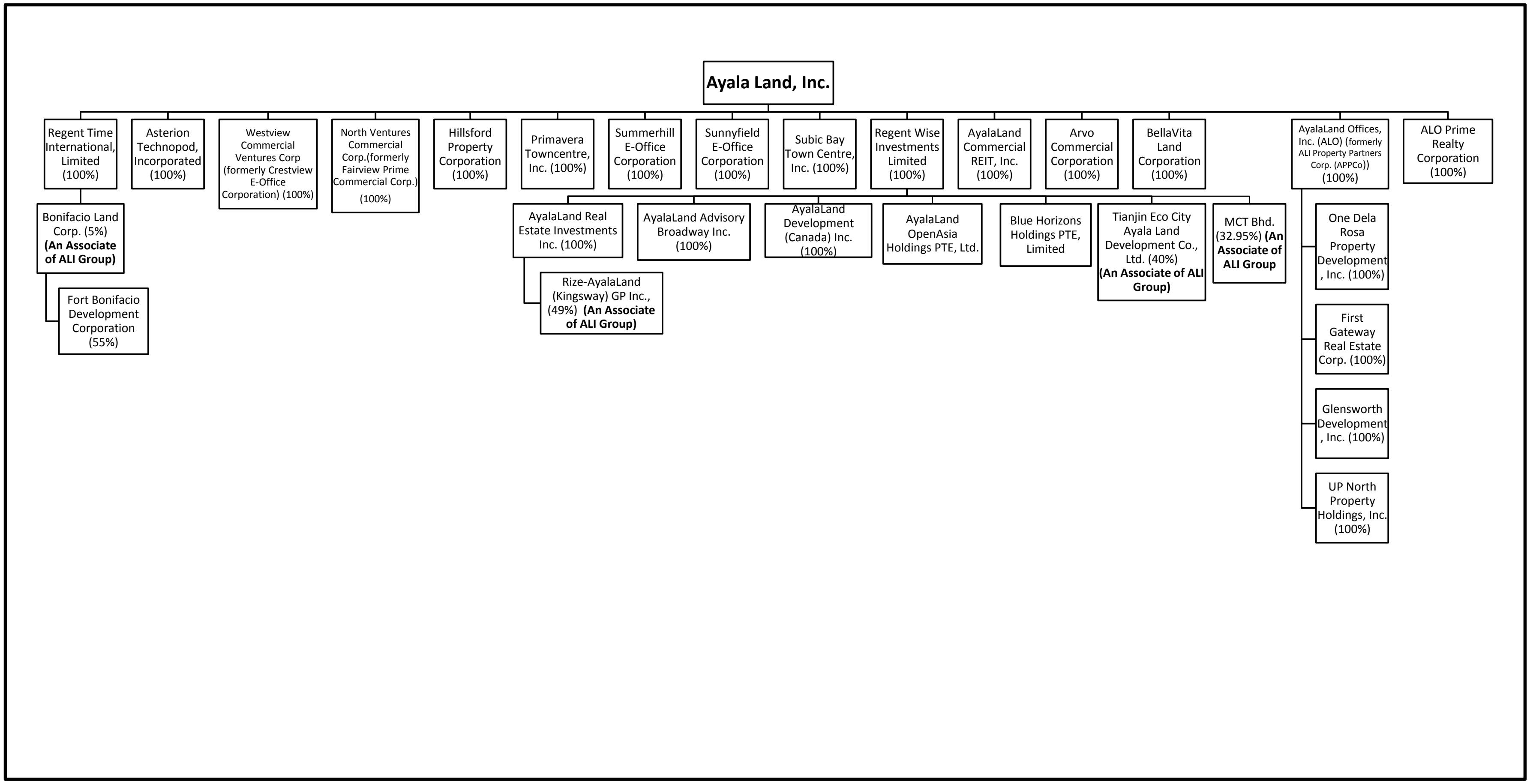
Legend:

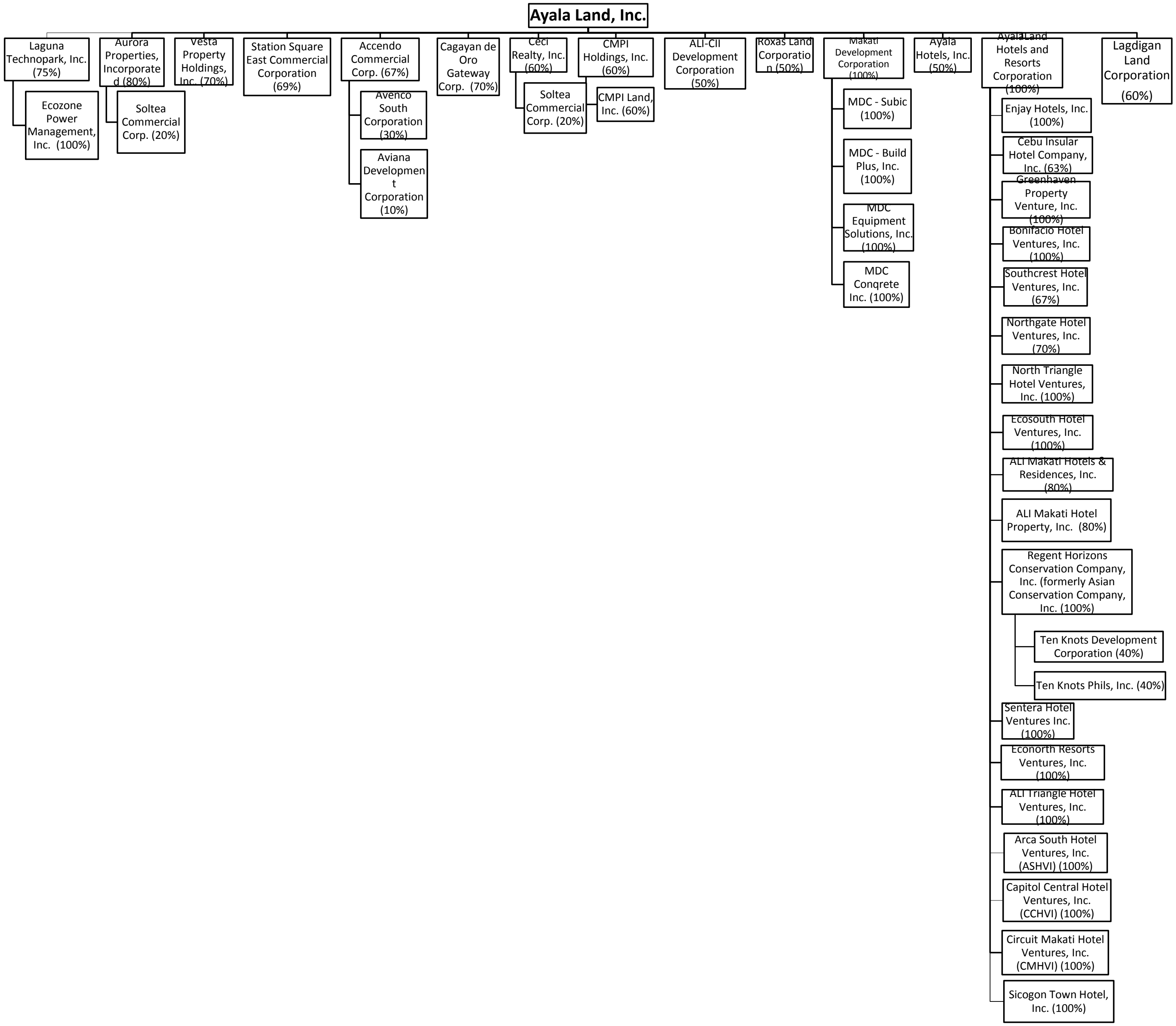
% of ownership appearing on top of the box - direct % of ownership

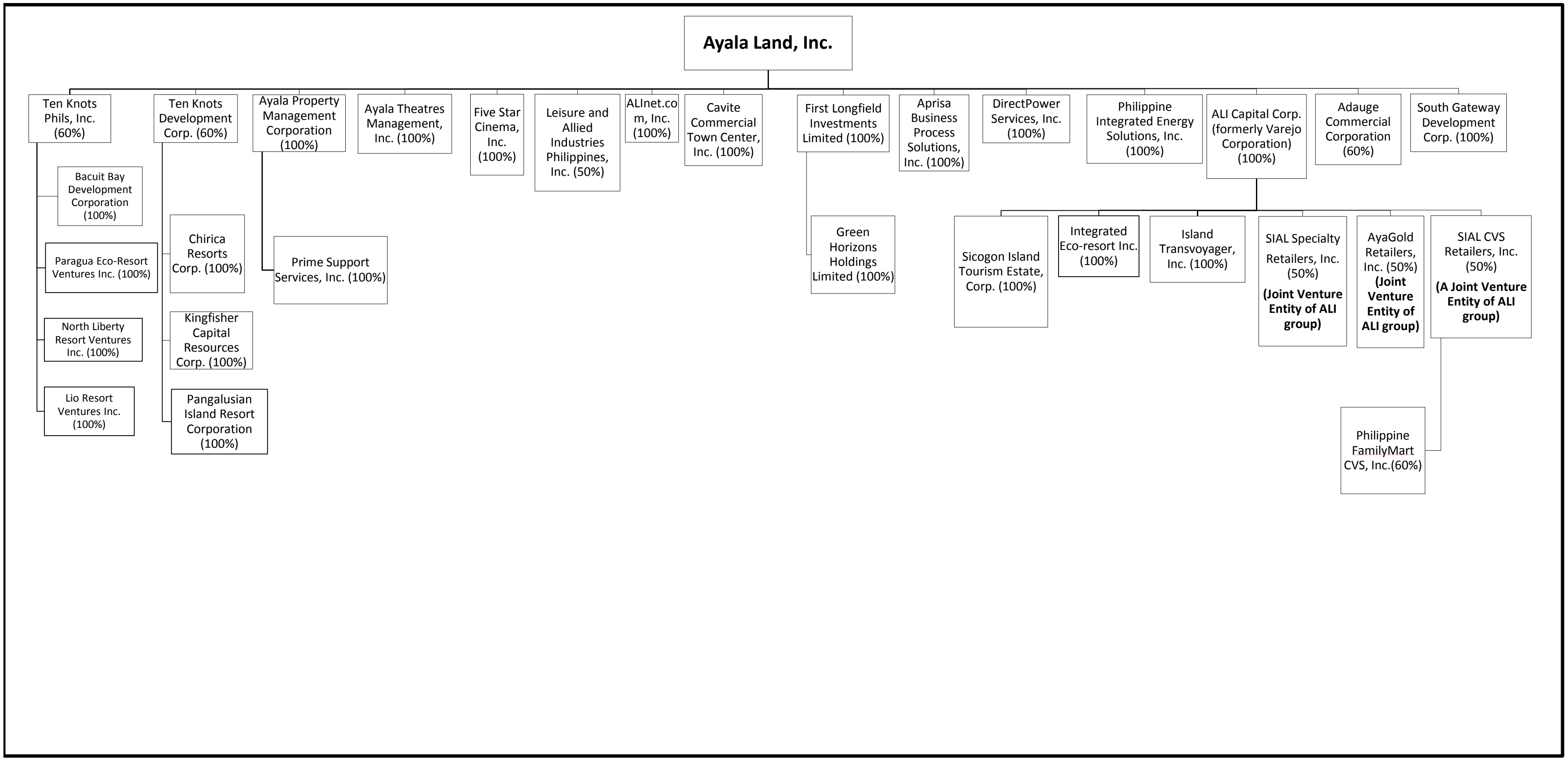
% of ownership appearing inside the box - effective % of ownership

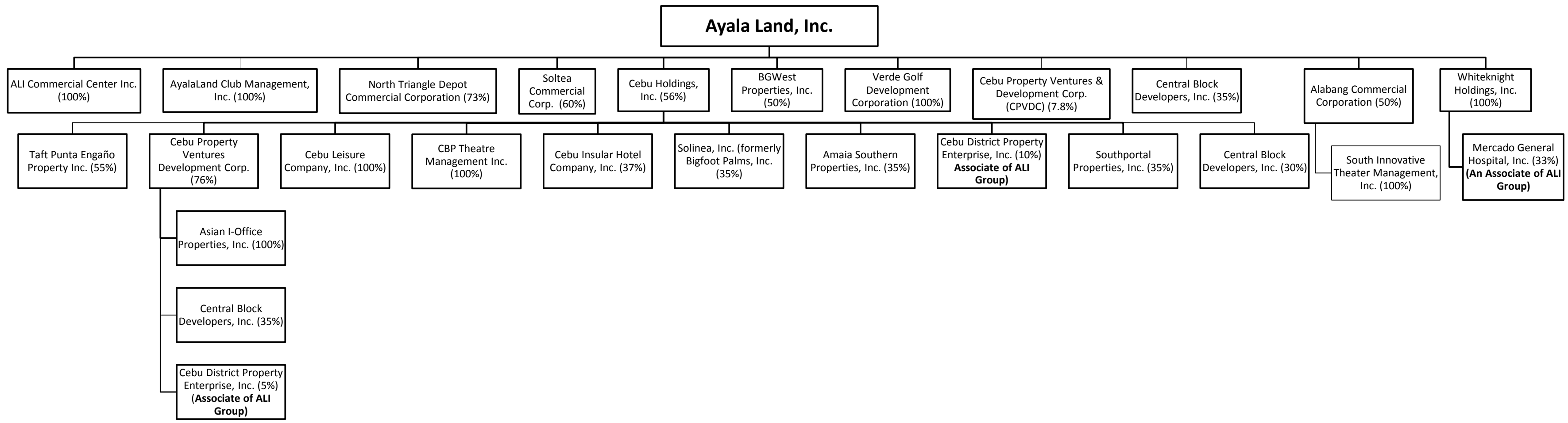
Subsidiaries

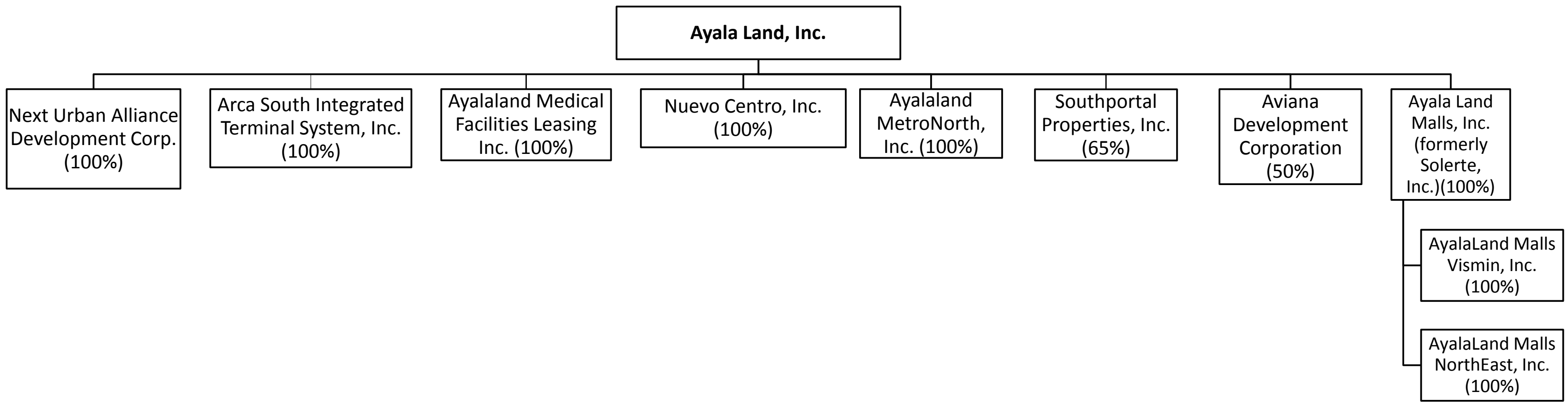



Ayala Land, Inc.
Regent Time International, Limited (100%)
Bonifacio Land Corp. (5%) (An Associate of ALI Group)
Fort Bonifacio Development Corporation (55%)
Asterion Technopod, Incorporated (100%)
Westview Commercial Ventures Corp (formerly Crestview E-Office Corporation) (100%)
North Ventures Commercial Corp.(formerly Fairview Prime Commercial Corp.) (100%)
Hillsford Property Corporation (100%)
Primavera Towncentre, Inc. (100%)
Summerhill E-Office Corporation (100%)
Sunnyfield E-Office Corporation (100%)
Subic Bay Town Centre, Inc. (100%)
Regent Wise Investments Limited (100%)
AyalaLand Real Estate Investments Inc. (100%)
Rize-AyalaLand (Kingsway) GP Inc., (49%) (An Associate of ALI Group)
AyalaLand Advisory Broadway Inc. (100%)
AyalaLand Development (Canada) Inc. (100%)
AyalaLand OpenAsia Holdings PTE, Ltd.
Blue Horizons Holdings PTE, Limited
Tianjin Eco City Ayala Land Development Co., Ltd. (40%) (An Associate of ALI Group)
MCT Bhd. (32.95%) (An Associate of ALI Group
AyalaLand Commercial REIT, Inc. (100%)
Arvo Commercial Corporation (100%)
BellaVita Land Corporation (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. (100%)
UP North Property Holdings, Inc. (100%)
ALO Prime Realty Corporation (100%)

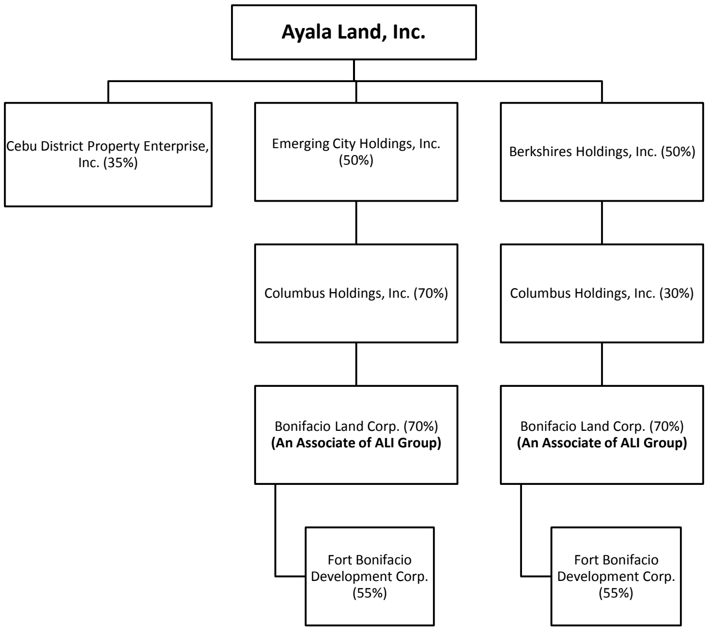

Ayala Land, Inc.
Laguna Technopark, Inc. (75%)
Ecozone Power Management, Inc. (100%)
Aurora Properties, Incorporated (80%)
Soltea Commercial Corp. (20%)
Vesta Property Holdings, Inc. (70%)
Station Square East Commercial Corporation (69%)
Accendo Commercial Corp. (67%)
Avenco South Corporation (30%)
Aviana Development Corporation (10%)
Cagayan de Oro Gateway Corp. (70%)
Ceci Realty, Inc. (60%)
Soltea Commercial Corp. (20%)
CMPI Holdings, Inc. (60%)
CMPI Land, Inc. (60%)
ALI-CII Development Corporation (50%)
Roxas Land Corporation (50%)
Makati Development Corporation (100%)
MDC - Subic (100%)
MDC - Build Plus, Inc. (100%)
MDC Equipment Solutions, Inc. (100%)
MDC Conqrete Inc. (100%)
Ayala Hotels, Inc. (50%)
AyalaLand Hotels and Resorts Corporation (100%)
Enjay Hotels, Inc. (100%)
Cebu Insular Hotel Company, Inc. (63%)
Greenhaven Property Venture, Inc. (100%)
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%)
ALI Makati Hotels & Residences, Inc. (80%)
ALI Makati Hotel Property, Inc. (80%)
Regent Horizons Conservation Company, Inc. (formerly Asian Conservation Company, Inc. (100%)
Ten Knots Development Corporation (40%)
Ten Knots Phils, Inc. (40%)
Sentera Hotel Ventures Inc. (100%)
Econorth Resorts Ventures, Inc. (100%)
ALI Triangle Hotel Ventures, Inc. (100%)
Arca South Hotel Ventures, Inc. (ASHVI) (100%)
Capitol Central Hotel Ventures, Inc. (CCHVI) (100%)
Circuit Makati Hotel Ventures, Inc. (CMHVI) (100%)
Sicogon Town Hotel, Inc. (100%)
Lagdigan Land Corporation (60%)


Ayala Land, Inc.
Ten Knots Phils, Inc. (60%)
Bacuit Bay Development Corporation (100%)
Paragua Eco-Resort Ventures Inc. (100%)
North Liberty Resort Ventures Inc. (100%)
Lio Resort Ventures Inc. (100%)
Ten Knots Development Corp. (60%)
Chirica Resorts Corp. (100%)
Kingfisher Capital Resources Corp. (100%)
Pangalusian Island Resort Corporation (100%)
Ayala Property Management Corporation (100%)
Prime Support Services, Inc. (100%)
Ayala Theatres Management, Inc. (100%)
Five Star Cinema, Inc. (100%)
Leisure and Allied Industries Philippines, Inc. (50%)
ALInet.com, Inc. (100%)
Cavite Commercial Town Center, Inc. (100%)
First Longfield Investments Limited (100%)
Green Horizons Holdings Limited (100%)
Aprisa Business Process Solutions, Inc. (100%)
DirectPower Services, Inc. (100%)
Philippine Integrated Energy Solutions, Inc. (100%)
ALI Capital Corp. (formerly Varejo Corporation) (100%)
Sicogon Island Tourism Estate, Corp. (100%)
Integrated Eco-resort Inc. (100%)
Island Transvoyager, Inc. (100%)
SIAL Specialty Retailers, Inc. (50%) (Joint Venture Entity of ALI group)
AyaGold Retailers, Inc. (50%) (Joint Venture Entity of ALI group)
SIAL CVS Retailers, Inc. (50%) (A Joint Venture Entity of ALI group)
Philippine FamilyMart CVS, Inc.(60%)
Adauge Commercial Corporation (60%)
South Gateway Development Corp. (100%)

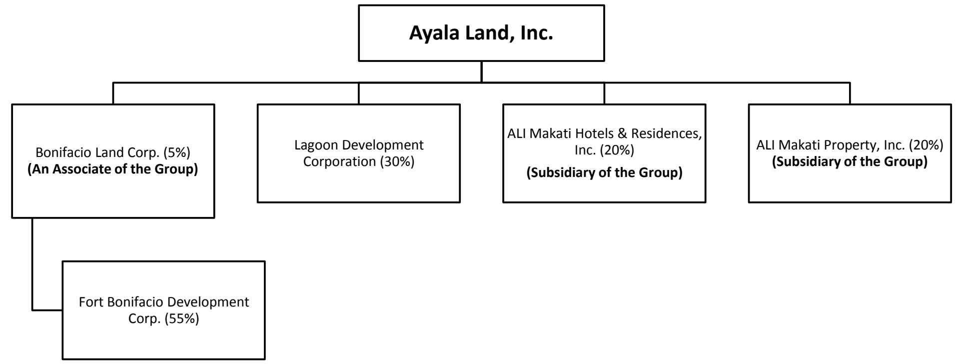

Ayala Land, Inc.
ALI Commercial Center Inc. (100%)
AyalaLand Club Management, Inc. (100%)
North Triangle Depot Commercial Corporation (73%)
Soltea Commercial Corp. (60%)
Cebu Holdings, Inc. (56%)
BGWest Properties, Inc. (50%)
Verde Golf Development Corporation (100%)
Cebu Property Ventures & Development Corp. (CPVDC) (7.8%)
Central Block Developers, Inc. (35%)
Alabang Commercial Corporation (50%)
Whiteknight Holdings, Inc. (100%)
Taft Punta Engaño Property Inc. (55%)
Cebu Property Ventures Development Corp. (76%)
Cebu Leisure Company, Inc. (100%)
CBP Theatre Management Inc. (100%)
Cebu Insular Hotel Company, Inc. (37%)
Solinea, Inc. (formerly Bigfoot Palms, Inc. (35%)
Amaia Southern Properties, Inc. (35%)
Cebu District Property Enterprise, Inc. (10%) **Associate of ALI Group)**
Southportal Properties, Inc. (35%)
Central Block Developers, Inc. (30%)
South Innovative Theater Management, Inc. (100%)
Mercado General Hospital, Inc. (33%) **(An Associate of ALI Group)**
Asian I-Office Properties, Inc. (100%)
Central Block Developers, Inc. (35%)
Cebu District Property Enterprise, Inc. (5%) (**Associate of ALI Group)**


Ayala Land, Inc.
Next Urban Alliance Development Corp. (100%)
Arca South Integrated Terminal System, Inc. (100%)
Ayalaland Medical Facilities Leasing Inc. (100%)
Nuevo Centro, Inc. (100%)
Ayalaland MetroNorth, Inc. (100%)
Southportal Properties, Inc. (65%)
Aviana Development Corporation (50%)
Ayala Land Malls, Inc. (formerly Solerte, Inc.)(100%)
AyalaLand Malls Vismin, Inc. (100%)
AyalaLand Malls NorthEast, Inc. (100%)

Direct Investments in Joint Ventures



Direct Investments in Associates



AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE K - LIST OF APPLICABLE STANDARDS AND INTERPRETATIONS
December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing costs			✓
	Amendments to PFRS 1: Meaning of ‘Effective PFRSs	Not early adopted		
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Methods of Disposal	Not early adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7:	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Reclassification of Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
	Amendments to PFRS 7: Amendments to PFRS 7: Servicing Contracts	Not early adopted		
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	Not early adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments (2010 version)	Not early adopted		
	Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)	Not early adopted		
	Financial Instruments (2014 or final version)	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities: Applying the Consolidation Exception	Not early adopted		
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not early adopted		
PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term receivable and payables	✓		
	Amendments to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts	Not early adopted		
IFRS 15	Revenue from Contracts with Customers**	Not early adopted		
IFRS 16	Leases**	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
	Amendment to PAS 1: Disclosure Initiative	Not early adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of servicing equipment	✓		
	Amendment to PAS 16 and PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	Not early adopted		
	Amendments to PAS 16 and PAS 41: Bearer Plants	Not early adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue regarding Discount Rate	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel			✓
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendment to PAS 32: Presentation – Tax effect of distribution to holders of equity instrument	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities	✓		
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'	Not early adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	Not early adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Recognition of Financial Assets and Financial Liabilities			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Interrelationship between PFRS 3 and PAS 40	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 16 and PAS 41: Bearer Plants	Not early adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	*Scope of PFRS 2*	✓		
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 15	Agreements for the Construction of Real Estate*			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

* *Effectivity has been deferred by the SEC and FRSC*
** *New standard issued by the IASB has not yet been adopted by the FRSC*

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE L - FINANCIAL RATIOS
December 31, 2015

	2015	2014
	(Amounts inThousands)	
Current / liquidity ratios		
Current Assets	166,203,595	165,634,445
Current liabilities	146,132,855	134,600,718
Current ratios	**1.14**	**1.23**
Current Assets	166,203,595	165,634,445
Inventory	59,246,962	48,179,191
Quick assets	106,956,633	117,455,254
Current liabilities	146,132,855	134,600,718
Quick ratios	**0.73**	**0.87**

	2015	2014
	(Amounts inThousands)	
Solvency/ debt-to-equity ratios		
Short-term debt	10,486,258	16,302,312
Current portion of long-term debt	8,807,652	5,066,903
Long-term debt - net of current portion	111,702,201	103,296,454
Debt	**130,996,111**	**124,665,669**
Equity *	149,825,411	121,995,458
Less: Unrealized gain - AFS	(80,800)	135,815
Equity, net of unrealized gain	**149,906,211**	**121,859,643**
Debt to equity ratio	**0.87**	**1.02**
Debt	130,996,111	124,665,669
Cash and cash equivalents	19,087,390	28,677,282
Short term investments	164,621	301,405
Financial assets at FV through P&L, net of in	288,229	5,607,838
Net Debt	111,455,871	90,079,144
Equity*	149,825,411	121,995,458
Net Debt to equity ratio	**0.74**	**0.74**

	2015	2014
	(Amounts inThousands)	
Asset to equity ratios		
Total Assets	442,341,800	388,944,463
Total Equity*	149,825,411	121,995,458
Asset to Equity Ratio	**2.95**	**3.19**

*** Based on consolidated equity**

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE L - FINANCIAL RATIOS
December 31, 2015

	2015	2014
	(Amounts inThousands)	
Interest rate coverage ratio		
Net income after tax	**20,896,887**	**17,714,458**
Add:		
Provision for income tax	6,853,917	6,142,329
Interest expense and other financing charges	6,506,261	5,365,716
Other charges	998,860	375,797
	14,359,038	11,883,842
Less:		
Interest and investment income	5,980,031	4,816,980
EBIT	**29,275,894**	**24,781,320**
Depreciation and amortization	5,069,595	**4,990,465**
EBITDA	**34,345,489**	**29,771,785**
Interest expense	6,231,718	5,195,123
Short-term debt	*959,644*	***574,398***
Long-term debt	*5,272,074*	***4,620,725***
Interest rate coverage ratio	**5.5**	**5.7**

	2015	2014
	(Amounts inThousands)	
Profitability ratios		
Net income attributable to equity holders of Ayala Land, Inc.	17,630,275	14,802,642
Revenue	107,182,940	95,197,046
Net income margin	**16.4%**	**15.5%**
Net income after tax	20,896,887	17,714,458
Total Assets CY	442,341,800	388,944,463
Total Assets PY	388,944,463	325,473,685
Average Total Assets	415,643,132	357,209,074
Return on total assets	**5.0%**	**5.0%**
Net income after tax attributable to equity holder of Ayala Land Inc.	17,630,275	14,802,642
Total Equity-CY	133,730,704	106,939,836
Total Equity-PY	106,939,836	98,469,775
Average total equity attributable to equity hol	120,335,270	102,704,806
Return on Equity	**14.7%**	**14.4%**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

2016 ANNUAL CORPORATE GOVERNANCE REPORT

1.	Report is Filed for the Year	**2016**
2.	Exact Name of Registrant as Specified in its Charter	**Ayala Land, Inc.**
3.	**31st Floor Tower One & Exchange Plaza** **Ayala Triangle, Ayala Avenue, Makati City** Address of Principal Office	**1226** Postal Code
4.	SEC Identification Number **152747**	5. (SEC Use Only) Industry Classification Code
6.	BIR Tax Identification Number **000-153-790-000**	
7.	**(632) 750 6974** Issuer's Telephone number, including area code	
8.	**Not applicable** Former name or former address, if changed from the last report	

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	9

(a) Composition of the Board (Definitive Information Statement)

Complete the table with information on the Board of Directors:

Director's Name	**Type** Executive (ED) Non-Executive (NED) Independent Director (ID)	**If nominee, identify the principal**	**Nominator in the last election** (if ID, state the relationship with the nominator)	**Date first elected**	**Date last elected** (if ID, state the number of years served as ID)	**Elected when** (Annual/ Special Meeting)	**No. of years served as director**
Fernando Zobel de Ayala	NED	Ayala Corporation	Michelle Marie Valbuena	4/1999	04/12/2016	Annual Meeting	17 (Chairman)
Jaime Augusto Zobel de Ayala	NED	Ayala Corporation	Michelle Marie Valbuena	6/1988	04/12/2016	Annual Meeting	27
Bernard Vincent O Dy	ED	Ayala Corporation	Michelle Marie Valbuena	4/2014	04/12/2016	Annual Meeting	2
Antonino T Aquino	NED	Ayala Corporation	Michelle Marie Valbuena	4/2009	04/12/2016	Annual Meeting	7
Delfin L Lazaro	NED	Ayala Corporation	Michelle Marie Valbuena	4/1996	04/12/2016	Annual Meeting	20
Arturo G Corpuz	NED	Ayala Corporation	Michelle Marie Valbuena	4/2014	04/12/2016	Annual Meeting	0
Francis G Estrada	ID	NA	Michelle Marie Valbuena*	4/2008	04/12/2016 (8 years)	Annual Meeting	8
Jaime C Laya	ID	NA	Michelle Marie Valbuena*	4/2010	04/12/2016 (5 years)	Annual Meeting	6
Rizalina G Mantaring	ID	NA	Michelle Marie Valbuena*	4/2014	04/12/2016 2 years	Annual Meeting	2

**Not related to the Independent Directors*

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The corporate governance policy of Ayala Land, Inc. ("Ayala Land" or the "Corporation" or the "Company") is principally contained in the Corporation's Articles of Incorporation and By-Laws and their amendments. These constitutive documents indicate and discuss, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Corporation. The purpose of the Manual of Corporate Governance is to supplement and complement the Corporation's Articles and By-Laws by setting forth principles of good and transparent governance.

The Board of Directors, Management, Officers and employees of Ayala Land, Inc. commit themselves to the principles and best practices of governance contained in its Corporate Governance Manual which serves as a guide in the attainment of its corporate goals. The Corporation makes a continuous effort to create awareness of good corporate governance within the organization and at the same time, has a continuing commitment to the Vision statement and corporate values of Ayala Land, Inc.

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. It is the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts, and monthly internal financial statements. Any variance between projections and actual results should also be disclosed. Moreover, the Investor Relations Division is in charge of formulating a clear policy on communicating relevant and accurate information to stockholders and the investing public in a timely manner as well as preparation of disclosure documents to regulatory bodies.

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of the stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholders having a legitimate purpose for such access.

The Company respects all the rights of all shareholders, especially the minority shareholders, which are as follows:

i) Voting Right

Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

The election of Directors shall be by ballot. Cumulative voting shall be used in the election of directors. Each shareholder entitled to vote may cast the vote to which the number of share he or she owns entitles him or her individually or for as many persons as many votes as the number of Directors to be elected multiplied by the number of his or her shares shall equal, or he or she may distribute them on the same principle among as many candidates as he or she may see fit, provided that the whole number of votes cast by him or her shall not exceed the number of shares owned by him or her multiplied by the whole numbers of Directors to be elected.

Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.

ii) Pre-emptive Right

All stockholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code.

iii) Right of Inspection

Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.

iv) Right to Information

Upon request and for a legitimate purpose, a shareholder shall be provided, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission.

The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.

v) Right to Dividends

Shareholders have the right to receive dividends subject to the discretion of the Board. However, the Commission may direct the corporation to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:

1) when justified by definite corporate expansion projects or programs approved by the Board or

2) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or

3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for a special reserve for probable contingencies.

vi) Appraisal Right

In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:

1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

3) In case of merger or consolidation

(c) How often does the Board review and approve the vision and mission?

The Board conducts a review of the Company's vision and mission, strategies and corporate governance practices on an annual basis and provides for necessary improvements.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[1]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	**Corporate Name of the Group Company**	**Type of Directorship** (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Fernando Zobel de Ayala	Ayala Corporation (Listed)	Executive
	Manila Water Company, Inc. (Listed)	Non-Executive, Chairman
	AC International Finance LTD.	Non-Executive, Chairman
	Ayala International PTE LTD.	Non-Executive, Chairman
	Accendo Commercial Corporation	Non-Executive, Chairman
	Alabang Commercial Corp.	Non-Executive, Chairman
	Automobile Central Enterprises Inc.	Non-Executive, Chairman
	Ayala Automotive Holdings Corporation	Non-Executive, Chairman
	Liontide Holdings, Inc.	Non-Executive, Chairman
	AC Energy Holdings, Inc.	Non-Executive, Chairman
	Hero Foundation, Inc.	Non-Executive, Chairman
	Ayala Foundation Inc.	Non-Executive, Co-Chairman
	Ayala Group Club, Inc.	Non-Executive, Co-Chairman
	Ceci Realty Inc.	Non-Executive
	Vesta Property Holdings, Inc.	Non-Executive
	Aurora Properties, Inc.	Non-Executive
	Columbus Holdings, Inc.	Non-Executive
	Emerging Holdings, Inc.	Non-Executive
	Fort Bonifacio Development Corporation	Non-Executive
	Bonifacio Land Corporation	Non-Executive
	Livelt Investments, Ltd.	Non-Executive
	Asiacom Philippines Inc.	Non-Executive
	AG Holdings Limited	Non-Executive
	AI North America, Inc.	Non-Executive
	AC Infrastructure Holdings Corporation	Non-Executive
	Ayala Retirement Fund Holdings, Inc.	Non-Executive
	Honda Cars Philippines, Inc.	Non-Executive
	Bank of the Philippine Islands (Listed)	Non-Executive
	Globe Telecom, Inc. (Listed)	Non-Executive
	Integrated Micro-Electronics, Inc. (Listed)	Non-Executive
	AG Holdings Limited	Non-Executive
	Ayala International Holdings LTD.	Non-Executive
Jaime Augusto Zobel de Ayala	Ayala Corporation (Listed)	Executive, Chairman
	Globe Telecom, Inc. (Listed)	Non-Executive, Chairman
	Bank of the Philippine Islands (Listed)	Non-Executive, Chairman
	Integrated Micro-Electronics, Inc. (Listed)	Non-Executive, Chairman
	Manila Water Company, Inc. (Listed)	Non-Executive, Vice Chairman
	Ayala Foundation, Inc.	Non-Executive
	AC Energy Holdings, Inc.	Non-Executive
Bernard Vincent O. Dy	Cebu Holdings, Inc. (listed)	Chairman
	Cebu Property Ventures and Development Corporation (listed)	Chairman
	Ayala Property Management Corporation	Chairman
	Ayala Land International Sales, Inc.	Chairman
	Amaia Land Corporation	Chairman
	Amicassa Process Solutions, Inc.	Chairman
	Avida Land Corporation	Chairman

[1] *The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.*

	Alveo Land Corporation	Chairman
	Alviera Country Club, Inc	Chairman
	Ayala Land Commercial REIT	Chairman
	Lagdigan Land Corporation	Chairman
	Bellavita Land Corporation	Chairman
	Avencosouth Corp.	Chairman
	Ayagold Retailers, Inc.	Chairman
	Station Square East Commercial Corporation	Chairman
	Aviana Development Corp.	Chairman
	Cagayan De Oro Gateway Corp.	Chairman
	BGSouth Properties, Inc.	Chairman
	BGNorth Properties, Inc.	Chairman
	BGWest Properties, Inc.	Chairman
	Portico Land Corp.	Chairman
	ALI Capital Corp.	Chairman
	Ayala Greenfield Development Corporation	Non-executive
	Serendra, Inc.	Non-executive
	Bonifacio Land Corporation	Non-executive
	Emerging City Holdings, Inc.	Non-executive
	Columbus Holdings, Inc.	Non-executive
	Berkshires Holdings, Inc.	Non-executive
	Fort Bonifacio Development Corporation Aurora Properties	Non-executive
	Incorporated	Non-executive
	Vesta Property Holdings, Inc.	Non-executive
	Ceci Realty Inc.	Non-executive
	Alabang Commercial Corporation	Non-executive
	Accendo Commercial Corp.	Non-executive
	Hero Foundation Incorporated	Non-executive
	Bonifacio Art Foundation	Non-executive
	Director of, Ayala Land Sales, Inc.	Non-executive
	North Triangle Depot Commercial Corporation	Non-executive
	Ayala Greenfield Golf & Leisure Club	Non-executive
	Makati Development Corporation	Non-executive
	Nuevocentro, Inc.	Non-executive
	Whiteknight Holdings, Inc.	Non-executive
	Ayalaland Medical Facilities Leasing, Inc.	Non-executive
	Alveo-Federal Land Communities, Inc.	Non-executive
	Philippine Integrated Energy Solutions, Inc.	Non-executive
Antonino T Aquino	Manila Water Company, Inc.(Listed) Philam American Life and General Insurance Company Philam	Non-Executive Non-Executive
Delfin L Lazaro	Ayala Corporation	Non-Executive
	Integrated Micro-Electronics, Inc.	Non-Executive
	Manila Water Company, Inc.	Non-Executive
	Globe Telecom, Inc.	Non-Executive
	Lafarge Republic, Inc	Non-Executive
	Chairman of Philwater Holdings Company, Inc. Atlas Fertilizer &	Non-Executive
	Chemicals Inc.	Non-Executive
	A.C.S.T. Business Holdings, Inc.	Non-Executive
	Asiacom Philippines, Inc.	Non-Executive
	AC Energy Holdings, Inc.	Non-Executive
	AC Infrastructure Holdings Corporation	Non-Executive
	Ayala International Holdings, Ltd.	Non-Executive
	Bestfull Holdings Limited	Non-Executive
	Probe Productions, Inc.	Non-Executive
	Empire Insurance Company	Non-Executive
Arturo G Corpuz	Board of Aurora Properties, Inc.	Non-Executive
	Vesta Properties Holdings, Inc.	Non-Executive
	Nuevocentro, Inc.	Non-Executive
	Next Urban Alliance Development Corp.	Non-Executive
	Alviera Country Club, Inc.	Non-Executive

Francis G Estrada	Development Bank of the Philippines Philamlife and General Insurance Co. Engineering Equipment, Inc. Clean Air Asia, Inc. Armed Forces of the Philippines, Multi-Sectoral Governance Council Maximo T. Kalaw Foundation	Chairman Independent Non-Executive Non-Executive Non-Executive Non-Executive
Jaime C Laya	Philippine Trust Company (Listed) GMA Network, Inc.(Listed) GMA Holdings, Inc. (Listed) Manila Water Company, Inc. (Listed) Philippine AXA Life Insurance Co, Inc.	Executive, Chairman & President Independent Independent Independent Independent
Rizalina G Mantaring	Sun Life of Canada (Philippines) Inc. Sun Life Financial – Philippines Foundation Sun Life Financial Plans, Sun Life Asset Management Co. Inc. Sun Life Financial Philippine Holding Co. Inc. Sun Life Grepa Financial, Inc. Grepalife Asset Management Corporation Microventures Foundation, Inc.	Executive, President & CEO Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	**Name of Listed Company**	**Type of Directorship** (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jaime C. Laya	Philippine Trust Company GMA Network, Inc. GMA Holdings, Inc.	Executive, Chairman Independent Independent
Francis G. Estrada	Rizal Commercial Banking Corp.	Non-Executive

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	**Name of the Significant Shareholder**	**Description of the relationship**
Jaime Augusto Zobel de Ayala	Ayala Corporation	Mr. Zobel is a director and officer of Ayala Corporation.
Fernando Zobel de Ayala	Ayala Corporation	Mr. Zobel is a director and officer of Ayala Corporation.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

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

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares /Through (name of record owner)	% of Capital Stock
Fernando Zobel de Ayala	12,000	-	0.00004
Jaime Augusto Zobel de Ayala	12,000	-	0.00004
Bernard Vincent O. Dy	10	10,536,157	0.07
Antonino T. Aquino	4,297,165	16,008,061	0.14
Delfin L. Lazaro	0	1	0
Arturo G. Corpuz	666,149	5,529,612	0.04
Francis G. Estrada	1	0	0
Jaime C. Laya	10,000	0	0
Rizalina G. Mantaring	1	0	0
TOTAL	**4,997,326**	**32,073,831**	**0.3**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [X]   No [ ]

Identify the Chair and CEO:

Chairman of the Board	Fernando Zobel de Ayala
CEO/President	Bernard Vincent O. Dy

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	**Chief Executive Officer**
Role Deliverables	The Chairman of the Board is responsible for setting the overall business direction. The Chairman shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President. He shall: • Schedule meeting to enable the Board to perform its duties responsibly while not interfering with the flow of the Corporation's operations • Prepare the meeting agenda in consultation with the CEO • Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board	The Chief Executive Officer is in charge of preparing and executing the business plan as outlined by the Chairman. Minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedural controls. In addition, to the duties imposed on the President/CEO by the Board of Directors, the President shall: • Have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers • See that all orders and resolutions of the Board of Directors are carried into effect • Submit to the Board as soon as possible after

	• Assist in ensuring compliance with the Corporation's guidelines on corporate governance The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.	the close of each fiscal year, and to stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs • Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice The President/CEO shall have such other responsibilities as the Board of Directors may impose upon him.
Accountabilities	The Chairman and CEO shall be accountable for willfully and knowingly voting or consenting to patently unlawful acts of the Corporation and gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duties as such Chairman and CEO (as directors). They shall be liable jointly and severally for all damages resulting from these forms suffered by the Corporation, its stockholders and other persons. Furthermore, when they attempt to acquire or acquires, in violation of their duties, any interest adverse to the Corporation, in respect of any matter which has been reposed in them in confidence, as to which equity imposes a disability upon them to deal in their own behalf, they shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.	

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Company institutes a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation. The Board of Directors prioritizes senior officers from within the organization. Strong candidates are usually given expanded roles for a few years prior to assuming a higher post. In the event that the Board opts to hire externally, the Human Resource Department and accredited executive search firms are tasked to source potential candidates.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Ayala Land, Inc., through its Nomination Committee, implements and maintains a process which ensures that all directors nominated for election during the Annual Stockholders' Meeting have all the qualifications and none of the disqualifications as stated in the By-Laws and Manual of Corporate Governance. To ensure diversity of experience and sound backgrounds, nominated directors shall have the following qualifications:

- *Ownership of at least one share of the capital stock of the Corporation*
- *A college degree or its equivalent or adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for such formal education*
- *Membership in good standing in relevant industry and membership in business or professional organizations*

- *Possesses integrity, probity and shall be diligent and assiduous in the performance of his/her functions*

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

A director of the company is required to have adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for formal education, as well as to be a member in good standing in relevant industry and professional organizations.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

<table>
<tr><th></th><th>Executive</th><th>Non-Executive</th><th>Independent Director</th></tr>
<tr><td>Role</td><td colspan="3" rowspan="3">
• <u>Govern and manage the business of the Corporation.</u>

• <u>Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions.</u> A director shall not use his position to make profit or to acquire benefit advantage for himself or his related interests. He should avoid situations that may compromise his impartiality and observe the conflict of interest policy of the Company.

• <u>Devote time and attention necessary to properly discharge his duties and responsibilities</u> A director should attend and actively participate in Board meetings.

• <u>Act judiciously.</u> Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, ask questions and seek clarifications as appropriate.

• <u>Exercise independent judgment.</u> A director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the Company.

• <u>Have a working knowledge of the statutory and regulatory requirements affecting the Corporation.</u> This would include a firm knowledge of the contents of the Articles of Incorporation and By-laws of the Corporation and the amendments thereof, the requirements of the PSE and SEC for the conduct of the Corporation’s business, and where applicable, the requirements of other regulatory agencies.

• <u>Observe confidentiality.</u> A director shall observe the confidentiality of non-public information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board.

• <u>Ensure the continuing soundness, effectiveness and adequacy of the Corporation’s control environment.</u> Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.

• <u>Exercise of degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances.</u> It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation.

• <u>Prior to assuming office, attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.</u>
</td></tr>
<tr><td>Accountabilities</td></tr>
<tr><td>Deliverables</td></tr>
</table>

Provide the company’s definition of "independence" and describe the company’s compliance to the definition.

Independent directors shall hold no interests or relationships with the Corporation that may hinder their independence from the Corporation or Management and would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Corporation's set of independent directors is in full compliance with its definition of independence. All independent directors of the Corporation have submitted a letter of confirmation to the Corporate Secretary stating that he/she holds no interests affiliated with the corporation, management or controlling shareholder at the time of his/her election, re-election or appointment as director. Moreover, for purposes of compliance with the legal requirement on independent directors:

- *Officers, executives and employees of the Corporation may be elected as directors but cannot and shall not be characterized as independent directors*
- *If a director elected or appointed as an independent director subsequently becomes an officer of employee of the Corporation, the Corporation shall forthwith cease to consider him/her as an independent director*
- *If the beneficial security ownership of an independent director of the Corporation or in its related companies exceeds two percent, the Corporation shall forthwith cease to consider him/her as an independent director until the beneficial security ownership of the director is reduced to two percent or lower.*

Does the company have a term limit of five consecutive years for independent directors?

The Board of Directors shall have nine members who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.

If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Independent directors may serve for a period of not more than nine years. An independent director, after serving for nine years, shall be perpetually barred from being elected as such in the Corporation, without prejudice to being elected as independent director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the rules and regulations of the SEC.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

None

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment	The Board of Directors is the supreme authority in matters of governance and	

(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **b. Re-appointment** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **c. Permanent Disqualification** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **d. Temporary Disqualification** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **e. Removal** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **f. Re-instatement** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors **g. Suspension** (i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment. The Company's independent directors can serve as such for five consecutive years. He or she may be re-elected after the two year cooling-off period and can serve for another four consecutive years. A director of the Company shall have the following qualifications: a) Ownership of at least one share of the capital stock of the Corporation b) A college degree or its equivalent or adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for such formal education c) Membership in good standing in relevant industry and membership in business or professional organizations d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions The following persons are disqualified from being a Director of the Corporation: a) Any person who has been finally convicted by a competent judicial or administrative body of the following: - any crime involving the purchase or sale of securities - any crime arising out of the person's conduct as an underwriter, broker, dealer, investment Corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor and floor broker - any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by older, judgment or decree of the Commission or any court or other administrative body of competent jurisdiction from: - acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or a floor broker - acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them - engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities and banking activities Such disqualification shall also apply when such person is currently subject to an effective order of the Commission or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulations Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or under any rule of regulation promulgated by the Commission or Bangko Sentral ng PIlipinas, or otherwise restrained to engage in any activity involving securities and banking.

	Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization. a) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions b) Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law administered by the Commission, or any rule, regulation or order of the Commission or the Bangko Sentral ng Pilipinas c) Any person judicially declared to be insolvent d) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct listed in foregoing paragraphs e) Any person convicted by final and executory judgment of an offense punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code, committed within five years prior to the date of his election or appointment f) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation, without limiting generality of the foregoing, a person shall be deemed to be so engaged: g) If he is an officer, manager or controlling person or the owner of 10% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least thirty percent of the capital stock) engaged in a business which the Board, by at least three fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation h) If he is an officer, manager or controlling person of the owner of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation, when in judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors i) If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote, that he is the nominee of any person set forth in the above mentioned conditions In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations. The following are temporary grounds for temporary disqualification of incumbent directors: a) Refusal to fully disclose the extent of his business interest as required

	under the Securities Regulation Code and its implementing rules and regulations. This disqualification shall be in effect as long as his refusal persists. b) Absence or non-participation for whatever reasons in more than Fifty Percent of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election. c) Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in alleged irregularity d) Being under preventive suspension by the Corporation for any reason e) Conviction that has not yet become final referred to in the grounds for disqualifications of directors Temporary disqualification shall be at the discretion of the Board of Directors and shall require a resolution of a majority of the Board. A temporarily disqualified director shall within sixty days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails to do so for unjustified reasons, the disqualification shall become permanent.

Voting Result of the last Annual General Meeting (as of April 12, 2015)

Name of Director	Votes Received*
Fernando Zobel de Ayala	22,970,577,888 (98.96%)
Jaime Augusto Zobel de Ayala	22,968,607,567 (98.95%)
Bernard Vincent O. Dy	23,178,967,731 (99.86%)
Antonino T. Aquino	22,922,054,382 (98.75%)
Delfin L. Lazaro	22,917,719,621 (98.73%)
Arturo G. Corpuz	23,058,369,731 (99.34%)
Francis G. Estrada *(independent)*	23,080,927,546(99.44%)
Jaime C. Laya *(independent)*	23,067,737,306 (99.38%)
Rizalina G. Mantaring *(independent)*	23,189,335,131 (99.90%)

**Based on the number of shares represented during the meeting.*

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

New directors are given an orientation program to ensure that they are properly equipped with all the Company information required for them to fulfill their respective roles as members of the Board. Typically, a presentation about Ayala Land's operations, business performance and financial results is provided followed by an optional tour of Ayala Land's various business segments and projects.

(b) State any in-house training and external courses attended by Directors and Senior Management[2] for the past three (3) years:

[2] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

All Board members have undergone training in corporate governance and have been certified by the Institute of Corporate Directors (ICD). ICD is a professional organization that is based in the Philippines and is accredited by the Philippine SEC and the PSE. ICD works closely with the Organization for Economic Cooperation and Development (OECD), the Global Corporate Governance Forum, and the International Corporate Governance Network and is committed to promoting world-class corporate governance principles in the East Asia region.

Along with the members of the Board, the Company requires members of the Management Committee and other key officers to receive periodic training in corporate governance.

As of 31 March 2015, eight members of the Board and eighteen members of the Management Committee and key officers have attended an accredited corporate governance training program.

All new employees are given an internal training module for corporate governance to effectively broaden their awareness and ensure the practice of the principles of good corporate governance. Aside from this, the Corporation also conducts regular in-house training through the following programs:

- *Professionals In Development – on boarding program for new hires*
- *New Managers Boot Camp – for new managers*
- *Coaching for Development – training program for senior division managers*
- *GM Mentoring – training program for senior management*

(c) Continuing education programs for Senior Management: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Board of Directors (6)			
Fernando Zobel de Ayala	03/08/2016	Ayala Corporate Governance Summit	ICD
Jaime Augusto Zobel de Ayala	03/08/2016	Ayala Corporate Governance Summit	ICD
Bernard Vincent O. Dy	03/08/2016	Ayala Corporate Governance Summit	ICD
Antonino T. Aquino	03/08/2016	Ayala Corporate Governance Summit	ICD
Delfin L. Lazaro	03/08/2016	Ayala Corporate Governance Summit	ICD
Jaime C. Laya	03/08/2016	Ayala Corporate Governance Summit	ICD
Management Committee and Key Officers (22)			
Solomon M. Hermosura	03/08/2016	Ayala Corporate Governance Summit	ICD
Jaime E Ysmael	03/08/2016	Ayala Corporate Governance Summit	ICD
Dante M. Abando	03/08/2016	Ayala Corporate Governance Summit	ICD
Anna Ma. Margarita B Dy	03/08/2016	Ayala Corporate Governance Summit	ICD
Ginaflor C. Oris	03/08/2016	Ayala Corporate Governance Summit	ICD
Angelica L Salvador	03/08/2016	Ayala Corporate Governance Summit	ICD
Aniceto V Bisnar, Jr.	03/08/2016	Ayala Corporate Governance	ICD

		Summit	
Augusto D. Bengzon	03/08/2016	Ayala Corporate Governance Summit	ICD
Christopher B. Maglanoc	03/08/2016	Ayala Corporate Governance Summit	ICD
Jose Emmanuel H. Jalandoni	03/08/2016	Ayala Corporate Governance Summit	ICD
Jose Juan Z. Jugo	03/08/2016	Ayala Corporate Governance Summit	ICD
Laurent P. Lamasuta	03/08/2016	Ayala Corporate Governance Summit	ICD
Leovigildo D. Abot	03/08/2016	Ayala Corporate Governance Summit	ICD
Myrna Lynne C. Fernandez	03/08/2016	Ayala Corporate Governance Summit	ICD
Romeo T. Menpin, Jr.	03/08/2016	Ayala Corporate Governance Summit	ICD
Rowena M. Tomeldan	03/08/2016	Ayala Corporate Governance Summit	ICD
William Thomas F. Mirasol	03/08/2016	Ayala Corporate Governance Summit	ICD
June Vee D. Monteclaro-Navarro	03/08/2016	Ayala Corporate Governance Summit	ICD
Nimfa Ambrosia L. Perez-Paras	03/08/2016	Ayala Corporate Governance Summit	ICD
Michael Anthony D. Garcia	03/08/2016	Ayala Corporate Governance Summit	ICD
Albert C. Ong	03/08/2016	Ayala Corporate Governance Summit	ICD
Jinky Aguinaldo	03/08/2016	Ayala Corporate Governance Summit	ICD

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest (b) Conduct of Business and Fair Dealings (c) Receipt of gifts from third parties (d) Compliance with Laws & Regulations (e) Respect for Trade Secrets/Use of Non-public Information (f) Use of Company Funds, Assets and Information	**<u>Conflict of Interest</u>** The personal interest of directors and officers should never prevail over the interest of the Corporation. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of all shareholders and the Corporation without regard to their own personal and selfish interest. A conflict of interest exists when a director or an officer of the Corporation: • Supplies or is attempting or applying to supply goods or services to the Corporation • Supplies or is attempting to supply goods, services, information to an entity in		

(g)	Employment & Labor Laws & Policies
(h)	Disciplinary action
(i)	Whistle Blower
(j)	Conflict Resolution

competition with the Corporation

- By virtue of his/her office, acquires or is attempting to acquire for himself/herself a business opportunity which should belong to the Corporation
- Is offered or receives consideration for delivering the Corporation's business to a third party
- Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation

If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision making. A director who has continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.

All employees shall avoid conflict of interest. In case an apparent conflict of interest develops, employees shall disclose the facts promptly to their Unit Manager and the Employee Relations Manager, who, when appropriate, will inform the Group Head and the President regarding the proper action.

<u>Conduct of Business and Fair Dealings</u>

A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:

- The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting
- The vote of such director was not necessary for the approval of the contract
- The contract is fair and reasonable under the circumstances
- In case of an officer, the contract has been previously approved by the Board of Directors

Where a director, by virtue of his office, acquires himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits by refunding the same. In the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds of the outstanding capital stock in a meeting called for that purpose provided that full disclosure of the adverse interest of the director involved is made at such meeting and provided further that the contract is fair and reasonable under the circumstances.

No employee shall engage or continue to be engaged in a business with a competitor, customer or supplier of the Corporation or any of its subsidiaries/affiliates without the prior written approval of the President. Likewise, no employee who is in position to influence the Corporation's business decisions or who is privy to confidential information, or in a position to cause undue preferential treatment in favor of a broker, customer or supplier, shall accept any donation from any of the same, without the prior written approval of the President.

<u>Receipts of Gifts from Third Parties</u>

All employees shall report to their immediate supervisors any offer or gift of any value given to them or their immediate family member that may influence their recommendation of decision on certain proposals or issues affecting the Corporation or its subsidiaries/affiliates.

<u>Compliance with Laws and Regulations</u>

The Corporation is in full compliance with all existing corporate and labor laws in the Philippines.

	<u>Respect for Trade Secrets/Use of Non-public Information</u> The Company strictly enforces and monitors compliance with its policy on insider trading, which prohibits the buying or selling of Company securities during prescribed periods by covered persons, which include members of the Board of Directors, all members of the Management Team, consultants, advisers, and other employees who have been made aware of undisclosed material information with respect to the Company and its operations. This restriction is expanded to include the immediate family members of the parties mentioned. **<u>Use of Company Funds, Assets and Information</u>** No employee shall disclose or use company funds, assets and information gained in the course of employment for personal purposes or that of a third party without prior consent of his/her Unit Manager. **<u>Employment & Labor Laws & Policies</u>** The Corporation observes exemplary employment practices and strong adherence to labor laws and policies. Employee engagement and welfare is an integral part of the Corporation's overall strategy for organizational development. The Corporation's personnel development program is anchored on the belief that a highly engaged organization nurtures the most productive, effective and fulfilled employees. Employee occupational health and safety is of utmost priority while training sessions and activities are designed to enhance team and individual performance. **<u>Disciplinary Action</u>** Violation of any company policy, once proven and after due process, may constitute grounds for termination of employment for cause. **<u>Whistle Blower</u>** The Corporation has established business integrity channels that serve as communication facilities such as telephone, email, fax, website and face to face meetings, enabling individuals to freely report fraud, violations of laws, rules and regulations, or misconduct to people at authority without fear of retaliation. The ultimate goal is to give employees, third-party business partners and other stakeholders every possible means for coming forward, so that they report information to top management or to the Board of Directors. **<u>Conflict Resolution</u>** Any report must be made through appropriate reporting channels. A designated committee shall evaluate whether the information provided by the whistleblower is sufficient and within scope. If a case is deemed appropriate, the committee shall escalate all reports received to the recommended investigating unit for the conduct of preliminary investigation. At the conclusion of the investigation, if a report is substantiated, the committee shall conduct a full investigation in accordance with applicable company policies and procedures. All cases within scope of the business integrity channels must be resolved within a reasonable time as determined by the Corporation of its subsidiary from the time all relevant documents have been obtained. The Company has no record of conflicts or differences with its stockholders, regulatory authorities and other third parties. When dispute arises, the Company, however, will meet and discuss the issue and aim to reach a compromise with the other party. If compromise agreement is not reached, final arbitration will be sought.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, the Corporation's Code of Conduct and Ethics has been properly disseminated to all directors, senior management and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

ALI has established a compliance structure which assigns oversight responsibility for the Company's Code of Ethical Behavior program to the Human Resources Group (HRG) Head or his/her designate. SBU and Group Heads are responsible for establishing, implementing and maintaining an effective program, including a system of internal controls, to ensure compliance by everyone with all laws and regulations and the provisions of this Code. People who manage others have a special responsibility to show, through words and actions, personal commitment to the highest standards of integrity. As coaches and leaders, supervisors and managers must:

- *Maintain an environment of open communication in which the ALI values and the provisions of this Code and related policies and instructions are shared, discussed and even debated.*
- *Ensure that their people understand the ALI values and the provisions of this Code and provide additional training, when appropriate.*
- *Take reasonable steps to ensure that unethical conduct within their areas of responsibility is detected and addressed.*

- *Consider whether a person lives the ALI values before placing him or her in a position of responsibility. Everyone is responsible for notifying the Human Resources Group, Legal, Audit or the Compliance Officer immediately if he/she suspects, observes or learns of any unethical business conduct or the commission of any dishonest, destructive, or illegal act.*

The appropriate Group will investigate all reports and provide feedback when appropriate. There will be no reprisals against those who report suspected violations in good faith, and their identity will be protected to the extent consistent with law and ALI policy.

Because ALI strongly believes in ethical behavior, employees who do not comply with the provisions of this Code and other Company policies and procedures may be subject to a range of disciplinary actions, up to and including dismissal. Additionally, violations of these standards could result in criminal penalties and/or civil liabilities.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

<table>
<tr><th>Related Party Transactions</th><th>Policies and Procedures</th></tr>
<tr><td>(1) Parent Company</td><td rowspan="8">The Company and its subsidiaries, 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, development, management, and 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.</td></tr>
<tr><td>(2) Joint Ventures</td></tr>
<tr><td>(3) Subsidiaries</td></tr>
<tr><td>(4) Entities Under Common Control</td></tr>
<tr><td>(5) Substantial Stockholders</td></tr>
<tr><td>(6) Officers including spouse/children/siblings/parents</td></tr>
<tr><td>(7) Directors including spouse/children/siblings/parents</td></tr>
<tr><td>(8) Interlocking director relationship of Board of Directors</td></tr>
</table>

Ayala Land has a Related Party Transaction Policy that aims to define related party relationships and transactions and to set out the guidelines, categories, and thresholds that will govern the review, approval, and ratification of these transactions by the Board of Directors or Shareholders, to ensure that related party relationships have been accounted for and disclosed in accordance with the International Accounting Standards (IAS) 24 on Related Party Disclosures.

In accordance with the Charter of the Board of Directors, the Related Party Transaction (RPT) Review Committee is constituted as the Committee responsible to oversee and review the propriety of related party transactions and their required reporting disclosures.

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

All employees of the Corporation are also required to complete the mandatory form on “Business Interest/Related Party Disclosure” in the month of January of each year. This is duly noted by the employee’s strategic business unit or group head, and submitted to the Human Resource Group which collates them in file and monitors compliance thereof.

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

The Corporation requires directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they are conflicted.

Before commencement of the related party transaction, Management shall report to the RPT Review Committee each new or proposed related party transaction for review and approval. The report should cover the following:

a. The terms, business purpose, benefits and other details of the related party transaction.

b. The nature of the relationship of the party or parties involved in the transaction in relation to the Corporation.

c. The description of the transaction, including the affected periods to be disclosed in the financial statements,

	including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements, which may include the amounts due to or from related parties to the transaction, if any, and the terms and manner of settlement. The RPT Review Committee shall review all the information reported by Management and shall consider all of the relevant facts and circumstances available, including but not limited to the following: a. The terms of the transaction, which should be fair and to the best interest of the Corporation and no less favorable than those generally available to non-related parties under the same or similar circumstances b. The aggregate value of the related party transaction. c. Extent of the Related Party's interest in the transaction d. Whether the related party transaction would present an improper conflict of interests or special risks or contingencies for the Corporation, or the Related Party taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the nature of any proposed relationship e. Any other relevant information regarding the transaction. The RPT Review Committee shall approve related party transactions before their commencement. However, material or significant related party transactions will have to be endorsed by the RPT Review Committee to the Board for approval. Materiality thresholds applicable to related party transactions are to be defined and endorsed by the RPT Review Committee to the Board. The Board may, at its option, require that a related party transaction that it has approved, be also submitted to the stockholders for consideration and ratification. All employees of the Corporation are also required to complete the mandatory form on "Business Interest/ Related Party Disclosure" in the month of January of each year. This is duly noted by the employee's strategic business unit or group head, and submitted to the Human Resource Group which collates them in file and monitors compliance thereof.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	• It is the responsibility of each director to promote the best interest of the Corporation. Therefore, in making decisions, the directors should only pursue the interest of the Corporation, and must not consider their own personal advantage. Each director shall disclose any conflict of interest, annually through the Ayala Land Disclosure Form. A director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the Board. • Notwithstanding the precautions set by the annual disclosure of conflict of interest, each director is required to abstain from participating in the discussion of, and from voting on, any matter where he is in conflict of interest at any point during the course of his service. • In line with the insider trading policy of the Corporation, each director is required to notify the Board at least one day before dealing in the shares of stock in the Corporation. • No person shall qualify or be eligible for nomination or election to the Board of if he is engaged in any business which competes with or is antagonistic to that of the Corporation in accordance with the Corporation's By-laws. • At least once a year, the non-executive directors must meet without any executives present. • Directors shall keep confidential all the information contained in the confidential reports or discussions for a period of at least two years. They shall also ensure that all persons who have access to the same information on their behalf shall likewise comply with this rule. • The personal interest of directors, key officers and employees should never prevail over the interest of the Company. If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. • Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of conflict of interest. • The Ayala Land Internal Audit has aligned the policies on conflict of interest of Ayala
Group	

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

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[3] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A	N/A	N/A

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A	N/A	N/A

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A	N/A	N/A

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company has no record of conflicts or differences with its stockholders, regulatory authorities and other third parties. When dispute arises, the Company, however, will meet and discuss the issue and aim to reach a compromise with the other party. If compromise agreement is not reached, final arbitration will be sought.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

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

[3] *Family relationship up to the fourth civil degree either by consanguinity or affinity.*

February 26, 2015(Friday, 230 pm)
April 12 (Tuesday, immediately after the Annual Stockholders' Meeting)
May 27 (Friday, 230 pm)
August 26 (Friday, 230 pm)
October 21 (Friday, 230 pm)
November 25 (Friday, 230 pm)

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year*	No. of Meetings Attended	%
Chairman	Fernando Zobel de Ayala	4/6/2015	6	6	100
Vice-Chairman	Jaime Augusto Zobel de Ayala	4/6/2015	6	6	100
President and CEO	Bernard Vincent O. Dy	4/6/2015	6	6	100
Member	Antonino T. Aquino	4/6/2015	6	6	100
Member	Delfin L. Lazaro	4/6/2015	6	6	100
Member	Vincent Y. Tan	4/6/2015	6	6	100
Independent	Francis G. Estrada	4/6/2015	6	6	100
Independent	Jaime C. Laya	4/6/2015	6	6	100
Independent	Rizalina G. Mantaring	4/6/2015	6	5	83

**In 2015 and during the incumbency of the director.*

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Non-executive directors hold a meeting without the presence of any executive at least once a year.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

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

- *i. approval of any action for which shareholders' approval is also required; filling of vacancies in the Board or in the Executive Committee;*
- *ii. the amendment or repeal of By-Laws or the adoption of new By-Laws;*
- *iii. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;*
- *iv. distribution of cash dividends; and*
- *v. the exercise of powers delegated by the Board exclusively to other committees, if any.*

5) Access to Information

(a) How many days in advance are board papers[4] for board of directors meetings provided to the board?

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

(b) Do board members have independent access to Management and the Corporate Secretary?

Board members have separate and independent access to the Corporate Secretary who oversees the adequate flow of information to other Board members prior to meetings and serves as an adviser to the directors on their responsibilities and obligations. They do have access to management on matters that need clarification as part of their oversight functions.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary shall be a resident and citizen of the Philippines. He/she is an officer of the Corporation and his/her loyalty to the mission, vision, and specific business objectives of the Corporation must come with his duties. Considering his varied functions and responsibilities, he/she must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. He/she must also have some financial and accounting knowledge.

The Corporate Secretary shall have the following functions:

- *Serve as an adviser to the directors on their responsibilities and obligations*
- *Keep the minutes of meetings of the stockholders, the Board of Directors, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate*
- *Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same*
- *Have charge of the stock certificate book and such other books and papers as the Board may direct*
- *Attend to the giving and serving of notices of Board and shareholder meetings*
- *Be fully informed and be part of the scheduling process of other activities of the Board*
- *Prepare an annual schedule of board meetings and the regular agendas of meetings, and put the Board on notice of such agenda at every meeting*
- *Oversee the adequate flow of information to the Board prior to meetings*
- *Ensure fulfillment of disclosure requirements to the Securities and Exchange Commission and the Philippine Stock Exchange*

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

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Ayala Land's Corporate Secretary is trained in legal and company secretarial practices.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

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[4] *Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.*

Yes [x] No [ ]

Committee	Details of the procedures
Executive	Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly internal financial statements. Board materials are distributed to the Board of Directors, as much as possible, at least five (5) business days prior to the meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Corporate Secretary also serves as the Company's General Counsel. As the need arises, directors reserve the right to avail of external advice.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
N/A	N/A	N/A

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Determined by the Board of Directors as recommended by the personnel and compensation committee	Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(2) Variable remuneration	Determined by the Board of Directors as recommended by the personnel and compensation committee	**Performance Bonus Pool**. Determined by the Board of Directors as recommended by the personnel and compensation committee **Individual Grant**. Determined by the Chairman of the Board of

		Directors as recommended by the President & CEO
(3) Per diem allowance	None	None
(4) Bonus	Determined by the Board of Directors as recommended by the personnel and compensation committee	Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(5) Stock Options and other financial instruments	Determined by the Board of Directors as recommended by the personnel and compensation committee	**Stock Allocation**. Determined by the Board of Directors as recommended by the personnel and compensation committee **Individual Grant**. Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(6) Others (specify)	-	-

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	• Market competitive • Pay for performance orientation delivered through annual variable and long term incentive programs	Fixed and variable cash compensation, stock options and benefits	Based on size and scope of role and value of individual contribution to organization
Non-Executive Directors	• Market competitive • 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	Annual retainer, board meeting fee, committee meeting fee	Sum of annual retainer, board meeting fees, committee meeting fees

Do stockholders have the opportunity to approve the decision on total remuneration(fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Increase in remuneration of non-executive directors (annual retainer, board meeting fee, committee meeting fee)	13 April 2011

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	P1,000,000 annually	
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	None	P200,000 for each regular board meeting attended P100,000 for each board committee meeting attended	
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
Total	None	P6,600,000.00	P9,600,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	-	-	-

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
-	None	-	-	-

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
-	None	-

5) Remuneration of Management

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Arturo G. Corpuz Senior Vice President	P115.5M
Raul M Irlanda Senior Vice President	
Emilio Lolita J Tumbocon Senior Vice President	
Jaime E. Ysmael Senior Vice President	
Anna Margarita B. Dy Senior Vice President	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director(ED)	Non-Executive Director (NED)	Independent Director(ID)				
Executive	1	4	-	Please refer to Item #4 below for more details			
Audit	-	1	2				
Risk	-	1	2				
Related Party Transactions Review	-	-	3				
Nomination	-	2	1				
Personnel and Compensation	-	3	1				
Sustainability	1	-	2				
Inspectors of Proxies and Ballots*	-		-				

**May not be member of the Board of Directors.*

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Fernando Zobel de Ayala	04/1999 (as Chairman)	5	6	83	27 years
Member (NED)	Antonino T. Aquino	04/2009	6	6	100	7 years
Vice Chairman	Jaime Augusto Zobel de Ayala	06/1988	6	6	100	28 years
President and CEO	Bernard Vincent O. Dy	04/2014	6	6	100	2 years
Member(NED)	Delfin L. Lazaro	04/2005	5	6	83	11 years
In 2015 and during the incumbency of the director.						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jaime C. Laya	04/2010	4	4	100	6 years
Member (NED)	Antonino T. Aquino	04/2014	4	4	100	2 years
Member (ID)	Rizalina G. Mantaring	04/2014	4	4	100	2 years
In 2015 and during the incumbency of the director.						

Disclose the profile or qualifications of the Audit Committee members. All committee members possess the qualifications and none of the disqualifications required to be elected.

***Jaime C. Laya, Filipino**, 76, 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 Trustee of Cultural Center of the Philippines, St. Paul's University – Quezon City, Ayala Foundation, Inc., Escuela Taller de Filipinas Foundation, Inc., Fundación Santiago, Manila Polo Club, and other non-profit, non-stock corporations. He graduated magna cum laude from University of the Philippines in 1957 with a degree in B.S.B.A. (Accounting) and completed his M.S. in Industrial Management at Georgia Institute of Technology in 1960. He later graduated from Stanford University as Ph.D. in Financial Management in 1967. He has served as Minister of the Budget, Minister of Education, Culture and Sports, Governor of the Central Bank of the Philippines, Chairman of the National Commission for Culture and the Arts, and Professor and Dean of Business Administration of the University of the Philippines.*

***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. He is a Member of the Multi Sectoral Advisory Board of the Philippine Army since 2014. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (Philam). He earned a degree in BS Management and Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.*

***Rizalina G. Mantaring,** Filipino, 56, 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 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.*

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee assists the Board of Directors in the fulfillment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process, the robustness of its internal control and risk management systems and processes, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements. The Audit Committee is also responsible for the appointment and removal of the external auditor. The Committee likewise evaluates and/or approves specific matters presented by the Internal Audit Division and external auditor. In addition, the Committee reviews the Company's enterprise-wide risk management process and risk mitigation plans.

(c) Risk Committee

(On 28 August 2014, the Board of Directors approved, confirmed and ratified the appointment of the Chairman and Members of the Risk Committee)

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Member (ID)	Jaime C. Laya	04/2010	2	2	100	6 years
Member (NED)	Antonino T. Aquino	04/2009	2	2	100	7 years
Chairman (ID)	Rizalina G. Mantaring	04/2014	2	2	100	2 years
In 2015 and during the incumbency of the director.						

(d) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Francis G. Estrada	04/2014	4	4	100	2 years
Member (NED)	Antonino T. Aquino	04/2009	4	4	100	7 years
Member (NED)	Fernando Zobel de Ayala	04/1999	4	4	100	27 years
In 2015 and during the incumbency of the director.						

(e) Personnel and Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Francis G. Estrada	04/2014	3	3	100	1 year
Member (NED)	Fernando Zobel de Ayala	04/1999	3	3	100	26 years
Member (NED)	Jaime Augusto Zobel de Ayala	06/1988	3	3	100	27 years
Member (NED)	Antonino T. Aquino	04/2009	3	3	100	6 years
*In 2015 and during the incumbency of the director.						

(f) Related Party Transactions Review Committee

The creation of a Related Party Transaction (RPT) Review Committee and the Charter of the Committee was approved by the Board last 27 November 2015. The new members of the RPT Review Committee were likewise appointed last 27 November 2015.

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Member (ID)	Jaime C. Laya	04/2010	1	1	100	6 years
Member (ID)	Rizalina G. Mantaring	04/2014	1	1	100	2 years
Chairman (ID)	Francis G. Estrada	04/2014	1	1	100	2 years
*In 2015 and during the incumbency of the director.						

(g) Sustainability Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jaime C. Laya	04/2010	3	3	100	6 years
Member (ID)	Rizalina G. Mantaring	04/2014	3	3	100	2 years
Member (ED)	Bernard Vincent O. Dy	04/2014	3	3	100	2 years
*In 2015 and during the incumbency of the director.						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Non-Executive	Arturo G. Corpuz	Mr. Corpuz replaced Mr. Vincent Tan, whose term as an independent director of the Company expired on April 12, 2015.
Audit	n/a	n/a
Risk	n/a	n/a
Related Part Transaction Review	n/a	n/a

Committee		
Nomination		
Personnel and Compensation	Rizalina G. Mantaring (Member)	Mr. Mantaring replaced Messrs. Jaime Augusto Ayala and Antonino T. Aquino as approved by the board last April 12, 2015.
Sustainability	Arturo G. Corpuz (Member)	Ms. Corpuz replaced Rizaline G. Mantaring as approved by the board last April 12, 2015..
Sustainability	n/a	n/a

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Committee	Work Done	Issues Addressed
Executive	• Acts on specific matters delegated by the Board of Directors except with respect to the following: distribution of cash dividends; filling of vacancies on the Board or in the Executive Committee; amendment or repeal of By-Laws or the adoption of new By-Laws; amendment of or repeal of any resolution of the Board of Directors; and the exercise of powers delegated by the Board exclusively toother committees. • Discusses in detail strategic plans and directions. • Deliberated on, among others, various projects and business proposals.	
Audit	Assists the Board of Directors in the fulfilment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements.	• Reviewed and approved the 2015 Audited Financial Statements of the Company as prepared bythe external auditors Sycip, Gorres, Velayo & Co. (SGV), as well as the quarterly unaudited financial statements. • Recommended on the re-appointment of SGV as the Company's external auditors for 2016 and the corresponding audit fee structure. • Reviewed and/or approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV &Co. and discussed the results of their audits and their assessments of the Company's internal controls and the overall quality of the financial reporting process. Approved, discussed and endorsed related-party transactions until November 25, 2015 when a separate Related Party Transaction (RPT) Review Committee was constituted
Nomination	Implemented and maintained a process which ensures that all directors nominated for election at the Annual Stockholders' Meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws and the Manual of Corporate Governance.	• Reviewed the qualifications of key executives prior to hiring, re-assignment/movement, or promotion. • Reviewed the profiles of the nominees for directors for the year 2016-2017, approved the final list of nominees and approved the appointments and promotions of key officers.

Personnel and Compensation Committee	Established a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers and other key personnel.	• Approved and endorsed the grant of the 2015 performance bonus, 2016 Executive Stock Ownership Plan and 2016 Executive Housing Privilege to qualified officers of the Company. • Approved and endorsed the amendment to the Corporation's retirement plan. • Reviewed the 2015 organization climate survey. • Approved and endorsed the amendment to the Corporation's Employees Stock Ownership Plan.
Sustainability	Provided oversight to the sustainability initiatives of the Company, guides policymaking in the Company's sustainability program, and ensures full Company support and alignment with the Ayala Group of Companies' commitment to Sustainable Development.	• Discussed, reviewed and approved the Corporation's sustainability report. • Reviewed and discussed the summary report of the Corporation's external assurer, DNV GL, the Ayala Corporation's recommended use of the United Nation's Sustainable Development Goals, the sustainability objectives and updates on the four (4) focus areas, and the recommended directions and enhanced targets.
Related-Party Transaction Review Committee	Assists the Board of Directors in the fulfilment of its oversight responsibility relating to the review of all Related Party Transactions (RPTs), except pre-approved RPTs, the formulation, revision and approval of policies on RPTs, and the conduct of any investigation required to fulfill its responsibilities on RPTs;	• Assessed, reviewed and discussed the contract with GNPower Dinginin Ltd. Co.
Inspectors of Proxies and Ballots Committe	Approved by the Board on April 06, 2015 - at least five (5) working days prior to the date of the stockholders' meeting, the Committee shall perform the validation of the proxies submitted by stockholders. The Committee shall only consider proxies submitted not later than seven (7) working days prior to the date of the stockholders' meeting. The Committee shall prepare a summary of the valid and invalidated proxies to be submitted to the Office of the Corporate Secretary, together with the proxies.	• Validated, counted and tabulated votes cast at the Corporation's stockholders' meeting • Performed such other duties and functions as may be delegated by the Board from time to time

5) **Committee Program**

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

<table>
<tr><th>Name of Committee</th><th>Planned Programs</th><th>Issues to be Addressed</th></tr>
<tr><td>Executive</td><td colspan="2" rowspan="7">One of the tools used by the Board to monitor and improve its performance is an annual self-assessment exercise.

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

In 2013, a self-evaluation survey of the various Board committees was likewise introduced, consistent with the format and process implemented for the Board performance review.</td></tr>
<tr><td>Audit</td></tr>
<tr><td>Risk</td></tr>
<tr><td>Nomination</td></tr>
<tr><td>Personnel and Compensation</td></tr>
<tr><td>Related Party Transactions Review</td></tr>
<tr><td>Sustainability</td></tr>
</table>

F. RISK MANAGEMENT SYSTEM

1) **Disclose the following:**

(a) Overall risk management philosophy of the company;

Risk is inherent in our business. The identification, monitoring and effective mitigation of these risks are critical in delivering the Company's business objectives and in creating sustainable shareholder value.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Risk Committee is expected, through the provision of checks and balances, to support the corporate governance process. Specifically, it shall be responsible for the review of the adequacy of the Enterprise Risk Management framework/process of the Corporation. The Board, thru the Committee, provides oversight by providing continuous input, evaluation and feedback on the effectiveness of the risk management process.

As stated in the report of the Audit Committee to the Board of Directors and published in the Company's 2015 Annual Report, the Audit Committee has reviewed, discussed and confirmed the adequacy of the company's enterprise-wide risk management process, including the major risk exposures, the related risk mitigation efforts and initiatives, and the status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.

(c) Period covered by the review;

Quarterly

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The risk management system is reviewed on a quarterly basis.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Company has instituted a formal enterprise-wide risk management system, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Company.

The following risks are ranked according to their potential impact to the Company in terms of financial cost, brand reputation, and likelihood of occurrence.

<table>
<tr><th>Risk Exposure</th><th>Risk Management Policy</th><th>Objective</th></tr>
<tr><td>Government / Political Risk</td><td rowspan="5">1. Risks faced by ALI and its subsidiaries and affiliates shall be identified, monitored and managed effectively and to the best of our ability at all times.
2. Enterprise Risk Management will be embedded in the Company's critical business activities, functions and processes.
3. A robust risk assessment system, methodology and reporting structure will be used with all risk issues identified, analyzed, assessed, and monitored in a consistent manner.
4. The performance of our Enterprise-wide Risk Management initiatives will be regularly monitored, reviewed and reported.</td><td rowspan="5">Enterprise Risk Management is also an integral element of overall corporate governance and will provide the solid platform that will enable the Company to achieve the following objectives:

• To establish sustainable competitive advantage,

• To optimize its risk management cost, and

• To pursue strategic growth opportunities with confidence</td></tr>
<tr><td>Organizational Risk (People, Processes, Systems & Performance Metrics)</td></tr>
<tr><td>Project Execution / Delivery Risk(Time, Cost, Quality)</td></tr>
<tr><td>Product / Service Quality and Safety Risk</td></tr>
<tr><td>Risk of Being Marginalized by Competition</td></tr>
</table>

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The following risks are ranked according to their potential impact to the Company in terms of financial cost, brand reputation, and likelihood of occurrence.

Risk Exposure	Risk Management Policy	Objective
Residential: Resiliency and preparedness to respond to a market downturn	Risk management policy encompasses key risks across the company, as well as group-specific risk *(Refer to #2. Risk Policy, (a)Company above)*	Enterprise Risk Management is also an integral element of overall corporate governance and will provide the solid platform that will enable the Company to achieve the following objectives: • To establish sustainable competitive advantage, • To optimize its risk management cost, and • To pursue strategic growth opportunities with confidence
Residential: Financial and Credit Risk		
Residential: Ability of back-end / support processes to keep pace with scale and scope of project delivery		
Leasing: Changing Market Needs		
Leasing: Attracting and retaining merchants, tenants and anchors		
Strategic Land banking Group: Not being able to build land bank		
Strategic Land banking Group: Delays / Inability to use land post acquisition		
Construction: Contractor / Supplier Risk		
Construction: Legal / Regulatory Risk		
Property Management: Failure to maintain standard or quality of service/operations in managed properties		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The Company's Corporate Governance Policies follow best practices, specifically with respect to the equitable treatment of all shareholders – particularly the minority. While decisions by the controlling shareholders' are sometimes made, these are done in consultation with the majority of the shareholders. Our sound corporate governance and risk management practices are in place to ensure that all shareholders' views and concerns are addressed and treated fairly.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Government / Political Risk	• % of Permits acquired and renewed on time • LGU Relationship indicators	• A corporate framework for managing relationships exists • Delineation of SBU-driven and corporate driven government and political initiatives • Strategic roles and tactical roles on relationship management are defined
Organizational	• Turnover / Attrition rates	• Manpower build-up to cater to SBU

Risk (People, Processes, Systems & Performance Metrics)	• Percentage of key positions vacant • Resolution of Remedy tickets • Employee Engagement Surveys	needs • Job specific boot camps • Periodic review of compensation package to ensure competitiveness • Employee engagement programs in place
Project Execution / Delivery Risk	• Time, Cost and quality acceptable thresholds	• Enhancing Project Execution Plans • Design management programs • Partnering agreement programs • Non-negotiable items thru Tech Council • Contracts Management including monitoring of performance metrics
Product / Service Quality and Safety Risk	• Compliance rates to H&S regulations • S, H&S Incident Reports	• Security and safety standards • Incident reporting and follow up process • EHS programs in place
Risk of Being Marginalized by Competition	• GLA monitoring vs. competitors vs. internal targets • Dev portfolio monitoring vs. competitors vs. internal targets	• Mixed-use vs. stand alone buildings • Launch schedules subject to minimum take-ups and "red-flag" limits • Initiatives to drive down costs and rental rates exist

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Residential: Resiliency and preparedness to respond to a market downturn	• Contingent Liability metrics • Sales velocity thresholds • Ageing of take-ups	• Pre-sale strategy to reduce uncertainty on inventory levels • Monitoring of key indicators such as contingent liabilities, sales velocity and ageing of take up rate • Monitoring of AR through ageing reports • Running of scenarios (corporate and project level) to stress-test impact of market downcycles on the balance sheet
Residential: Financial and Credit Risk	• AR Levels • Mortgage rates • AR Ageing	• Credit Investigations are performed on customers before granting of payment terms • Monitoring of AR through ageing reports • Process in place for following up on collections
Residential: Ability of back-end / support processes to keep pace with scale and scope of project delivery	• Resolution of remedy tickets • % of backlog items	• Document checklist to ensure that sales documentation is complete • Implementation of education programme for sellers to impart know-how on sales documentation • Service Level Agreement (SLA) for outsourced services

Leasing: Changing Market Needs	• Growth or contraction indicators (internal) • BPAP forecasts	• Competitive scan to understand competitors' offerings • Account management structure – ongoing engagement of tenants on their current and future business needs; Project team activity/sharing • Addressing specifications through flexibility in design
Leasing: Attracting and retaining merchants, tenants and anchors	• Lease out thresholds • Occupancy Rates • Occupancy Costs	• Pipeline of tenants to backfill vacancies, if any • Quarterly pipeline report • Lease and payment schemes to assist tenants • Tenant feedback mechanisms at property level, with trending and analysis across properties
Strategic Land banking Group: Not being able to build land bank	• Targets vs. actual land acquired	• PD teams in SBUs actively sources for land opportunities • All land opportunities are centrally controlled and coordinated to avoid duplication of efforts by SBUs • Centrally-driven land acquisition pricing model
Strategic Land banking Group: Delays / Inability to use land post acquisition	• Unusable land bank vs. Total land bank (size and value)	• Extensive Legal and technical due diligence is done before acquisition • Systematic tracking of unresolved issues and problem • Ensuring early assignment of responsibilities for new land assets in inventory
Construction: Contractor / Supplier Risk	• Accredited contractors / suppliers database monitoring • Contractors / suppliers performance metrics	• Programme to develop and widen contractor base, especially specialty contractors, in the provinces. • Strategic alliances and partnerships with main contractors • Monitoring of concentration risk
Construction: Legal / Regulatory Risk	• Monitoring of regulatory sanctions and thresholds	• Audits conducted to ensure compliance to legal, regulatory requirements (i.e. compliance audits, CQC Internal & Surveillance audits) • Monitoring of changes to laws and regulations • Contractual Liability established in contracts
Property Management: Failure to maintain standard or quality of service/operations in managed properties	• Resolution % vs. Pending issues • Performance evaluation reports	• Service Level Agreement – which includes standards of operations, feedback, incident reporting, etc • Monitoring of customer complaints and satisfaction • Operational monitoring on performance of properties

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee and Risk Committee	• Update on the Quarterly company's risk profile and status thru the report of the company's Chief Risk Officer • Risk-based audits conducted by the company's Internal Audit group and reported to Committee on a quarterly basis	• Ensure that an overall set of risk management policies and procedures exist for the Corporation. • Review the adequacy of the Corporation's enterprise risk management framework/process. The Board, thru the Committee, provides oversight by providing continuous input, evaluation and feedback on the effectiveness of the risk management process. • Review the results of the annual risk assessment done by the designated Chief Risk Officer (CRO). The report shall include the identified risks that impact on the Corporation and the corresponding measures in addressing such risks. • Evaluate the risk assessment report submitted by the CRO on a periodic basis. The report may include existing and emerging risks identified with the Corporation and its subsidiaries, and the related risk mitigation strategies and action plans of management. • Monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors. • Meet periodically with Management to discuss the Committee's observations and evaluation on its risk management activities.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

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 ensures the adequacy of internal controls and risk management practices, accuracy and reliability of financial reporting, and compliance with applicable laws and regulations.*

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee of ALI submits to the Board of Directors (BOD) an annual report on the Committee's review of the effectiveness and adequacy of the internal control system of the Company. The same report is included in the Company's Annual Report.

(c) Period covered by the review;

The period covered by the review is one year.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Based on annual risk assessments approved by the Audit Committee, the Internal Audit Division (IAD) conducts risk-based audit projects to verify the effectiveness and efficiency of the process under review, determine compliance with applicable internal policies and laws and regulations, and provide recommendations for improvement. As the audit projects are completed, IAD presents to the Audit Committee the results of the engagements, usually on a quarterly basis.

(e) Where no review was conducted during the year, an explanation why not.

The independent review of the Company's internal control system by the Internal Audit Division (IAD) of ALI is based on an annual risk assessment and the results of such activity are included in the annual strategic audit plan of the ALI IAD. The results of the audits conducted by ALI IAD are presented to the Audit Committee on a quarterly basis. Areas not covered by ALI IAD are considered areas of lesser risks to the Company and therefore do not form part of the priority areas of ALI IAD.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Assurance	All processes within the ALI group of companies	Primarily carried out by the Internal Audit Division (IAD) but complemented by outsourced third parties when needed	Leovigildo D. Abot	Quarterly reporting process to the Audit Committee of ALI
Consulting	As required, based on the needs/requirements of the organization	Primarily carried out by the Internal Audit Division (IAD) but complemented by outsourced third parties when needed	Leovigildo D. Abot	At the end of the consulting engagement

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes, approval from the Audit Committee is required.

(c) Discuss the internal auditor's reporting relationship with the Audit Committee. Does the internal auditor have direct and unfettered access to the board of directors and the Audit Committee and to all records, properties and personnel?

The Internal Audit Division (IAD), headed by Leovigildo D. Abot as Chief Audit Executive (CAE), reports to the Audit Committee of the Board. The IAD provides independent and objective assurance and advisory services to the Company. Through the Audit Committee, the IAD assists the Board in the discharge of its duties and responsibilities as provided for in the SEC's 2014 Revised Code of Corporate Governance.

The IAD has a Charter that has been approved by the Audit Committee. This Charter describes the mission, independence and objectivity, scope and responsibilities, authority, accountability and standards of the IAD including direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel of the Company.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm)and the reason/s for them.

Name of Audit Staff	Reason
Salvador C. Guarino, Jr.	Joined an independent auditing/ consulting firm to assume higher position

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The IAD prepares and presents to the ARC an annual Audit Plan. The IAD executes and reports to the ARC the results of its engagement projects on a quarterly basis. Likewise, at the end of the reporting year, ALI CAE reports to the AUDIT COMMITTEE the performance of the IAD during the past year.
Issues[5]	
Findings[6]	
Examination Trends	

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) *Preparation of an audit plan inclusive of a timeline and milestones;*
2) *Conduct of examination based on the plan;*
3) *Evaluation of the progress in the implementation of the plan;*
4) *Documentation of issues and findings as a result of the examination;*

[5] *"Issues" are compliance matters that arise from adopting different interpretations.*
[6] *"Findings" are those with concrete basis under the company's policies and rules.*

5) *Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;*
6) *Conduct of the foregoing procedures on a regular basis.*

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Each SBU or subsidiary of ALI has prepared documented policies and procedures that govern its operations. Examples include policies and procedures for financial accounting, human resource administration, information technology, code of ethics/code of conduct, whistle-blowing, AMLA compliance, etc.	These policies and procedures are observed and implemented.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Charter of IAD states: The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. To maintain objectivity, the IAD is not involved in day-to-day control procedures. Instead, each ALI subsidiary or strategic business unit is responsible for their own internal control and efficiency. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information	• We schedule one-on-one meetings and site visits to our various developments separately for each brokerage house • As a policy, we do not provide profit guidance and allow analysts to generate their own forecasts and estimates based on our disclosures, analyst briefings, and operating stats that we make readily available • We provide the same information to all research analysts, financial institutions, and fund managers	Underwriting: • Securities issued to the public are registered with the SEC • Conduct of due diligence review by investment bank • Underwriting Commitment subject to bank approval • Pricing of securities are subject to auction or book building process • Securities issued are held by a trustee in behalf of the investing public	Rating • Conduct of due diligence review

about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. The CAE will confirm to the Board through the Committee, at least annually, the organizational independence of the internal audit activity.			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman, the CEO and Compliance Officer of the Company will attest to the Company's compliance with the SEC Code of Corporate Governance.

The Board of Directors (led by the Chairman), Management, Officers and employees of Ayala Land, Inc. (led by the President / CEO) commit themselves to the principles and best practices of governance contained in our Manual of Corporate Governance as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Vision statement and corporate values of Ayala Land, Inc.

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	• The Company recognizes the significance of customer contributions to its success. We are unrelenting towards further strengthening the trust and confidence of our customers by constantly ensuring on-time delivery of best-in-class products and services.	• We continuously sharpen customer focus and accountability and have considerably improved our service levels across all customer-facing units through dedicated service and relationship management teams.
Supplier/contractor selection practice	• The Company recognizes the rights of all our business partners and we strive to forge long-term and mutually-beneficial relationships with them through impartial dealings and adherence to the highest level of moral and ethical conduct.	• We accredit suppliers who share the same vision as the Company along these lines, with preference for those who adopt a green mindset under our greening the supply chain campaign

	• We grant equal opportunities to, and promote fair and open competition among vendors and trade partners by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness	
Environmentally friendly value-chain	• We strongly adhere to best sustainable practices in the delivery of our products and services.	• We have embedded sustainable practices in our day-to-day operations, including partnering and accrediting business partners who adhere to the same environmental sustainable philosophies and practices.
Community interaction	• We are dedicated to improve the quality of life not only of our customers but also of the families and people in the communities that surround our developments and society as a whole.	• We provide livelihood programs, education and trainings to the communities affected by our developments.
Anti-corruption programmes and procedures	• We consistently work hand in hand with the government, both at the national and local levels, to address various environmental and social issues. • We constantly seek to partner with the public sector in developing business solutions, initiatives, and infrastructure platforms that may serve as catalysts for social progress and contribute to raising the standard of living of people in the communities we serve and develop.	• We support the government's anti-money laundering campaign and other laws by complying with all the rules and regulations imposed by the PSE, SEC, PDEx, BSP and other government institutions
Safeguarding creditors' rights	• We acknowledge the rights of creditors as stakeholders and are committed to honoring our contracted financial obligations and any financial covenants these may contain.	• We present creditors with readily available information required to evaluate the Company's credit standing.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

A comprehensive Sustainability Report will be released online in September 2015. This new approach will allow Ayala Land to provide more focus on its discussion of its sustainability practices under the Global Reporting Initiative (GRI) standards. This new approach allows the Corporation to address our different set of readers and stakeholders in a more strategic and focused manner, and to communicate our business results more effectively.

The Corporation is one of the first in the Philippines to benchmark on the metrics of the Global Reporting Initiative (GRI) and has been publishing an annual sustainability report since 2007. The Corporation adheres to its four focus areas – Site Resilience, Pedestrian and Transit Connectivity, Contribution to Local Economy/Employment and Eco-efficiency.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

In 2014, the Company has established its central Occupational Safety and Health (OSH) Committee to enhance Ayala Land's safety program at a brand level. The Committee was primarily intended to ensure both regulatory compliance and improvement of the Company's performance on safety, as well as protecting the health of its most valuable asset–its people.

As a major start, an overall Ayala Land Corporate OSH Program has been drafted and cascaded for development to the Company's subsidiaries for program alignment and standardization. This OSH program was developed in accordance with the framework of occupational safety and health management which the Department of Labor and Employment (DOLE) of the Philippines through its Bureau of Working Conditions (BWC) is regulating and driving.

To achieve the Company's objectives in safety and health management, the Company's management shall ensure that programs and actions are in place and are being done religiously via the following;

- *Ensuring that all employees and engaged workers (including contracted workers) receive proper orientation and needed training on work and workplace safety before and during their employment or service engagement and as deemed necessary, based on the nature or gravity of the hazard/s in the workplace or activity.*
- *Putting in place a continuing communications program to keep the level of awareness on occupational safety and health of all employees and contracted workers high, eliminating complacency in job execution and keeping abreast with latest development and learning related to preventing occupational injury and illness and enhancing wellness promotion.*
- *Providing a system to properly assess, screen and detect workers psycho-physical state, capability and limitations in performing work safely and efficiently before employment or work engagement as well as to effectively monitor employees health and well being with respect to work and workplace hazard or exposures.*
- *Establishing and consistently enforcing a system of motivating positive attitude and recognizing proper behavior towards contributing to safe work conduct, good health protection and maintenance in all workplaces as well as penalizing improper work behavior or negligent action resulting to occupational injury and/or illness.*
- *Ensuring that all workplace hazards are proactively and continuously identified and that needed reasonable corrective measures are In place to prevent or control physical, biological, ergonomic and chemical hazards existing in all work areas or those which are developed as a result of operations or day-to-day activities.*

To further promote and effectively ensure adherence to the belief and aspirations of the Company towards occupational safety and health, management shall integrate accident prevention and occupational health maintenance in evaluating the performance of both business and support units. A Safety Council was also established in 2013. OSH performance shall be a regular item to be monitored and reported in the Risk Committee meetings and a regular agenda item in the regular Safety Council meetings.

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

We also urge our employees to undergo annual physical examinations and regular flu, cervical, and pneumonia vaccinations. Employees receive health risk assessments, timely information on prevention of serious diseases.

We also provide extensive health insurance coverage for both employees and eligible family members (inpatient, outpatient, disability and invalidity), medical allowances, retirement provision and leave entitlements such as sick, vacation and parental leaves. We have our clinic with a company nurse and doctor available to employees.

All matters related to the health, safety, and welfare of employees, including training and development programs and rewards and compensation are fully discussed in the Sustainability Report which will be released in September 2015.

(b) Show data relating to health, safety and welfare of its employees.

ALI's construction arm, MDC implemented the Total Safety & Quality Culture Building Program. Major initiatives were the following: i) Identify High Risk Activities ii) develop comprehensive Safe Operating Procedures (SOPs) and implement it across MDC and subsidiaries iii) Revise EHS Book of Standards custom fitted to current needs and revise EHS checklist and put higher weights on high risk activities.

MDC recorded a total of 1.135 total recordable incident rate, 152,484,315 safe man-hours for 2015. ALI's Property Management arm, APMC, recorded a zero incidence of work-related injury/illness as reported to DOLE. Provided are the total Parental leaves taken by ALI employees in 2015

Parental Leaves		No. of Employees that Took Parental Leave		No. of Employees who Returned to Work		The Return to Work Rates	
	No. of Employees entitled to Parental Leave	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
AYALA LAND	458	2	1	2	1	100%	100%
ALVEO LAND	143	2	1	2	1	100%	100%
AVIDA LAND	287	0	0	0	0	-	-
AVIDA SALES CORP.	50	0	0	0	0	-	-
AMAIA LAND	244	0	1	0	1	100%	75%
BELLA VITA	46	1	0	1	0	100%	-
APMC	355	11	10	11	10	100%	100%
MDC	397	11	4	11	3	100%	75%
Buildplus	77	0	1	0	1	-	100%
MEQ	27	2	0	2	0	100%	-
MCI	29	0	0	0	0	-	-
AHRC	22	0	0	0	0	-	-
ALSI	46	1	3	1	3	100%	100%
ALISI	29	0	0	0	0	-	-
ALO Inc.	16	0	1	0	1	-	100%
ALMI	123	1	4	1	4	100%	100%
ARVO	3	0	0	0	0	-	-
ATMI	13	0	1	0	1	-	100%
AMICASSA	321	9	17	9	12	100%	71%
APRISA	248	1	9	1	9	100%	100%
EL NIDO RESORTS	341	11	6	11	6	100%	100%
SEDA HOTELS	188	3	1	3	1	100%	100%
HOLIDAY INN	90	3	3	3	2	100%	67%
FAIRMONT	305	5	7	5	7	100%	100%
INTERCON	184	0	2	0	0	-	0%

CEBU MARRIOT	175	1	3	1	3	100%	100%
TOTAL	**4,217**	**64**	**75**	**64**	**66**	**100%**	**88%**

(c) State the company's training and development programs for its employees. Show the data.

Training sessions and activities are designed to enhance team performance, boost knowledge in sustainability practices, address new issues and challenges, and foster camaraderie.

- *Ayala Land conducted a total of 120,496 training hours translating to 42 training sessions.*
- *In 2015, MDC conducted a total of 3,542 training hours translating to 295 training sessions for the different Programs such as level-based Leadership Development Program, Development program for Critical Positions, Skilled Workers TESDA NC II Certification, Safety & Quality Culture Building Programs and other Technical & Competency-based training.*
- *APMC registered a total of 14,954 training hours composed of 109 training sessions in under various service improvement programs.*

Ayala Land Parent and subsidiaries consolidated training hours

Employee Category	**Total Training Hours**	**Total Employees**	**Ave. Training Hrs**
Senior Management (MTF-UP)	2,856	105	27
Middle Management (MTA-MTE)	29,254	730	40
Rank and File	70,394	1756	40
TOTAL	**102,504**	**2591**	**40**

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company implements an Employee Stock Ownership (ESOWN) Plan to introduce into the Company's performance and rewards systems a long-term perspective to complement the short-term components and mechanisms that are in place. This is meant to encourage decision-makers to balance short-term with long-term goals and objectives.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

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

The Company's business integrity channels are communication facilities that enable individuals to freely report fraud, violations of laws, rules, and regulations, or misconduct to people of authority without fear of retaliation.

These secured channels provide concerned individuals all possible means to come forward and report their concerns either through electronic mail, telephone, fax, post mail, website or face-to-face discussions.

The ultimate goal is to give employees, third-party business partners, and other stakeholders every possible means for coming forward, so that they report information to top management or to the Board of Directors, rather than turning to the media.

The Ayala Land Business Integrity Channels shall be spearheaded by the Ayala Land Ethics Committee. The Ethics

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

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

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

The Ayala Land Business Integrity Channels shall accept reports made anonymously. The whistleblower who files a report may choose to provide the manner by which he can be contacted without jeopardizing his anonymity.

Such means shall include, but is not limited to using an e-mail address, or a mobile number, among others. If the whistleblower chooses to identify himself, the recipient of the report from any of the Reporting Channels shall ask the whistleblower if he is willing to be identified in the course of the investigation.

After the investigation has been completed, and the report is substantiated, the Committee shall inform the Respondent's Company HRD about the report for appropriate action. The Respondent's Company HRD shall coordinate with the Committee in conducting full investigation in accordance with applicable Company policies and procedures.

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

Cases of retaliation against any whistleblower may be reported through any of the Ayala Land Integrity Business Channels. The retaliation complaint shall be dealt with in accordance with this policy, or other relevant Company policies and procedures, and any applicable laws.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

Holding 5% shareholding or more (As of January 31, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Ayala Corporation*	6,934,509,515 common 12,163,180,640 preferred	24.97831% 43.81214%	Ayala Corporation
PCD Nominee Corporation** (Non-Filipino)	2,923,706,995 common	10.53128%	PCD participants acting for themselves of for their customers***
PCD Nominee Corporation**	1,723,692,368 common	6.20879%	Aberdeen Asset Management Asia Limited****
PCD Nominee Corporation**	1,455,326,611 common	5.24213%	Aberdeen Asset Managers Limited****
PCD Nominee Corporation**	1,408,748,314common	5.07435% %	PCD participants acting for themselves of for their customers***

(Filipino)			

**Ayala Corporation ("AC") is the parent of the Company.*
***PCD is not related to the Company*
***** 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 4,647,399,363 common shares registered in the name of PCD Nominee Corporation, 2,106,897,110 or 7.58911% of the voting stock is for the account of The Hongkong and Shanghai Banking Corporation (HSBC) and 1,930,632,902 or 6.95420% 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.
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*****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.*

As of January 31, 2016

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) 10,536,167	Filipino	0.03795%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.07314%
Common	Vincent Y. Tan	(direct & indirect) 12,950,871	Canadian	0.04665%
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) 10,536,167	Filipino	0.03795%
Common	Arturo G. Corpuz	(direct & indirect) 6,195,761	Filipino	0.02232%
Common	Raul M. Irlanda**	(direct & indirect) 1,034,604	Filipino	0.00373%
Common	Emilio Lolito J. Tumbocon**	(direct & indirect) 8,938,585	Filipino	0.03220%
Common	Jaime E. Ysmael	(direct & indirect) 8,848,635	Filipino	0.03187%
Other Executive Officers				
Common	Dante M. Abando	(direct & indirect) 3,333,264	Filipino	0.01201%
Common	Leovigildo D. Abot	(direct & indirect) 477,773	Filipino	0.00172%
Common	Augusto D. Bengzon	(indirect) 2,067,444	Filipino	0.00745%
Common	Aniceto V. Bisnar, Jr.	(direct & indirect) 1,516,701	Filipino	0.00546%
Common	Manny A. Blas II	(direct & indirect) 1,534,308	Filipino	0.00553%
Common	Ma. Corazon G. Dizon**	(direct & indirect) 1,141,495	Filipino	0.00411%
Common	Anna Ma. Margarita B. Dy	(indirect) 5,299,857	Filipino	0.01909%
Common	Myrna Lynne C. Fernandez*	(indirect) 800,500	Filipino	0.00288%
Common	Jose Emmanuel H. Jalandoni	(indirect) 5,383,260	Filipino	0.01939%
Common	Jose Juan Z. Jugo	(indirect) 460,787	Filipino	0.00166%
Common	Laurent P. Lamasuta	(indirect) 2,378,791	Filipino	0.00857%
Preferred		(indirect) 1,977,234		0.00712%
Common	Robert S. Lao	(indirect) 594,648	Filipino	0.00214%
Common	Michael Alexis C. Legaspi	(indirect) 3,651,853	Filipino	0.01315%
Common	Joselito N. Luna	(direct & indirect) 3,760,955	Filipino	0.01355%
Common	Christopher B. Maglanoc	(indirect) 506,485	Filipino	0.00182%
Common	Romeo T. Menpin, Jr.	(direct & indirect) 251,051	Filipino	0.00090%

Common	William Thomas F. Mirasol	(indirect) 186,146	Filipino	0.00067%
Common	Rodelito J. Ocampo	(direct & indirect) 1,303,090	Filipino	0.00469%
Common	Angelica L. Salvador	(direct & indirect) 1,008,190	Filipino	0.00363%
Common	Ma. Rowena Victoria M. Tomeldan	(direct & indirect) 1,249,281	Filipino	0.00450%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		**107,727,925**		**0.388011%**
** Vice President effective January 1, 2016.* ***Retired effective December 31, 2015.*				

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	No, this is disclosed in the Definitive Information Statement.

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-Audit Fee
Sycip, Gorres, Velayo & Co. (SGV& Co.)	P22.69 million*	P0.13**
**Pertains to audit fees* ***SGV fees for the validation of stockholders' votes during the annual stockholders' meetings*		

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

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

- ***Quarterly Briefings and One-on-one Meetings***
  We conduct quarterly briefings for both equity and credit analysts and communicate directly with institutional and individual investors through one-on-one meetings, conference calls and written

communications such as electronic mail. Analysts and investors who are unable to attend our quarterly briefings in person are also invited to participate through a teleconference facility. We also have a continuing program of enhancing our Investor Relations website, which includes the podcasts of our quarterly briefings.

- ***Property Tours and Site Visits***
  Ayala Land welcomes analysts and investors to have an actual visit of various Ayala Land property developments on a scheduled basis.

- ***Roadshows and Conferences***
  Throughout the year, our CEO, CFO, Head of Investor Communications and Compliance, and other members of senior management (where appropriate) make themselves available for meetings with institutional investors through pre-arranged company visits, teleconferences, analyst briefings and attendance in local and international investor conferences, corporate days and non-deal roadshows. In 2014, senior management met with institutional investors and fund managers in 24 conferences and corporate day events held in Manila, Singapore, Hong Kong, Kuala Lumpur, Tokyo, Sydney, London, Edinburgh, Paris, Frankfurt, Boston, San Francisco and New York.

- ***Company Website***
  All information on Corporate Governance and Investor Relations related matters are available online at ir.ayalaland.com.ph.

- ***Media Briefings***
  Our Corporate Communications Division engages the media on a regular basis through multiple channels such as media conferences, briefings, news releases, fact sheets, social gatherings, one-on-one meetings and through third-party consultants. We occasionally support media initiated causes and events that are aligned with our principles and advocacies.

5) Date of release of audited financial report:

The Audit Committee is convened within 6 weeks after the reference year to discuss and evaluate the Company's financial statements. An annual analyst briefing for the full year results of the reference year is likewise conducted and disclosed to the SEC, PSE and PDEx in the same day.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	**Yes**
Financial statements/reports (current and prior years)	**Yes**
Materials provided in briefings to analysts and media	**Yes**
Shareholding structure	**Yes**
Group corporate structure	**Yes**
Downloadable annual report	**Yes**
Notice of AGM and/or EGM	**Yes**
Company's constitution (company's by-laws, memorandum and articles of association)	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

RPT	Relationship	Nature	Value (In thousands)
Please refer to Note 25. Related Party Transactions of the Audited Financial Statements			

In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The details of these RPTs are disclosed annually in the notes accompanying the Company's Annual Audited Financial Statements. In addition, employees of Ayala Land are expected to promote primarily the best interest of the organization and its stakeholders. Annually, employees are required to properly disclose their business interests. For the management team, adherence to ALI's Insider Trading Policy is strictly enforced to continue to uphold transparency and practice corporate governance in the organization.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority

A quorum is achieved if over one-half of the stock is present or represented except in cases where the Corporation Law requires a greater number.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	By poll
Description	Voting shall be by ballot or through electronic voting and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

All Stockholders' Rights are consistent with what is indicated in the Corporation Code.

Dividends:

Historical dividends shown below started when the Company shifted to a payout-based dividend policy in 2009 (from a fixed dividend income policy) and back to fixed-dividend income policy in 2015.

Common Shares

Declaration Date	Record Date	Payment Date
February 19, 2013	March 5, 2013	March 19, 2013
August 22, 2013	September 6, 2013	September 20, 2013
February 21, 2014	March 7, 2014	March 21, 2014
August 28, 2014	September 11 2014	September 26, 2014
February 20, 2015	March 6, 2015	March 20, 2015
August 17, 2015	September 2, 2015	September 16, 2015

Preferred Shares

Declaration Date	Record Date	Payment Date
February 19, 2013	June 14, 2013	July 1, 2013
February 21, 2014	June 16, 2014	June 30, 2014
February 20, 2015	June 15, 2015	June 29, 2015

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

Measures Adopted	Communication Procedure
Open Forum	Q&A portion
Motion to second	Stockholders are given the right to move the motion and a corresponding second of the motion
Customer Service Booth	A customer service booth was made available to encourage shareholders to air their comments, feedback and other concerns.

2. **State the company policy of asking shareholders to actively participate in corporate decisions regarding (kindly refer also to the shareholders' rights enumerated in Section A, 1, b)**

   a. **Amendments to the company's constitution:**

   These By-Laws may be amended, repealed or modified by the affirmative vote of the stockholders owning or representing a majority of the outstanding capital stock and majority of the Board of Directors at any regular meeting or at any special meeting duly called for the purpose; Provided, however, that by the affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, the power and authority to amend or repeal these By-Laws or adopt new By-Laws may be delegated to the Board of Directors; Provided, finally, that the delegation of such powers and authority to the Board shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting called for the purpose.

General Meetings may be regular or special, and shall be held at the office of the Corporation in Metro Manila. Regular meetings shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special General Meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice.

Regular or special meeting of stockholders shall be called by written or printed notice and shall be sent by personal delivery or by mail, with postage prepaid, and the notices shall be deposited in the Makati City Post Office, addressed to the address registered in the books of the Corporation at least fifteen (15) business days in advance of the date for which the meeting is called.

Any stockholder entitled to vote may be represented by proxy at any regular or special stockholders' meetings. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities & Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the Proxy Validation Committee at least five (5) business days prior to the date of the stockholders' meeting.

b. **Authorization of additional shares:**

The stockholders of the Corporation shall have preferred right to subscribe to all new issues of its stocks in the event of issue of additional shares of stock or of any increase in capital. All stockholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code

c. **Transfer of all or substantially all assets, which in effect results in the sale of the company:** ***Shareholders may exercise appraisal right in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and in case of merger or consolidation.***

It is the duty of the directors to promote shareholders right, remove impediments to the exercise of shareholders rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

3. **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

The Company sends out notices to the AGM at least fifteen business days in advance of the date for which the meeting is called.

a. **Date of sending out notices:** *March 11, 2016*

b. **Date of the Annual/Special Stockholders' Meeting:** *April 12, 2016*

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The following are the relevant and significant comments and inquiries of the stockholders during the Annual Stockholders' Meeting held last April 7, 2015. (This will be updated once minutes of the April 14, 2016 is completed)

- *Mr. Philip Turner congratulated the Board for its performance and commended the Corporation's services to the community. He also inquired on the Corporation's plan on the "wasted" spaces in Tower One and Exchange Plaza specifically on the main entrance of the building suggesting that the architects assigned to design the building should also have an idea on the future use of the building's space aside from just focusing on beauty and appearance. The Chairman noted the comments and suggestions of Mr. Turner and commented that Management is constantly trying to improve the facilities and amenities of Tower One and Exchange Plaza. The Chairman emphasized that the focus of the building's design as well as with all the projects of the Corporation, is the creation of balance between efficiency and use of open space.*

- *Mr. Ed Lucero, another stockholder, supported the statement of the Chairman and mentioned that one of the hallmarks of the Corporation's development is its low-density construction where there are a lot of open spaces where people can interact with nature. He also congratulated the Board, Management and staff for the outstanding performance in 2014 and expressed his confidence that Corporation will meet its target earlier than planned due to the sustainable communities that the Corporation is building.*

- *Mr. Eduardo Tuazon also expressed his positive feedback on the increase in the revenues of the Corporation and its subsidiary, Avida Land Corp. ("Avida"). He aired his concerns though on the lack of official and provisional receipt as proof of his payment of the reservation fee for one of the units in an Avida development in NUVALI, Laguna. He suggested that the reservation application should at least include a statement pertaining to the payment of reservation in the absence of an official or provisional receipt. The Chairman assured Mr. Tuazon that his concerns and suggestions will be taken into account. The President also mentioned that a customer service personnel will approach Mr. Tuazon after the meeting to assist him on his concerns.*

- *Mrs. Elnora Turner also expressed that they are happy to join the annual stockholders' every year and commended the hard work of the Board.*

- *Mr. Carmencita Santos, on the other hand, expressed her frustration on her customer service experience and strongly suggested that Management should make sure that customers know the feedback mechanism and their possible recourse should a problem arise. She also pointed out that she was able to get a feedback on her queries only when she mentioned that she is a stockholder of the Corporation. This also prompted her to ask the possible recourse for customers who are not stockholders. Furthermore, she noted that this issue on customer service feedback mechanism will have an impact on the marketing efforts of Management especially if customers do not know where to go to. The Chairman sympathized with Ms. Santos and assured her that a customer care representative will discuss her concerns right after the meeting so that Management could also have a better understanding thereof and that a more senior group will also work and take action on her concerns. The Chairman further stated that the President and he will personally look at what happened to make sure that proper mechanisms are put in place.*

- *Mr. Guillermo Gili asked about the exact location in Cavite of the LRT-1 expansion. The Chairman noted that the LRT-1 is not part of the Corporation's project and the same will be discussed in Ayala Corporation's annual stockholders' meeting.*

- *Mr. Federico Aldecoa recounted his experience in obtaining Bureau of Internal Revenue (BIR)*

Form 2306from the Corporation noting that he was asked to pay Php200.00 for it, which in his opinion is too much hassle for stockholders like him. He suggested that it would be better if the BIR Form 2306 will also be given along with the dividend check so that there will be no need to request for the form separately. He also aired his disappointment with the contact information provided to the stockholders which is only for sales concerns. The Chairman assured Mr. Aldecoa that Management will look at the best way to address these concerns while Mr. Jaime E. Ysmael, the Chief Finance Officer, also noted that the requirement of the BIR to file BIR Form 2306 is not mandatory and providing the form along with the dividend checks is a tedious process on the part of the Management. He mentioned though that Management is also hoping that this requirement will be dispensed with but he assured that if this requirement becomes mandatory the Management will work to ensure that the certification is made available to all stockholders. With respect to the telephone numbers, he mentioned that these were expanded and categorized and are available in the Corporation's website.

- *Ms. Carmencita Santos, on the other hand, asked if there is a plan to increase further the number of independent directors citing that in her experience in the banking industry there is a move to increase the requirement for the independent directors to make up a majority of the board. Mr. Solomon M. Hermosura, the Corporate Secretary, noted that the Securities and Exchange Commission requires only 20% of the directors as independent although the ASEAN Corporate Governance scorecard encourages companies to have the independent directors compose a majority of the board. The Chairman noted that since Ayala Corporation is the majority stockholder of the Corporation, it should also have the majority of the Board seats. He also mentioned that the Corporation in fact receives awards every year for Corporate Governance and that it does not only comply with the requirements but exceeds the Corporate Governance standards.*

- *Ms. Santos also asked about the rotation of the external auditor and the time limit a firm can serve as an external auditor. She commented that SGV has been serving as the Corporation's external auditor since time immemorial and asked if Management is comfortable with this set-up. The Chief Finance Officer noted that the requirement is to rotate the assigned partner and not the auditing firm itself. Mr. Ysmael emphasized that the rotation is strictly being implemented by SGV to ensure their independence and that it is also being monitored by the Management. He assured that the Board and Management are comfortable with this set-up as the requirement of rotation is being met by SGV.*

- *Mr. Antonio Garcia aired his concern about the policy of Trinoma Mall on the use of the family lounge, where an age limit for children is being imposed. He asked why call it a family lounge if the family members are not allowed to be together. He also mentioned if Ayala Malls Group can do something to remove or change the anti-camcording ad being aired before the start of a movie noting that while the message is clear about illegal cam-cording, it also depicts violence which is not suitable for minor audience. The Chairman assured that a representative from the Ayala Malls Group will approach Mr. Garcia to address his concerns.*

- *Mr. Philip Turner raised a question in relation to the unappropriated retained earnings of the Corporation, their supposed pay-out to the stockholders, and the declaration of dividends, amount and schedule. He noted that per his understanding of the Philippine Corporation Code, when the unappropriated retained earnings exceed the paid-in capital, the excess should be paid to the stockholders. In answer, the Chairman noted that the Corporation has dividend policy that it has been following over the years keeping in mind the importance of balance between the dividends for stockholders and the need of the Corporation to fund its capital expenditures. Mr. Ysmael also pointed out the Corporation's commitment in paying dividends and recounted that the Corporation has increased its dividend payout since 2010 with a yearly increase of 5%.He also emphasized the fact that last year the Corporation reached the 50% payout of the previous net income of the Corporation equivalent to Php5.7 Billion and assured that in terms of dividend pay-out, the stockholders could expect the continued growth in the years to come. He also mentioned that this year's dividend is slightly higher than last year which translates to 40% pay-out. He further commented that part of the retained earnings* *should also be reinvested towards funding the heavy capital expenditure program to build up the Corporation's portfolio for malls, offices and hotels to achieve the 50-50 balance between development income and other plans. Stockholders should consider that the Corporation needs to re-invest the retained earnings not only to fund the expansion program but to also avoid borrowings which will risk the strength of the Corporation's balance sheet. He also mentioned that in the future, the Management will ensure that part of the retained earnings is appropriated to fund the expansion programs of the Corporation.*

- *Mr. Emilio Dela Cruz aired his concern on the requirement of the Corporation in relation to accrediting real-estate brokers as selling agents of various projects and developments of the Corporation and its subsidiaries.*

- *He noted that compared to other developers, the Corporation's requirements are too strict including the attendance of a whole day seminar. The President commented that these seminars and strict requirements are set to make sure that selling agents will have sufficient knowledge of the Corporation's products to able to properly represent the Corporation. The Management wants to make sure that sellers are well informed of the product specification of each project and possess proper knowledge of the various consumers segments. He also assured that to further address his concerns, a representative from the Sales Group will approach Mr. dela Cruz after the meeting.*

- *Mr. Guillermo Gili made a follow-up question on the engagement of SGV where the Chairman again noted that the Corporation is strictly following the rules and set the highest standards for Corporate Governance.*

5. Result of Annual/Special Stockholders' Meeting's Resolutions*

Resolution and Matters for Approval	Approving	Dissenting	Abstaining
Minutes of Previous Meeting	99.99%	0.000006%	0.000001%
Annual Report	99.91%	0.00%	0.08%
Ratification of All Acts and Resolutions of the Board of Directors and of the Executive Committee Adopted During the Preceding Year	99.87%	0.00%	0.13%
Election of Directors			
Fernando Zobel de Ayala	98.96%	1.02%	0.00%
Jaime Augusto Zobel de Ayala	98.95%	1.03%	0.00%
Bernard Vincent O. Dy	99.86%	0.13%	0.00%
Antonino T. Aquino	98.75%	1.23%	0.00%
Delfin L. Lazaro	99.73%	1.25%	0.00%
Arturo G. Corpuz (Newly elected)	99.34%	0.45%	0.20%
Francis G. Estrada (independent)	99.44%	0.49%	0.06%
Jaime C. Laya (independent)	99.38%	0.61%	0.00%
Rizalina G. Mantaring (independent)	99.90%	0.02%	0.06%
Election of External Auditors and Fixing of their Remuneration	99.46%	0.32%	0.20%

**Percentage based on the shares represented at the April 6, 2015 Annual Stockholders' Meeting.*

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

April 13, 2015 or one day after the Annual Stockholders Meeting.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Fernando Zobel de Ayala 2. Jaime Augusto Zobel de Ayala 3. Bernard Vincent O. Dy 4. Antonio T. Aquino 5. Delfin L. Lazaro 6. Vincent Y. Tan 7. Jaime C. Laya 8. Francis G. Estrada 9. Rizalina G. Mantaring	April 12,2015	By poll	69.24%	13.37%	86.61%
Special	Not Applicable	None	-	-	-	-

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The Company has engaged the services of Sycip,Gorres,Velayo&Co. to count and validate the results of the votes of the company's annual stockholders' meeting since 2013.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the Company's preferred and common shares carry one vote each.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The Company follows Securities Regulations Code Rule 20 of the Securities Exchange Commission on proxy solicitation and voting.
Notary	

Submission of Proxy Several Proxies Validity of Proxy Proxies executed abroad Invalidated Proxy Validation of Proxy Violation of Proxy	- Proxies must be issued and proxy solicitation must be made in accordance with rules and regulations to be issued by the Commission - Proxies must be in writing, signed by the stockholder or his duly authorized representative and filed before the scheduled meeting with the corporate secretary - Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time - No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customer - A broker or dealer who holds or acquires the proxy for at least ten percent (10%) or such percentage as the Commission may prescribe of the outstanding share of the issuer, shall submit a report identifying the beneficial owner within ten (10) days after such acquisition, for its own account or customer, to the issuer of the security, to the Exchange where the security is traded and to the Commission

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Regular or special meeting of stockholders shall be called by written or printed notice and shall be sent by personal delivery or by mail, with postage prepaid, and the notices shall be deposited in the Makati City Post Office, addressed to the address registered in the books of the Corporation at least fifteen (15) business days advance of the date for which the meeting is called. Notice of regular or special meeting shall contain in addition to the date, hour and place of the meeting, a statement of the matters to be transacted at the meeting, and no business other than that specified in the call shall be transacted at such meeting.	The notice of stockholders' shall also set the date, time and place of the validation of proxies, which in no case, shall be less than five (5) business days prior to the annual stockholders' meeting to be held.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	12,321
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 11, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report	March 12, 2016

and Other Materials held by stockholders	
State whether CD format or hard copies were distributed	CD format, hard copies and link to website were made available
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting shareholders were provided with their preferred formats (i.e. hard copies or CDs)

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of the outstanding capital of the Corporation. Minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are legitimate business purposes. In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of the stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholders having a legitimate purpose for such access.	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, minority stockholders maintain the right to nominate candidates for Board of Directors.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company utilizes an email blast service as a primary medium for all internal communications. Information carried through this platform is directed at specific recipients and should not be disseminated or forwarded to external addresses. All records and data pertaining to corporate plans and objectives, personnel, resources, organizational structures and other similar or related records and data are considered classified information. Employees must not share propriety information in social media without the explicit approval of the Human Resources Division.

All official media statements and public disclosures require the approval of authorized officers of the Company prior to release. The Company's internal and external communications policies are reviewed by the Human Resources Division on a quarterly basis.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	The Company has created and continues to implement an investor relations (IR) program that reaches out to all shareholders and fully informs stakeholders of corporate activities. The IR desk formulates a clear policy on communicating or relating relevant information to Corporation stockholders and to the broader investor community accurately, effectively and sufficiently. It also prepares disclosure statements to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange. The Company ensures that the Manual of Corporate Governance is properly disseminated and orientation programs are conducted for the Board, Management and new employees.
(2) Principles	The Company is committed to the highest standards of disclosure, transparency and fairness in information dissemination. We provide the public with strategic, operating and financial information through adequate and timely disclosures submitted to regulatory authorities. Along with regular periodic reports, we disclose any and all material information about the Company that may have an impact on the Company's valuation and therefore its stock price and the trading volume of its securities.
(3) Modes of Communications	We conduct annual shareholders' meeting, quarterly analyst briefings and communicate directly with institutional and individual investors through one-on-one discussions, conference calls and written platforms such as electronic mail. Analysts and investors who are unable to attend our quarterly briefings in person are also invited to participate through a teleconference facility. A playback facility on our website is available for three business days after each briefing. We also have a continuing program of enhancing our Investor Relations website, which includes podcasts of our quarterly briefings.
(4) Investors Relations Officer	Michael Anthony L Garcia Head, Investor Communications & Compliance Division

	Tel. No: 9083677 Fax: 7506790 Email: garcia.mike@ayalaland.com.ph

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The funds of the Corporation other than the sums necessary for current expenses shall be invested as may be directed by the Board of Directors in accordance with the Articles of Incorporation and subject to the limitations provided by existing laws. Under the Company's Amended Articles of Incorporation, the purpose or purposes for which said Corporation is formed are as follows:

To acquire for itself or in behalf of other parties, and to invest in, hold, sell or otherwise dispose of, stocks, bonds, debentures, certificates or other securities of any corporation, domestic or foreign, or other persons, in the same manner and to the same extent as juridical persons might or could do, and while the owner or holder of such stocks, bonds or other securities, to exercise all rights, privileges and powers appurtenant thereto; without dealing in securities or engaging in stock brokerage business.

In accordance with the Corporation Code, shareholders may exercise appraisal rights in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code and of merger or consolidation

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

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company engaged various accredited independent parties to issue fairness opinion reports for the Company's mergers, acquisitions of assets and divestment transactions.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
INSTITUTIONAL	
Sustainable development - ALI is committed to its dictum of "Enhancing land and enriching lives for more people" by building masterplanned communities that are integrated, mixed-use, and sustainable. Working with this framework gives the Company enough latitude to build sustainably considering the economic, environmental and social conditions of the area. - The four sustainability focus areas help us create long-term value for our customers, investors and various stakeholders. - **Site Resilience.**	Customers, nearby communities, general public (by way of increased economic activity in the city or province where ALI is located)

<table>
<tr><td>Pedestrian and Transit Connectivity.
Eco-efficiency.
Local Employment.</td><td></td></tr>
<tr><td>Alay sa Komunidad
<u>Alay sa Edukasyon (Education)</u>
Refurbishing of Taguig library; book donations; Brigada Eskwela; Seminars for LGUs; school kit program
<u>Alay sa Kabuhayan (Livelihood)</u>
Livelihood seminars (in cooperation with TESDA)
Support for community cooperatives, livelihood programs such as basket-weaving and pavers-making, have been implemented successfully in NUVALI</td><td>Surrounding communities affected by development</td></tr>
<tr><td colspan="2" align="center">PARTNERSHIPS</td></tr>
<tr><td>Ayala Foundation Inc. – ALI supports the foundation’s various initiatives through donations and active participation in programs such as the yearly <u>Ayala Young Leaders Congress</u> and <u>CENTEX</u>, a private school for academically gifted but under-resourced children.</td><td>The Filipino Youth</td></tr>
<tr><td>HERO Foundation – ALI, in 2009, helped lay the foundations that will enable HERO to achieve its goal of building its existing endowment fund to provide educational support to military orphans. The Company helped revitalize HERO back-end operations and continue to support various fund-raising activities. Mr. Jaime Zobel de Ayala was one of the founders of HERO in 1988.</td><td>Orphans of Filipino soldiers killed or incapacitated in the line of duty</td></tr>
<tr><td>Worldwide Fund for Nature (WWF) – ALI has partnered with WWF in many projects such as its global Earth Hour program. The Ayala Malls is particularly supportive to the NGO by way of providing free space at the malls to promote their cause.</td><td>General public (in line with environmental protection and climate change awareness)</td></tr>
<tr><td>Habitat for Humanity – ALI has partnered with Habitat to provide homes for qualified families that were relocated from the banks of the Pasig River in line with the Pasig Rehabilitation project initiated by the business community.</td><td>Marginalized sector needing shelter</td></tr>
<tr><td>Children’s Hour - The Ayala Malls supports the foundation by way of providing free space at the</td><td>Underprivileged young children needing education, protection, health and nutrition</td></tr>
</table>

malls to promote their cause.	

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors **Board Committees** **Individual Directors**	One of the tools used by the Board to monitor and improve its performance is an annual self-assessment exercise. This is administered in the form of a formal questionnaire that is answered by each member of the Board and where they rate their individual performance and that of the Board as a whole. The results are compiled by the Compliance Officer and submitted back to the Board for discussion and appropriate action through the Corporate Secretary. This self-assessment survey covers four broad areas of Board performance: Fulfillment of the Board's Key Responsibilities, Quality of the Board–Management Relationship, Effectiveness of Board Processes and Meetings, and the Performance of Individual Board Members. The self-assessment survey questions are reviewed regularly and administered every May (after the Annual Stockholders' Meeting). An assessment of the Board committees will be added in future surveys.	
President and CEO	The Board also conducts its annual assessment of the President and CEO's performance in the previous year vs. the set company targets.	

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
To strictly observe and implement the provisions of the Manual of Corporate Governance, the following penalties shall be imposed after notice and hearing, on the Corporation's directors, officers, staff, in case of violation of any provisions of the Manual of Corporate Governance: ▪ In case of first violation, the subject person shall be reprimanded ▪ In case of second violation, suspension from office shall be imposed. The duration shall be at the reasonable discretion of the Board, depending on the gravity of the violation ▪ For third violation, removal from office. The commission of a third violation of the Manual of Corporate Governance by any member of the Board shall be sufficient cause from removal from directorship.	

AyalaLand

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

SECRETARY'S CERTIFICATE

I, **JUNE VEE D. MONTECLARO-NAVARRO**, of legal age, being the duly elected, qualified, and incumbent Assistant Corporate Secretary of **AYALA LAND, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, after having been duly sworn in accordance with law, do hereby certify that at the regular meeting of the Board of Directors held on 27 November 2015, where a quorum was present and acting throughout, the Board of Directors of the Corporation passed and approved the following resolutions:

Updates and Changes in the Annual Corporate Governance Report for CY 2015

(Resolution No. B-51-15)

RESOLVED, to approve and authorize the following updates and changes in the Annual Corporate Governance Report of the Corporation for the calendar year 2015:

- Attendance of Board of Directors and key officers to the Corporate Governance Seminars in 2015;
- Attendance of directors;
- Related party transactions policy and procedures;
- Number of members, functions and responsibilities of the Related Party Transactions Review Committee;
- Related Party Transaction Review Committee members;
- Changes in Related Party Transaction Review Committee members;
- Dividends on Common Shares declared on 17 August 2015;
- The details of the minimum quorum requirement for Board decisions;
- Separate meeting of non-executive directors during the year without the presence of any executive;
- Audit Committee's responsibility relative to the external auditor;
- The statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- The statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate; and
- The data on the company's training and development programs for its employees.

[Signature page follows.]

IN WITNESS WHEREOF, I have issued this Certificate this JAN 04 2016 at Makati City.

JUNE VEE D. MONTECLARO-NAVARRO
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me on this JAN 04 2016 at Makati City, affiant exhibited to me, as competent evidence of identity, her Passport numbered EC4193967 issued on 18 May 2015 by the Department of Foreign Affairs in Manila, Philippines.

Doc. No. 335;
Page No. 68;
Book No. III;
Series of 2016.

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

CHARLENE MAE C. TAPIC-CASTRO
Notary Public – Makati City
Appt. No. 393 until 31 December 2016
Attorney's Roll No. 58720
PTR No. 4756013MC; 01/06/2015; Makati City
IBP Lifetime Roll No. 010104
MCLE Compliance No. V-0004684; 11/28/2014
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

2015 ANNUAL CORPORATE GOVERNANCE REPORT
CONSOLIDATED CHANGES

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **Ayala Land, Inc.**

3. **31st Floor Tower One & Exchange Plaza**
   Ayala Triangle, Ayala Avenue, Makati City **1226**
   Address of Principal Office Postal Code

4. SEC Identification Number **152747**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **000-153-790-000**

7. **(632) 750 6974**
   Issuer's Telephone number, including area code

8. **Not Applicable**
   Former name or former address, if changed from the last report

A. BOARD MATTERS (pg 17)

6) Orientation and Education Program

(a) Continuing education programs for Senior Management: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Board of Directors (8)			
Fernando Zobel de Ayala	02/18/2015	Ayala Corporate Governance Summit	ICD
Jaime Augusto Zobel de Ayala	02/18/2015	Ayala Corporate Governance Summit	ICD
Bernard Vincent O. Dy	02/18/2015	Ayala Corporate Governance Summit	ICD
Antonino T. Aquino	02/18/2015	Ayala Corporate Governance Summit	ICD
Delfin L. Lazaro	02/18/2015	Ayala Corporate Governance Summit	ICD
Vincent Y. Tan	02/18/2015	Ayala Corporate Governance Summit	ICD
Jaime C. Laya	02/18/2015	Ayala Corporate Governance Summit	ICD
Rizalina G. Mantaring	02/18/2015	Ayala Corporate Governance Summit	ICD
Management Committee and Key Officers (24)			
Dante M. Abando	02/18/2015	Ayala Corporate Governance Summit	ICD
Leovigildo D. Abot	02/18/2015	Ayala Corporate Governance Summit	ICD
Aniceto V. Bisnar Jr.	02/18/2015	Ayala Corporate Governance Summit	ICD
Arturo G. Corpuz	02/18/2015	Ayala Corporate Governance Summit	ICD
Ma. Corazon G. Dizon	02/18/2015	Ayala Corporate Governance Summit	ICD
Jose Emmanuel H. Jalandoni	02/18/2015	Ayala Corporate Governance Summit	ICD
Jose Juan Z. Jugo	02/18/2015	Ayala Corporate Governance Summit	ICD
Robert S. Lao	02/18/2015	Ayala Corporate Governance Summit	ICD
Michael Alexis C. Legaspi	02/18/2015	Ayala Corporate Governance Summit	ICD
Joselito N. Luna	02/18/2015	Ayala Corporate Governance Summit	ICD
Christopher B. Maglanoc	02/18/2015	Ayala Corporate Governance Summit	ICD
Romeo T. Menpin Jr.	02/18/2015	Ayala Corporate Governance Summit	ICD
Thomas F. Mirasol	02/18/2015	Ayala Corporate Governance Summit	ICD
Rodelito J. Ocampo	02/18/2015	Ayala Corporate Governance Summit	ICD
Jaime E. Ysmael	02/18/2015	Ayala Corporate Governance Summit	ICD
Solomon H. Hermosura	02/18/2015	Ayala Corporate Governance Summit	ICD
June Vee D. Monteclaro-Navarro	02/18/2015	Ayala Corporate Governance Summit	ICD
Nylah Rizza D. Bautista	02/18/2015	Ayala Corporate Governance Summit	ICD
Augusto D. Bengzon	12/09/2015	SGV Basic Corporate Governance Seminar	SGV & Co.
Manuel A. Blas II	12/08/2015	SGV Basic Corporate Governance Seminar	SGV & Co.
Raul M. Irlanda	12/09/2015	SGV Basic Corporate Governance Seminar	SGV & Co.
Laurent P. Lamasuta	12/09/2015	SGV Basic Corporate Governance Seminar	SGV & Co.
Rowena M. Tomeldan	12/09/2015	SGV Basic Corporate Governance Seminar	SGV & Co.
Angelica L. Salvador	12/09/2015	SGV Basic Corporate Governance Seminar	SGV & Co.

B. CODE OF BUSINESS AND ETHICS (pg 17)

4) Related Party Transactions

Policies and Procedures

Related Party Transactions	Policies and Procedures
(1) Parent Company	In accordance with the Charter of the Board of Directors, **the Related Party Transaction (RPT) Review Committee** is constituted as the Committee responsible to oversee and review the propriety of related party transactions and their required reporting disclosures.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including	

spouse/children/siblings/parents (7) Directors including spouse/children/siblings/parents (8) Interlocking director relationship of Board of Directors	Before commencement of the related party transaction, Management shall report to the **RPT Review Committee** each new or proposed related party transaction for review and approval. The report should cover the following: a. The terms, business purpose, benefits and other details of the related party transaction. b. The nature of the relationship of the party or parties involved in the transaction in relation to the Corporation. c. The description of the transaction, including the affected periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements, which may include the amounts due to or from related parties to the transaction, if any, and the terms and manner of settlement. **The RPT Review Committee** shall review all the information reported by Management and shall consider all of the relevant facts and circumstances available, including but not limited to the following: a. The terms of the transaction, which should be fair and to the best interest of the Corporation and no less favorable than those generally available to non-related parties under the same or similar circumstances b. The aggregate value of the related party transaction. c. Extent of the Related Party's interest in the transaction d. Whether the related party transaction would present an improper conflict of interests or special risks or contingencies for the Corporation, or the Related Party taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the nature of any proposed relationship e. Any other relevant information regarding the transaction. **The RPT Review Committee** shall approve related party transactions before their commencement. However, material or significant related party transactions will have to be endorsed by the **RPT Review Committee** to the Board for approval. Materiality thresholds applicable to related party transactions are to be defined and endorsed by the **RPT Review Committee** to the Board.

C. BOARD MEETINGS & ATTENDANCE (pg 24)

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year*	No. of Meetings Attended	%
Chairman	Fernando Zobel de Ayala	4/7/2014	6	6	100
Vice-Chairman	Jaime Augusto Zobel de Ayala	4/7/2014	6	6	100
President and CEO	Bernard Vincent O. Dy	4/7/2014	6	6	100
Member	Antonino T. Aquino	4/7/2014	6	6	100
Member	Delfin L. Lazaro	4/7/2014	6	6	100
Member	Vincent Y. Tan	4/7/2014	6	6	100
Independent	Francis G. Estrada	4/7/2014	6	6	100
Independent	Jaime C. Laya	4/7/2014	6	6	100
Independent	Rizalina G. Mantaring	4/7/2014	6	5	83

**In 2015 and during the incumbency of the director.*

C. BOARD MEETINGS & ATTENDANCE (pg 24)

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Non-executive directors hold a meeting without the presence of any executive at least once a year.

C. BOARD MEETINGS & ATTENDANCE (pg 24)

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

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

i. approval of any action for which shareholders' approval is also required; filling of vacancies in the Board or in the Executive Committee;
ii. the amendment or repeal of By-Laws or the adoption of new By-Laws;
iii. the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
iv. distribution of cash dividends; and
v. the exercise of powers delegated by the Board exclusively to other committees, if any.

E. BOARD COMMITTEES (pg 30)

2) Committee Members

(b) Audit Committee

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee assists the Board of Directors in the fulfillment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process, the robustness of its internal control and risk management systems and processes, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements. The Audit Committee is also responsible for the appointment and removal of the external auditor. The Committee likewise evaluates and/or approves specific matters presented by the Internal Audit Division and external auditor. In addition, the Committee reviews the Company's enterprise-wide risk management process and risk mitigation plans.

E. BOARD COMMITTEES (pg 29)

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director(ED)	Non-Executive Director (NED)	Independent Director(ID)				
Executive	1	4	-				
Audit	-	1	2				
Risk	-	1	2				
Related Party Transaction Review	-	-	3	Please refer to Item #4 below for more details			
Nomination	-	2	1				
Personnel and Compensation	-	3	1				
Sustainability	1	-	2				
Inspectors of Proxies & Ballots*	-		-	**May not be member of the Board of Directors.*			

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2) Committee Members (pg 31)

(f) Related Party Transactions Review Committee

The creation of a Related Party Transaction (RPT) Review Committee and the Charter of the Committee was approved by the Board last 27 November 2015. The new members of the RPT Review Committee were likewise appointed last 27 November 2015.

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Member (ID)	Jaime C. Laya	04/2010	6	6	100	5 years
Member (ID)	Rizalina G. Mantaring	04/2014	3	3	100	1 year
Chairman (ID)	Francis G. Estrada	04/2014	2	2	100	1 year
**In 2014 and during the incumbency of the director.*						

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3) Changes in Committee Members (pg 32)

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Related Part Transaction Review Committee	Antonino T Aquino	Replaced by Mr. Francis G Estrada further to the creation of the new Related Party Transaction Review Committee as approved by the Board on November 27, 2015

D. RISK MANAGEMENT SYSTEM (pg 33)

1) Disclose the following:

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Risk Committee is expected, through the provision of checks and balances, to support the corporate governance process. Specifically, it shall be responsible for the review of the adequacy of the Enterprise Risk Management framework/process of the Corporation. The Board, thru the Committee, provides oversight by providing continuous input, evaluation and feedback on the effectiveness of the risk management process.

As stated in the report of the Audit Committee to the Board of Directors and published in the Company's 2014 Annual Report, the Audit Committee has reviewed, discussed and confirmed the adequacy of the company's enterprise-wide risk management process, including the major risk exposures, the related risk mitigation efforts and initiatives, and the status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.

E. INTERNAL AUDIT AND CONTROL (pg 39)

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee of ALI submits to the Board of Directors (BOD) an annual report on the Committee's review of the effectiveness and adequacy of the internal control system of the Company. The same report is included in the Company's Annual Report.

F. ROLE OF STAKEHOLDERS (pg 45)

c. Performance-enhancing mechanisms for employee participation.

iii. State the company's training and development programs for its employees. Show the data.

Training sessions and activities are designed to enhance team performance, boost knowledge in sustainability practices, address new issues and challenges, and foster camaraderie.

- *Ayala Land conducted a total of 63,814 training hours translating to 42 training sessions.*
- *MDC conducted a total of 14,153 training hours translating to 1,261 training sessions for the different Programs such as level-based Leadership Development Program, Development program for Critical Positions, Skilled Workers TESDA NC II Certification, Safety & Quality Culture Building Programs and other Technical & Competency-based training.*
- *APMC registered a total of 15,426 training hours composed of 109 training sessions in under various service improvement programs.*

Ayala Land Parent and Subsidiaries Consolidated Training Hours 2014			
Employee Category	**Total Training Hours**	**Total Employees**	**Average Training Hrs**
Senior Management (MTF-UP)	1,902.5	79	24.08
Middle Management (MTA-MTE)	12,232.4	509	24.0
Rank and File	49,678.9	1,448	34.31
TOTAL	**63,813.8**	**2,036**	**31.34**

J. RIGHTS OF STOCKHOLDERS (pg 50)

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(c) Stockholders' Rights

Dividends:

Historical dividends shown below started when the Company shifted to a payout-based dividend policy in 2009 (from a fixed dividend income policy).

Common Shares

Declaration Date	Record Date	Payment Date
February 19, 2013	March 5, 2013	March 19, 2013
August 22, 2013	September 6, 2013	September 20, 2013
February 21, 2014	March 7, 2014	March 21, 2014
August 28, 2014	September 11 2014	September 26, 2014
February 20, 2015	March 6, 2015	March 20, 2015
August 17, 2015	September 2, 2015	September 16, 2015

Ayala Land, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2015 and 2014
and Years Ended December 31, 2015,
2014 and 2013

and

Independent Auditors' Report

Building a better working world

A member firm of Ernst & Young Global Limited

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ey.com/ph

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

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

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

February 26, 2016

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱19,087,390**	₱28,677,282
Short-term investments (Notes 5 and 29)	**164,621**	301,405
Financial assets at fair value through profit or loss (Notes 6 and 29)	**731,677**	6,264,569
Accounts and notes receivable (Notes 7 and 29)	**64,960,745**	58,573,665
Inventories (Note 8)	**59,246,962**	48,179,191
Other current assets (Note 9)	**22,012,200**	23,638,333
Total Current Assets	**166,203,595**	165,634,445
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7 and 29)	**41,256,656**	31,374,498
Available-for-sale financial assets (Notes 10 and 29)	**500,359**	784,371
Land and improvements (Note 11)	**93,302,506**	80,444,542
Investments in associates and joint ventures (Note 12)	**17,521,517**	10,963,182
Investment properties (Note 13)	**80,464,775**	67,897,942
Property and equipment (Note 14)	**24,246,455**	18,824,912
Deferred tax assets - net (Note 23)	**7,911,634**	6,457,372
Other noncurrent assets (Notes 15 and 26)	**10,934,303**	6,563,199
Total Noncurrent Assets	**276,138,205**	223,310,018
	₱442,341,800	₱388,944,463
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 16 and 29)	**₱121,757,202**	₱106,992,321
Short-term debt (Notes 17 and 29)	**10,486,258**	16,302,312
Income tax payable	**1,283,535**	647,234
Current portion of long-term debt (Notes 17 and 29)	**8,807,652**	5,066,903
Deposits and other current liabilities (Note 18)	**3,798,208**	5,591,948
Total Current Liabilities	**146,132,855**	134,600,718
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 29)	**111,702,201**	103,296,454
Pension liabilities (Note 26)	**1,502,247**	1,580,228
Deferred tax liabilities - net (Note 23)	**1,782,061**	1,967,129
Deposits and other noncurrent liabilities (Notes 19 and 29)	**31,397,025**	25,504,476
Total Noncurrent Liabilities	**146,383,534**	132,348,287
Total Liabilities	**292,516,389**	266,949,005

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

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

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

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

See accompanying Notes to Consolidated Financial Statements.

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

The consolidated financial statements represent the consolidation of the financial statements of the Company and the following domestic and foreign subsidiaries:

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

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

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

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

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

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

The following were the changes in the group structure during 2015:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which became effective January 1, 2015.

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

PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*

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

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

Annual Improvements to PFRSs (2010-2012 cycle)

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

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

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

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

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

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

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

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

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

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

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

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

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

Effective 2016

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

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

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

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

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

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

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

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

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

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

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

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

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before

February 1, 2015. The Group did not early adopt PFRS 9. The Group is currently assessing the impact of adopting this standard.

Deferred Effectivity

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group is currently assessing the impact of adopting this standard.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The FRSC decided to postpone the original effective date of January 1, 2016 until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by corporate finance after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, corporate finance analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of change in value.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are

quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income under "Interest and investment income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading, net of interest income accrued on these assets, are recognized in the consolidated statement of income under "Other income" or "Other charges".

Financial assets may be designated at initial recognition as FVPL if any of the following criteria are met:
- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2015 and 2014, the Group holds its investment in Unit Investment Trust Fund (UITF) BPI Short-term and Money Market funds and investment in ARCH Capital Asian Partners L.P. (ARCH Capital Fund) as held for trading and classified these as financial assets at FVPL. Management takes the view that these are held for trading and such portfolios are managed by professional managers.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

The amortization is included in "Interest and investment income" in the consolidated statement of income. Gains and losses are recognized in the consolidated statement of income under "Other income" or "Other charges" when the HTM investments are derecognized and impaired, as well as through the amortization process.

As of December 31, 2015 and 2014, the Group has no HTM investments.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Short-term investments" and "Accounts and notes receivable" except for "Advances to contractors and suppliers" and "Advances to other companies".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. The amortization is included in the "Interest and investment income" in the consolidated statements of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income under the "Other charges" account.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as at FVPL, HTM, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as “Net unrealized gain on available-for-sale financial assets” in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income under “Other income” account or “Other charges” account. Where the Group holds more than one investment in the same security, these are deemed to be disposed on a weighted average basis. The losses arising from impairment of such investments are recognized in the consolidated statement of income under the “Other charges” account.

When the fair value of the AFS financial assets cannot be measured reliably because of lack of reliable estimation of future cash flows and discount rates necessary to calculate the fair value of computed equity instruments, these investments are carried at cost less allowance for impairment losses. AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from reporting date.

Other financial liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

This accounting policy applies primarily to the Group’s “Accounts and other payables” (other than “Taxes payable” which is covered by other accounting standard), “Short-term and long-term debts,” and other obligations that meet the above definition.

Deposits and Retentions Payable
Deposits and retentions payable are measured initially at fair value. After initial recognition, deposits and retentions payable are subsequently measured at amortized cost using the effective interest method.

For deposits, the difference between the cash received and its fair value is deferred and amortized using the straight-line method under the “Real estate revenue” account in the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:
a. the rights to receive cash flows from the asset have expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
c. the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a ‘pass-through’ arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability has expired, or is discharged or has cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income under "Other charges" account.

Interest income continues to be recognized based on the original effective interest rate of the asset. Receivable, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

Financial asset carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income in the “Other charges” account. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in equity through the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of “Interest and investment income” account in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

The cost of inventory recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property and costs allocated to saleable area based on relative size.

Club shares are stated at the lower of cost and NRV. The cost of club shares sold is determined on the basis mainly of the actual development cost incurred plus the estimated development cost to complete the project based on the estimates as determined by the in-house engineers, adjusted with the actual costs incurred as the development progresses, including borrowing costs during the development stage. NRV is the estimated selling price less estimated cost to sell.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Input Value-Added Tax (VAT)
Input VAT arises from the purchase of goods and services. These are applied against output VAT. The remaining balance is recoverable in future periods.

Deposits in Escrow
Deposits in escrow pertain to the proceeds from the sale of the Group’s projects that have only been granted temporary License to Sell (LTS) as of reporting date. These proceeds are deposited in a local bank and earn interest at prevailing bank deposit rates. “Deposits in escrow” account is not presented as part of cash but rather as part of other current assets. It is restricted as to use but is subject for release upon the grant of permanent LTS.

Materials, Parts and Supplies
Materials, parts and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

An allowance for inventory losses is provided for slow-moving, obsolete and defective materials, parts and supplies based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Land and Improvements
Land and improvements consist of properties for future development and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Cost includes those costs incurred for development and improvement of the properties.

Investments in Associates and Joint Ventures
Investments in associates and joint ventures (investee companies) are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Operation
Makati Development Corporation (MDC), a subsidiary of the Company, has an interest in joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. MDC recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Constructions-in-progress are carried at cost (including borrowing cost) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties follow:

	Years
Land improvements	8-40
Buildings	20-40

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings and improvements	20-40
Machinery and construction equipment	5
Furniture, fixtures and equipment	3-10
Transportation equipment	3-5
Hotel property and equipment	20-50

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized using the straight-line method over the useful economic life of 20 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

As of December 31, 2015 and 2014 intangible asset pertaining to leasehold right is included under “Other noncurrent assets”.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Combinations of entities under common control
Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.

- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the current period presented and on retained earnings at the beginning of the current period presented are eliminated to the extent possible.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If such is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value and the carrying value of the investee company and recognizes the difference in the consolidated statement of income.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes a) service costs comprising current service costs, past-service costs b) gains and losses on curtailments and non-routine settlements, and c) net interest cost on benefit obligation.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Share-based Payments
The Group has equity-settled, share-based compensation plans with its employees.

PFRS 2 Options
For options granted after November 7, 2002 that have not vested on or before January 1, 2005, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Black-Scholes model, further details of which are given in Note 28.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instrument that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pre-PFRS 2 Options
For options granted before November 7, 2002 that has vested before January 1, 2005, the intrinsic value of stock options determined as of grant date is recognized as expense over the vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 27).

Employee Stock Ownership Plan
The Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Company's shares at a discounted price. The Company recognizes stock compensation expense over the holding period. The Company treats its ESOWN plan as option exercisable within a given period. These are accounted for similar to the PFRS 2 options. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the employees still have the option to subscribe in the future, these are accounted for as options.

Equity
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Equity reserves pertain to gains or losses resulting from increase or decrease in ownership without loss of control.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the proportion of cost incurred to date to the estimated total costs.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

Revenue from construction contracts included in the "Real estate" account in the consolidated statement of income is recognized using the percentage-of-completion method, measured principally on the proportion that contract costs incurred for work performed to date compared to the estimated total contract cost and the value of the unfixed goods and materials delivered to the site.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Rooms revenue from hotel and resort operations is recognized when the services are rendered.

Revenue from banquets and other special events are recognized when the events take place.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Group's right to receive the payment is established.

Commissions
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Expenses
Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" and "Property and equipment" accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as lessor
Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group’s share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 of the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of the properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers among others, the significance of the penalty, including the economic consequence to the lessee.

Operating lease commitments - Group as lessee
The Group has entered into lease contracts with various parties to develop commercial or retail properties. The Group has determined that all significant risks and rewards of ownership of these properties are retained by the lessor.

Assignment agreement – Group as assignee
The Group, through its majority owned subsidiary, NTDCC entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to the Company in exchange for the Company's assumption of Development Rights Payment (DRP) obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration. As of December 31, 2015 and 2014, the DRP obligation amounted to ₱812.77 million and ₱740.92 million, respectively (see Notes 16 and 19).

Under PAS 17, *Leases*, the DRP obligation is recognized under the straight-line method. Total DRP obligation paid amounted to ₱210.45 million and ₱204.44 million in 2015 and 2014, respectively. Total rent expense recognized in the statements of comprehensive income under the "Real estate revenue" account included in direct operating expenses amounted to ₱280.03 million and ₱277.79 million in 2015 and 2014, respectively.

Classification of a property
The Group determines whether a property is classified as investment property or inventory as follows:
- Investment property comprises land and buildings (principally offices, commercial and retail properties) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation
- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is a residential or industrial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Distinction between real estate inventories and land and improvements
The Group determines whether a property will be classified as real estate inventories or land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (land and improvements).

Classification of club shares
Being a real estate developer, the Group determines how these shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or financial instruments, the Group considers its role in the development of the club and its intent for holding these shares.
The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

Property acquisitions and business combinations
The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Consolidation of entities in which the Group holds only 50% or less than majority of voting rights
The Group considers that it controls the following entities even though it owns 50% or less than majority of the voting rights.

CHI
The Group owns 49.80% of the equity shares until December 31, 2014. The Group is the single largest shareholder of CHI and the remaining shares are held by the public. On the basis of the absolute size of its holding and the relative size of the other shareholdings, the Group concluded that it has a sufficiently dominant voting interest to meet the power criterion. In 2015, the Group increased its ownership from 49.80% to 56.36%.

NTDCC
Until December 31, 2013, the Group owns 49.29% of the equity shares of NTDCC. The Group is the single largest shareholder of NTDCC with a 73.24% and 63.82% equity interest as of December 31, 2015 and 2014, respectively. The remaining 26.76% of the equity shares in NTDCC as of December 31, 2015 are held by two other shareholders. All the other shareholders need to act collectively for control. There is no history of other shareholders voting jointly.

ACC
For ACC, the Group holds 50% of the voting rights, and is also the single largest shareholder and the remaining 50% of the equity shares are held by several shareholders. The second largest stockholder of ACC holds 8.3% share while the other shareholders' equity interest ranges from 2.1% to 8.3%. In addition, the Group has an existing management services agreement which gives the Group the exclusive control and decision over the relevant activities of ACC.

BG Entities (BGWest, BGSouth and BGNorth)
For the BG entities, wherein the Group and the other shareholder each own 50% of the voting rights, the Group controls the investee through exercise of its exclusive project development and marketing agreement as well as the ability to decide on the financing, operating and strategic policies of the investees. This enabled the Group to conclude that it has control.

Significant influence on investees even if the Group holds less than 20% of voting rights
The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies (see Note 12).

Classification of joint arrangements

Investments in Joint Ventures
The Group's investments in joint ventures are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interests on these arrangements, their respective joint arrangement agreements requires unanimous consent from all parties to the agreement for the relevant activities identified. In addition, the Group considers the

number of its board seats in the incorporated entity. Further, the Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

Investment in Joint Operations
The Group considers whether or not the legal form of the separate entity confers separation between the parties and the separate vehicle. Further, the Group considers whether the terms of their arrangement entitles them to the rights over the specific assets and obligations for the specific liabilities.

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

Impairment of AFS equity investments
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities (see Note 10).

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense of these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Note 34).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate and construction contracts recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. See Notes 21 and 22 for the related balances.

Estimating allowance for impairment losses
The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expenses for any period would differ depending on the judgments and estimates made for the year. See Note 7 for the related balances.

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. See Note 8 for the related balances.

Evaluation of asset impairment
The Group reviews its other current assets, land and improvements, investments in associates and joint ventures, investment properties, property and equipment and other noncurrent assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence

or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect other current assets, land and improvements, investments in associates and joint ventures, investment properties, property and equipment, and other noncurrent assets. See Notes 9, 11, 12, 13, 14 and 15 for the related balances.

Estimating useful lives of investment properties, property, plant and equipment, and intangible assets
The Group estimates the useful lives of its investment properties, property and equipment and intangible assets with finite useful lives based on the period over which these assets are expected to be available for use. The estimated useful lives of investment properties, property and equipment and intangible assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could materially be affected by changes in estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives would increase depreciation and amortization expense and decrease noncurrent assets. See Notes 13, 14 and 15 for the related balances.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engaged independent valuation specialist to assess fair value as at December 31, 2015 and 2014. The Group’s investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. Also, the Group does not recognize certain deferred taxes on deductible temporary differences where it is not probable as to the tax benefits in the future. See Note 23 for the related balances.

Share-based payments
The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Group. See Note 28 for the related balances.

Estimating pension liabilities and other retirement benefits
The determination of the Group’s obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Significant assumptions are disclosed in Note 26 and include among others, discount rate and salary increase rate.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on 1994 Group Annuity Mortality Table and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions could materially affect retirement obligations. See Note 26 for the related balances.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology. See Note 29 for the related balances.

4. Cash and Cash Equivalents

This account consists of:

	2015	2014
	(In Thousands)	
Cash on hand	**₱55,769**	₱31,459
Cash in banks	**9,364,159**	11,345,825
Cash equivalents	**9,667,462**	17,299,998
	₱19,087,390	₱28,677,282

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

The annual interest rates of the cash equivalents follows:

	2015	2014
Philippine Peso	**0.6% to 2.3%**	0.2% to 3.9%
US Dollar	**0.2% to 2.0%**	0.5% to 2.0%

5. Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates.

The range of annual interest rates of the short-term investments follows:

	2015	2014
Philippine Peso	**–**	1.4%
US Dollar	**2.1%**	2.0%

6. Financial Assets at FVPL

This account consists of:

	2015	2014
	(In Thousands)	
Investment in Unit Investment Trust Fund (UITF)	**₱288,229**	₱5,607,838
Investment in ARCH Capital Fund (Note 12)	**443,448**	656,731
	₱731,677	₱6,264,569

The Group invested in the BPI Short Term Fund (STF) in July 2013 and BPI Money Market Fund (MMF) in April 2015 (the Funds). The Funds, which are structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments. The Funds have no minimum holding period. As of December 31, 2015 and 2014, the total Net Asset Value (NAV) of the Funds under BPI STF aggregated to ₱51,986.0 million and ₱54,207.2 million with duration of 66 days and 19 days, respectively. While the total Net Asset Value (NAV) of the Funds under BPI MMF as of December 31, 2015 aggregated to ₱4,133.3 million. The fair value of the Group's total investment in the Fund amounted to ₱288.2 million and ₱5,607.8 million as of December 31, 2015 and 2014, respectively. During the year, the Group redeemed majority of its UITF investments as part of its strategy to manage cash.

Investment in ARCH Capital Fund pertains to monetary interest in a fund in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers.

The following table provides the fair value hierarchy of the Group's financial assets at FVPL which are measured at fair value as of December 31, 2015:

2015

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	**December 31, 2015**	**₱288,229**	**₱–**	**₱288,229**	**₱–**
Investment in ARCH Capital Fund	**September 30, 2015**	**443,448**	**–**	**–**	**443,448**

2014

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	December 31, 2014	₱5,607,838	₱–	₱5,607,838	₱–
Investment in ARCH Capital Fund	September 30, 2014	656,731	–	–	656,731

The fair value of the investment in UITF is determined by using the valuation techniques. These valuation techniques maximize the use of observable market data where it is available such as quoted market prices or dealer quotes for similar instruments.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

Reconciliation of fair value measurement of Investment in Arch Fund is shown below:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱656,731**	₱608,843
Redemptions	**(280,852)**	(380,557)
Additions	**32,264**	317,325
Unrealized gains included under "Interest and investment income"	**35,305**	111,120
Balance at end of year	**₱443,448**	₱656,731

7. Accounts and Notes Receivable

This account consists of:

	2015	2014
	(In Thousands)	
Trade:		
Residential and office development	**₱65,833,104**	₱51,368,845
Construction contracts	**2,635,587**	2,181,689
Shopping centers	**2,124,332**	1,963,423
Corporate business	**1,113,385**	1,829,497
Management fees	**116,649**	139,122
Others	**1,242,658**	415,567
Advances to other companies	**15,514,459**	18,079,838

(Forward)

	2015	2014
Advances to contractors and suppliers	**₱13,277,594**	₱9,629,745
Accrued receivables	**3,162,248**	2,543,092
Receivables from related parties (Note 25)	**1,012,585**	1,515,295
Investment in bonds classified as loans and receivables	**258,000**	450,000
Receivables from employees	**711,608**	431,916
	107,002,209	90,548,029
Less allowance for impairment losses	**784,808**	599,866
	106,217,401	89,948,163
Less noncurrent portion	**41,256,656**	31,374,498
	₱64,960,745	₱58,573,665

The classes of trade receivables of the Group are as follows:

- Residential and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments
- Construction contracts - pertain to receivables from third party construction projects
- Shopping centers - pertain to lease receivables from retail spaces
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Sales contract receivables, included under residential development, are collectible in monthly installments over a period of one (1) to ten (10) years and with annual interest rates ranging from 3% to 16% computed on the diminishing balance of the principal. Titles to real estate properties are transferred to the buyers only once full payment has been made.

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

In 2015, Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement. As of December 31, 2015 and 2014, Receivables from MRTDC shareholders amounted to ₱522.6 million and nil, respectively. As of December 31, 2015 and 2014, Receivable from MRTDC amounted to nil and ₱871.7 million, respectively.

On December 17, 2014, the Company, MRTDC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay the Company, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders (except Fil Estate Properties, Inc. and Metro Global Holdings Corporation who are also MRTDC Shareholders as of date) shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from the Group.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

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

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group’s employees which are collectible through salary deduction, are interest-bearing and payable on various maturity dates.

Investment in bonds classified as loans and receivables pertain to the Group’s investments in various notes and bonds as follows:

- ₱100.0 million investment in 5.875% unsecured subordinated notes of Land Bank of the Philippines due 2022, callable in 2017. In December 2015, LBP issued an irrevocable early redemption notice wherein all of the outstanding notes will be redeemed at issue price on January 27, 2016. As of December 31, 2015, the Company’s investment in the notes amounted to ₱58.0 million since the Company sold a portion of the notes at face value soon after the LBP early redemption notice.
- ₱200.0 million investment in 5.75% unsecured subordinated notes of Development Bank of the Philippines due 2022, callable in 2017.
- ₱500 million investment in 5.75% collateralized bonds of First Metro Investment Corp. (FMIC) due 2019, callable in 2017. The Company sold ₱350.0 million worth of bonds at carrying value with net gain of ₱6.9 million in 2014 and the remaining balance of ₱150.0 million at a net gain of ₱4.5 million in 2015. As of December 31, 2015, the Company has no outstanding investment in FMIC bonds.

Receivables amounting to ₱784.8 million and ₱599.9 million as of December 31, 2015 and 2014, respectively, were impaired and fully provided for. Movements in the allowance for impairment losses follow:

2015

	Trade							
	Residential and office Development	**Shopping Centers**	**Construction Contracts**	**Corporate business**	**Management Fees**	**Others**	**Advances to Other Companies**	**Total**
				(In Thousands)				
Balance at beginning of year	**₱23,110**	**₱299,652**	**₱45,297**	**₱–**	**₱3,012**	**₱59,266**	**₱169,529**	**₱599,866**
Provisions during the period (Note 22)	**–**	**121,560**	**–**	**33,004**	**–**	**25,381**	**7,683**	**187,628**
Translation adjustment	**–**	**–**	**–**	**–**	**–**	**1,447**	**–**	**1,447**
Reversal (Note 22)	**–**	**–**	**–**	**11,884**	**–**	**(356)**	**–**	**11,528**
Accounts written off	**–**	**(11,982)**	**–**	**–**	**–**	**(2,719)**	**(960)**	**(15,661)**
Balance at end of year	**₱23,110**	**₱409,230**	**₱45,297**	**₱44,888**	**₱3,012**	**₱83,019**	**₱176,252**	**₱784,808**
Individually impaired	**₱9,555**	**₱ 217,217**	**₱45,297**	**₱44,888**	**₱2,614**	**₱53,890**	**₱175,924**	**₱549,385**
Collectively impaired	**13,555**	**192,013**	**–**	**–**	**398**	**29,129**	**328**	**235,423**
Total	**₱23,110**	**₱409,230**	**₱45,297**	**₱44,888**	**₱3,012**	**₱83,019**	**₱176,252**	**₱784,808**
Gross amounts of receivables individually determined to be impaired	**₱9,555**	**₱217,217**	**₱45,297**	**₱44,888**	**₱2,614**	**₱53,890**	**₱175,924**	**₱549,385**

2014

	Trade							
	Residential and Office Development	Shopping Centers	Construction Contracts	Corporate business	Management Fees	Others	Advances to Other Companies	Total
				(In Thousands)				
Balance at beginning of year	₱23,110	₱214,238	₱26,546	₱2,383	₱2,658	₱57,741	₱168,260	₱494,936
Provisions during the period (Note 22)	–	116,199	18,751	–	354	1,470	2,853	139,627
Translation adjustment	–	(27)	–	–	–	55	–	28
Reversal (Note 22)	–	–	–	–	–	–	–	–
Accounts written off	–	(30,758)	–	(2,383)	–	–	(1,584)	(34,725)
Balance at end of year	₱23,110	₱299,652	₱45,297	₱–	₱3,012	₱59,266	₱169,529	₱599,866
Individually impaired	₱9,555	₱171,903	₱45,297	₱–	₱2,614	₱48,380	₱169,202	₱446,951
Collectively impaired	13,555	127,749	–	–	398	10,886	327	152,915
Total	₱23,110	₱299,652	₱45,297	₱–	₱3,012	₱59,266	₱169,529	₱599,866
Gross amounts of receivables individually determined to be impaired	₱9,555	₱171,903	₱45,297	₱–	₱2,614	₱48,380	₱169,202	₱446,951

As of December 31, 2015 and 2014, nominal amounts of trade receivables from residential and office development, advances to other companies and receivables from employees totaling ₱86,920.2 million and ₱74,642.9 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group's receivables as of December 31, 2015 and 2014 follow:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱4,762,256**	₱4,950,398
Additions during the year	**3,890,725**	2,213,622
Accretion for the year (Note 22)	**(3,791,990)**	(2,401,764)
Balance at end of year	**₱4,860,991**	₱4,762,256

In 2015 and 2014, the Group entered into agreements with BPI Family Savings Bank for the assignment of interest-bearing employee receivables amounting to ₱71.5 million and ₱105.4 million, respectively. The transactions were without recourse and did not result to any gain or loss.

8. Inventories

This account consists of:

	2015	2014
	(In Thousands)	
Real estate:		
Residential and commercial lots:		
At cost	**₱23,652,367**	₱25,805,906
At NRV	**936,183**	936,183
	24,588,550	26,742,089
Residential and commercial units - at cost	**30,883,793**	18,765,608
Offices	**2,145,973**	1,022,810
Club shares - at cost	**1,628,646**	1,648,684
	₱59,246,962	₱48,179,191

A summary of the movement in inventories is set out below:

2015

	Residential and commercial lots	**Residential and commercial Units**	**Offices**	**Club shares**	**Total**
			(In Thousands)		
Opening balances at January 1	**₱26,742,089**	**₱18,765,608**	**₱1,022,810**	**₱1,648,684**	**₱48,179,191**
Land acquired during the year	**815,568**	**57,927**	**–**	**–**	**873,495**
Land cost transferred from land and improvements (Notes 11 and 35)	**1,978,739**	**4,761,054**	**1,100,000**	**–**	**7,839,793**
Construction/development costs incurred	**7,773,816**	**26,515,912**	**2,738,862**	**–**	**37,028,590**
Borrowing costs capitalized	**–**	**(178,589)**	**–**	**–**	**(178,589)**
Disposals (recognized as cost of real estate sales) (Note 22)	**(12,576,574)**	**(18,792,950)**	**(2,715,699)**	**(20,038)**	**(34,105,261)**
Transfers (Note 35)	**(52,007)**	**–**	**–**	**–**	**(52,007)**
Other adjustments/ reclassifications	**(93,081)**	**(245,169)**	**–**	**–**	**(338,250)**
	₱24,588,550	**₱30,883,793**	**₱2,145,973**	**₱1,628,646**	**₱59,246,962**

2014

	Residential and commercial lots	Residential and commercial Units	Offices	Club shares	Total
			(In Thousands)		
Opening balances at January 1	₱17,349,871	₱24,192,669	₱343,631	₱1,686,074	₱43,572,245
Land acquired during the year	7,223,855	1,165,867	–	–	8,389,722
Land cost transferred from land and improvements (Notes 11 and 35)	5,584,924	5,051,655	–	–	10,636,579
Construction/development costs incurred	4,915,883	10,982,161	1,250,864	–	17,148,908
Borrowing costs capitalized	–	–	–	–	–
Disposals (recognized as cost of real estate sales) (Note 22)	(8,689,613)	(22,877,545)	(571,685)	(37,390)	(32,176,233)
Transfers (Note 35)	301,247	387,164	–	–	688,411
Other adjustments/ reclassifications	55,922	(136,363)	–	–	(80,441)
	₱26,742,089	₱18,765,608	₱1,022,810	₱1,648,684	₱48,179,191

The cost of the inventories carried at NRV amounted to ₱2,606.6 million and ₱2,524.0 million as of December 31, 2015 and 2014, respectively. The Group recorded provision for impairment amounting to ₱82.6 million and nil in 2015 and 2014, respectively (see Note 22).

9. Other Current Assets

This account consists of:

	2015	2014
	(In Thousands)	
Prepaid expenses	**₱8,679,932**	₱10,086,621
Value-added input tax - net	**5,643,543**	5,926,976
Creditable withholding taxes	**3,253,690**	1,502,802
Deposits in escrow	**2,096,089**	5,321,900
Materials, parts and supplies - at cost	**1,753,891**	458,562
Others	**585,055**	341,472
	₱22,012,200	₱23,638,333

Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods. As of December 31, 2015 and 2014, value-added input tax is carried net of allowance amounting to ₱204.9 million.

Creditable withholding taxes are applied against income tax payable. In 2014, ₱40.6 million impairment loss in the consolidated statement of income under “Provision for impairment losses” account has been recognized against creditable withholding tax.

Deposits in escrow pertain to the proceeds from the sale of the Group’s projects that have only been granted temporary LTS as of reporting date.

10. **Available-for-Sale Financial Assets**

This account consists of investments in:

	2015	2014
	(In Thousands)	
Shares of stock:		
Unquoted	**₱350,765**	₱261,115
Quoted	**226,319**	384,153
	577,084	645,268
Net unrealized gain (loss)	**(76,725)**	139,103
	₱500,359	₱784,371

Investments in unquoted shares of stock include unlisted shares of public utility companies which the Group will continue to carry as part of the infrastructure that it provides to its real estate projects. These are carried at cost less impairment, if any.

In 2015, the Group recorded provision for impairment losses on investments in unquoted shares amounting to ₱28.1 million which was included under "Other charges" in the consolidated statements of income (see Note 22).

Movements in the net unrealized gain on AFS financial assets follow:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱139,103**	₱50,752
Fair value changes during the year	**(164,648)**	118,111
Fair value loss transferred to profit or loss	**(51,180)**	(29,760)
Balance at end of year	**(₱76,725)**	₱139,103

As of December 31, 2015 and 2014, unrealized gain on AFS attributable to non-controlling interests amounted to ₱4.1 million and ₱3.3 million, respectively.

The following table provides the fair value hierarchy of the Group's available-for-sale financial assets which are measured at fair value as of December 31, 2015 and 2014:

2015

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:			(In Thousands)		
Quoted					
Retail	**December 31, 2015**	**₱92,334**	₱92,334	₱–	₱–
Tourism and leisure	**December 31, 2015**	**57,260**	57,260	–	–
Unquoted					
Tourism and leisure	**Various**	**317,557**	–	–	317,557
Utilities and energy	**Various**	**21,058**	–	–	21,058
Real estate	**Various**	**11,888**	–	–	11,888
Telecommunication	**Various**	**262**	–	–	262
		₱500,359	₱149,594	₱–	₱350,765

2014

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Shares of stock:					
Quoted					
Retail	December 31, 2014	₱475,680	₱475,680	₱–	₱–
Tourism and leisure	December 31, 2014	47,576	47,576	–	–
Unquoted					
Tourism and leisure	Various	215,785	–	–	215,785
Utilities and energy	Various	33,180	–	–	33,180
Real estate	Various	11,888	–	–	11,888
Telecommunication	Various	262	–	–	262
		₱784,371	₱523,256	₱–	₱261,115

11. **Land and Improvements**

The rollforward analysis of this account follows:

	2015	2014
	(In Thousands)	
Cost		
Balance at beginning of year	**₱80,954,667**	₱63,232,845
Additions	**21,061,610**	28,358,401
Transfers (Notes 8, 13 and 35)	**(7,898,343)**	(10,636,579)
Donation (Note 22)	**(108,735)**	–
Balance at end of year	**94,009,199**	80,954,667
Allowance for impairment losses		
Balance at beginning and end of year	**510,125**	510,125
Provision during the year (Note 22)	**196,568**	–
Balance at end of year	**706,693**	510,125
	₱93,302,506	₱80,444,542

On November 6, 2015, the Company executed the Deed of Absolute Sale (DOAS) for the acquisition of 95,620 sqm property located along Barangay Talipapa, Novaliches, Quezon City amounting to ₱1.09 billion purchase price (net of capital gains tax). The acquisition is in pursuant to the Terms of Reference (TOR) as of March 4, 2015 between the Company and the SEC-appointed Liquidator of Rubberworld Philippines, Inc.

On October 12, 2015, the Company donated 60,000 sqm of real properties to De La Salle Santiago Zobel School which is located in Cavite and with carrying amount of ₱108.74 million.

In July 2015, Avida entered into a contract with AC for the purchase of land in San Antonio, Makati City with the purchase price amounted to ₱644.1 million, inclusive of VAT. Payments were made in two tranches, with the first one in July 2015 amounting to ₱471.6 million (inclusive of VAT and CWT) and the balance of ₱172.5 million in October 2015.

On June 30, 2015, the Group, through SM-ALI Group consortium, participated and won the bidding for Lot No. 8-B-1, containing an area of 263,384 sq. m., which is a portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. SM and ALI shouldered the total consideration amounting to ₱10.01 billion by 56.99% and 43.01% proportion, respectively. SM-ALI Group consortium is a consortium among SM Prime Holdings, Inc. (SM), ALI and Cebu Holdings, Inc.. The SM-ALI Group will co-develop the property pursuant to a joint master plan.

On November 26, 2014, Alveo acquired a 6,986 sq. m. property located along Valero St., Salcedo Village, Makati City for ₱1.6 billion.

On September 15, 2014, Alveo acquired on installment a 2,400 sq. m. property located along Ayala Avenue, Makati for ₱1.2 billion.

In 2012, the Group won the public bidding at an amount of ₱24,313.0 million for the purchase of the 74-hectare FTI property in Taguig City. The bid was conducted in accordance with the Asset Specific Bidding Rules dated July 4, 2012 and in accordance with the provisions of Executive Order No. 323.

In October 2012, the Company entered into a Purchase Agreement wherein FTI (the Seller) agrees to sell, convey, assign and transfer and deliver to the Company, all of the Seller's rights and interests in the FTI property. The property is designed to be a mixed-use development.

On August 27, 2009, the Company and the National Housing Authority (NHA) signed a Joint Venture Agreement to develop the 29.1-hectare North Triangle Property in Quezon City as a priming project of the government and the private sector. The joint venture represents the conclusion of a public bidding process conducted by the NHA which began on October 3, 2008.

The Company's proposal, which has been approved and declared by the NHA as compliant with the Terms of Reference of the public bidding and the National Economic Development Authority (NEDA) Joint Venture Guidelines, features the development of a new Central Business District (CBD) in Quezon City. The CBD will be developed as the Philippines' first transit-oriented, mixed-use central business district that will be a new nexus of commercial activity. The proposal also aims to benefit the NHA in achieving its mandate of providing housing for informal settlers and transforming a non-performing asset into a model for urban renewal. The development is expected to generate jobs and revenue both for the local and national governments.

The Company's vision for the property is consistent with the mandate of the Urban Triangle Development (TriDev) Commission to rationalize and speed up the development of the East and North Triangles of Quezon City into well-planned, integrated and environmentally balanced, mixed-use communities. The joint venture also conforms with the NHA's vision of a private sector-led and managed model for the development of the property, similar to the development experience in Fort Bonifacio.

The total project cost is estimated at ₱22.0 billion, inclusive of future development costs and the current value of the property, which the Company and the NHA will contribute as their respective equity share in the joint venture. The development of Phase 1 commenced in the second quarter of 2012.

The Group recorded provision for impairment amounting to ₱196.6 million and nil in 2015 and 2014, respectively.

12. Investments in Associates and Joint Ventures

This account consists of:

	2015	2014
	(In Thousands)	
Acquisition cost	**₱13,624,178**	₱6,638,616
Accumulated equity in net earnings:		
Balance at beginning of year	**4,324,566**	4,697,914
Equity in net earnings during the year	**(140,488)**	646,537
Dividends received during the year	**(286,739)**	(1,019,885)
Balance at end of year	**3,897,339**	4,324,566
	₱17,521,517	₱10,963,182

Details of the Group's investments in associates and joint ventures and the related percentages of ownership are shown below:

	Percentages of Ownership		Carrying Amounts	
	2015	2014	**2015**	2014
			(In Thousands)	
Joint ventures:				
Emerging City Holdings, Inc. (ECHI)	**50%**	50%	**₱4,110,969**	₱4,112,702
Berkshires Holdings, Inc. (BHI)	**50**	50	**1,813,402**	1,815,344
Cebu District Property Enterprise, Inc. (CDPEI)	**42**	42	**1,490,511**	1,492,009
Alveo-Federal Land Communities, Inc.	**50**	–	**572,132**	–
SIAL Specialty Retailers, Inc. (SIAL Specialty)	**50**	50	**417,409**	332,316
SIAL CVS Retailers, Inc. (SIAL CVS)	**50**	50	**263,629**	152,511
AyaGold Retailers, Inc. (AyaGold)	**50**	50	**115,813**	43,949
			8,783,865	7,948,831
Associates:				
Modular Construction Technology Bhd (MCT)	**33**	–	**6,067,560**	–
Bonifacio Land Corp. (BLC)	**10**	10	**1,353,477**	1,355,882
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	**49**	49	**546,324**	696,757
Tianjin Eco-City Ayala Land Development Co., Ltd. (Tianjin Eco-City)	**40**	40	**347,909**	483,981
Mercado General Hospital, Inc. (MGHI)	**33**	33	**373,238**	422,392
Lagoon Development Corporation	**30**	30	**48,144**	54,339
Others	**Various**	Various	**1,000**	1,000
			8,737,652	3,014,351
			₱17,521,517	₱10,963,182

As of December 31, 2015 and 2014, the Group had total commitments relating to the Group's interests in the joint ventures amounting to ₱341.0 million and ₱975.1 million, respectively.

The Company considers a subsidiary as a subsidiary with material NCI, an associate and a joint venture with material interest if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period. There are no significant restrictions on the Company's ability to use assets and settle liabilities of the Group.

Financial Information of the associate with material interest

MCT

On April 6, 2015, the Group, through its wholly-owned subsidiary, RWIL, has acquired 9.16% of the shares of Modular Construction Technology (MCT) Bhd. (formerly Malaysian company GW Plastics Holdings Bhd.), through a private placement for a total amount of US$43 million or ₱1.9 billion. MCT Bhd., first established in 1999 as a construction company, is a property development company specializing in mixed-use projects that include retail, office, hotel, and mid- to affordable residential. The company is able to deliver projects at lower costs by adhering to a modular construction technique and by being an integrated builder with an in-house design team, inhouse trading company, direct execution of specialist works and its own pre-cast and ready-mixed concrete plants.

In May 2015, the Group entered into call option agreements with the two founders and majority shareholders of MCT, Barry Goh Ming Choon and Tong Seech Wi, that will give the Group the opportunity to increase its shareholdings in MCT up to a maximum of 32.95%. Then, on October 15, 2015, the Group exercised its option to acquire additional shares of Malaysian development and construction company, MCT, Bhd. (MCT) for a total cost of US$92 million to bring its total shareholding from 9.16% to 32.95%. The increase in stake will provide the Company with the opportunity to establish a stronger foothold in the Real Estate sector in Malaysia. RWIL received dividends from MCT on October 19, 2015 which amounted to US$0.58 million or ₱26.6 million.

Set out below is the summarized financial information for MCT (in Thousands):

	2015
Current assets	**₱8,398,560**
Noncurrent assets	**6,377,760**
Current liabilities	**4,389,660**
Noncurrent liabilities	**2,125,296**
Equity	**₱8,261,364**
Proportion of Group's ownership	**33%**
Carrying amount of the investment	**₱6,067,560**
Dividends received	**₱26,645**

Net assets attributable to the equity holders of MCT amounted to ₱18,221.0 million as of December 31, 2015.

	2015
Revenue	**₱12,561,240**
Cost and expenses	**(11,496,631)**
Net income (continuing operations)	**1,064,609**
Group's share in net income for the year	**181,505**
Total comprehensive income	**1,064,609**
Group's share in total comprehensive income for the year	**181,505**

BLC

The Group has a 10% interest in BLC, which is involved in the purchase, subscription or otherwise disposal of real and personal properties. BLC is a private company incorporated on October 20, 1994 and there is no quoted market price available for its shares. Its registered office and principal place of business is Taguig, Philippines.

Set out below is the summarized financial information for BLC:

	2015	2014
	(In Thousands)	
Current assets	**₱15,083,884**	₱24,747,739
Noncurrent assets	**30,376,970**	20,183,121
Current liabilities	**3,629,028**	4,785,573
Noncurrent liabilities	**7,887,621**	4,903,468
Equity	**₱33,944,205**	₱35,241,819
Proportion of Group's ownership	**10%**	10%
Carrying amount of the investment	**₱1,353,477**	₱1,355,882
Dividends received	**₱55,475**	₱232,403

Net assets attributable to the equity holders of BLC amounted to ₱16,986.6 million and ₱18,221.0 million as of December 31, 2015 and 2014, respectively.

	2015	2014
	(In Thousands)	
Revenue	**₱3,640,368**	₱9,186,619
Cost and expenses	**(2,294,133)**	(5,819,431)
Net income (continuing operations)	**1,346,235**	3,367,188
Group's share in net income for the year	**134,624**	336,719
Total comprehensive income	**1,346,235**	3,367,188
Group's share in total comprehensive income for the year	**134,624**	336,719

Aggregate financial information on associates with immaterial interest (Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others) is as follows:

	2015	2014
	(In Thousands)	
Carrying amount	**₱1,384,895**	₱1,658,469
Share in loss from continuing operations	**(131,567)**	(51,571)
Share in total comprehensive loss	**(131,567)**	(51,571)

Aggregate financial information on joint ventures with immaterial interest (ECHI, BHI,CDPEI, Alveo-Federal, SIAL CVS, SIAL Specialty and AyaGold) is as follows:

	2015	2014
	(In Thousands)	
Carrying amount	**₱8,783,865**	₱7,948,831
Share in income (loss) from continuing operations	**(62,090)**	504,384
Share in total comprehensive income (loss)	**(62,090)**	504,384

The following are the significant transactions affecting the Group's investments in associates and joint ventures:

Investments in ECHI, BHI and BLC
The Company's 5.32% direct investment in BLC and 4.78% through Regent Time are accounted for using the equity method because the Company has significant influence over BLC.

On April 17, 2003, the following transactions were consummated pursuant to the terms and conditions of the Assignment Agreement (Agreement), dated February 8, 2003, among the Company, Evergreen Holdings, Inc. (EHI), Greenfield Development Corporation and Larouge, B.V. (Larouge), as amended, and the Agreement, dated November 23, 2002, among the Company, EHI and Neo Oracle Holdings, Inc. [formerly Metro Pacific Corporation (MPC)] as amended:

(a) The assignment to the Company and EHI of the rights and obligations of Larouge under the loan agreement between Larouge and MPC, pursuant to which, Larouge extended MPC a loan in the principal amount of US$90.0 million, together with all the rights, title and interests of Larouge in the pledge constituted on 50.38% of the outstanding shares in BLC. The consideration paid by the Company and EHI for such assignment was approximately US$90 million, subject in part to foreign exchange adjustment.
(b) The assignment to the Company and EHI, acting in this instance through the joint venture corporation, Columbus Holdings, Inc. (Columbus), of the controlling interest in BLC representing 50.38% of BLC's outstanding capital stock. This assignment was effected by MPC under a dacion en pago arrangement, and included an assignment of payables of BLC in the principal amount of ₱655.0 million together with its underlying security in the form of shares in Fort Bonifacio Development Corporation (FBDC) representing 5.55% of its outstanding capital stock.

The Agreement, as amended, also provides for the constitution of a pledge over 5% of BLC's unencumbered shares as security for contingent liabilities and breach of representation and warranties. The pledge lien over the 5% BLC shares shall continue to subsist until the third anniversary of the closing date.

The Company and EHI jointly hold the 50.38% equity interest in BLC through ECHI and BHI. The Company and EHI assigned the notes receivable from MPC to ECHI and BHI, which acquired the shares of stock of Columbus. Columbus directly owns the 50.38% interest in BLC. BLC owns 55% interest in FBDC, the primary developer of certain areas in Fort Bonifacio Global City for residential, commercial and business development. Columbus accounted for the acquisition of the 50.38% interest in BLC using the purchase method.

Subsequent to this, the Company and EHI acquired additional shares of BLC through a combination of direct acquisition and through its associates at varying dates:

On July 31, 2008, the Group acquired, through the Company, Regent Time and Columbus, additional 4,360,178 shares of BLC from FBDC amounting to ₱689.0 million, equivalent to 7.66% ownership in BLC. In January and October 2009, a total of 2,295,207 BLC shares were acquired from Development Bank of the Philippines and MPC, pertaining to the pledged shares, through Columbus amounting to ₱362.6 million. This resulted in an increase in the Group's effective interest in BLC to 45.05% as of December 31, 2009.

In 2011, BLC redeemed its 3,485,050 preferred shares with an aggregate redemption price of ₱500.0 million.

Investment in ARCH Capital Fund
In 2006, the Company and AC entered into a Shareholders' Agreement with ARCH Capital and Great ARCH Co. Limited, wherein the Company and AC committed to invest a total of US$75.0 million in a private equity fund that will explore property markets in Asia, excluding Japan and the Philippines. On the same year, an Amendment and Adherence Agreement was entered into by the same parties, together with Fine State Group Limited (Fine State) and Green Horizons Holdings Limited (Green Horizons), a wholly owned subsidiary of First Longfield, transferring the interests of AC and the Company in ARCH Capital into Fine State and Green Horizons, respectively. Fine State and First Longfield are 100%-owned Hong Kong subsidiaries of AC and the Company, respectively.

The Company (through Green Horizons) and AC (through Fine State) both have interests in the fund management company, ARCH Capital, which is tasked to raise third party capital and pursue investments for the Fund. The Company (through Green Horizon) and AC (through Fine State) owned interest of 7.58% and 15.15%, respectively in ARCH Capital.

In 2007, the private equity fund, called ARCH Capital Asian Partners, L.P. (Fund) was established. As at December 31, 2007, the Fund achieved its final closing, resulting in a total investor commitment of US$330.0 million. As a result, portion of the funds disbursed by the Company and AC and invested into the Fund have been returned in 2007, reducing the Company's overall capital invested to ₱214.5 million as of December 31, 2007. In 2009, 2010 and 2011, the Fund made a capital call where the Company's share amounted to $2.1 million, and $9.1 million and $2.2 million, respectively.

On March 7, 2011, the Company, AC and TRG completed an exchange of ownership interests in Arch Capital and ARCH Capital Asian Partners G.P. (a Cayman Islands company), with proceeds and carrying value of the investments as of the date of exchange amounting to US$3.8 million and US$0.4 million, respectively, resulted to a gain of US$2.9 million, net of transaction costs, lodged in "Interest and investment income" account. The exchange in ownership interest resulted in TRG acquiring the Company's 17% stake and AC's 33% interest. The completed exchange of ownership interests did not change the activities, management, focus, and shareholder structure of the ARCH Fund, with the Company retaining its current 8% interest in the fund.

In 2012, the Company's investment over the Fund was reclassified from associate to FVPL. The Company lost significant influence over the Fund since its investments pertain to monetary interest and no longer equity interest.

As of December 31, 2015 and 2014, the Company's remaining capital commitment with the Fund both amounted to nil.

Investment in AMHRI
In December 2007, the Company entered into a joint venture with Kingdom Hotel Investments, Inc. (KHI) to develop a 7,377-square meter property along Makati Avenue corner Arnaiz Avenue (formerly Pasay Road) into a luxury hotel complex comprised of a 300-room Fairmont Hotel, a 30-suite Raffles Hotel and 189 Raffles branded private residences.

The 7,377-square meter property developed was conveyed by the Company to AMHRI in exchange for 37,250 common shares, 38,250 redeemable preferred shares A and 16,758 preferred shares.

In 2012, the Group obtained control over AMHRI and AMHPI through step acquisition as discussed in Note 24.

Investment in Alveo-Federal Land Communities, Inc.
Alveo Land Corp. signed a JVA with Federal Land, Inc. last April 29, 2015 for equal ownership over AFLCI. The JV is for the development of project Lexus located in Laguna near Nuvali.

Investment in SIAL Specialty
SIAL Specialty was incorporated on September 27, 2012 as a joint venture between Varejo and Store Specialist, Inc. (SSI). Varejo is a wholly owned subsidiary of the Company. SSI is one of the largest specialty retail companies in the Philippines with the exclusive distribution rights to a variety of brands from around the world.

The partnership, which combines the Company's expertise in developing mixed-use developments and SSI's proven track record in retail, is aimed at pursuing retail solutions to address the growing and changing lifestyle needs of the market.

SIAL Specialty was organized primarily for the investment and operation of mid-market department stores and to pursue other investment opportunities in the Philippine retail sector.

Investment in SIAL CVS
SIAL CVS is an equally-owned joint venture between Varejo, the Company's wholly owned subsidiary and SII, SSI's wholly owned subsidiary.

SIAL CVS shall be the vehicle for the investment in the operation of convenience stores in the Philippines. SIAL CVS capitalizes on the Company's expertise in mixed-use developments and SSI's experience in the Philippine retail market. The Parties agreed to incorporate a special purpose vehicle that shall form a partnership with FamilyMart Co. Ltd. and Itochu Corporation for the operation of FamilyMart convenience stores in the Philippines.

Investment in AyaGold Retailers, Inc.
AyaGold Retailers, Inc., a joint venture between Entenso Equities Incorporated (EEI, a wholly owned subsidiary of Puregold Price Club, Inc.) and Varejo Corp. (a wholly owned subsidiary of the Company and the holding company for its retail-related initiatives), was incorporated in October 2, 2013. It is organized primarily to finance, build and operate mid-market

supermarkets for some of Company's new integrated and mixed-use developments. The mid-market supermarkets will be carried under a new brand to be jointly developed by both Varejo and EEI. The partnership with EEI will enable the Company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

Investment in MGHI
In July 2013, the Company entered into an agreement with the Mercado Family to acquire Whiteknight Holdings, Inc. (WHI), a 33% equity stockholder of MGHI. Its acquisition of WHI will allow the Company to build a strategic partnership with the Mercado Group and support MGHI's future growth. This partnership also enhances the potential of Ayala Land's development of mixed-use communities by offering the critical component of medical services to complement the residential, shopping centers, office and hotel developments therein.

Investment in Rize-Ayalaland
Rize-Ayalaland (Kingsway) GP, Inc. was incorporated on January 25, 2013 under the laws of British Columbia, Canada. The Company's effective ownership is 49% through its Vancouver-based subsidiary, AyalaLand Real Estate Investments, Inc.

Investment in Cebu District Property Enterprise, Inc.
Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between the Company and Aboitiz Land, Inc. CDPEI's main purpose is to create a mixed-use commercial and residential district with the 15.4 hectare property in Subangdaku, Mandaue. On April 11, 2014, ALI's 50% equity was further broken down to 35% ALI, 10% CHI and 5% CPVDC.

In addition to PFRS 12 disclosure requirements, the financial information on the Company's significant subsidiary with material NCI follows:

CHI and Subsidiaries
CHI, a publicly-listed company, was incorporated in the Republic of the Philippines. It is engaged in real estate development, sale of subdivided land, residential and office condominium units, sports club shares, and lease of commercial spaces. The registered office address of the Parent Company is at 7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City, Philippines.

	2015	2014
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**43.6%**	50.2%
Accumulated balances of material non-controlling interests	**₱3,084,157**	₱3,209,242
Net income allocated to material non-controlling interest	**479,125**	317,382
Comprehensive income allocated to material non-controlling interest	**463,129**	312,063

The summarized financial information of CHI is provided below. This information is based on amounts before inter-company eliminations.

	2015	2014
	(In Thousands)	
Statement of financial position		
Current assets	**₱5,256,342**	₱5,873,476
Noncurrent assets	**14,476,845**	10,514,732
Current liabilities	**(5,517,894)**	(3,577,942)
Noncurrent liabilities	**(7,303,187)**	(6,586,380)
Total equity	**6,912,106**	6,223,886
Attributable to:		
Equity holders of CHI	**6,065,271**	5,468,388
Non-controlling interests	**846,835**	755,498
Dividends paid to non-controlling interests	**26,794**	26,794

	For the years ended December 31 2015	2014
	(In Thousands)	
Statement of comprehensive income		
Revenue	**₱3,740,259**	₱2,293,579
Cost and expenses	**(2,466,269)**	(1,562,669)
Income before income tax	**1,273,990**	730,910
Provision for income tax	**(328,652)**	(165,056)
Income from operations	**945,338**	565,854
Other comprehensive loss	**2,241**	(6,598)
Total comprehensive income	**947,579**	559,256
Attributable to:		
Equity holders of CHI	**829,448**	524,279
Non-controlling interests	**118,131**	34,977
Statement of cash flows		
Operating activities	**625,407**	1,362,600
Investing activities	**(2,655,348)**	(1,303,370)
Financing activities	**(749,763)**	2,070,834
Net increase (decrease) in cash and cash equivalents	**(₱2,779,704)**	₱2,130,064

The fair value of the investment in CHI amounted to ₱5,605.3 million and ₱4,934.2 million as of December 31, 2015 and 2014, respectively.

13. Investment Properties

The rollforward analysis of this account follows:

2015

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	**₱8,951,515**	**₱71,142,177**	**₱5,936,777**	**₱86,030,469**
Additions	**2,795,057**	**5,333,981**	**6,264,639**	**14,393,677**
Acquisitions through business combinations (Note 24)	**–**	**1,584,929**	**–**	**1,584,929**
Disposals	**(566)**	**(745,835)**	**–**	**(746,401)**
Transfers (Note 35)	**26,003**	**2,504,512**	**(2,347,014)**	**183,501**
Balance at end of year	**11,772,009**	**79,819,764**	**9,854,402**	**101,446,175**
Accumulated Depreciation				
Balance at beginning of year	**–**	**18,132,527**	**–**	**18,132,527**
Depreciation	**–**	**3,071,420**	**–**	**3,071,420**
Disposals	**–**	**(263,143)**	**–**	**(263,143)**
Transfers	**–**	**40,596**	**–**	**40,596**
Balance at end of year	**–**	**20,981,400**	**–**	**20,981,400**
Net Book Value	**₱11,772,009**	**₱58,838,364**	**₱9,854,402**	**₱80,464,775**

2014

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	₱8,164,164	₱61,994,661	₱4,118,137	₱74,276,962
Additions	1,672,466	4,225,907	7,470,659	13,369,032
Disposals	(4,921)	(302,656)	(512,272)	(819,849)
Transfers (Note 35)	(880,194)	5,224,265	(5,139,747)	(795,676)
Balance at end of year	8,951,515	71,142,177	5,936,777	86,030,469
Accumulated Depreciation				
Balance at beginning of year	–	15,093,598	–	15,093,598
Depreciation	–	3,056,398	–	3,056,398
Disposals	–	(26,805)	–	(26,805)
Transfers	–	9,336	–	9,336
Balance at end of year	–	18,132,527	–	18,132,527
Net Book Value	₱8,951,515	₱53,009,650	₱5,936,777	₱67,897,942

Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit.

The aggregate fair value of the Group's investment properties amounted to ₱249,100.0 million and ₱248,276.5 million as of December 31, 2015 and 2014, respectively.

The fair values of the investment properties were determined by independent professionally qualified appraisers.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2015 and 2014:

2015

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Land properties	**Various**	**₱171,619,875**	**₱–**	**₱–**	**₱171,619,875**
Retail properties	**Various**	**49,200,907**	**–**	**–**	**49,200,907**
Office properties	**Various**	**27,921,658**	**–**	**–**	**27,921,658**
Hospital properties	**Various**	**357,545**	**–**	**–**	**357,545**

2014

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Land properties	Various	₱154,726,108	₱–	₱–	₱154,726,108
Retail properties	Various	67,313,332	–	–	67,313,332
Office properties	Various	25,879,520	–	–	25,879,520
Hospital properties	Various	357,545	–	–	357,545

The values of the land and buildings were arrived at using the Market Data Approach and Cost Approach, respectively. In Market Data Approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. In the Cost Approach, the value of the buildings is determined by the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation based on physical wear and tear, and obsolescence plus an estimate of developers' profit margin.

For Market Data Approach, the higher the price per sqm., the higher the fair value. For Cost Approach, whose unobservable inputs include estimated costs to complete and estimated profit margin and hold and develop property to completion, the higher these costs and required profit margin, the lower the fair value.

Interest capitalized amounted to ₱39.2 million, ₱76.1 million and ₱113.5 million in 2015, 2014 and 2013, respectively. The capitalization rates are 4.75-5.32%, 5.49% and 0.5%-8.2% in 2015, 2014 and 2013, respectively (see Note 17).

Consolidated rental income from investment properties amounted to ₱18,928.0 million, ₱16,380.0 million and ₱13,217.0 million in 2015, 2014 and 2013, respectively (see Note 21). Consolidated direct operating expenses arising from the investment properties in 2015, 2014 and 2013 amounted to ₱5,237.8 million, ₱4,076.0 million and ₱3,345.2 million, respectively (see Note 22).

Depreciation and amortization expense pertaining to investment properties amounted to ₱3,071.4 million, ₱3,056.4 million and ₱2,472.1 million in 2015, 2014 and 2013, respectively (see Note 22).

14. Property and Equipment

The rollforward analysis of this account follows:

2015

	Land, Buildings and Improvements	**Machinery and Construction Equipment**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Hotel Property and Equipment**	**Total**
			(In Thousands)			
Cost						
January 1	**₱2,782,611**	**₱7,392,451**	**₱2,883,171**	**₱1,175,445**	**₱14,514,264**	**₱28,747,942**
Additions	**2,124,789**	**2,720,405**	**1,035,103**	**204,325**	**754,615**	**6,839,237**
Acquisitions through business combination	**–**	**–**	**–**	**721,411**	**–**	**721,411**
Disposals/Write-offs	**(67,314)**	**(75,961)**	**(95,595)**	**(149,625)**	**(2,045)**	**(390,540)**
Transfers (Note 35)	**162,331**	**(209,404)**	**(83,389)**	**–**	**667**	**(129,795)**
December 31	**5,002,417**	**9,827,491**	**3,739,290**	**1,951,556**	**15,267,501**	**35,788,255**
Accumulated Depreciation and Amortization						
January 1	**1,146,147**	**2,818,436**	**2,224,454**	**578,830**	**3,155,163**	**9,923,030**
Depreciation and amortization (Note 22)	**349,221**	**689,847**	**363,619**	**123,899**	**464,914**	**1,991,500**
Disposals	**(61,247)**	**(65,686)**	**(69,684)**	**(134,716)**	**(801)**	**(332,134)**
Transfers	**–**	**–**	**(40,596)**	**–**	**–**	**(40,596)**
December 31	**1,434,121**	**3,442,597**	**2,477,793**	**568,013**	**3,619,276**	**11,541,800**
Net Book Value	**₱3,568,296**	**₱6,384,894**	**₱1,261,497**	**₱1,383,543**	**₱11,648,225**	**₱24,246,455**

2014

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
January 1	₱2,373,129	₱6,430,117	₱2,893,176	₱1,168,420	₱13,695,917	₱26,560,759
Additions	420,372	1,435,177	254,786	162,644	994,919	3,267,898
Disposals/Write-offs	(148,998)	(755,578)	(217,034)	(92,309)	–	(1,213,919)
Transfers (Note 35)	138,108	282,735	(47,757)	(63,310)	(176,572)	133,204
December 31	2,782,611	7,392,451	2,883,171	1,175,445	14,514,264	28,747,942
Accumulated Depreciation and Amortization						
January 1	961,393	2,521,306	2,184,060	590,010	2,749,520	9,006,289
Depreciation and amortization (Note 22)	356,978	674,533	277,249	113,228	505,404	1,927,392
Disposals	(172,156)	(375,925)	(229,065)	(124,408)	(99,716)	(1,001,270)
Transfers	(68)	(1,478)	(7,790)	–	(45)	(9,381)
December 31	1,146,147	2,818,436	2,224,454	578,830	3,155,163	9,923,030
Net Book Value	₱1,636,464	₱4,574,015	₱658,717	₱596,615	₱11,359,101	₱18,824,912

The consolidated depreciation and amortization of property and equipment (included under various consolidated statements of income accounts) amounted to ₱1,991.5 million, ₱1,927.4 million and ₱1,419.7 million in 2015, 2014 and 2013, respectively. In 2015 and 2014, interest capitalized amounted to nil and ₱16.7 million, respectively (see Note 17).

15. Other Noncurrent Assets

Other noncurrent assets totaling ₱10,934.3 million and ₱6,563.2 million as of December 31, 2015 and 2014, respectively consist of deferred charges, deposits, pension assets (see Note 26) and other assets.

Deferred charges consist of prepayments for expenses that is amortized for more than one year.

As of December 31, 2015 and 2014, this account also includes leasehold right of a subsidiary amounting to ₱93.5 million and ₱100.1 million, respectively. This pertains to the right to use an island property expiring on December 31, 2029. The cost amounted to ₱127.4 million and accumulated amortization as of December 31, 2015 and 2014 amounted to ₱33.9 million and ₱27.2 million, respectively. Amortization expense (included under "Hotels and resorts operations") amounted to ₱6.7 million in each period (see Note 22).

In 2015, this account includes consideration for the development rights of a subsidiary by way of advance rental payments to Global Estate Resorts, Inc. (GERI). The cost amounted to ₱294.36 million as of December 31, 2015. This is noninterest bearing and amortized over the lease term.

16. Accounts and Other Payables

This account consists of:

	2015	2014
	(In Thousands)	
Accounts payable	**₱72,996,316**	₱59,209,686
Accrued project costs	**16,655,458**	17,480,704
Taxes payable	**10,724,843**	11,544,726
Liability for purchased land	**5,875,204**	3,069,452
Accrued salaries and employee benefits	**2,796,416**	2,215,428
Accrued repairs and maintenance	**2,779,655**	1,485,352
Accrued professional and management fees	**2,535,687**	2,311,215
Accrued utilities	**2,115,225**	1,960,472
Interest payable	**1,511,793**	1,512,878
Accrued rentals	**1,204,094**	1,232,152
Accrued advertising and promotions	**900,046**	2,217,058
Payable to related parties (Note 25)	**662,862**	1,895,085
Dividends payable	**348,087**	67,509
DRP obligation	**261,590**	257,774
Retentions payable	**28,763**	139,312
Other accrued expenses	**361,163**	393,518
	₱121,757,202	₱106,992,321

Accounts payable and accrued expenses are noninterest-bearing and are normally settled on 30- to 60-day terms, except for accrued project costs.

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired payable during the year.

DRP obligation pertains to the current portion of the liability arising from the assignment agreement between the Group and MRTDC of the latters' development rights (see Note 34). In consideration of the lease, the Group will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Group's commercial center business. Of the 5% variable amount due, the 2.42% shall be directly paid by the to the minority shareholders of Monumento Rail Transit Corporation, the 28.47% shall be paid directly to Metro Global Holdings Corporation and the remaining 69.11% shall be applied against receivables (see Note 7).

Other accrued expenses consist mainly of accruals for light and power, marketing costs, film share, professional fees, postal and communication, supplies, transportation and travel, security, insurance and representation.

17. Short-term and Long-term Debts

The short-term debt of ₱10,486.3 million and ₱16,302.3 million as of December 31, 2015 and 2014, respectively, represents unsecured peso-denominated bank loans and dollar-denominated bank loans. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain short-term debt with a carrying value of ₱1,669.0 milliion as of December 31, 2015 are secured by a real estate mortgage dated September 2, 2014 covering certain properties of the Company.

Dollar-denominated short-term loans amounted to ₱1,053.0 million and ₱1,661.5 million in 2015 and 2014, respectively.

Interest rates for these dollar-denominated short-term loans are as follows:

	2015	2014
Philippine Peso	**2.1% to 3.1%**	2.0% to 3.0%
US Dollar	**1.1% to 1.3%**	1.1% to 1.2%

Long-term debt consists of:

	2015	2014
	(In Thousands)	
Company:		
Bonds:		
Due 2015	**₱–**	₱986,710
Due 2016	**2,182,850**	1,982,700
Due 2019	**9,350,000**	9,350,000
Due 2020	**4,000,000**	4,000,000
Due 2022	**12,650,000**	5,650,000
Due 2024	**15,000,000**	15,000,000
Due 2025	**8,000,000**	8,000,000
Due 2033	**2,000,000**	2,000,000
Fixed rate corporate notes (FXCNs)	**14,328,400**	14,429,200
Php - denominated long term loan	**15,442,250**	–
US Dollar - denominated long term loan	**1,882,400**	2,360,545
	85,835,900	64,759,155
Subsidiaries:		
Bank loans - Philippine Peso	**28,603,105**	34,314,451
Bank loans - US Dollar	**1,508,861**	4,724,017
Fixed rate corporate notes	**5,000,000**	5,000,000
	35,111,966	44,038,468
	120,947,866	108,797,623
Less unamortized transaction costs	**438,013**	434,266
	120,509,853	108,363,357
Less current portion	**8,807,652**	5,066,903
	₱111,702,201	₱103,296,454

Company

Philippine Peso Homestarter Bond due 2015

In October 2012, the Company issued 1,000.0 million bond due 2015 with fixed rate equivalent to 5.00% p.a. The Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a AAA issuer rating on the Company indicating that it has the smallest degree of investment risk for the bond. AAA is the highest credit rating possible on CRISP's rating scale for issuers. CRISP also assigned a stable credit outlook for Company's issuer rating as CRISP continues to believe that the Company's strong financial performance will continue and roll out of its new development projects will sustain its leadership position. In 2015, ₱767.0 million was paid and the remaining ₱219.7 million is due for settlement in January 7, 2016.

Philippine Peso Homestarter Bond due 2016

In May 2013, the Company issued the second tranche of the bonds registered with the Securities and Exchange Commission in 2012, at an aggregate principal amount of ₱2,000.0 million. The bonds have a term of three (3) years from the issue date, and will bear interest on its principal amount at a fixed rate of 4.00% p.a. Interest will not be compounded and shall be payable on maturity date or on the date of effectivity of an Early Downpayment Application, as may be applicable, less the amount of any applicable withholding taxes. The outstanding bond as of December 31, 2015 amounted to ₱1,963.18 million.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.625% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.000% p.a. The Philippine Rating Services Corporation ("PhilRatings") assigned a PRS AAA rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS AAA is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.625% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.000% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 10-year and 6-month Bonds due 2024
In July 2013, the company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2025
In April 2014, the Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.625% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7-year FRCN due 2016
In October 2009, the Company executed a ₱1,000.0 million committed FRCN facility with a local bank, of which an initial ₱10.0 million was drawn on October 12, 2009. The balance of ₱990.0 million was subsequently drawn on November 18, 2011. The FRCN bears a floating interest rate based on the 3-month PDST-R1 plus a spread of 0.96%, repriceable quarterly. The FRCNs will mature on October 12, 2016, the seventh anniversary of the initial drawdown date.

Philippine Peso 5-, 7- and 10-year FXCNs due 2011, 2013 and 2016
In September 2006, the Company issued ₱3,000.0 million FXCNs consisting of 5-, 7- and 10-year notes issued to various financial institutions and will mature on various dates up to 2016. The FXCNs bear fixed interest rates ranging from 7.25% to 7.75% p.a. depending on the term of the notes. In January 2011, simultaneous to a new corporate note offering, the Company undertook a liability management exercise by offering to prepay holders of the corporate notes issued in 2006 while inviting the same institutions to participate in the new issuance. A number of investors holding up to ₱875.0 million of notes maturing in 2013 and 2016 accepted the offer to be prepaid. On September 23, 2011, the 5-year and one (1) day FXCNs amounting to ₱1,830.0 million matured and were fully repaid by the Company. Subsequently in September 2013, the balance of the 7-year FXCNs amounting to ₱195.0 million matured and was fully repaid by the Company. As of December 31, 2015 and 2014, outstanding balance both amounted to ₱100.0 million.

Philippine Peso 5-, 7- and 10-year FXCN due 2014, 2016 and 2019
In January 2009, the Company issued an aggregate ₱2,380.0 million in 5-, 7- and 10-year notes to various financial institutions and retail investors. The notes will mature on various dates up to 2019. The FXCNs bear fixed interest rates ranging from 7.76% to 8.90%. ₱220.0 million and ₱830.0 million notes due in 2014 and 2016, respectively were prepaid on January 28, 2013.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Company issued ₱10,000.0 billion FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.62% to 7.50% p.a. depending on the term of the notes. The Company prepaid ₱1.95 billion of notes due in 2016 on January 19, 2013. In 2014, the Company paid ₱50.8 million for the matured portion of the loan.

Philippine Peso 10-year Note due 2022
In December 2012, the Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.50%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date.

US Dollar-denominated Long-term Loan
In October 2012, the Company executed and had fully withdrawn a US$58.5 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The loan will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In January 2014 and October 2015, the Company made partial prepayments on the loan in the amount of US$5.75 million and US$12.785 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Company assumed an aggregate of ₱15,442.3 million various long-term facilities of some Subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.725% p.a. and terms ranging from 4.4 years to 10.5 years.

<u>Subsidiaries</u>
The subsidiaries' loans will mature on various dates up to 2023. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R1/R2 or and fixed interest rates ranging from 3.56% to 5.75% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to 95% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or at the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a.. Dollar-denominated loans bear floating interest rates at a credit spread over the benchmark three-month US Dollar LIBOR, repriceable quarterly. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain credit facilities with a total carrying value of ₱11,912.4 million and ₱14,499.6 million as of December 31, 2015 and 2014, respectively, are secured by a real estate mortgage dated September 2, 2014 covering certain properties of the Company.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In June 2014, Cebu Holdings, Inc. a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.32% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of December 31, 2015 and 2014.

Interest capitalized amounted to ₱116.7 million and ₱142.2 million in 2015 and 2014, respectively. The capitalization rates are 4.75-5.32% in 2015 and 4.36-5.49% in 2014.

Transaction costs capitalized amounted to ₱65.0 million and ₱138.1 million in 2015 and 2014, respectively. Amortization amounted to ₱61.3 million and ₱63.8 million in 2015 and 2014, respectively and included under "Interest and other financing charges" (see Note 22).

18. Deposits and Other Current Liabilities

Deposits and other current liabilities which amounted to ₱3,798.2 million and ₱5,591.9 million as of December 31, 2015 and 2014, respectively, consists of residential customers' deposit which are collections that have not reached the 10% threshold to qualify for revenue recognition, deferred credits, tenants' deposit and other deposit, and construction bond which will be applied against the rent and service due.

19. Deposits and Other Noncurrent Liabilities

Deposits and other noncurrent liabilities consist of:

	2015	2014
	(In Thousands)	
Deposits	**₱17,239,184**	₱16,267,649
Estimated liability on property development	**8,272,014**	3,999,529
Retentions payable	**5,122,306**	3,952,568
DRP obligation	**551,182**	483,144
Liability for purchased land	**110,475**	203,329
Other liabilities	**101,864**	598,257
	₱31,397,025	₱25,504,476

Deposits are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Estimated liability for property development are estimates for additional project cost to be incurred for project development.

Retentions payable pertains to the amount withheld by the Group on contractors' billings to be released after the guarantee period, usually one year after the completion of the project. The retention serves as a security from the contractor should there be defects in the project.

DRP obligation pertains to the liability arising from the assignment agreement between NTDCC and MRTDC of the latters' development rights (see Note 34). In consideration of the lease, the Company will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Company's commercial center business.

Liability for purchased land pertains to unpaid portion of unsubdivided land acquired.

Other liabilities is composed of subscription payable, trade payables, accrued payable and interest and other nontrade payables.

20. Equity

The details of the number of shares follow:

	2015		2014	
	Preferred	**Common**	Preferred	Common
		(In Thousands)		
Authorized	**15,000,000**	**20,000,000**	15,000,000	20,000,000
Issued	**13,066,495**	**14,586,068**	13,066,495	14,088,208
Subscribed	**–**	**109,563**	–	102,281
Outstanding	**13,066,495**	**14,695,631**	13,066,495	14,190,489

Preferred Shares

The Company's preferred shares prior to 2012 were subscribed and issued through a stock rights offer with the following features: (a) non-voting; (b) dividend rate of 4.64% p.a., payable annually, noncumulative; (c) nonparticipating; (d) convertible at the option of the holder at a ratio of one (1) preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (e) no pre-emptive rights; (f) non-redeemable; (g) non-listed; and, (h) preferred in liquidation to the extent of par value.

The dividends for preferred shares are declared upon the sole discretion of the Company's BOD.

On February 20, 2012, the BOD approved the following restructuring exercise in order to comply with the regulatory requirement on Filipino-ownership following the Supreme Court's ruling that nonvoting shares do not count as equity when computing for a company's Filipino-ownership level:

a. Redemption and retirement of the 13.0 billion outstanding preferred shares.

b. Reclassification of the 1.97 billion unissued preferred shares to voting preferred shares through an amendment of Article Seventh of the Articles of Incorporation.
c. Increase in authorized capital stock by ₱1.3 billion creating new voting preferred shares and a stock rights offer of 13.0 billion voting preferred shares from the increase in the authorized capital stock.

On April 18, 2012, the stockholders ratified the BOD resolution on the capital restructuring. The voting preferred shares shall have the following features, rights, and privileges (a) voting; (b) dividend rate of 4.74786% per annum, equivalent to 90% of the 10-year PDST R2 (repriced every ten (10) years from issue date), payable annually, non-cumulative; (c) convertible at the option of the holder at a ratio of one (1) voting preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (d) no pre-emptive rights; (e) redeemable at par at the sole option of the corporation; (f) non-listed; and, (g) preferred in liquidation to the extent of par value.

The SEC approved on January 31, 2013 the following:

a. The decrease in authorized capital stock by ₱1,303.5 million, the aggregate par value of the 13,034.6 million preferred shares which have been redeemed and retired, from ₱22,803.5 million to ₱21,500.0 million, and
b. The amendments to Articles of Incorporation reflecting the decrease in capital stock.

Common Shares
On April 7, 2014, the stockholders resolved to approve the amendment of the Seventh Article of the Articles of Incorporation exempting from pre-emptive rights (1) the issuance of 1 billion common shares for properties or assets needed for the business of the Company or for cash to acquire properties or assets needed for the business of the Company or in payment of a debt contracted prior to the issuance of such shares, and (2) the issuance of common shares covered by the Company's Stock Option Plans for members of the management committees of the Company's subsidiaries or affiliates.

Likewise, the stockholders resolved to approve the amendment of the Stock Option Plan of the Company to include the members of the Management Committees of the Company's subsidiaries and affiliates as eligible grantees of stock options.

The rollforward analysis of the outstanding number of common shares follows:

	2015	2014
	(In Thousands)	
At beginning of year	**14,190,489**	14,173,287
Additional subscriptions	**505,142**	17,202
At end of year	**14,695,631**	14,190,489

No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Company.

On April 13, 2013, the stockholders resolved to approve the amendment of the Seventh Article of the Company's Articles of Incorporation for the purpose of excluding or exempting treasury shares from the pre-emptive rights of stockholders.

On January 9, 2015, the Executive Committee of the Company approved a top-up placement of 484,848,500 common shares of the Company at a price of ₱33.00 per share. The placement was conducted via an accelerated bookbuilt offering structured as a top-up placement, whereby AC sold 484,848,500 listed common shares of stock to qualified third party buyers and subscribe to the same number of new shares from the Company. The Company completed the placement on Janaury 12, 2015, raising an aggregate of ₱16.0 billion in paid-up capital. The price was at 3.9% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱194.0 million.

On March 6, 2013, the Company's Board resolved to approve the placement made by AC of its existing 320,000,000 listed common shares of the Company to certain qualified third party buyers or investors at ₱30.50 per share. The Company completed the top-up placement, raising an aggregate of ₱12.2 billion in paid up capital. The price was at 3.6% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱162.4 million.

On July 10, 2012, the Company's executive committee approved the placement of 680 million listed common shares of stock with par value of ₱1.00 per share, at a price of ₱20 per share, and the issuance of equal number of new shares of the Company, at the same price of ₱20 per share, with AC as the seller of the placement tranche and subscriber of the subscription tranche. The Company completed the top-up placement, raising an aggregate of ₱13.6 billion in paid up capital.

The price was at 4.988% discount to the closing price. Transaction cost charged to additional paid-in capital amounted to ₱200.0 million.

On February 12, 2008, the BOD approved the allotment and subsequent issuance of up to 1 billion common shares of stock with an aggregate par value of ₱1,000.0 million for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Company via issuance of equity or equity-linked instruments, the price and the terms and conditions of which shall be determined by the BOD based on prevailing market conditions or on agreements negotiated.

On April 2, 2008, the Company's stockholders approved the allotment and subsequent issuance of the shares for the above-mentioned purposes and for the further amendment of the Amended Articles of Incorporation of the Company to exclude the issuance of shares from the pre-emptive rights of the stockholders pursuant to Section 39 of the Philippine Corporation Code.

On July 5, 1991, the Company launched its initial public offering where a total of 400 million common shares were offered at an offering price of ₱26 per share. The registration statement was approved on July 20, 1992. The company has 9,525 and 9,927 existing shareholders as of December 31, 2015 and 2014, respectively.

Treasury Shares
The amendment of the Articles of Incorporation on April 17, 2013 allowed the re-selling of the 79,528,299 listed common shares as part of the top-up placement transaction completed in July 2013. Treasury common shares were sold at ₱30.5 per share resulting to additional paid-in capital of ₱1,601.6 million.

On July 16, 2012, the Company redeemed the 13.0 billion outstanding non-voting preferred shares through payment of the redemption price of ₱0.10 per share. As of December 31, 2012, the redeemed preferred shares were treated as treasury shares and were subsequently retired upon approval of the Company's SEC application for the decrease in authorized capital stock on January 31, 2013.

On August 12, 2008, the BOD approved a share buyback program. It is part of the Company's balance sheet management program and aims to (i) improve the Company's balance sheet structure and capital efficiency and (ii) enhance shareholder value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Company as not reflective of its fair corporate value.

In 2008, the Company repurchased a total of 79,528,228 of its common shares through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱823.9 million in relation to its share buyback program.

Retained Earnings
The BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.42, ₱0.41 and ₱0.29 per share in 2015, 2014 and 2013, respectively, to all issued and outstanding shares.

On February 20, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.2075 per share. The cash dividend is payable on March 20, 2015 to stockholders of common shares as of record date.

On August 17, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.2075 per share. The cash dividend is payable on September 16, 2015 to stockholders of common shares as of record date.

Total dividends for common shares declared during the year amounted to ₱6.1 billion.

On February 20, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends at the dividend rate of 4.75% per year or ₱0.0047 per share to all issued and outstanding preferred shares payable on June 29, 2015 to stockholders of preferred shares as of record date. Total dividends for common shares declared during the year amounted to ₱62.0 million.

Retained earnings of ₱6.0 billion are appropriated for future expansion. The amount represents a continuing appropriation for land banking activities and planned building construction projects. Each year, the Company incurs capital expenditures for property development which include among others land banking and building construction projects. The appropriation is being fully utilized to cover part of the annual expenditure requirement of the Company. In 2016, it is expected that the capital expenditure requirement will exceed the ₱6.0 billion appropriation, hence the Company will provide future appropriation as the need arises.

The Company has earmarked additional funds for expansion projects in the residential, shopping centers, office and hotel business segments, as well as various infrastructure projects for the Company's mixed-use developments.

The following are among the major capital expenditures of the Company which were approved by the BOD:

a) Ayala Triangle Garden 2 with product offering for a Triple A HQ Office Building, a 5-Star Hotel and 3-level Retail Podium with gardens and civic spaces which was approved by the Board on May 29, 2015. The project was launched in June 2015 and expected to be completed in 2020.

b) Ayala Center Redevelopment which will offer intermodal transport facility, a 5-storey regional mall, 2 BPO towers, a SEDA hotel and a 300-units residential for lease was approved by the Board on November 27, 2015. The project was launch in January 2016 and expected to be completed in 2021.

Retained earnings also include undistributed net earnings amounting to ₱38,170.5 million and ₱31,419.4 million as of December 31, 2015 and 2014, respectively, representing accumulated equity in the net earnings of subsidiaries, associates and joint ventures. These are not available for dividend distribution unless declared by subsidiaries and other investees.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Company's retained earnings available for dividend declaration as of December 31, 2015 and 2014 amounted to ₱32.8 billion and ₱27.4 billion, respectively.

Equity Reserves
In 2015, the Company purchased additional shares from non-controlling interests of CHI, NTDCC, API (see Note 2). The transactions were accounted as an equity transaction since there was no change in control. Following is the schedule of the movement in equity reserves recorded within the equity:

	Consideration paid	Carrying value of Non-controlling interests	Difference recognized within Equity
		(In Thousands)	
6.66% in CHI	₱649,927	₱434,074	₱215,853
9.42% in NTDCC	778,356	174,770	603,586
1.94% in API	58,157	45,540	12,617
	₱1,486,440	₱654,384	₱832,056

In 2014, the Company acquired additional shares from non-controlling interests of Philenergy (40%), NTDCC (14.53%) and Ceci (0.40%) and were accounted as an equity transaction since there was no change in control (see Note 2).

In 2013, the Company acquired additional 32% interest in APPCo and additional 40% interests in TKDC and TKPI increasing its ownership interest to 100% (see Note 24). On March 25, 2013, the Company increased its equity interest in API to 77.8% from 70.0% with the acquisition of a portion of the shares of Coromandel, Inc. (see Note 2).

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2015 and 2014, the Group had the following ratios:

	2015	2014
Debt to equity	**87.4%**	102.3%
Net debt to equity	**74.4%**	73.8%

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and financial assets at FVPL (net of Investment in ARCH Capital Fund). Equity, which the Group considers as capital, pertains to the total equity. The Group excludes the “unrealized gain on AFS financial assets” attributable to the equity holders of the Company in computing the debt to equity ratio.

The Group is subject to externally imposed capital requirements due to loan covenants (see Note 17). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2015 and 2014.

Financial risk assessment
The Group’s financial condition and operating results would not be materially affected by the current changes in interest, currency, credit, liquidity and market conditions.

Exposure to changes in interest rates is reduced by a debt portfolio mix of both fixed and floating interest rates. The Group’s ratio of fixed to floating rate debt stood at 84:16 and 74:26 as of December 31, 2015 and 2014, respectively. As a result, any adverse movement in interest rates is mitigated.

Exposure to foreign currency holdings is at US$39.1 million and US$24.3 million as of December 31, 2015 and 2014, respectively.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group’s base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Liquidity risk is addressed with long term funding already locked in, while funds are placed on cash equivalents, short term investment and financial assets at FVPL.

21. Real Estate Revenue

This account consists of:

	2015	2014	2013
		(In Thousands)	
Land and residential unit sales	**₱66,855,027**	₱58,951,882	₱50,573,524
Leasing (Note 13)	**18,927,973**	16,380,025	13,754,732
Hotels and resorts	**6,108,430**	5,575,822	4,260,709
Construction	**7,271,035**	5,015,949	4,377,951
Management and marketing fees	**1,498,327**	3,103,856	3,370,518
	₱100,660,792	₱89,027,534	₱76,337,434

In 2013, leasing includes revenue from retail sale of electricity to various locators in the Group’s industrial estate which amounted to ₱537.7 million.

22. Other Income and Costs and Expenses

Other income consists of:

	2015	2014	2013
		(In Thousands)	
Marketing and management fees	**₱481,177**	₱619,599	₱333,464
Others - net (Note 25)	**201,428**	86,396	764,074
	₱682,605	₱705,995	₱1,097,538

Other income mainly consists of gain on sale of waterworks and sewerage facilities (see Note 25). Also included is the gain on sale of equipment and other properties amounting to ₱34.33 million, ₱1.10 million and ₱589.10 million in 2015, 2014 and 2013, respectively. It also includes the financial impact of net foreign exchange transactions amounting to ₱191.00 million loss, ₱31.8 million loss and ₱369.1 million loss in 2015, 2014 and 2013, respectively. It also includes reversal of impairment losses amounting to ₱11.6, nil and ₱1.3 million in 2015, 2014 and 2013, respectively (see Note 7).

Real estate costs and expenses consist of:

	2015	2014	2013
		(In Thousands)	
Cost of real estate sales (Note 8)	**₱41,658,262**	₱37,006,245	₱29,649,634
Depreciation and amortization	**4,109,023**	4,019,302	3,180,835
Marketing and management fees	**3,804,804**	3,393,053	2,601,995
Hotels and resorts operations	**3,896,289**	3,705,636	3,195,851
Materials and overhead	**1,945,071**	1,569,860	852,987
Rental	**1,511,182**	1,152,902	1,593,726
Manpower costs	**1,078,310**	887,113	1,791,747
Direct operating expenses:			
Taxes and licenses	**2,183,142**	1,732,634	1,435,457
Light and water	**1,709,891**	1,537,749	2,955,303
Repairs and maintenance	**929,482**	882,413	758,653
Commission	**761,387**	503,294	105,974
Professional fees	**624,122**	1,694,840	1,265,546
Insurance	**199,282**	137,221	114,467
Transportation and travel	**133,613**	77,164	110,368
Entertainment, amusement and recreation	**80,576**	119,582	17,870
Others	**710,624**	976,605	2,208,773
	₱65,335,060	₱59,395,613	₱51,839,186

General and administrative expenses consist of:

	2015	2014	2013
		(In Thousands)	
Manpower costs (Notes 26 and 28)	**₱3,865,244**	₱3,500,362	₱3,631,365
Taxes and licenses	**500,384**	468,740	325,581
Depreciation and amortization	**425,964**	467,925	304,350
Professional fees	**250,524**	481,099	284,698
Utilities	**193,590**	271,010	194,418
Training and seminars	**185,227**	45,899	38,687
Repairs and maintenance	**166,129**	155,778	116,877
Rent	**132,861**	134,202	123,509
Donations and contribution (Note 32)	**126,016**	26,989	316,650
Transport and travel	**105,841**	122,600	122,382
Advertising	**75,075**	87,505	77,079
Insurance	**74,176**	100,793	74,183
Supplies	**63,440**	49,739	39,767
Security and janitorial	**46,430**	109,154	47,317
Dues and fees	**40,400**	39,894	25,525
Entertainment, amusement and recreation	**39,326**	30,252	25,336
Others	**301,328**	111,192	181,612
	₱6,591,955	₱6,203,133	₱5,929,336

Manpower costs included in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Real estate costs and expenses			
Cost of real estate	**₱1,013,310**	₱869,304	₱1,791,747
Hotels and resorts operations	**65,000**	17,809	382,232
General and administrative expenses	**3,865,244**	3,500,362	3,631,365
	₱4,943,554	₱4,387,475	₱5,805,344

Depreciation and amortization expense included in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Real estate costs and expenses:			
Cost of real estate	**₱4,109,023**	₱4,019,302	₱3,180,835
Hotels and resorts operations	**534,608**	503,238	413,216
General and administrative expenses	**425,964**	467,925	304,350
	₱5,069,595	₱4,990,465	₱3,898,401

Interest and other financing charges consist of:

	2015	2014	2013
		(In Thousands)	
Interest expense on:			
Long-term debt	**₱5,272,074**	₱4,620,725	₱2,919,498
Short-term debt	**959,644**	574,398	815,954
Other financing charges	**274,543**	170,593	380,103
	₱6,506,261	₱5,365,716	₱4,115,555

Other charges consist of:

	2015	2014	2013
		(In Thousands)	
Provision for impairment losses on:			
Land and Improvement (Note 11)	**₱196,568**	₱–	₱–
Receivables (Note 7)	**187,628**	139,627	172,678
Inventories (Note 8)	**82,634**	–	–
AFS financial asset (Note 10)	**28,048**	–	–
Other current assets (Note 9)	**–**	–	276,129
Provisions, write-offs and other charges	**503,982**	236,170	230,123
	₱998,860	₱375,797	₱678,930

23. Income Tax

Net deferred tax assets:

	2015	2014
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱5,334,046**	₱4,054,553
Accrued expenses	**1,447,361**	1,198,640
Allowance for probable losses	**1,192,218**	1,051,452
Retirement benefits	**358,923**	316,745
Unrealized foreign exchange losses	**63,012**	47,028
Advanced rentals	**4,620**	130,745
Outstanding share-based payments	**–**	62,794
Others	**52,133**	155,716
	8,452,313	7,017,673
Deferred tax liabilities on:		
Capitalized interest and other expenses	**(532,862)**	(557,149)
Unrealized foreign exchange gain	**–**	(2,305)
Others	**(7,817)**	(847)
	(540,679)	(560,301)
	₱7,911,634	₱6,457,372

Net deferred tax liabilities:

	2015	2014
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱298,848**	₱131,721
NOLCO	**189,630**	42,006
Allowance for probable losses	**89,213**	71,020
Unrealized foreign exchange loss	**27,662**	21,230
Retirement benefits	**26,106**	38,937
Advanced rentals	**8,849**	4,640
Others	**21,569**	27,184
	661,877	336,738
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	**(1,423,376)**	(1,258,928)
Fair value adjustment arising from business combination	**(839,096)**	(839,096)
Prepaid expenses	**(120,321)**	(134,665)
Capitalized interest and other expenses	**(64,450)**	(63,801)
Unrealized foreign exchange gain	**4,494**	(4,141)
Others	**(1,189)**	(3,236)
	(2,443,938)	(2,303,867)
	(₱1,782,061)	(₱1,967,129)

Certain subsidiaries of the Company have NOLCO amounting to ₱930.6 million and ₱410.0 million as of December 31, 2015 and 2014, respectively and MCIT amounting to ₱1.9 million and ₱2.6 million as of December 31, 2015 and 2014, respectively. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. As of December 31, 2015, total unrecognized NOLCO and MCIT amounted to ₱295.4 million and ₱0.4 million, respectively. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2012	₱52,219	₱52,219	₱–	2015
2013	104,137	1,093	103,044	2016
2014	238,738	19	238,719	2017
2015	609,013	20,189	588,824	2018
	₱1,004,107	₱73,520	₱930,587	

MCIT:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2012	₱–	₱–	₱–	2015
2013	537	444	93	2016
2014	1,429	1,306	123	2017
2015	1,835	141	1,694	2018
	₱3,801	₱1,891	₱1,910	

Reconciliation between the statutory and the effective income tax rates follows:

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Interest income subject to final tax, income under tax holiday and other nontaxable income (Note 31)	**(2.32)**	(1.53)	(1.22)
Equity in net earnings of associates and joint ventures	**(1.98)**	(1.32)	(1.55)
Interest income and capital gains taxed at lower rates	**(0.41)**	(1.14)	(1.06)
Others – net	**(0.59)**	(0.26)	(1.62)
Effective income tax rate	**24.70%**	25.75%	24.55%

Board of Investments (BOI) Incentives

Ecosouth Hotel Ventures, Inc

On April 1, 2014, the Board of Investment issued in favor of Ecosouth Hotel Ventures, Inc. (EHVI) a Certificate of Registration as a New Operator of Tourist Accommodation Facility on a non-pioneer status for its project in Seda Nuvali, Laguna. Under the terms of the registration and subject to certain requirements, EHVI is entitled to income tax holiday for a period of four (4) years from June 2014 or actual start of commercial operations, whichever is earlier.

Sentera Hotel Ventures, Inc.

On September 11, 2015, the Board of Investment issued in favor of Sentera Hotel Venures, Inc. a Certificate of Registration as a New Operator of Tourist Accommodation Facility/ Tourist Inn on a non-pioneer status for its project in Seda Atria Hotel, Iloilo City. Under the terms of the registration and subject to certain requirements, Sentera Hotel Ventures, Inc. is entitled to income tax holiday for a period of four (4) years from December 2015 or actual start of commercial operations, whichever is earlier.

BellaVita

The Board of Investments issued Certificates of Registration as a New Developer of Low -Cost Mass Housing Project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 for the Company's projects in Porac, Pampanga and San Pablo, Laguna on May 15, 2015 and
September 17, 2015, respectively. Pursuant thereto, the projects have been granted an income tax holiday for a maximum period of four (4) years from the date of registration.

On March 5, 2013, the BOI issued in favor of BellaVita, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for BellaVita – Alaminos located at Brgy. San Andres, Alaminos, Laguna. The project has been granted an income tax holiday for a period of four (4) years commencing from March 2013.

On August 30, 2012, the BOI issued in favor of BellaVita, Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for BellaVita – General Trias Phases 1, 2 & 3 located at Brgy. Tapia, General Trias, Cavite. The project has been granted an income tax holiday for a period of four (4) years commencing from August 2012.

Amaia

On February 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Urdaneta, Barangay Catablan, Urdaneta City Pangasinan. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from February 2015.

On February 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Nuvali, Barangay Canlubang, Calamba City Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from February 2015.

On March 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Pampanga, Amaia Scapes San Fernando S1-A and Amaia Scapes Trece S1. The projects are located at Barangay Sapang Maisac, Mexico, Pampanga; Calulut, San Fernando City, Pampanga and Barangay Conchu, Trece Martires City, Cavite respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from March 2015.

On March 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Skies Shaw T1, Shaw Boulevard corner Samat Street, Barangay Highway Hills, Mandaluyong City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from March 2015.

On May 21, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Batangas and Amaia Scapes Cabuyao S1. The projects are located at Barangay Anilao-Labac, Lipa City Batangas and Barangay Marinig, Cabuyao, Laguna respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from May 2015.

On June 4, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Camsur S1, Barangay Palestina, Pili Camarines Sur. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from June 2015.

On June 18, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Bauan S1, Amaia Scapes Bulacan S1, Amaia Gen. Trias S1 and Amaia Scapes Lucena. The projects are located at Barangay As-Is, Bauan Batangas; Barangay Sta. Cruz, Sta. Maria Bulacan; Arnaldo Highway, Barangay Santiago, General Trias Cavite and Barangay Canlurang Isabang and Ilayang-Talim, Lucena City Quezon respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from June 2015.

On July 20, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Pasig 1B, Eusebio Avenue, Brgy. San Miguel, Pasig City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On July 21, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Series Novaliches, Susano Road, Brgy. San Agustin, Novaliches, Quezon City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On July 23, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Gen. Trias S2, Barangay Santiago, General Trias Cavite. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from July 2015.

On July 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Altaraza Bldg A, Tungkong Mangga, City of San Jose Del Monte, Bulacan. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On August 10, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes San Pablo S1, Barangay San Roque, San Pablo City, Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from August 2015.

On August 19, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Nuvali Parkway, Brgy. Canlubang, Calamba City, Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from August 2015.

On August 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes CDO S1, Barangay Bulua, Cagayan de Oro City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from August 2015.

On November 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Cabuyao S2, Barangay Sala, Cabuyao Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from November 2015.

On March 19, 2013, the BOI issued in favor of Amaia, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Skies Sta. Mesa – South Tower located at V. Mapa, cor. Valenzuela St., Sta. Mesa, Manila, Amaia Steps Sucat Phase 1 (6 Bldgs.) located at 8333 & 8337 Dr. A. Santos Avenue, Parañaque City, and Amaia Steps Pasig (ph1A) located at Eusebio Avenue, Brgy. San Miguel, Pasig City. These projects have been granted an income tax holiday for a period of three (3) years commencing from March 19, 2013.

On March 22, 2013, the BOI issued in favor of Amaia, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Skies Avenida – North Tower located at T. Mapua corner Doroteo Jose & Rizal Avenue, Sta. Cruz, Manila. The project has been granted an income tax holiday for a period of three (3) years commencing from March 22, 2013.

On April 1, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scopes Tarlac located at Brgy. Estrada, Capas, Tarlac. The project has been granted an income tax holiday for a period of four (4) years commencing from April 1, 2013.

On May 29, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Steps Bicutan located at West Service Road corner Sun Valley Drive, Brgy. Sun Valley, Parañaque City. The project has been granted an income tax holiday for a period of three (3) years commencing from May 29, 2013.

On September 30, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project (expansion) for Amaia Skies Cubao Tower 2 located at 5th Ave., cor. P. Tuazon, Brgy. Socorro, Quezon City. The project has been granted an income tax holiday for a period of three (3) years commencing from September 30, 2013.

On May 4, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scapes North Point located in Brgy. Minulu-an and Matab-ang, Talisay City, Negros Occidental. Pursuant thereto, the project has been granted an income tax holiday for a period of four (4) years commencing from May 2012.

On June 28, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Novaliches and Amaia Skies Cubao Tower 1. Amaia Steps project is located at Susano Road, Brgy.170, Zone 15, Depara, Caloocan City and in Brgy. San Agustin in Novaliches, Quezon City while Amaia Skies, on the other hand, is located in P. Tuazon Blvd. corner 5th Avenue, Brgy. Socorro in Cubao, Quezon City. These projects have been granted an income tax holiday for a period of three (3) years commencing from June 2012.

On June 28, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scapes Cavite located in Brgy. Santiago, General Trias, Cavite. Pursuant thereto, project has been granted an income tax holiday for a period of four (4) years commencing from June 2012.

On October 11, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Cabanatuan and Amaia Scapes Lipa. The projects are located in Bangad, Cabanatuan, Nueva Ecija and Sto.Tomas, Lipa Road, Brgy. Dagatan, Lipa City, Batangas, respectively. These projects have been granted an income tax holiday for a period of four (4) years commencing from October 2012.

On March 23, 2011, the BOI issued in favor of Amaia a Certificate of Registration as New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Laguna, Brgy. Barandal, Calamba City, Laguna. Pursuant thereto, the project has been granted an Income Tax Holiday for a period of four (4) years commencing from March 2011.

Avida

On April 30, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Altura Tower 2, National Road, Brgy. Alabang, Muntinlupa City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from May 2015.

On April 30, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Asten Tower 2, Malugay St., San Antonio Village, Makati City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from May 2015.

On June 16, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Serin East Tagaytay Tower 1, Brgy. Silang Crossing East, Tagaytay City Cavite in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On June 16, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Avida Towers Atria Tower 2, Brgy. San Rafael, Mandurriao, Iloilo City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On September 4, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Avida Towers Prime Taft Tower 3, Brgy. 37, Zone 03, Taft Avenue, Pasay City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from September 2015.

On November 12, 2012, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Avida Towers Intima Tower 1, Brgy. 678 Zone 74, 497 Pres. Quirino Ave. Ext. cor. Zulueta St., Paco, Manila in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from November 2012.

On November 13, 2012, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Avida Towers Riala Tower 1, Cebu IT Park, Brgy. Apas, Cebu City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of four (4) years commencing from November 2012.

On December 13, 2011, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Avida Towers Cebu Tower 1, Asiatown I.T. Park, Lahug, Cebu City. The project has been granted an Income Tax Holiday for a period of four (4) years commencing from December 2011.

On December 14, 2011, the BOI issued in favor of Avida a Certificate of Registration as an Expanding Developer of Low-Cost Mass Housing Project for its Avida Towers San Lazaro Tower 5, Lot 5 E Block 50 C Pista St., Brgy. 350, Zone 035 Sta. Cruz, Manila , Avida Towers Cebu Tower 2, Asiatown I.T. Park, Lahug, Cebu City and Avida Towers Sucat Tower 7, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City. The projects have been granted an Income Tax Holiday for a period of three (3) years commencing from December 2011.

On February 9, 2010, the BOI issued in favor of Avida a Certificate of Registration as an Expanding Developer of Low-Cost Mass Housing Project for its Celadon Park Tower 2, Felix Huertas Street, Manila in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from February 2010.

SDC

On July 29, 2015, the BOI issued in favor of Southgateway Development Corporation a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Cloverleaf Tower 1, A. Bonifacio Avenue, Brgy. Balingasa, Quezon City, in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

AMHPI

In December 2007, AMHPI was registered with the Board of Investments (BOI) as a new tourist accommodation facility on a pioneer status particularly for the operations of the Fairmont Hotel Makati and Raffles Residences Manila (the Project) upon its completion. The Project represents a combined hotel facility and complex of residential units. Under the terms of the registration and subject to certain requirements, AMHPI is entitled to the following fiscal and non-fiscal incentives, among others; (a) income tax holiday for a period of six years from January 2011 or actual start of commercial operations, whichever is earlier; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for ten years from start of commercial operations; (e) simplifications of customs procedures for the importation of equipment, spare parts, raw materials and supplies; and (f) importation of consigned equipment for a period of 10 years from start of commercial operations.

MDC Build Plus, Inc.

In accordance with the Omnibus Investments Code of 1987, the BOI approved the MDC Build Plus Inc.'s registration as a New Producer of Roof/ Framing System. The production facility is located at 2265 Warehouse, Bldg. 3, Paliparan I, Paliparan Road, Dasmariñas, Cavite. Pursuant thereto, the roof production has been granted an Income Tax Holiday for a period of 4 years commencing from September 2013.

MDC Conqrete, Inc.

In accordance with Executive Order 226 otherwise known as Omnibus Investments Code of 1987 as amended, the BOI approved the MDC Conqrete Inc.'s registration as a New Domestic Producer of Modular Housing Components (Precast

Concrete Wall, Floor/Slab and stairs system) under the 2014 IPP on a non-Pioneer status. The project has been granted an income tax holiday for a period of 4 years commencing November 10, 2015. Other incentives with no specific number of years of entitlement may be enjoyed for a maximum period of 10 years from the start of commercial operation and/or date of registration.

24. **Business Combinations and Acquisition of Non-controlling Interests**

Business Combinations

ALO Prime Realty Corporation (*formerly*, Aegis PeopleSupport Realty Corporation)
On April 8, 2015, the Company purchased all of the 8,200,000 common shares of Equinox Technoparks Ltd, Inc. in Aegis PeopleSupport Realty Corporation (APRC) for a total consideration of ₱513.68 million. APRC, which is a PEZA-registered entity, owns the Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City. The building is a certified LEED-Gold Office with a gross leasable area of 18,092 square meters and is largely occupied by Teleperformance under a long-term lease.

On April 14, 2015, the BOD approved the change of its corporate name to ALO Prime Realty Corporation. On July 9, 2015, the amended Articles of Incorporation was executed and subsequently approved by SEC on July 15, 2015.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. The following are the preliminary fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash	₱15,580
Trade and other receivables	305,070
Other current assets	5,740
Investment properties (Note 13)	1,584,929
Other noncurrent assets	4,095
	1,915,414
Liabilities	
Accounts and other payables	1,336,692
Deposits and other noncurrent liabilities	56,962
Deferred tax liabilities	8,083
	1,401,737
Total net assets acquired	513,677
Acquisition cost	513,677
Goodwill	₱–

The fair value of the trade and other receivables approximate their carrying amounts. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

From April 8 to December 31, 2015, the Group's share in APRC's revenue and net income amounted to ₱141.1 million and ₱72.3 million, respectively. If the combination had taken place at the beginning of 2015, the Group's share in APRC's total revenue and net income would have been ₱189.8 million and ₱94.8 million, respectively.

Island Transvoyager, Inc.
On December 1, 2015, ALI Capital Corp. (formerly Varejo Corp.), a wholly owned subsidiary of the Company, acquired 100% interest in Island Transvoyager, Inc, (ITI) following the purchase of all outstanding shares from existing shareholders, in the amount of ₱15.0 million.

ITI was incorporated on October 2, 2002 with the primary purpose of carrying on the general business of a common carrier and/or private carrier. It was granted the Air Carrier Operating Certificate by the Air Transportation Office to enable it to operate as a scheduled domestic air transportation service provider.

ITI is the only airline commercially flying from Manila to Lio in El Nido, Palawan. On November 26, 2015, ITI launched "AirSwift" as its new brand and introduced its new Cebu-El Nido-Cebu route. As of end-2015, it currently operates a fleet of two (2) ATR 42-500 that can seat a maximum of 50 passengers each, and operates 3x-4x daily flights to El Nido. It is also expected to be a key player in the industry as it flies to more tourism destinations not serviced by the bigger commercial airlines.

If the combination had taken place at the beginning of 2015, the Group's share in ITI's total revenue and net income would have been ₱434.80 million and ₱0.19 million, respectively.

ALI Makati Hotel & Residences, Inc. (AMHRI) and ALI Makati Hotel Property, Inc. (AMHPI)
On October 2, 2012, AHRC, a wholly owned subsidiary of the Company, entered into an agreement to acquire the interests of Kingdom Manila B.V., an affiliate of Kingdom Hotel Investments (KHI), and its nominees in KHI-ALI Manila Inc. (now renamed AMHRI) and 72,124 common shares in KHI Manila Property Inc. (now renamed AMHPI).

AMHRI and AMHPI are the project companies of the Fairmont Hotel and Raffles Suites and Residences project in Makati which opened in December 2012.

Prior to the acquisition, the Company effectively owned 20% economic interest in AMHRI and AMHPI (see Note 12). The Company acquired the remaining 80% interest in AMHRI and AMHPI for a total consideration of ₱2,430.4 million.

This acquisition is in line with KHI's value realization strategy and with the Company's thrust to grow its commercial leasing business. 32 Raffles Suites and 280 Fairmont Hotel rooms were added to AHRC's growing hotel portfolio. The continuing sale of units in the Raffles Residences will also generate immediate cash, while the operations of the hotel and serviced apartments will augment and diversify the sources of recurring revenue. Furthermore, this landmark project will complement the various offerings of the Makati Central Business District, and fortify its position as the country's premier financial district.

The fair value of the Company's interest prior to the acquisition amounting to ₱769.0 million was determined using the adjusted net asset value method. Remeasurements of the Company's equity interest in both companies resulted to the recognition of a gain (included under "interest and investment income") amounting to ₱593.9 million.

In 2013, the Company finalized its purchase price allocation. Changes to the fair market values of the assets acquired and liabilities assumed noted are retroactively applied in the 2012 balances.

The following are fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash	₱1,334,000
Trade and other receivables	1,708,000
Real estate inventories	936,000
Other current assets	202,000
Hotel property and equipment (Note 14)	5,421,000
	9,601,000
Liabilities	
Accounts and other payables	2,162,000
Loans payable	3,594,000
Deferred tax liabilities	633,698
	6,389,698
Total net assets acquired	3,211,302
Acquisition cost	3,199,432
Negative goodwill	₱11,870

The fair value of the trade and other receivables approximate their carrying amounts. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

From October 2 to December 31, 2012, the Group's share in AMHRI and AMHPI's revenue and net loss amounted to ₱898.9 million and ₱96.4 million, respectively. If the combination had taken place at the beginning of 2012, the Group's total revenue would have been ₱64,269.7 million, while the Group's net income would have been ₱10,641.3 million.

TKPI and TKDC
The Company entered into an agreement with Asian Conservation Company and ACC Resorts, Inc. (the ACC Group) to create a company which will serve as a holding vehicle for TKPI and TKDC (wholly owned subsidiaries of the ACC Group prior to the Company's involvement). TKPI and TKDC are mainly involved in the development of parcels of land and islands into resorts in Miniloc, Lagen, Pangulasian and Apulit islands in the municipalities of El Nido and Taytay in Northern Palawan.

The agreement eventually resulted in the Company obtaining 60% interest in the new company for a total consideration of ₱2,000.0 million and ACC Group acquiring the remaining 40% interest.

The Company subscribed to 60% of the shares of TKPI and TKDC, thereby providing the Company with the ability to exercise control over TKPI and TKDC effective April 23, 2010. Accordingly, TKPI and TKDC financial statements were consolidated on a line-by-line basis with that of the Group as of December 31, 2010.

The following were the fair values of the identifiable assets and liabilities assumed (in thousands) at the time of acquisition:

Assets	
Cash and cash equivalents	₱365,652
Trade and other receivables	1,455,940
Inventories	16,393
Other current assets	25,401
Land and improvements	1,361,645
Deposit on land purchase	444,622
Property and equipment	493,328
Other assets	140,640
	4,303,621
Liabilities	
Accounts and other payables	310,177
Deposits and other current liabilities	21,446
Due to related parties	89,232
Loans payable	81,621
Income tax payable	18,630
Deferred tax liabilities – net	399,155
	920,261
Net assets	3,383,360
Non-controlling interest in TKDC and TKPI	1,353,344
Total net assets acquired	2,030,016
Acquisition cost	2,029,500
Negative goodwill	₱516

The fair value of the trade and other receivables approximate their carrying amounts since these are short-term in nature. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The non-controlling interests have been measured at the proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

In 2011, the Company finalized its purchase price allocation and there were no changes to the fair market values of the assets acquired and liabilities assumed for TKDC and TKPI.

In 2011, the shareholders of ECI, a subsidiary, approved the increase in its authorized capital stock and the subsequent issuance of these shares in exchange for the investment of the Company and ACC Group in TKDC and TKPI. As a result of this transaction, ALI and ACC will obtain 60% and 40% ownership interest in ECI, respectively. Also, TKDC and TKPI will become wholly owned subsidiaries of ECI. However, the Exchange Agreement was subsequently rescinded in 2013, in favor of the acquisition of the minority interest in TKDC and TKPI through AHRC's acquisition of 100% interest in ACCI (see Note 20).

<u>Asian Conservation Company, Inc. (ACCI)</u>
On November 19, 2013, AHRC, a wholly owned subsidiary of the Company entered into an agreement to acquire 100% interest in ACCI, which effectively consolidates the remaining 40% interest in TKDC and TKPI (60%-owned subsidiary of the Company prior to this acquisition). This acquisition is in line with the Company's thrust to support the country's flourishing tourism industry.

The agreement resulted in the Company effectively obtaining 100% interest in TKPI and TKDC. A total of ₱2,000.0 million was paid to obtain the 100% interest in ACCI. The carrying amount of the non-controlling interest is reduced to nil as the Company already owns 100% share in TKDC and TKPI become wholly owned subsidiaries of the Company. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company amounting to ₱586.0 million (see Note 20).

Acquisition of Non-controlling Interests

APPHC and AyalaLand Offices, Inc. (formerly APPCo)
APPCo owns BPO buildings in Makati, Quezon City and Laguna, with a total leasable area of approximately 230 thousand square meters. This acquisition is aligned with the Company's thrust of expanding its office leasing business and increasing its recurring income.

In 2006, the Company signed an agreement with MLT Investments Ltd. (MIL) and Filipinas Investments Ltd. (FIL) to jointly develop a BPO office building in Dela Rosa Street and to purchase the existing PeopleSupport Building.

APPHC, the joint-venture company formed, is 60%-owned by the Company. APPHC owns 60% interest in its subsidiary, APPCo. The remaining 40% interest in both APPHC and APPCo are split evenly between MIL and FIL. APPHC and APPCo are joint ventures by the Company, MIL, and FIL.

On December 8, 2008, the Company acquired from FIL its 20% ownership in APPHC and APPCo. This resulted in an increase in the Company's effective ownership interest in APPHC from 60% to 80% and APPCo from 36% to 68%, thereby providing the Company with the ability to control the operations of APPHC and APPCo following the acquisition. Accordingly, APPHC and APPCo's financial statements are consolidated on a line-by-line basis with that of the Group as of December 31, 2008.

On November 16, 2011, the SEC approved the merger of APPHC and APPCo, with APPCo as the surviving entity. The merger was meant to streamline administrative processes and achieve greater efficiency. From the perspective of the Company, the merger did not affect its effective interest (68%) in the merged entity.

On April 15, 2013, the Company has entered into a Sale and Purchase Agreement with Global Technologies International Limited (GTIL) to acquire the latter's 32% stake in APPCo for ₱3,520.0 million. Prior to the acquisition, the Company has 68% effective interest in APPCo.

The carrying amount of the non-controlling interest is reduced to nil as APPCo became wholly owned by the Company. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company amounting to ₱2,722.6 million (see Note 20).

Asian I-Office Properties, Inc. (AiO)
On April 16, 2013, CPVDC (a subsidiary of CHI) acquired the 60% interest of the Company in AiO for a cash consideration of ₱436.2 million. AiO was previously 40%-owned by CPVDC and 60%-owned by the Company.

This transaction allows the Company to consolidate into CPVDC the development and operations of BPO offices in Cebu and businesses related thereto, which should lead to value enhancement, improved efficiencies, streamlined processes and synergy creation among the Company and its subsidiaries. This is also consistent with the thrust of the CHI group to build up its recurring income base.

The acquisition resulted to AiO becoming a wholly owned subsidiary of CPVDC. Both AiO and CHI are under the common control of the Company. As a result, the acquisition was accounted for using the pooling of interests method. The transaction has no effect on the carrying amounts of the Group's assets and liabilities.

TPEPI
On October 31, 2013, the Group acquired a 55% interest in TPEPI for a consideration of ₱550.0 million. The acquisition will allow the Group to consolidate its businesses resulting in improved efficiencies and synergy creation to maximize opportunities in the Cebu real estate market. The transaction was accounted for as an asset acquisition.

The excess of the Group's cost of investment in TPEPI over its proportionate share in the underlying net assets at the date of acquisition was allocated to the "Investment properties" account in the consolidated financial statements. This purchase premium shall be amortized upon sale of these lots by TPEPI.

TPEPI's underlying net assets acquired by the Group as of date of acquisition consists of cash in bank, input VAT and investment properties amounting to ₱550.0 million.

NTDCC
On December 10, 2014, the Group purchased its proportionate share in Anglo Philippine Holdings Corporation's 15.79% interest in NTDCC for ₱738.3 million which consists of 539,249 common shares and 2,265,507 preferred shares. This increased the Company's ownership in NTDCC from 49.29% to 58.53% of the total outstanding capital stock of NTDCC which owns and operates the Trinoma Commercial Centre in North Triangle, Quezon City.

Subsequently, on December 22, 2014, the Company purchased the shares of Allante Realty and Development Corporation and DBH Incorporated in NTDCC for ₱211.2 million each of which comprises of 154,287 common shares and 648,196 preferred shares for each company. This resulted to an increase in the Company's ownership in NTDCC from 49.29% to 63.82% of the total outstanding capital stock of NTDCC.

On February 6, 2015, ALI purchased the remaining interest of Anglo Philippine Holdings Corporation (Anglo) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 382,072 common shares and 1,605,169 preferred shares amounting to ₱523.0 million. The transaction brings ALI's ownership from 63,82% to 70.36% of the total outstanding capital stock of NTDCC.

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

PhilEnergy
Ayala Land, Inc. acquired MC's 40% minority interest in PhilEnergy which increased its ownership to 100%. The transaction resulted to an immaterial equity reserves balance as its total investment cost of ₱322.3 million approximates the par value of the shares plus 40% of PhilEnergy's audited retained earnings as of December 31, 2013.

25. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties
In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (in thousands):

a. Transactions with Bank of the Philippine Islands (BPI), an associate of AC

As of December 31, 2015 and 2014, the Group maintains current and savings account, money market placements and long-term debt payable with BPI broken down as follows:

	2015	2014
	(In Thousands)	
Cash in bank	**₱6,028,795**	₱13,355,222
Cash equivalents	**6,983,653**	5,939,002
Investment in FVPL	**288,229**	5,607,838
Short term debt	**1,669,000**	–
Long-term debt	**12,522,323**	14,499,553

b. Outstanding balances from/to related parties follow (amounts in thousands):

2015

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Parent Company	₱156,157	₱–	₱156,157	₱77,773	₱–	₱77,773
Associates	122,268	–	147,648	249,480	–	249,480
Other related parties:						
FBDC	547,331	–	547,331	396	–	396
Globe Telecom (Globe)	113,300	–	113,300	5,223	–	5,223
BPI	38,207	–	38,207	47,403	–	47,403
Columbus	–	–	–	267,355	–	267,355
Others	35,322	–	35,322	15,232	–	15,232
	734,160	–	193,671	335,609	–	335,609
	₱1,012,585	₱–	₱1,012,585	₱662,862	₱–	₱662,862

2014

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Parent Company	₱26,213	₱–	₱26,213	₱ 60,143	₱–	₱60,143
Associates	1,202	–	1202	212,697	–	212,697
Other related parties:						
Columbus	888,953	–	888,953	1,156,308	–	1,156,308
FBDC	394,026	–	394,026	403,297	–	403,297
Globe	92,950	–	92,950	1,129	–	1,129
BPI	32,600	–	32,600	55,184	–	55,184
Others	79,351	–	79,351	6,327	–	6,327
	1,487,880	–	1,487,880	1,622,245	–	1,622,245
	₱1,515,295	₱–	₱1,515,295	₱1,895,085	₱–	₱1,895,085

c. Income and expenses from related parties follow:

Revenue from related parties:

	2015	2014	2013
		(In Thousands)	
Parent Company	**₱3,934**	₱501,339	₱62,090
Associate	**44,128**	49,135	41,143
Other Related Parties			
BPI	**189,584**	297,767	162,859
Psi Technologies	**115,087**	–	–
FBDC	**75,282**	176,195	221,483
Globe	**46,062**	75,044	51,802
Laguna AA Waterworks Corp. (LAWC)	**1,500**	1,500	625,000
Manila Water Company, Inc. (MWCI)	**918**	883	1,351
6750 Ayala Avenue JV	**–**	17,697	46,511
Others	**13,382**	13,057	45,506
	441,815	582,143	1,154,512
Total	**₱489,877**	₱1,132,617	₱1,257,745

Expenses from related parties:

	2015	2014	2013
		(In Thousands)	
Parent Company	**₱575,303**	₱445,623	₱56,781
Associate	**725,139**	1,315	–
Other Related Parties			
AG Counselors Corp.	**166,811**	154,587	150,080
MWCI	**157,937**	195,435	145,313
FBDC	**155,598**	155,099	129,175
BPI	**96,931**	20,781	6,617
BPI Securities Corp.	**90,560**	–	–
Globe	**49,318**	44,392	29,618
Innove Communications, Inc.	**30,930**	35,200	37,890
Ayala Life Assurance, Inc.	**–**	248,219	–
Others	**20,387**	43,520	36,174
	768,472	897,233	534,867
Total	**₱2,068,914**	₱1,344,171	₱591,648

The revenue earned from associates and other related parties pertains mostly to income from leasing and development projects.

Receivables from/payables to other related parties pertain mostly to advances and reimbursement of operating expenses related to development cost and land acquisitions. Payables to related parties consist of expenses incurred on utilities, professional services and other miscellaneous services as well as purchases of vehicles. These are generally trade-related, noninterest-bearing and payable within one year.

The following describes the nature of the material transactions of the Group with related parties as of December 31, 2015 and 2014:

- In July 2015, Avida entered into a contract with AC for the purchase of land in San Antonio, Makati City with the purchase price amounted to ₱644.1 million, inclusive of VAT. Payments were made in two tranches, with the first one in July amounting to ₱471.6 million (inclusive of VAT & CWT) and the balance of ₱172.5 million in October 2015.
- On November 26, 2014, Alveo acquired a 6,986 sq. m. property located along Valero St., Salcedo Village, Makati City. The property was purchased from BPI for ₱1,595.0 million.
- Certain credit facilities with BPI with a total carrying value of ₱14,233 million and ₱14,361 million as of December 31, 2015 and 2014, respectively, are secured by a real estate mortgage. This is in compliance with BSP ruling on directors, officers, stockholders and related interests,
- In 2013, the Company, through its subsidiary Avida, advanced ₱107.2 million for selling expenses and transfer costs for AC allocated units on projects under joint development agreement between AC and Avida. As of December 31, 2015 and 2014, the balance of such advances amounted to nil and ₱78.3 million, respectively.
- On February 3, 2011, Amaia Land Corp. (Amaia) entered into a Joint Development Agreement (the Agreement) with AC to develop parcels of land (the Property) located in Brgy. Dagatan, Lipa City, Batangas registered in the name of AC. AC agreed to contribute the Property and Amaia agreed to contribute project development services. In return for their respective contributions, the parties agreed to respectively distribute and allocate to themselves the developed units in the project corresponding to their pro-rata interest therein. In 2012, the parties agreed to cancel the Agreement and sell the property to Amaia. On December 17, 2012, the parties executed a Deed of Absolute Sale wherein AC agreed to sell and Amaia agreed to purchase the Property from AC for ₱50.14 million. As of December 31, 2015 and 2014, the payable to AC is still amounting to nil and ₱29.8 million respectively.
- In 2013, LTI sold waterworks property to LAWC, a subsidiary of MWCI (through AC). Total selling price amounted to ₱625.0 million resulting to a gain of ₱539.1 million.
- On April 17, 2012, AC awarded the Daang Hari-SLEX Link road project to MDC with total contract price of ₱804.4 million. The scope of work includes the construction of a 4 km toll road that will exit South Luzon near the Susana Heights Interchange passing through government properties in Muntinlupa and will end in Daang Hari in Imus, Cavite. The project was started last June 2012 and was completed in June 2015.
- In November 2012, BG South, a subsidiary of Alveo, entered into a contract with FBDC for the purchase of land in Bonifacio Global City. The Deed of Absolute Sale related to the contract was executed in 2012 for which the purchase price amounted to ₱727.8 million, plus VAT. In 2013, ₱407.0 million, inclusive of VAT, were paid by BG South. Outstanding payable amounts to ₱23.9 million and ₱403.2 million as of December 31, 2015 and 2014, respectively.

- On May 20, 2013, DirectPower and its customers, which are all within the Ayala Group, entered into a Retail Electricity Supply contract wherein DirectPower agreed to supply electricity at a specific rate pursuant to the provisions and implementing rules and regulations of R.A. No. 9136 or the Electric Power Industry Reform Acts of 2001. Among the customers of DirectPower are FBDC, LDC, BPI, San Lazaro BPO Complex and 6750 Ayala Ave.
- Revenue from Globe pertains to development management fee and for lease of spaces.

Compensation of key management personnel by benefit type follows:

	2015	2014
	(In Thousands)	
Short-term employee benefits	**₱140,826**	₱134,261
Post-employment benefits (Note 26)	**17,774**	25,751
Share-based payments (Note 28)	**–**	636
	₱158,600	₱160,648

26. Retirement Plan

The Group has funded, noncontributory tax-qualified defined benefit type of retirement plans (the Plan) covering substantially all of their employees. The benefits are based on a defined benefit formula.

The Plan aims to maintain a full funding, i.e., the Plan's assets fully covered the Plan's liabilities, as measured through generally accepted actuarial methodologies. Such will provide a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns. The target funded status is within the range of 80% to 100%.

The Group's fund is in the form of a trust fund being maintained by trustee banks such as BPI Asset Management and Trust Group and Deutsche Bank (collectively the "Retirement Fund"). The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The components of expense (included in manpower costs under "General and administrative expenses") in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Current service cost	**₱309,459**	₱410,462	₱280,867
Past service cost	**519**	6,903	644
Net interest cost on benefit obligation	**59,893**	30,365	26,685
Total pension expense	**₱369,871**	₱447,730	₱308,196

The remeasurement effects recognized in other comprehensive income (included in Equity under "Actuarial loss on pension liabilities") in the consolidated statements of financial position follow:

	2015	2014	2013
		(In Thousands)	
Return gain (loss) on plan assets (excluding amount included in net interest)	**₱19,383**	(₱28,280)	₱22,128
Actuarial (gain) loss due to liability experience	**208,473**	46,810	151,572
Actuarial loss due to liability assumption changes – demographic	**235**	51,593	–
Actuarial loss due to liability assumption changes – economic	**(427,955)**	–	216,946
Remeasurements in other comprehensive income (loss)	**(₱199,864)**	₱70,123	₱390,646

The funded status and amounts recognized in the consolidated statement of financial position for the pension plan as of December 31, 2015 and 2014, are as follows:

	2015	2014
	(In Thousands)	
Benefit obligations	**₱3,547,234**	₱3,750,189
Plan assets	**(2,109,193)**	(2,189,026)
Net pension liability position	**₱1,438,041**	₱1,561,163

As of December 31, 2015 and 2014 pension assets (included under “other noncurrent assets”) amounted to ₱64.2 million and ₱19.1 million, respectively, and pension liabilities amounted to ₱1,502.2 million and ₱1,580.2 million, respectively.

Changes in net defined benefit liability of funded funds in 2015 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					**Remeasurements in other comprehensive income**								
	January 1, 2015	**Current service cost**	**Past service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan Assets***	**Actuarial (gain)/loss due to liability experience**	**Actuarial (gain)/loss due to liability assumption changes - demographic**	**Actuarial (gain)/loss due to liability assumption changes - economic**	**Net remeasure-ment loss**	**Contribution by employer**	**Transfer in /(out)**	**Settlements**	**December 31, 2015**
Present value of defined benefit obligation	**₱3,750,189**	**₱309,459**	**₱519**	**₱79,590**	**₱389,568**	**(₱306,948)**	**₱–**	**₱208,473**	**₱235**	**(₱427,955)**	**(₱219,247)**	**₱–**	**(₱66,328)**	**₱–**	**₱3,547,234**
Fair value of plan assets	**(2,189,026)**	**–**	**–**	**(19,697)**	**(19,697)**	**294,094**	**19,383**	**–**	**–**	**–**	**19,383**	**(212,197)**	**(1,750)**	**–**	**(2,109,193)**
Net defined benefit liability (asset)	**₱1,561,163**	**₱309,459**	**₱519**	**₱59,893**	**₱369,871**	**(12,854)**	**₱19,383**	**₱208,473**	**₱235**	**(₱427,955)**	**(₱199,864)**	**(₱212,197)**	**(₱68,078)**	**₱–**	**₱1,438,041**

*excluding amount included in net interest

Changes in net defined benefit liability of funded funds in 2014 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income								
	January 1, 2014	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan Assets*	Actuarial (gain)/loss due to liability experience	Actuarial (gain)/loss due to liability assumption changes - demographic	Actuarial (gain)/loss due to liability assumption changes - economic	Net remeasure-ment loss	Contribution by employer	Transfer in /(out)	Settlements	December 31, 2014
Present value of defined benefit obligation	₱3,357,650	₱410,462	₱6,903	₱151,755	₱569,120	(₱274,811)	₱–	₱46,810	₱51,593	₱–	₱98,403	₱–	₱–	(₱173)	₱3,750,189
Fair value of plan assets	(2,215,580)	–	–	(121,390)	(121,390)	260,550	(28,280)	–	–	–	(28,280)	(78,097)	(6,402)	173	(2,189,026)
Net defined benefit liability (asset)	₱1,142,070	₱410,462	₱6,903	₱30,365	₱447,730	(₱14,261)	(₱28,280)	₱46,810	₱51,593	₱–	₱70,123	(₱78,097)	(₱6,402)	₱–	₱1,561,163

*excluding amount included in net interest

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market.

The plan assets have diverse investments and do not have any concentration risk.

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	December 31	
	2015	2014
	(In Thousands)	
Cash and cash equivalents	**₱116,805**	₱70,998
Equity investments		
Financials	**14,210**	50,295
Industrials	**40,691**	31,130
Holding Firms	**136,110**	211,073
Property	**15,622**	57,069
Services	**21,186**	59,074
Mining and Oil	**5,245**	4,101
Unit Investment Trust Funds	**136,250**	148,870
Mutual Funds	**90,856**	218,990
	460,170	780,602
Debt investments		
Government securities	**683,199**	650,702
AAA rated debt securities	**462,808**	238,295
Not rated debt securities	**316,879**	444,757
	1,462,886	1,333,754
Other assets (liabilities)	**69,332**	3,672
	₱2,109,193	₱2,189,026

The Retirement Fund's investments will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the set benchmark for each asset class. In case of securities, the aggregate holdings of any security may not exceed 10% of the Plan assets. The criteria for including an asset class in the strategic policy include: (a) wide recognition and acceptance among institutional investors; (b) low correlation with other accepted asset classes; and (c) a meaningful performance history. The Group expects to make contributions of ₱394.4 million to its retirement fund in 2015.

The allocation of the fair value of plan assets follows:

	2015	2014
Investments in debt securities	**69.36%**	60.93%
Investments in equity securities	**21.82%**	35.66%
Others	**8.82%**	3.41%

Funds invested in debt securities include government securities, corporate notes and bonds, unit investment trust funds and special deposit accounts. Investments in equity securities consist of investments in PSE listed stocks and unit investment trust funds. Others were in the form of cash and cash equivalents.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and settlements.

As of December 31, 2015 and 2014, the funds include investment in securities to its related parties. Details of the investment per type of security are as follows:

	December 31, 2015			December 31, 2014
	Carrying Value	**Fair Value**	**Unrealized (Gain) Loss**	Fair Value
		(In Thousands)		
Investments in debt securities	**₱134,388**	**₱133,839**	**₱548**	₱111,447
Investments in equity securities	**184,983**	**195,120**	**(10,136)**	161,764
Others	**132,771**	**136,237**	**(3,466)**	127,019
	₱452,142	**₱465,196**	**(₱13,054)**	₱400,230

The plan assets include shares of stock of the Company with fair value amounting to ₱7.5 million, and ₱34.1 million as of December 31, 2015 and 2014, respectively. The Company gives the trustee bank the discretion to exercise voting rights over the shares. The plan assets include debt securities of the Company amounting to ₱73.1 million and ₱55.6 million as of December 31, 2015 and 2014, respectively. The gains of the fund arising from investments in debt and equity securities of the Company amounted to ₱0.2 million and ₱2.9 million, respectively.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2015	2014
Discount rates	**4.5 to 5.3%**	4.0 to 5.0%
Future salary increases	**3.0 to 8.0%**	5.0 to 8.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2015

	Effect on income before income tax Increase (decrease	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Discount rate	**(₱207,098)**	**₱236,070**
Salary increase rate	**231,851**	**(188,779)**

2014

	Effect on income before income tax Increase (decrease	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Discount rate	(₱313,272)	₱367,711
Salary increase rate	358,054	(311,474)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	**2015**	2014
	(In Thousands)	
December 31, 2015	**₱–**	₱429,581
December 31, 2016	**262,555**	253,861
December 31, 2017	**209,179**	222,900
December 31, 2018	**194,301**	225,801
December 31, 2019 through December 31, 2025	**2,682,757**	2,723,693

The average duration of the defined benefit obligation is 9.3 to 27.1 years and 71.1 to 26.8 years in 2015 and 2014, respectively.

27. Earnings Per Share

The following tables present information necessary to compute EPS (amounts in thousands except EPS):

EPS on net income attributable to equity holders of the Company are as follows:

	2015	2014
	(In Thousands)	
Net income attributable to equity holders of the Company	**₱17,630,275**	₱14,802,642
Dividends on preferred stock	**(62,038)**	(62,038)
Net income attributable to equity holders for basic and diluted earnings per share	**₱17,568,237**	₱14,740,604
Weighted average number of common shares for basic EPS	**14,580,415**	14,074,173
Dilutive shares arising from stock options	**2,692**	4,832
Adjusted weighted average number of common shares for diluted EPS	**14,583,107**	14,079,005
Basic EPS	**₱1.20**	₱1.05
Diluted EPS	**₱1.20**	₱1.05

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

The convertible preferred shares are ignored in the calculation of diluted EPS since the convertibility of the preferred shares will start on the 10th year from the issue date which was in 2012.

28. Stock Options and Ownership Plans

The Company has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (ESOWN) covering 2.5% of the Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

ESOP

Movements in the number of stock options outstanding under ESOP are as follows:

PFRS 2 Options

	2015	**Weighted average exercise price**	2014	Weighted average exercise price
At January 1	**2,858,360**	**₱5.63**	10,377,981	₱4.58
Exercised	**(2,858,360)**	**5.63**	(5,624,981)	4.26
Cancelled	**–**	**–**	(1,894,640)	–
At December 31	**–**	**₱–**	2,858,360	₱5.63

The options exercised had a weighted average exercise price of ₱5.63 per share or ₱16.09 million in 2015, and ₱4.26 per share or ₱23.96 million in 2014.

The average fair market value of the shares at the exercise date was ₱36.53 per share or about ₱104.4 million in 2015 and ₱31.46 per share or about ₱177.0 million in 2014.

The fair value of stock options granted are estimated as at the date of grant using the Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. The fair value of stock options granted under ESOP at June 30, 2005 grant date, and the assumptions used to determine the fair value of the stock options are as follows:

Weighted average share price	₱8.36
Exercise price	₱6.75
Expected volatility	46.30%
Option life	10 years
Dividend yield	3.21%
Interest rate	12.60%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also necessarily be the actual outcome.

ESOWN
In November 2001, the Company offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, the Company introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of the Company or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to the Company's right to repurchase.

The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of these options are estimated on the date of grant using the Binomial Tree Model. The Binomial Tree model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate.

For the unsubscribed shares, the employee still has the option to subscribe within seven (7) years.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2015	**WAEP**	2014	WAEP
At January 1	**12,279,280**	**₱15.61**	12,683,257	₱14.19
Granted	**14,632,157**		12,640,541	
Subscribed	**(17,856,271)**	**26.16**	(12,330,426)	21.10
Cancelled availment	**727,385**		279,632	
Cancelled	**(1,048,131)**		(993,724)	
At December 31	**8,734,420**	**₱16.96**	12,279,280	₱15.61

The fair values of stock options granted are estimated on the date of grant using the Binomial Tree Model and Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. The expected volatility was determined based on an independent valuation. Option maturity is four years from the date of grant.

The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date					
	March 20, 2015	March 20, 2014	March 18, 2013	March 13, 2012	March 31, 2011	March 31, 2010
Number of unsubscribed shares	–	1,369,887	1,713,868	3,967,302	3,843,057	2,298,247
Fair value of each option	₱16.03	₱12.60	₱12.07	₱6.23	₱7.27	₱8.88
Weighted average share price	₱36.53	₱31.46	₱30.00	₱21.98	₱15.5	₱13.00
Exercise price	₱29.58	₱22.55	₱21.45	₱14.69	₱13.2	₱9.74
Expected volatility	31.99%	33.50%	36.25%	33.00%	36.25%	43.57%
Dividend yield	1.02%	1.42%	1.93%	0.9%	1.01%	0.48%
Interest rate	4.11%	3.13%	2.78%	5.70%	5.60%	5.95%

	Grant Date				
	April 30, 2009	May 15, 2008	September 20, 2007	June 5, 2006	November 16, 2005
Number of unsubscribed shares	5,418,619	15,057,840	494,400	5,270,333	3,036,933
Fair value of each option	₱4.05	₱6.77	₱6.93	₱7.33	₱5.58
Weighted average share price	₱6.40	₱10.50	₱15.00	₱13.00	₱9.30
Exercise price	₱4.96	₱9.74	₱12.00	₱10.35	₱7.03
Expected volatility	37.45%	32.04%	34.67%	46.03%	46.32%
Dividend yield	0.85%	0.49%	0.41%	1.56%	0.77%
Interest rate	5.94%	8.53%	6.93%	10.55%	11.30%

Total expense (included under “General and administrative expenses”) recognized in 2015, 2014 and 2013 in the consolidated statements of income arising from share-based payments amounted to ₱213.6 million, ₱196.1 million and ₱232.7 million, respectively (see Note 22).

29. Financial Assets and Liabilities

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group’s financial assets and liabilities recognized as of December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Loans and Receivables				
Trade residential and office development	**₱65,809,994**	**₱67,103,996**	₱51,345,735	₱51,891,790
Investment in bonds classified as loans and receivables	**258,000**	**264,973**	450,000	463,407
Receivable from employees	**711,608**	**712,685**	431,916	432,071
	₱66,779,602	**₱68,081,654**	₱52,227,651	₱52,787,268
Other Financial Liabilities				
Long-term debt	**₱120,509,853**	**₱120,150,140**	₱108,363,357	₱109,847,007
Deposits and other noncurrent liabilities	**15,258,921**	**15,224,116**	18,187,240	18,177,888
	₱135,768,774	**₱135,374,256**	₱126,550,597	₱128,024,895

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents, short-term investments and current receivables, accounts and other payables, current payables and short term debt - Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Financial assets at FVPL - These are investments in fund. Fair value is based on net asset values as of reporting dates.

Noncurrent accounts and notes receivables - The fair values of residential accounts and notes receivable, and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 1.40% to 5.47% and 3.54% to 6.17% as of December 31, 2015 and 2014.

AFS quoted equity securities - Fair values are based on quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair value cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - The fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged 1.05% to 7.75% and 3.88% to 6.48% as of December 31, 2015 and 2014, respectively. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy
As at December 31, 2015, quoted AFS financial assets have been measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Company categorizes trade receivable, investment in bonds classified as loans and receivables, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3 in December 31, 2015. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

Quoted AFS financial assets amounting to ₱149.6 million and ₱523.3 million as of December 31, 2015, and 2014, respectively were classified under Level 1 (see Note 10).

Unquoted AFS financial assets amounting to ₱350.8 million and ₱261.1 million as of December 31, 2015 and 2014, respectively were classified under Level 3 (see Note 10).

There have been no reclassifications from Level 1 to Level 2 categories in December 31, 2015 and 2014.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise of cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of derivative financial instruments, if any, is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies in 2015 and 2014.

Liquidity risk
Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult for the Group to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at a loss due to wider than normal bid-offer spreads.

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

The table summarizes the maturity profile of the Group's financial liabilities at December 31, 2015 and 2014 based on contractual undiscounted payments:

December 31, 2015

	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
		(In Thousands)		
Accounts and other payables	**₱109,520,565**	**₱–**	**₱–**	**₱109,520,565**
Short-term debt	**10,486,258**	**–**	**–**	**10,486,258**
Long-term debt	**8,808,779**	**41,584,190**	**70,554,897**	**120,947,866**
Deposits and other noncurrent liabilities	**4,435,146**	**10,340,631**	**483,144**	**15,258,921**
	₱133,250,748	**₱51,924,821**	**₱71,038,041**	**₱256,213,610**
Interest payable*	**₱6,472,057**	**₱22,956,647**	**₱7,875,578**	**₱37,304,282**

**includes future interest payment*

December 31, 2014

	< 1 year	>1 to < 5 years	> 5 years	Total
		(In Thousands)		
Accounts and other payables	₱93,934,717	₱–	₱–	₱93,934,717
Short-term debt	16,302,312	–	–	16,302,312
Long-term debt	5,079,349	38,502,229	65,216,045	108,797,623
Deposits and other noncurrent liabilities	–	18,124,107	63,133	18,187,240
	₱115,316,378	₱56,626,336	₱65,279,178	₱237,221,892
Interest payable*	₱5,637,506	₱17,816,002	₱11,539,383	₱34,992,891

**includes future interest payment*

Cash and cash equivalents, short-term investments and financial assets at FVPL are used for the Group's liquidity requirements. Please refer to the terms and maturity profiles of these financial assets shown on the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. As of December 31, 2015 and 2014, undrawn loan commitments from long-term credit facilities amounted to ₱1,221.5 million and ₱1,110.0 million, respectively.

Credit risk
Credit risk is a risk that a counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

The Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The Group's maximum exposure to credit risk as of December 31, 2015 and 2014 is equal to the carrying values of its financial assets, except for the following:

December 31, 2015

	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
Accounts and notes receivable:				
Trade receivables:				
Residential and office	**₱65,833,104**	**₱126,923,999**	**₱–**	**₱65,833,104**
Shopping center	**2,124,332**	**3,541,389**	**–**	**2,124,332**
Corporate business	**1,113,385**	**624,374**	**489,011**	**624,374**
Receivables from employees	**711,608**	**396,250**	**315,358**	**396,250**
	₱69,782,429	**₱131,486,012**	**₱804,369**	**₱68,978,060**

December 31, 2014

	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Accounts and notes receivable:				
Trade receivables:				
Residential and office	₱51,368,845	₱70,617,811	₱–	₱51,368,845
Shopping center	1,963,423	3,392,589	–	1,963,423
Corporate business	1,829,497	1,609,140	220,357	1,609,140
Receivables from employees	431,916	325,334	106,582	325,334
	₱55,593,681	₱75,944,874	₱326,939	₱55,266,742

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As of December 31, 2015 and 2014, the aging analysis of past due but not impaired trade receivables presented per class, follow:

December 31, 2015

	Neither Past Due nor Impaired	Past Due but not Impaired						Individually Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential and office development	₱57,005,542	₱2,174,025	₱1,385,986	₱813,068	₱850,492	₱3,580,881	₱8,804,452	₱9,555	₱65,819,549
Construction contracts	1,765,635	455,909	137,499	12,242	14,964	204,041	824,655	45,297	2,635,587
Shopping centers	904,382	193,712	135,649	43,294	68,115	369,950	810,720	217,217	1,932,319
Corporate business	644,973	108,858	29,804	75,790	20,376	188,696	423,524	44,888	1,113,385
Management fees	96,830	710	6,134	2,246	2,585	5,132	16,807	2,614	116,251
Others	996,777	68,674	14,418	19,362	5,594	54,814	162,862	53,890	1,213,529
Accrued receivables	2,192,231	271,410	479,557	15	10	219,025	970,017	–	3,162,248
Related parties	916,195	50	80,104	5,840	700	9,696	96,390	–	1,012,585
Receivables from employees	711,608	–	–	–	–	–	–	–	711,608
Investment in bonds classified as loans and receivables	258,000	–	–	–	–	–	–	–	258,000
	₱65,492,173	₱3,273,348	₱2,269,151	₱971,857	₱962,836	₱4,632,235	₱12,109,427	₱373,461	₱77,975,061

December 31, 2014

	Neither Past Due nor Impaired	Past Due but not Impaired						Individually Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential and office development	₱49,392,747	₱265,569	₱299,400	₱199,569	₱352,927	₱835,523	₱1,952,988	₱9,555	₱51,355,290
Construction contracts	2,136,392	–	–	–	–	–	–	45,297	2,181,689
Shopping centers	1,078,504	99,224	106,572	72,468	40,724	266,279	585,267	171,903	1,835,674
Corporate business	1,366,548	50,296	74,366	58,150	19,872	260,265	462,949	–	1,829,497
Management fees	122,472	–	2,988	3,784	3,541	3,325	13,638	2,614	138,724
Others	160,789	78,537	30,763	13,027	775	72,410	195,512	48,380	404,681
Accrued receivables	2,534,467	1,391	–	–	5,966	1,268	8,625	–	2,543,092
Related parties	1,326,860	19,480	17,522	44,226	49	107,158	188,435	–	1,515,295
Receivables from employees	352,458	63,163	1,505	2,047	879	11,864	79,458	–	431,916
Investment in bonds classified as loans and receivables	450,000	–	–	–	–	–	–	–	450,000
	₱58,921,237	₱577,660	₱533,116	₱393,271	₱424,733	₱1,558,092	₱3,486,872	₱277,749	₱62,685,858

The table below shows the credit quality of the Company's financial assets as of December 31, 2015 and 2014:

December 31, 2015

	Neither Past Due nor Impaired					Past Due but	Individually	
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
					(In Thousands)			
Cash and cash equivalents (excluding cash on hand)	₱19,031,621	₱–	₱–	₱–	₱19,031,621	₱–	₱–	₱19,031,621
Short-term investments	164,621	–	–	–	164,621	–	–	164,621
Financial assets at FVPL	731,677	–	–	–	731,677	–	–	731,677
Accounts and notes receivables:								
Trade:								
Residential and office development	39,907,929	9,296,617	7,800,996	–	57,005,542	8,804,452	9,555	65,819,549
Construction contracts	1,765,635	-	-	–	1,765,635	824,655	45,297	2,635,587
Shopping centers	569,629	139,696	195,057	–	904,382	810,720	217,217	1,932,319
Corporate business	602,972	13,386	28,615	–	644,973	423,524	44,888	1,113,385
Management fees	75,572	14,172	7,086	–	96,830	16,807	2,614	116,251
Others	971,165	3,879	21,733	–	996,777	162,862	53,890	1,213,529
Accrued receivables	2,077,656	114,575	–	–	2,192,231	970,017	–	3,162,248
Related parties	451,528	243,146	221,521	–	916,195	96,390	–	1,012,585
Receivable from employees	711,608	–	–	–	711,608	–	–	711,608
Investment in bonds classified as loans and receivables	258,000	–	–	–	258,000	–	–	258,000
AFS financial assets:								
Unquoted	–	–	–	350,765	350,765	–	–	350,765
Quoted	149,594	–	–	–	149,594	–	–	149,594
	₱67,469,207	₱9,825,471	₱8,275,008	₱350,765	₱85,920,451	₱12,109,427	₱373,461	₱98,403,339

December 31, 2014

	Neither Past Due nor Impaired					Past Due but	Individually	
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱28,645,823	₱–	₱–	₱–	₱28,645,823	₱–	₱–	₱28,645,823
Short-term investments	301,405	–	–	–	301,405	–	–	301,405
Financial assets at FVPL	6,264,569	–	–	–	6,264,569	–	–	6,264,569
Accounts and notes receivables:								
Trade:								
Residential and office development	42,916,342	3,888,601	2,601,359	–	49,406,302	1,952,988	9,555	51,368,845
Construction contracts	2,136,392	–	–	–	2,136,392	–	45,297	2,181,689
Shopping centers	1,046,882	84,375	74,996	–	1,206,253	585,267	171,903	1,963,423
Corporate business	1,358,685	82	7,781	–	1,366,548	462,949	–	1,829,497
Management fees	117,716	1,275	3,879	–	122,870	13,638	2,614	139,122
Others	171,109	–	566	–	171,675	195,512	48,380	415,567
Accrued receivables	2,534,424	–	43	–	2,534,467	8,625	–	2,543,092
Related parties	361,339	107,816	857,705	–	1,326,860	188,435	–	1,515,295
Receivable from employees	352,458	–	–	–	352,458	79,458	–	431,916
Investment in bonds classified as loans and receivables	450,000	–	–	–	450,000	–	–	450,000
AFS financial assets:								
Unquoted	–	–	–	261,115	261,115	–	–	261,115
Quoted	523,256	–	–	–	523,256	–	–	523,256
	₱87,180,400	₱4,082,149	₱3,546,329	₱261,115	₱95,069,993	₱3,486,872	₱277,749	₱98,834,614

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments, financial assets at FVPL, AFS quoted securities - based on the nature of the counterparty and the Group's internal rating system

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment

The unquoted AFS financial assets are unrated.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio. The Company's ratio of fixed to floating rate debt stood at around 84:16 and 74:26 as of December 31, 2015 and 2014, respectively.

The following tables demonstrate the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2015 and 2014, with all variables held constant, (through the impact on floating rate borrowings):

December 31, 2015

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Floating rate borrowings	**(₱208,284)**	**₱208,284**

December 31, 2014

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis Points
	(In Thousands)	
Floating rate borrowings	(₱323,597)	₱323,597

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table (in thousands):

December 31, 2015

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	**₱19,031,621**	**₱19,031,621**	**₱–**	**₱–**	**₱19,031,621**
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	**164,621**	**164,621**	**–**	**–**	**164,621**
Accounts and notes receivable	Fixed at the date of sale	Date of sale	**10,250,199**	**9,828,729**	**163,470**	**258,000**	**10,250,199**
			₱29,446,441	**₱29,024,971**	**₱163,470**	**₱258,000**	**₱29,446,441**
Company							
Short-term debt - US Dollar	Variable at 2.7500% to 2.900%	Monthly	**₱1,052,958**	**₱1,052,958**	**₱–**	**₱–**	**₱1,052,958**
Short-term debt - Peso	Variable at 1.1000% to 1.2000%	Monthly	**8,563,200**	**8,563,200**	**–**	**–**	**8,563,200**
Long-term debt							
Fixed							
Peso	Fixed at 7.750%	10 years	**100,000**	**100,000**	**–**	**–**	**100,000**
Peso	Fixed at 8.900%	7 years	**1,009,400**	**10,300**	**999,100**	**–**	**1,009,400**
Peso	Fixed at 5.000%	3 years	**219,670**	**219,670**	**–**	**–**	**219,670**
Peso	Fixed at 5.000%	3 years	**1,963,180**	**1,963,180**	**–**	**–**	**1,963,180**
Peso	Fixed at 5.625%	7 years	**9,350,000**	**–**	**9,304,168**	**–**	**9,304,168**
Peso	Fixed at 6.000%	10 years	**5,650,000**	**–**	**–**	**5,615,831**	**5,615,831**
Peso	Fixed at 4.500% to 8.989%	5, 10 and 15 years	**10,778,875**	**3,748,361**	**736,975**	**6,275,326**	**10,760,662**
Peso	Fixed at 5.625%	11 years	**8,000,000**	**–**	**–**	**7,927,851**	**7,927,851**
Peso	Fixed at 5.000%	10.5 years	**15,000,000**	**–**	**–**	**14,886,169**	**14,886,169**
Peso	Fixed at 4.625%	7 years	**4,000,000**	**–**	**3,973,778**	**–**	**3,973,778**
Peso	Fixed at 6.000%	20 years	**2,000,000**	**–**	**–**	**1,982,849**	**1,982,849**
Peso	Fixed at 4.500%	10 years	**4,950,000**	**50,000**	**200,000**	**4,700,000**	**4,950,000**
Peso	Fixed at 4.725%	5 and 6 years	**4,732,375**	**233,650**	**3,068,725**	**1,430,000**	**4,732,375**
Peso	Fixed at 4.500%	10 years	**8,200,000**		**246,000**	**7,954,000**	**8,200,000**
Peso	Fixed at 4.500%	7 years	**7,000,000**	**–**	**–**	**6,939,536**	**6,939,536**
Floating							
USD	Variable at 2.3908%over 3-month LIBOR	6 years	**1,882,400**	**–**	**75,296**	**1,807,104**	**1,882,400**
Peso	Variable at 3.4424%over 91-day DR1	7 years	**1,000,000**	**1,000,000**	**-**	**–**	**1,000,000**
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable at 2.500% to 2.700%	Monthly	**870,100**	**870,100**	**–**	**–**	**870,100**
Long-term debt							
Fixed							
Peso	Fixed at 3.630% to 10.211%	5 to 7 years	**27,652,259**	**851,216**	**18,075,581**	**8,675,480**	**27,602,277**
Floating							
Peso	Variable at 1.536% to 4.7500% over 91-day PDST-R1/R2	3 months	**5,950,846**	**287,149**	**3,667,778**	**1,995,919**	**5,950,846**
US Dollar	Variable at 1.932% to 2.233% over 3-month LIBOR	Quarterly	**1,508,861**	**344,126**	**1,164,735**	**-**	**1,508,861**
			₱131,434,124	**₱19,293,910**	**₱41,512,136**	**₱70,190,065**	**₱130,996,111**

December 31, 2014

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱28,645,823	₱28,645,823	₱–	₱–	₱28,645,823
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	301,405	301,405	–	–	301,405
Accounts and notes receivable	Fixed at the date of sale	Date of sale	14,984,921	7,629,911	7,231,704	93,150	14,954,765
			₱43,932,149	₱36,577,139	₱7,231,704	₱93,150	₱43,901,993
Company							
Short-term debt - US Dollar	Variable at 2.7500% to 2.900%	Monthly	₱1,661,512	₱1,661,512	₱–	₱–	₱1,661,512
Short-term debt - Peso	Variable at 1.1000% to 1.2000%	Monthly	6,660,000	6,660,000	–	–	6,660,000
Long-term debt							
Fixed							
Peso	Fixed at 7.750%	10 years	100,000	–	100,000	–	100,000
Peso	Fixed at 8.900%	7 years	1,316,700	13,300	1,303,400	–	1,316,700
Peso	Fixed at 5.000%	3 years	986,710	986,710	–	–	986,710
Peso	Fixed at 5.000%	3 years	1,982,700	–	1,982,700	–	1,982,700
Peso	Fixed at 5.625%	7 years	9,350,000	–	9,292,190	–	9,292,190
Peso	Fixed at 6.000%	10 years	5,650,000	–	–	5,615,068	5,615,068
Peso	Fixed at 5.625 to 7.500%	5, 10 and 15 years	8,012,500	33,523	3,835,203	4,111,238	7,979,964
Peso	Fixed at 5.625%	11 years	8,000,000	–	–	7,922,131	7,922,131
Peso	Fixed at 5.000%	10.5 years	15,000,000	–	–	14,875,092	14,875,092
Peso	Fixed at 4.625%	7 years	4,000,000	–	–	3,969,010	3,969,010
Peso	Fixed at 6.000%	20 years	2,000,000	–	–	1,982,330	1,982,330
Peso	Fixed at 4.500%	10 years	5,000,000	50,000	200,000	4,750,000	5,000,000
Floating							
USD	Variable at 2.4753% over 3-month LIBOR	6 years	2,360,545	–	70,816	2,289,729	2,360,545
Peso	Variable at 4.000% over 91-day DR1	7 years	1,000,000	–	1,000,000	–	1,000,000
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable at 2.000% to 3.000%	Monthly	7,980,800	7,980,800	–	–	7,980,800
Long-term debt							
Fixed							
Peso	Fixed at 3.630% to 10.211%	5 to 7 years	31,341,641	1,822,942	10,424,406	19,038,153	31,285,501
Floating							
Peso	Variable at 1.536% to 4.7500% over 91-day PDST-R1/R2	3 months	7,972,810	1,738,435	5,920,964	312,000	7,971,399
US Dollar	Variable at 1.932% to 2.233% over 3-month LIBOR	Quarterly	4,724,017	421,993	4,302,024	–	4,724,017
			₱125,099,935	₱21,369,215	₱38,431,703	₱64,864,751	₱124,665,669

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. As of December 31, 2015 and 2014, the Group's placements in foreign currencies amounting to $31.8 million and $24.3 million, respectively and the amount of foreign currency-denominated debt amounting to $76.4 million and $196.2 million, respectively are minimal. As such, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2015 and December 31, 2014:

	December 31			
	2015		2014	
	US Dollar	**Php Equivalent**	US Dollar	Php Equivalent
		(In Thousands)		
Financial Assets				
Cash and cash equivalents	**$14,408**	**₱678,062**	$15,884	₱710,315
Short-term investments	**–**	**–**	1,247	55,750
Financial Assets at FVPL	**–**	**–**	–	–
Accounts and notes receivable - net	**24,422**	**1,149,285**	6,804	304,274
Other current assets	**257**	**12,080**	–	–
Other noncurrent assets	**–**	**–**	375	16,761
Total	**39,087**	**1,839,427**	24,310	1,087,100
Financial Liabilities				
Accounts and other payables	**14,041**	**660,766**	576	25,769
Short-term debt	**22,375**	**1,052,958**	37,154	1,661,512
Long-term debt	**72,062**	**3,391,261**	158,420	7,084,563
Other noncurrent liabilities	**5**	**220**	70	3,141
Total	**108,483**	**5,105,205**	196,220	8,774,985
Net foreign currency denominated financial instruments	**($69,396)**	**(₱3,265,778)**	($171,910)	(₱7,687,885)

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rates used were ₱47.06 to US$1.00 and ₱44.72 to US$1.00, the Philippine Peso - US dollar exchange rates as of December 31, 2015 and 2014, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Effect on profit before tax Increase (decrease)	
Change in exchange rate	**2015**	2014
₱1.00	**(₱69,397)**	(₱171,910)
(₱1.00)	**69,397**	171,910

There is no other impact on the Group's equity other than those already affecting the net income.

Equity price risk
Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The analysis below demonstrates the sensitivity to a reasonably possible change of market index with all other variables held constant, of the Group's equity (in thousands).

	Effect on equity Increase (decrease)	
Change in PSEi index	**2015**	2014
	(In Thousands)	
+5%	**₱9,012**	₱15,150
-5%	**(9,012)**	(15,150)

Quoted financial assets at FVPL pertain to investment in UITF (Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

All other variables held constant, with a duration of 0.18 and 0.05 year for 2015 and 2014 respectively, the fair value of the Group's investment in the fund, net income and equity will increase (decrease) by ₱0.5 million and ₱2.8 million for December 31, 2015 and 2014, respectively, for a 100 basis points decrease (increase), respectively, in interest rates.

30. Segment Information

The industry segments where the Group and its associates and joint ventures operate follows:

- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Corporate businesses - development and lease or sale of office buildings; sale of industrial lots and lease of factory building
- Residential developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture
- Strategic landbank management and Visayas-Mindanao - acquisition, development and sale of large-scale, mixed-use, masterplanned communities; sale of override units or the Company's share in properties made available to subsidiaries for development; lease of gas station sites and carparks outside Ayala Center. This also includes development, sale and lease, shopping centers and residential developments of the Group's product offerings in key cities in the Visayas and Mindanao regions
- Construction - land development and construction of the Group and third-party projects
- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants
- Property management - facilities management of the Group and third-party projects
- Others - other income from investment activities and sale of non-core assets

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

Business segments
The following tables regarding business segments present assets and liabilities as of December 31 and revenue and profit information for each of the two years in the period ended December 31 (in millions):

2015

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas-Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Sales to external customers	₱13,365	₱4,931	₱63,694	₱4,137	₱7,383	₱5,974	₱1,177	₱–	₱–	₱100,661
Intersegments sales	621	–	2,050	2,622	36,685	–	705	–	(42,683)	–
Equity in net earnings of associates and joint ventures	(241)	–	(3)	241	–	–	–	(138)	–	(141)
Total revenue	13,745	4,931	65,741	7,000	44,068	5,974	1,882	(138)	(42,683)	100,520
Operating expenses	7,178	2,532	48,595	5,844	38,925	4,826	1,878	1,391	(39,242)	71,927
Operating profit	6,567	2,399	17,146	1,156	5,143	1,148	4	(1,529)	(3,441)	28,593
Interest and investment income										5,980
Interest and other financing charges										(6,506)
Other income										683
Other charges										(999)
Provision for income tax										(6,854)
Net income										₱20,897
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱17,630
Non-controlling interests										3,267
										₱20,897
Other Information										
Segment assets	₱82,363	₱50,682	₱277,229	₱134,860	₱46,284	₱27,601	₱5,271	₱26,563	(₱233,943)	₱416,910
Investment in associates and joint ventures	845	–	572	8,677	–	–	–	7,427	–	17,521
	83,208	50,682	277,801	143,537	46,284	27,601	5,271	33,990	(233,943)	434,431
Deferred tax assets	265	88	1,691	273	32	281	23	2,187	3,071	7,911
Total assets	₱83,473	₱50,770	₱279,492	₱143,810	₱46,316	₱27,882	₱5,294	₱36,177	(₱230,872)	₱442,342
Segment liabilities	₱55,407	₱18,871	₱152,372	₱96,509	₱41,445	₱16,136	₱3,835	₱9,010	(₱102,851)	₱290,734
Deferred tax liabilities	18	19	1,073	614	–	472	15	–	(429)	1,782
Total liabilities	₱55,425	₱18,890	₱153,445	₱97,123	₱41,445	₱16,608	₱3,850	₱9,010	(₱103,280)	₱292,516
Segment additions to:										
Property and equipment	₱433	₱29	₱1,120	₱222	₱2,277	₱1,341	₱1,963	₱175	₱–	₱7,560
Investment properties	₱6,599	₱2,163	₱168	₱2,544	₱–	₱813	₱–	₱3,692	₱–	₱15,979
Depreciation and amortization	₱1,449	₱827	₱204	₱747	₱1,017	₱539	₱160	₱127	₱–	₱5,070
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱122	₱–	₱279	₱–	₱–	₱–	₱–	₱94	₱–	₱495

2014

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas-Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Sales to external customers	₱10,960	₱4,434	₱54,986	₱6,905	₱5,091	₱5,618	₱1,034	₱–	₱–	₱89,028
Intersegments sales	564	–	127	10,137	23,564	–	425	–	(34,817)	–
Equity in net earnings of associates and joint ventures	(155)	–	–	857	–	–	–	(55)	–	647
Total revenue	11,369	4,434	55,113	17,899	28,655	5,618	1,459	(55)	(34,817)	89,675
Operating expenses	6,673	2,508	42,655	12,689	25,509	4,541	1,450	1,712	(32,138)	65,599
Operating profit	4,696	1,926	12,458	5,210	3,146	1,077	9	(1,767)	(2,679)	24,076
Interest and investment income										4,817
Interest and other financing charges										(5,366)
Other income										706
Other charges										(376)
Provision for income tax										(6,142)
Net income										₱17,715
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱14,803
Non-controlling interests										2,912
										₱17,715
Other Information										
Segment assets	₱68,230	₱40,237	₱249,523	₱98,750	₱38,587	₱24,835	₱4,935	₱12,047	(₱165,621)	₱371,523
Investment in associates and joint ventures	583	–	–	8,685	–	–	–	1,695	–	10,963
	68,813	40,237	249,523	107,435	38,587	24,835	4,935	13,742	(165,621)	382,486
Deferred tax assets	265	86	1,484	276	13	108	17	1,785	2,424	6,458
Total assets	₱69,078	₱40,323	₱251,007	₱107,711	₱38,600	₱24,943	₱4,952	₱15,527	(₱163,197)	₱388,944
Segment liabilities	₱38,972	₱19,471	₱130,074	₱77,602	₱35,504	₱11,548	₱5,699	₱15,119	(₱69,007)	₱264,982
Deferred tax liabilities	18	82	334	202	–	440	1	–	890	1,967
Total liabilities	₱38,990	₱19,553	₱130,408	₱77,804	₱35,504	₱11,988	₱5,700	₱15,119	(₱68,117)	₱266,949
Segment additions to:										
Property and equipment	₱149	₱147	₱269	₱67	₱861	₱1,053	₱631	₱91	₱–	₱3,268
Investment properties	₱5,464	₱3,693	₱100	₱3,460	₱–	₱–	₱143	₱509	₱–	₱13,369
Depreciation and amortization	₱1,530	₱714	₱306	₱715	₱670	₱512	₱118	₱425	₱–	₱4,990
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱116	₱–	₱–	₱–	₱19	₱–	₱–	₱5	₱–	₱140

31. Registration with Philippine Economic Zone Authority (PEZA)

APRC, a wholly-owned subsidiary is registered with the PEZA with certificate of registration number 09-03-F under Registration Agreement dated May 29, 2009, as amended by Registration Agreement dated May 6, 2010, pursuant to the provision of Republic Act (R.A.) No. 7916, as amended, as an Ecozone Facilities Enterprise to construct a 12-storey office building (exclusive of 1 penthouse and 2 level basement parking) with a gross floor area of 24,214 square meters, more or less, which shall be established on a 3,621 square meter lot, located at Block 8, Lots 1 and 2, Asiatown IT Park, for lease to registered enterprises.

The Company shall be exempted from the payment of all national and local taxes and in lieu thereof, the Company shall pay a 5% final tax on gross income (GIT) earned from locator IT enterprise and related operations in accordance with the provision of Rule XX of the Rules and Regulations implementing R.A. 7916, as amended. The Company shall pay the real property taxes on commercial spaces occupied by non-PEZA registered enterprises. Pursuant to BIR's Rules and Regulation No. 14-2002 (amending further pertinent provision of Revenue Regulations No. 2-98, as amended), income payments to PEZA-registered enterprises under the 5% GIT incentives are exempt from expanded withholding tax.

The Company will be subjected to all evaluation and/or processing requirement and procedures prescribed under PEZA Rules and Regulations, and other pertinent circulars and directives. The Company's entitlement to incentives shall continue as long as it remains in good standing, commit no violation of PEZA Rules and Regulations, other pertinent circulars and directives, and the terms and conditions of its registration agreement with PEZA.

LTI was registered with PEZA on October 27, 1999 as a non-pioneer "ecozone developer/operator". The PEZA registration entitled the subsidiary to a four-year income tax holiday from the start of its commercial operations. At the expiration of its four-year tax holiday, the subsidiary pays income tax at the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

Likewise, Ceci also became registered with PEZA in 2007 as the "developer/operator" of the Lakeside Ecozone.

Glensworth, a wholly owned subsidiary of APPCo, was registered with PEZA as an Economic Zone Information IT Facility Enterprise last December 14, 2007 to construct a 4-storey building at the Lakeside Ecozone, Barangay Sta. Rosa, Laguna for lease to PEZA-registered enterprises. As a PEZA-registered enterprise, the Glensworth is entitled to incentives which, among others, include a lower income tax rate of 5% on gross income in lieu of all national and local taxes.

HPC, a wholly owned subsidiary of the Company, was registered with PEZA last January 29, 2009 as an Ecozone Facilities Enterprise at the John Hay Special Tourism Economic Zone located in Baguio.

Sunnyfield, a wholly owned subsidiary of the Company, was registered with PEZA last December 17, 2010 as a Developer/Operator of Iloilo Technohub.

Westview, a wholly owned subsidiary of the Company, was registered with PEZA last December 17, 2010 as an Ecozone Facilities Enterprise at the Ayala Northpoint Technohub located in Bacolod.

CPVDC was registered with PEZA on April 6, 2000 as an Information Technology (IT) Park developer or operator and was granted approval by PEZA on October 10, 2001. The PEZA registration entitled CPVDC to a four-year tax holiday from the start of approval of registered activities. At the expiration of its four-year tax holiday, CPVDC pays income tax at the special rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

32. Leases

Operating Leases - Group as Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancellable operating leases of the Group follows:

	2015	2014
	(In Thousands)	
Within one year	**₱3,648,626**	₱4,019,617
After one year but not more than five years	**10,790,610**	8,895,438
More than five years	**12,179,151**	8,719,812
	₱26,618,387	₱21,634,867

Operating Leases - Group as Lessee
The Group entered into lease agreements with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals payable under noncancellable operating leases of the Group follows:

	2015	2014
	(In Thousands)	
Within one year	**₱659,677**	₱592,404
After one year but not more than five years	**3,001,038**	1,869,779
More than five years	**16,189,004**	11,211,843
	₱19,849,719	₱13,674,026

The Group, through its majority owned subsidiary, NTDCC, entered into an assignment agreement with MRTDC, wherein the latter assigned its development rights on an 8.3 hectare portion of the MRTDC, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center. The Group has determined that all the significant risks and rewards of ownership of this property is retained by the owner. This agreement was accounted for as a lease as it involves an exclusive right to use or develop the property in exchange for a series of payments.

On August 7, 2014, Arvo Commercial Corporation signed a Memorandum of Understanding with Liberty Commercial Center, Inc. (LCC) to lease and operate a 5-storey commercial complex/mall building with an aggregate gross floor area of approximately 32,000 sqm on a 10,000 sqm portion of the leased land. The commercial complex/ mall building is situated within the Central Business District, Legaspi Port, Legaspi City, adjacent to Quezon Avenue and Rizal Street.

On October 15, 2014, Arvo Commercial Corporation signed a Lease Agreement with Rotonda Development Corporation for the lease of a parcel of land with an area of approximately 23,759.50 sqm located along Liwasang Kalayaan, Marikina Heights, Marikina City. The Company signed a 42-year lease contract with an option to renew for another 40 years by mutual agreement.

On September 2, 2014, the Company signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. The Company signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and the Company.

On January 28, 2011, the Board of Regents of the University of the Philippines awarded to the Company the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area shall be constructed on the property. For the year ended December 31, 2012, lease payments have been capitalized as construction was still in progress. For the year ended December 31, 2013, Phase 1a (with gross leasable area of 5,000 sqm.) of the retail establishment has commenced operations on September 30, 2013.

On December 18, 2013, the Company has donated the New UPIS facilities at a total cost of ₱224.7 million and the rehabilitated and upgraded UPIS "K-2" and "3-6" Buildings at a cost of ₱40.0 million to the University of the Philippines.

33. **Interest in Joint Operation**

MDC has a 51% interest in Makati Development Corporation - First Balfour, Inc. Joint Venture (the Joint Venture), a joint operation whose purpose is to design and build St. Luke's Medical Center (the Project) in Fort Bonifacio Global City, Taguig. The application of PFRS 11 does not have significant impact on the Group's accounting of its interest in joint operation since it already reported its share in interest in joint operation using proportionate consolidation.

The Project, which started on January 31, 2007, is a world-class medical facility comprising, more or less, of a 611-bed hospital and a 378-unit medical office building, with an approximate gross floor area of 154,000 sqm, which meets international standards, and all standards and guidelines of applicable regulatory codes of the Philippines and complies with the criteria of the Environment of Care of the Joint Commission International Accreditation. The project was completed on October 30, 2009. Activities in 2015 mainly pertain to winding down operations.

The share of MDC in the net assets and liabilities of the Joint Venture at December 31, 2015 and 2014 which are included in the consolidated financial statements follow:

	2015	2014
	(In Thousands)	
Current assets:		
Cash and cash equivalents	**₱20,662**	₱46,557
Amounts due from customers for contract work	**–**	–
Other current assets	**38,470**	47,205
Total assets	**₱59,132**	₱93,762
Total liabilities	**₱11,283**	₱10,866

The following is the share of the MDC on the net income of the Joint Venture:

	2015	2014
	(In Thousands)	
Revenue from construction contracts	**₱–**	₱–
Contract costs	**(1,031)**	(22,440)
Interest and other income	**317**	6,513
Loss before income tax	**(714)**	(15,927)
Provision for income tax	**(56)**	(51)
Net loss	**(₱770)**	(₱15,978)

The Joint Venture's Management Board declared and paid cash dividends amounting to ₱50.0 million in March 4, 2015. Based on 51% share, MDC received ₱21.5 million cash dividends in 2015.

Provision for income tax pertains to the final tax on interest income.

34. **Long-term Commitments and Contingencies**

Commitments

Upon the completion of certain closing conditions based on the Agreement to Subscribe dated August 13, 2015 between the Group and Prime Orion Philippines, Inc. (POPI), the Group is committed to subscribe to the common shares of POPI which will represent 51.36% of the total outstanding shares of stock of POPI. On February 24, 2016 a Deed of Subscription and a Supplement to the Deed of Subscription was executed by the Company and POPI (see Note 36).

On August 11, 2015, the Company won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). The Company will be awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc. property on which the future transport terminal will be built. The site of the ITS South Project is right next to ARCA South, where the Company is developing an integrated mixed-use estate. It is estimated that up to 4,000 buses and 160,000 passengers will feed into ITS South from SLEX every day. Construction will begin by May 2016 and is expected to be completed and ready for operation by October 2017.

On June 30, 2015, the Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Company and CHI (together with the Company collectively referred to as the "ALI Group"). The SM-ALI Group will co-develop the property pursuant to a joint master plan.

On August 8, 1997, an "Assignment Agreement" was executed between Department of Transportation and Communications (DOTC), Metro Rail and MRTDC whereby MRTDC agreed to be bound by all obligations in respect of the Development Rights and make payments to DOTC.

On February 21, 2002, MRTDC and NTDCC entered into an assignment agreement wherein the development rights of MRTDC over an 8.3 hectare portion of the MRT Depot (inclusive of project development costs incurred in relation thereto) was assigned to NTDCC in exchange for 32,600,000 shares of stock to be issued out of the increase in the authorized capital stock of NTDCC, each share with a par value of ₱10, or an aggregate par value of ₱326.00 million. The amount of development rights in excess of the aggregate par value of the shares subscribed was credited to additional paid-in capital.

On January 13, 2006, the deed of assignment between MRTDC and NTDCC was acknowledged by DOTC making MRTDC and NTDCC jointly and severally liable for the DRP and all other obligations attached thereto. NTDCC has been paying rent to DOTC in behalf of MRTDC since January 1, 2006.

On March 21, 2007, DOTC, National Housing Authority (NHA), MRTDC, and NTDCC entered into a Memorandum of Agreement (MOA) whereby DOTC assigns, transfers and conveys to NHA, its successors or assigns, the right to demand and collect the Depot DRP Payable and Depot DRP. In the MOA, DOTC authorizes MRTDC/ NTDCC to remit the Depot DRP Payable and the Depot DRP to NHA directly which shall be credited by DOTC in favour of MRTDC/ NTDCC as payment for the DRP.

On December 17, 2014, Arvo Commercial Corporation signed a Deed of Absolute Sale with the Philippine National Bank for a parcel of land with an area of 6,003 sqm located at No. 460 Quirino Highway, Brgy. Talipapa, Novaliches, Quezon City.

On November 7, 2014, the Company, SM Prime Holdings, Inc. (SMPHI), the Francisco Ortigas Group (FOG) and the Rafael Ortigas Group (ROG) have signed an agreement to cause the termination of all cases relating to the ownership and management of OCLP Holdings, Inc. (OHI), which owns Ortigas and Company Limited Partnership (OCLP). The agreement establishes a partnership that will further enhance the properties in the Ortigas area and create maximum value for their various stakeholders.

On June 4, 2014, AHRC, a wholly owned subsidiary of the Company has signed a long-term management agreement with the Mandarin Oriental Hotel Group to develop and operate luxury hotel in Makati City. Set to open its doors by 2020, the new Mandarin Oriental Manila will be featuring 275 spacious rooms complemented by an extensive range of modern amenities including premium selection of restaurants and a signature spa. The Group is committed to pay $5 million (₱223.6 million) to Manila Mandarin Hotel, Inc. upon the opening of the New Hotel or June 30, 2017, whichever is earlier.

On May 12, 2014, the Company has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. The Company will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

On April 6, 2010, the Company and MWCI entered into a Memorandum of Agreement to establish a water utility services company which will manage and operate all water systems in NUVALI, as well as, adjacent projects of the Company in Laguna.

During the past 3 years, the required activities according to the MOA between MWCI and the Company were accomplished-like auditing and re-design of the existing water/sewerage assets of several NUVALI and the Company projects in Laguna, water system design reviews and repairs, and developing plans and proposals for the expansion of the area coverage of the water and sewerage system. MWCI is currently designing the cost plan and the target completion of the project has not yet been established. However, it is expected that the water and sewer system development shall happen simultaneous with NUVALI's expansion plan. The project will be undertaken in phases and in relation to expected NUVALI build out. The project shall start this year upon the signing of the JVA. MWCI is currently re-estimating the project cost because of NUVALI expansion. Finally, on December 23, 2013 LTI signed an agreement with LAWC, to sell the water reticulation system of LTI. LAWC took over officially as the exclusive water service provider on December 31, 2013.

In 2009, MWCI and the Provincial Government of Laguna formed a joint venture company, LAWC. LAWC is a water services company that has concession in the cities of Sta. Rosa, Binan and Cabuyao.

On October 16, 2009, the Company has executed a lease agreement with the Subic Bay Metropolitan Authority (SBMA), for the development of a 7.5-hectare property along Rizal Highway within the Subic Bay Freeport Zone, located between the two main gates linking the Freeport Zone to Olongapo City. The lease commitment is expected to be completed in 2060 after the 50-year lease term. The lease may be renewed for another 25 years upon mutual agreement of the parties. The Company offered to develop a mall with an estimated gross leasable area of 38,000 sqm. On March 25, 2010, the Company entered into an assignment of lease agreement whereby the Company assigned its rights and obligations granted to or imposed under the lease agreement to its subsidiary, SBTCI. The lease payments to SBMA started from the commencement of the commercial operation of the mall last April 26, 2012 which was completed during the same period.

The Company has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement signed on July 2000, a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. The lease commitment is expected to be completed in 2015. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity. As part of the bid requirement, the Company procured a performance bond in 2003 from the Government Service Insurance System in favor of BCDA amounting to ₱3.9 billion to guarantee the committed capital to BCDA. Moreover, SSECC obtained standby letters of credit to guarantee the payment of the fixed and variable rent as prescribed in the lease agreement.

MDC, in the normal course of business, furnishes performance bonds in connection with its construction projects. These bonds shall guarantee MDC's execution and completion of the work indicated in the respective construction contracts.

Development Commitment
On October 18, 2010, the Company undertook to cause the planning, developing and construction of Anvaya Cove Golf and Sports Club, Inc.'s leisure and recreational facilities. The Company was able to deliver the committed facilities and the Club officially opened its doors to its members in December 7, 2013. The Golf and Sports Clubhouse and the Course and Sports Center were officially conveyed to the Club on May 12, 2014 and May 15, 2014, respectively.

Contingencies
The Group has various contingent liabilities arising in the ordinary conduct of business including a case related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. The outcomes of the legal proceedings for various cases are not presently determinable. Accordingly, no provision for any liability has been made in the consolidated financial statements.

In the opinion of management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. Disclosures required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, were not provided as it may prejudice the Company's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

35. **Note to Consolidated Statements of Cash Flows**

The noncash activities of the Group pertain to transfers from land and improvements to inventories amounted to ₱7,839.8 million, ₱10,636.6 million and ₱14,726.2 million in 2015, 2014 and 2013 respectively; transfer from land and improvements to investment properties in 2013 amounted to ₱1,463.9 million; transfer from land and improvements to property and equipment amounted to ₱1.7 million in 2015; transfer from land and improvements to other assets amounted to ₱56.85 million in 2015; transfers from inventories to investment properties amounted to ₱52.0 million, nil and ₱20.7 million in 2015, 2014 and 2013, respectively; transfer from inventories to property and equipment amounted to nil, ₱138.8 million and ₱5.4 million in 2015, 2014 and 2013, respectively; transfers from investment properties to inventories amounted to nil, ₱827.2 million and ₱45.1 million in 2015, 2014 and 2013 respectively; transfer from investment properties to property and equipment amounted to nil, ₱2.3 million and ₱157.4 million in 2015, 2014 and 2013 respectively; transfers from property and equipment to other assets amounting nil, ₱239.8 million and ₱1,422.7 million in 2015, 2014 and 2013 respectively; transfer from investment properties to other assets amounted to ₱8.6 million in 2014; transfers from other assets to investment properties amounted to ₱42.3 million in 2013; transfer from property and equipment to investment property amounting to ₱90.9 million and ₱33.1 million in 2015 and 2014, respectively; transfer from other assets to property and equipment amounting to ₱274.4 million in 2014; transfer from investments in associates and joint ventures to financial assets at FVPL amounted to ₱713.7 million in 2013; land and improvement which amounted to ₱108.7 million was donated in 2015.

36. **Events After Reporting Date**

On January 12, 2016, the Company has entered into a partnership with Manila Water Philippine Ventures, Inc, a wholly owned subsidiary of Manila Water Company, Inc, for the waterworks of ALI's projects nationwide. The MOA was signed by ALI and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp.

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

The Company plans to raise ₱8 billion from the issuance of fixed rate bonds, documents filed with the Securities and Exchange Commission on February 1, 2016. The ₱8-billion bond offering forms part of the ₱50-billion debt securities program that ALI plans to implement over the next two years. The bonds will have a tenor of 10 years. The Company appointed BPI Capital Corp. as the lead underwriter of the offering. Joint lead underwriters include BDO Capital & Investments Corp. China Bank Capital Corp., First Metro Investments Corp. and PNB Capital and Investments Corp.

In February 2016, the Company purchased additional 906,000 common shares of CHI from BPI Securities totaling ₱4.06 million. This brings ALI's ownership from 56.36% to 56.40% of total outstanding capital stock of CHI.

On February 24, 2016, the Company and POPI executed a Deed of Subscription and a Supplement to the Deed of Subscription whereby the Company subscribed to 2,500.0 million common shares of stock of POPI, which will represent 51.06% of the total outstanding shares of POPI. The consideration for the Company's subscription is ₱2.25 per share or a total subscription price of ₱5,625.0 million, of which 25.0% or ₱1,406.3 million was paid and the 75.0% to be paid upon fulfillment of certain terms and conditions.

On February 26, 2016, the BOD approved the declaration of cash dividends amounting to ₱0.238 per outstanding common share. These will be paid out on March 23, 2016 to shareholders on record as of March 11, 2016.

Further, on the same date, the BOD also declared annual cash dividends of 4.74786% per year or ₱0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. These will be paid out on June 29, 2016 to shareholders on record as of June 15, 2016.

AyalaLand

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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

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

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

FERNANDO ZOBEL DE AYALA
Chairman, Board of Directors

BERNARD VINCENT O. DY
President & Chief Executive Officer

JAIME E. YSMAEL
Chief Finance Officer

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

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

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

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

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

CHARLENE MAE C. TAPIC-CASTRO
Notary Public - Makati City
Appt. No. 393 until December 31, 2016
Attorney's Roll No. 58720
PTR No. 5328830MD; 01-06-2016; Makati City
IBP Lifetime Roll No. 010104
MCLE Compliance No. V-0004684; 11-28-2014
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines