



WITH EVERY STEP



THE MCMICKING MEMORIAL

Located at the eponymous McMicking Courtyard of the Ayala Triangle Gardens, the McMicking Memorial was inaugurated on October 2, 2017. Designed by Leandro V. Locsin Partners in collaboration with Ayala Land and the Zobel family, the memorial's portal and water elements represent the union of Colonel Joseph McMicking and Mrs. Mercedes Zobel McMicking. Colonel McMicking was widely recognized as the visionary of Makati's urban development while Mrs. McMicking was the quiet force behind the growth of Ayala in the 20th century.

A lush green park with large trees and people walking on a path. The scene is bright and sunny, with shadows cast on the ground. In the background, a modern building is visible through the trees.

AYALA LAND IS MOVING TO PROVIDE MORE FILIPINOS WITH A BRIGHTER FUTURE

With each community we develop,
we enrich lives and enable relationships to flourish.

With each new estate we build,
we enhance land for future generations to enjoy.

With every step,
we provide more Filipinos with a brighter future.

 **AyalaLand**

Integrated Report 2017

2017 Theme: In Motion

The Ayala group is moving closer to its 2020 goals, as captured in the cover images of the 2017 Integrated Reports of the various Ayala companies.

The McMicking Memorial, unveiled at the Ayala Triangle Gardens in October 2017, provides an eloquent backdrop to the strides that Ayala Land is currently taking, providing enriching and sustainable real estate solutions to a people and a city constantly in motion.

About this Report

Ayala Land's annual report is released to stockholders and other stakeholders on the day of the Annual Stockholders' Meeting which takes place in the month of April every year. The 2016 report was released on April 19, 2017.

This current report was made available to the public on April 18, 2018. It was prepared in accordance with the International Integrated Reporting <IR> framework, developed by the International Integrated Reporting Council, and with the Global Reporting Initiative (GRI) Standards: Core Option.

The financial and non-financial information discussed in this report cover Ayala Land's operations in estate development, property development, commercial leasing, construction, property management, and its other businesses for the calendar period ending December 31, 2017.

Except for employee data, the sustainability indicators exclude information on the operations of subsidiaries that provide support services, and new businesses such as QualiMed, Airswift, and Merkado Supermarket. The specific boundary and business units to which certain performance indicators are most material and applicable are specified in the GRI Content Index, consistent with the topic boundaries reported in previous periods.

We present our corporate governance practices based on metrics defined by the ASEAN Corporate Governance Scorecard (ACGS) to provide shareholders with an organized and detailed reference that is aligned and consistent with ASEAN standards.

This integrated report was externally assured by DNV-GL, an independent assurance provider. They were not involved in the preparation of any statement or datum included in the report except for the external assurance statement. The sustainability indicators were externally assured using the DNV-GL Report Verification Protocol (VeriSustain), covering economic, environmental, governance and social indicators.

To download a copy of this report, please visit <https://ir.ayalaland.com.ph>

In case of questions regarding this report or its contents, please contact Ayala Land Investor Communications and Compliance through the email address iru@ayalaland.com.ph

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ABOUT THE COMPANY

Ayala Land, Inc.

Ayala Land is the largest property developer in the Philippines with a solid track record in developing large-scale, integrated, mixed-use, sustainable estates that are now thriving economic centers in their respective regions.

Following the success of the Makati Central Business District (Makati CBD), Ayala Alabang, Cebu Park District, Bonifacio Global City (BGC), and Nuvali, we continue to increase our footprint by building estates that reach and benefit more people.

With 10,285 hectares in our land bank, 24 estates, and presence in 55 growth centers across the country, we offer a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses. Construction and property management services are led by subsidiaries, Makati Development Corporation and Ayala Property Management Corporation, respectively.

We pioneer standards and practices that reflect the value we place on sustainability in all our developments. As a responsible corporate citizen, we act with integrity, foresight and prudence.

Focused on our vision of “enhancing land and enriching lives for more people,” we empower our employees to deliver quality products and services and build long-term value for our shareholders.

Our Vision

**Enhancing land,
enriching lives for more people**

Our Values

Leadership

We allow people to make decisions within their limits of authority and to be accountable for their actions.

Integrity

We do the right thing.

Vision

We build with the future in mind.

Excellence

We give our best in all that we do.

Malasakit (*Compassion*)

We care enough to go the extra mile.

Our Operating Principles

We Build a Strong Brand

There is an Ayala Land in each of us. We represent the brand. The brand exemplifies integrity, professionalism and excellence. We design, build and operate quality products, and create enriching experiences for our customers.

We Empower Our People

We develop and support our people, while holding them accountable and building a strong sense of ownership for delivering our products and services.

We Make Things Simple and Easy

We do things in a straightforward manner and put more value in efficiently delivering quality products and effective solutions.

We Create Value for the Community

Beyond delivering fair returns, we create value over time for our communities so they can enjoy a well-lived life for generations to come.

We are Stewards of the Business

We invest and use company resources prudently.
We take care of what is entrusted to us.

ABOUT THE COMPANY

Our Business Lines

Estate Development

Established Estates

Makati CBD (950 ha)
Makati MM, 1948

Ayala Alabang (670 ha)
Muntinlupa MM, 1970

Bonifacio Global City (240 ha)
Taguig MM, 2003

Cebu Park District (78 ha)
Cebu City, 1990

Nuvali (2,290 ha)
Santa Rosa Laguna, 2009

Estates in Metro Manila

Arca South (74 ha)
Taguig MM, 2014

Circuit Makati (21 ha)
Makati MM, 2012

Cloverleaf (11 ha)
Quezon City MM, 2015

South Park District (6.6 ha)
Muntinlupa MM, 2012

Vertis North (29 ha)
Quezon City MM, 2012

Estates in Luzon

Altaraza (109 ha)
San Jose Del Monte
Bulacan, 2014

Alviera (1,800 ha)
Porac Pampanga, 2014

Evo City (236 ha)
Kawit Cavite, 2017

Vermosa (700 ha)
Imus and Dasmariñas
Cavite, 2015

Tourism Estates

Lio (325 ha)
El Nido Palawan, 2014

Sicogon Island (1,100 ha)
Iloilo, 2016

Estates in Visayas and Mindanao

Abreeza (10.1 ha)
Davao City
Davao Del Sur, 2011

Atria Park District (20 ha)
Mandurriao Iloilo, 2012

Azuela Cove (25 ha)
Davao City
Davao Del Sur, 2017

Capitol Central (9 ha)
Bacolod
Negros Occidental, 2015

Centrio (3.7 ha)
Cagayan De Oro
Misamis Oriental, 2012

Gatewalk Central (17.5 ha)
Mandaue Cebu, 2016

North Point (215 ha)
Talisay
Negros Occidental, 2011

Seagrove (13.6 ha)
Mactan Cebu, 2017

Property Development

Residential

Luxury



Upscale

ALVEO

Middle Income

Avida

Entry-level

Amaia

Socialized

BellaVita

Office for Sale

Makati, BGC, and Cebu

Commercial and Industrial Lots

Alviera

Arca South

Nuvali

Westborough Town Center

Westborough Park Square

Cavite Technopark

Laguna Technopark

Commercial Leasing

Malls

1.80M sqm GLA

62 shopping centers

Offices

1.02M sqm GLA

6 headquarter-type offices

57 BPO offices

Hotels and Resorts

2,583 rooms

Branded hotels (961 rooms)

Holiday Inn, Fairmont and

Raffles, and Marriott

Seda hotels (1,301 rooms)

Abreeza, Atria Park, BGC,

Capitol Central, Centrio,

Nuvali and Vertis North

Resorts (321 rooms)

El Nido, Lio and Sicogon

Clock In

Makati Stock Exchange

405 sqm GLA, 107 seats

BGC Technology Center

733 sqm GLA, 214 seats

Bonifacio High Street

601 sqm GLA, 179 seats

Services

Makati Development Corporation

206 construction projects

Ayala Property Management Corporation

227 managed properties

Equity Investments

Cebu Holdings, Inc.

71.96%

OCLP Holdings, Inc.

22.01%

Prime Orion Philippines, Inc.

51.07%

MCT Bhd (Malaysia)

32.95%



PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS	2015	2016	2017
STATEMENT OF INCOME (in thousand pesos)			
Revenues	107,182,940	124,628,795	142,296,952
EBITDA*	34,345,489	41,191,644	47,436,107
Net Income (Attributable to equity holders of ALI)	17,630,275	20,908,011	25,304,965
STATEMENT OF FINANCIAL POSITION (in thousand pesos)			
Cash and Cash Equivalents**	19,540,241	22,641,089	25,820,801
Total Assets	442,341,800	536,432,995	573,992,334
Total Borrowings	130,996,111	159,801,337	174,385,756
Stockholders' Equity	149,825,411	172,683,187	192,263,358
STATEMENT OF CASH FLOWS (in thousand pesos)			
Net Cash Provided by Operating Activities	20,181,733	33,040,297	25,699,762
Net Cash Used in Investing Activities	(48,887,550)	(57,806,847)	(35,372,264)
Net Cash Provided by Financing Activities	19,115,925	26,583,490	9,800,657
CAPITAL EXPENDITURES (in billion pesos)	82.19	85.35	91.38
FINANCIAL RATIOS (in thousand pesos)			
Current Ratio	1.14	1.12	1.18
Debt-to-Equity Ratio***	0.87	0.93	0.91
Net Debt-to-Equity Ratio****	0.74	0.79	0.77
Return on Equity (Average Equity)	14.7%	14.9%	16.1%
Return on Assets (Average Assets)	5.0%	5.0%	5.1%
STOCK INFORMATION (in thousand pesos)			
Market Capitalization (in billion pesos)	506	471	657
Stock Price (per share, as of year end of 2017, in pesos)	34.45	32.00	44.60
Earnings per Share (in pesos)	1.20	1.43	1.71
OPERATIONAL HIGHLIGHTS			
Sales Reservations (in billion pesos)	105.34	108.05	121.96
Malls GLA (in thousand sq. meters)	1,450	1,618	1,805
Offices GLA (in thousand sq. meters)	716	836	1,021
Hotels and Resorts (number of rooms)	2,324	^a 2,027	2,583
SUSTAINABILITY HIGHLIGHTS			
ECONOMIC VALUE DISTRIBUTION (in thousand pesos) (201-1, 204-1)			
Economic Value Generated (Total Revenues)	107,182,940	124,628,795	142,296,952
Economic Value Distributed	85,375,502	99,277,253	114,752,659
Operating Costs	58,105,464	68,157,064	81,552,236
Payments to employees	4,943,554	5,458,792	4,969,211
Payments to providers of capital	12,663,025	14,375,604	15,041,668
Payments to governments	9,537,443	11,200,968	13,146,877
Payments to communities	126,016	84,825	42,667
Economic Value Retained	21,807,438	25,351,542	27,594,293
ENVIRONMENTAL AND SOCIAL INDICATORS			
GHG Intensity - Malls and Offices (t-CO ₂ e/sq. meter GLA) ^b	205	203	220
Employee Headcount	4,220	4,369	5,040

*Earnings before Interest, Taxes, Depreciation and Amortization

**Includes short-term investments and investments in Unit Investment Trust Funds (UITF)

***Total Borrowings/Total Equity (includes non-controlling interest)

****Total Borrowings less Cash and Cash Equivalents/Total Equity (includes non-controlling interest)

^aExcludes 333 rooms of Hotel InterContinental due to redevelopment

^bt-CO₂e: tons of carbon dioxide equivalent divided by square meters of GLA

Message from the Chairman

WE HAVE SHAPED OUR STRATEGY
TO GENERATE LASTING VALUE,
NOT ONLY FOR OUR SHAREHOLDERS,
BUT FOR ALL THE COMMUNITIES
WE SERVE THROUGH OUR ESTATES
AND PROJECTS

We are pleased to present this annual report, our first externally assured Integrated Report, following the principles of the International Integrated Reporting Council. This report communicates our holistic strategy in a concise manner in line with global standards. This reporting standard takes a more inclusive approach to presenting our financial and non-financial performance, guided by environmental, social, and governance metrics that we adhere to.

I am happy to report that Ayala Land is moving forward and evolving into an organization whose operations are sustainable and anchored on the United Nations Sustainable Development Goals.





We have always challenged ourselves to continue to do better, to break the mold, and set a new path for growth to provide a better quality of life for Filipinos. We have shaped our strategy to generate lasting value, not only for our shareholders, but for all the communities we serve through our estates and projects.

We continue to enrich more lives and build a sustainable platform for growth. We closed the year with a total of 24 estates and a land bank of 10,285 hectares, all located in established and emerging growth centers across our country. We achieved record levels of financial performance: our net income rose 21% to ₱25.3 billion as our property development business remains solid, complemented by an accelerating commercial leasing segment. This stronger base generated 16.1% in return on equity, the highest among our peers in the real estate industry.

Ayala Land continues to be a beneficiary of the Philippines' favorable macroeconomic backdrop. Our country's domestic economy remained strong, growing GDP at 6.7%, the sixth consecutive year in which our economy grew more than 6%. Consumption remains the major driver of growth, accounting for about 70% of GDP. Overseas Filipino remittances remain strong, which has helped keep consumption healthy, interest rates low, and demand for real estate strong. BPO inflows also continue to grow.

Meanwhile, tourist arrivals and their related spending continue to increase. Our country's healthy investment climate and positive international relations have contributed to all these factors. Strong investor confidence and high consumer confidence have been favorable for the stock market as well as the growth of the property sector.

Driven by these positive economic tailwinds, Ayala Land continued to invest and build new communities. We introduced three new estates in key growth centers: Evo City, Azuela Cove, and Seagrove. These new estates will further boost growth and contribute to establishing new communities in Cavite, Davao, and Cebu, respectively.

Ayala Land is also establishing a footprint in Southeast Asia. With a widely recognized leadership in developing large-scale, masterplanned estates, Ayala Land is well-positioned to compete globally with its investment in MCT Bhd, a Malaysia-based real estate company we acquired back in 2015. MCT's strength lies in affordable residential products, which continues to be an attractive segment in Malaysia's real estate sector.

Recognizing the effects of climate change and our contribution to greenhouse gas (GHG) emissions, we announced a target for our operating properties and future malls, offices, and hotels and resorts to reach net-zero carbon emissions by 2022. We dedicated some 450 hectares of carbon forests to offset our emissions in the years to come.

We have always challenged ourselves to continue to do better, to break the mold, and set a new path for growth to provide a better quality of life for Filipinos.

We will also actively seek opportunities to shift to clean and renewable energy sources.

On corporate governance, we institutionalized changes to our governance manual and board-level charters to be in accord with the new Securities and Exchange Commission (SEC) code for publicly listed companies in the Philippines. This will raise Ayala Land's governance standards further to a more competitive level with our ASEAN peers.

With all these initiatives that we implemented and the milestones we achieved in 2017, we hope to provide more value to all our stakeholders: our shareholders, employees, customers, suppliers, and communities.

Moving forward, we are optimistic that the government's efforts in tax reform and its commitment to infrastructure investments will keep the trajectory of the Philippine economy positive. The push to accelerate the rollout of infrastructure projects will unlock more opportunities for the country and will aid in the urban development of more municipalities.



236 ha. Evo City in Kawit, Cavite



25 ha. Azuela Cove in Lanang, Davao City



13.6 ha. Seagrove in Mactan, Cebu

The tax reform agenda, by rationalizing and lowering tax rates, will continue to spur domestic consumption and encourage investments, which in turn will benefit the real estate sector and the local economy.

With steady leadership of our President and CEO, Mr. Bernard Vincent O. Dy, and the unfailing commitment of Ayala Land's employees, I am confident that the momentum we have built over the years will propel the company to achieve our growth plans by 2020. As an institution contributing to nation building, the society, and the environment, we will be unrelenting in our pursuit to evolve into a truly sustainable platform for growth.

With your unwavering trust and support, we remain inspired to continue to uplift and enrich lives.

Fernando Zobel de Ayala
Chairman

President's Report

WITH EVERY STEP,
WE AFFIRM OUR COMMITMENT
TO ENRICH THE LIVES
OF MORE PEOPLE

We are likewise committed to provide value for you—our shareholders and stakeholders. The year 2017 ended on a high note as we achieved new milestones across all our business segments.

Our revenues grew by 14% to ₱142.3 billion, lifted by the resurgence in property sales and complemented by the growth in our commercial leasing assets. Our capital expenditures reached ₱91.4 billion to support the robust build-up of our core businesses. With margin improvement initiatives effectively in place, our net income increased by 21% to ₱25.3 billion, allowing us to generate a return on equity of 16.1% and distribute dividends of ₱7.1 billion, or ₱0.48 per share. We ended the year with an improved net debt-to-equity ratio of 0.77:1 from our 2016 level of 0.79:1, maintaining a strong balance sheet.





We continue to be the leader in the development of large-scale, integrated, mixed-use, and sustainable estates in the Philippines as we expand our portfolio in three new locations, bringing our total to 24 at the end of 2017.

First is Evo City, a 236-hectare development in the urban municipality of Kawit, Cavite. Strategically located along the Manila-Cavite Expressway (CAVITEX), it is set to become a catalyst of growth that will extend the reach of Metro Manila to the emerging province of Cavite.

Second is Azuela Cove, a 25-hectare estate in Lanang, Davao City positioned as Davao's prime seaside business and residential address. Featuring lush open spaces and spectacular views of the Davao Gulf, this estate will be developed in partnership with the Alcantara Group of Companies.

Third is Seagrove, a 13.6-hectare project to be built around an expansive mangrove forest and lagoons in Mactan Island, Cebu. This premier leisure and residential coastal development is a joint venture with Taft Properties of the Gaisano family.

We have also seen major developments in our emerging estates. In Vertis North, we opened Ayala Malls Vertis North, Vertis North Corporate Center, and our five-star, largest Seda Hotel to date with more than 430 rooms. In Circuit Makati, we delivered two new BPO offices, and Circuit Mall is set to open in 2018.

We continue to revitalize our established estates as we keep up with the pace of urban development. In the Makati Central Business District, the construction of various mixed-use projects such as One Ayala, Ayala North Exchange, and Ayala Triangle Tower Two—which includes a premium grade office tower, a retail podium and the new Mandarin hotel—are all in progress. In Bonifacio Global City, we completed the Philippine Stock Exchange Tower in December 2017.

We plan to further expand our footprint in progressive economic centers in the country, believing that our sustainable estates help accelerate growth within our developments as well as in the surrounding communities.

In 2017, property development revenues surpassed the ₱100-billion mark for the first time, ending the year at ₱101.5 billion, 23% higher than the previous year.

Sales reservations grew 13% to ₱122.0 billion as international sales increased significantly, growing by 32%. The influx of international investors is a growing trend as our country improves its investment climate, tourist-friendly environment, and diplomatic relations in the region.

Ayala Land Premier maintained its dominant position in the luxury segment with its horizontal projects in Nuvali, and vertical offerings in Makati and Arca South. Alveo cemented its position as the market leader in the upscale segment with the launch of 12 new projects across Metro Manila, Cavite, Laguna, and Pampanga. Avida remained a key player in the middle-income sector with seven new launches for the year, including new projects in the emerging cities of Tuguegarao and Tagaytay. Meanwhile, Amaia and BellaVita continued to serve the affordable and socialized housing segments. Together, we retained our



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

We plan to further expand our footprint in progressive economic centers in the country, believing that our sustainable estates help accelerate growth within our developments as well as in the surrounding communities.

position as the leading residential developer in the country.

In commercial leasing, we posted revenues of ₱31.0 billion, 10% higher than in 2016 due to the steady performance of new and established malls, offices, and hotels and resorts businesses. In 2017, we opened five new malls and added 189,000 square meters of gross leasable area (GLA), bringing our total GLA to 1.80 million square meters. We also became the largest office provider in 2017, posting 1.02 million square meters in GLA with the opening of six new offices.

Our hotels and resorts sustained steady occupancy levels. We opened two new Seda Hotels: Seda Vertis North and Seda Capitol Central. We also opened new rooms in Casa Kalaw, Balai Adlao, and Hotel Covo in Lio, Palawan, while opening additional rooms in Balay Kogon in Sicogon, Iloilo. These new openings brought us to a total of 2,583 rooms in operation by yearend.

We are also pleased to share with you Ayala Land's launch of two new leasing formats that address the emerging needs of the growing population of young professionals. First, we launched The Flats, a brand of co-living spaces that target BPO and young office workers who require accessible



housing. We are scheduled to complete the first building in Amorsolo, Makati in 2018, with two more buildings in BGC scheduled for completion in 2019. Second, we launched Clock In, a chain of fully-equipped serviced offices for entrepreneurs, start-ups, freelancers, and flexible space users. We opened the first co-working space last March 2017 at the Makati Stock Exchange and expect a total of six locations by the end of 2018.

All these developments will not be possible without our wholly-owned construction company, Makati Development Corporation (MDC). MDC completed 70 projects and managed the construction of 206 projects with a total outstanding contract value of ₱98.2 billion, guided by its internal "SQTC" (Safety-Quality-Time-Cost) project execution principles.

Among their notable SQTC programs are expanded vendor partnering and international sourcing, affiliation with Technical Education and Skills Development Authority (TESDA) to increase the size of the construction workforce and upgrade their skills, growth in Design and Build capability from design concept to construction, manufacture of various concrete prefabricated components by its own precast plants nationwide, and the roll out of MDC's culture of Accountability, Commitment and Excellence (ACE) across the organization. These initiatives have enabled MDC to strengthen its operating efficiency, further improve quality consistency and enhance overall project management.



Mangroves in Sicogon Island, Iloilo

In relation to the management of our completed projects, Ayala Property Management Corporation (APMC) serviced a total of 227 accounts in 2017. APMC's customer satisfaction rating was maintained at 92% coming from a fully online customer survey. Safety, security, and service were identified as priority areas, and improvements were implemented across all systems and equipment. Our Emergency Response Team (ERT) was enhanced in 2017, re-establishing full safety audits while providing the required training and drills to prevent untoward incidents and ensure faster response time.

Our equity investments in other property companies also contributed to our bottom line. Cebu Holdings, Inc. grew its net income by 11% to ₱753 million on the back of solid contributions of its office and retail assets. Ortigas & Company doubled its net income to ₱1.5 billion as it rolled out masterplans for its four existing estates and introduced new projects in the San Juan and Pasig corridors. Meanwhile, Prime Orion Philippines improved its operations, ending the year with a net income of ₱18.6 million, a turnaround from a net loss of ₱415 million in 2016.

We also feel confident about the prospects of our investment in Malaysia, MCT Bhd. With a land bank of 540 acres in the Cyberjaya and Klang Valley areas near Kuala Lumpur, we believe we now have a platform to plan our expansion program and make MCT a significant contributor to our bottom line in the coming years.

We strongly believe that making a positive impact on communities and the environment provides greater meaning to our success, together with our accomplishments in profitability and market presence.

As we rationalized our operations to focus on the build-up of our core businesses, we sold our stake in Philippine FamilyMart to Phoenix Petroleum Philippines.

We strongly believe that making a positive impact on communities and the environment provides greater meaning to our success, together with our accomplishments in profitability and market presence. Thus, we continue to implement sustainability practices, focusing on site resilience, pedestrian mobility and transit connectivity, contribution to local employment, and eco-efficiency.

As a bold step towards sustainability, we embarked on a plan to achieve carbon neutrality by 2022 in all our commercial assets. We identified three strategies to achieve this: first, forest protection and regeneration through assisted natural regeneration; second, increased use of renewable energy; and third, the implementation of passive cooling measures in our developments.

To launch the program, we identified five sites and allocated approximately 450 hectares as carbon forests to augment the carbon emission reduction in our commercial properties. Combined with shifting to clean energy, these

forests allowed us to reduce emissions from our commercial properties by 37% in 2017.

We also celebrated the numerous awards we received for the year. Most notable was our inclusion in the RobecoSam Sustainability Yearbook 2017 as one of the world's most sustainable companies and the only Philippine company in this year's edition. We were also recognized as the Most Socially Responsible Company of the Year by Asia Corporate Excellence & Sustainability Awards (ACES), the Best Corporate Brand in the Philippines by *AsiaMoney*, and 2017 Philippine Property Development Company of the Year by Frost & Sullivan Asia Pacific for its Best Practices Awards. All these underscore our drive towards quality and excellence as we continue to create value for all our stakeholders.

As an organization, I am pleased to report that Ayala Land employees remain highly engaged as seen in our latest survey, registering an overall score of 90% across all our operating units, higher than the global norm of 85% for high-performing companies.

Moving forward, I remain positive on the prospects of our company. With the strong performance of our economy, a favorable outlook on the property sector, and our valuable land bank of 10,285 hectares that will sustain our project pipeline for many years to come, I believe we are well-positioned to capitalize on the growth opportunities and provide products and services that enrich the lives of more people.

In closing, I am thankful to our entire organization for their dedication and outstanding teamwork towards achieving our goals. We have been guided by our core values in developing products and services to meet our customers' aspirations and live up to the Ayala Land brand promise.

I am likewise grateful to our Board of Directors and to you, our shareholders and stakeholders, for your unwavering support and confidence as we continue to extend our reach to more people and create more sustainable developments for nation building.



Bernard Vincent O. Dy
President and CEO

CFO's Report

OUR BALANCE SHEET IS OUR FOUNDATION FOR SUSTAINABLE GROWTH

2017 was a milestone year for Ayala Land as we continued to make headway towards our 2020-40 plan. Our growth trajectory was led by the broad-based contribution of our property development and commercial leasing businesses as revenues expanded by 14% to ₱142.3 billion while our net income attributable to equity holders of Ayala Land grew by 21% to an all-time high of ₱25.3 billion. With tighter expense management, we continued to post healthy margins across our product lines, improving our earnings before interest and taxes (EBIT) margin to 32.7% from 32.5% and further reducing our general and administrative expense (GAE) ratio to 5.1% from 5.6%.

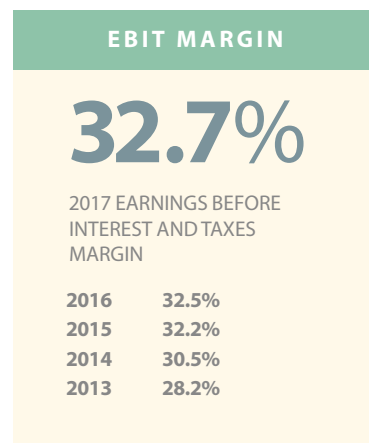




We executed on our aggressive growth plans by efficiently allocating capital across our various business lines. In 2017, we spent ₱91.4 billion in capital expenditures (CAPEX), higher than our budget of ₱88 billion and our highest CAPEX spend to-date as we accelerated the construction of our various projects and expedited the implementation of our investment plans. Forty eight percent was allocated primarily for the construction of residential projects as we experienced a resurgence in residential demand, while 29% was allotted for the construction of new malls, offices, hotels and resorts, in line with our plan to triple our gross leasable area (GLA) by 2020, from our 2013 GLA base. Twelve percent was spent on land acquisition as we continue to expand our land bank, while 11% went to estate development and other investments.

Our CAPEX was funded primarily through internally generated cash, dividends received from our subsidiaries, and incremental debt capital amounting to ₱14 billion.

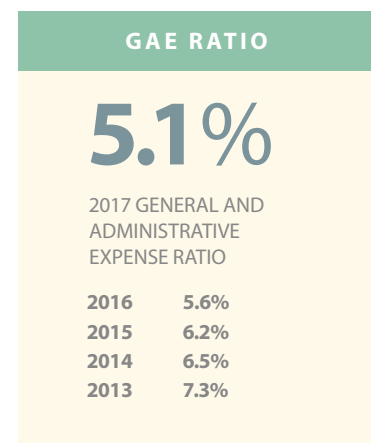
We raised a total of ₱24 billion of debt through various offerings throughout the year to cover both our CAPEX requirements and to refinance existing debt. In April we closed a ₱10-billion, 10-year bilateral bank loan at a cost of 4.949% and in May we successfully launched an oversubscribed 10-year retail bond offering with an



issue size of ₱7 billion and a coupon of 5.2624%. I am pleased to note that these fund-raising initiatives were priced competitively, at just 41 and 60 basis points respectively over the prevailing benchmark.

We also introduced a new instrument in the Philippine debt capital market called Short-Dated Notes (SDNs). The SDNs are uniquely structured to target money market funds and institutional investors who require liquid securities which can be valued on a daily mark-to-market basis. We issued an initial tranche of ₱4.3 billion in July—this was the first SEC registration-exempt transaction to be listed on the Qualified Buyers Board of the Philippine Dealing and Exchange Corporation (PDEX). A second tranche of ₱3.1 billion was subsequently issued in November.

We proactively manage our debt portfolio. We structure our maturity profile and align it with the average development cycle of our projects so that we are better able to match our debt amortizations with cash generated by our businesses. We mitigate refinancing risks by distributing debt maturities over multiple periods to ensure that we do not have any single large repayment



falling due at any period. We have improved the proportion of our fixed-to-floating debt by locking in 85% of our portfolio in fixed rates, to mitigate the impact of the expected rate increases in the coming years. In addition, we employ a policy of achieving a natural hedge by funding foreign assets with foreign currency liabilities; our foreign denominated debt exposure accounts for less than 1% of our total outstanding debt.

As part of our debt management activities, we closely monitor the consolidated liquidity position of the company. Regular liquidity management meetings are held to track the sources and uses of our cash on a monthly and annual basis to ensure that we remain within budget and are positioned to achieve our financial targets. With these initiatives in place, we were able improve our

We executed on our aggressive growth plans by efficiently allocating capital across our various business lines.

NIAT MARGIN

19.8%

2017 CONSOLIDATED
NET INCOME AFTER TAX
MARGIN

2016	19.6%
2015	19.5%
2014	18.6%
2013	17.5%

ROE

16.1%

2017 RETURN ON EQUITY

2016	14.9%
2015	14.7%
2014	14.4%
2013	13.0%

In line with our commitment to deliver value to our shareholders, we distributed dividends amounting to ₱7.1 billion equivalent to a 34% payout based on our 2016 net income, and we achieved an industry-leading return on equity of 16.1%.

net debt-to-equity ratio to 0.77:1 from 0.79:1 in 2016. It is noteworthy that our earnings before interest, taxes and depreciation (EBITDA), which is used as a proxy for cash flow, has over the past five years increased at a compounded annual growth rate of 18% and is reflective of our increasing ability to more than adequately service our debt obligations.

In line with our commitment to deliver value to our shareholders, we distributed dividends amounting to ₱7.1 billion equivalent to a 34% payout based on our 2016 net income, and we achieved an industry-leading return on equity of 16.1%. Our balance sheet today stands on solid footing and provides us with the platform to move us forward towards our 2020-40 plan.

To support our various business initiatives, we streamlined and optimized our processes. We upgraded and migrated our Information Technology infrastructure to a cloud-based system to provide us with a more cost-effective solution while allowing us to access our operational and financial data in a timely manner. We reorganized our bidding committees and introduced enhancements to our procurement processes by focusing on international direct sourcing and partnering arrangements to lock in costs and to expedite the awarding of contracts, while ensuring that we secure products and services with the highest quality standards. In addition, we supplemented the investment committee review process with a new database management system that should afford the senior management team with greater visibility in evaluating new project proposals.



Mr. Bengzon with Mr. Cesar B. Crisol, Chairman and CEO of Philippine Dealing and Exchange Corporation (PDEX)



PDEX listing ceremony of the second tranche of the ₱3.1-billion Short-Dated Notes



Mr. Bengzon engaging research analysts



Mr. Bengzon at COL Financial's Retail Investor Conference

Consistent with our Corporate Governance initiatives, we introduced changes in our Corporate Governance Manual and respective Board Committee charters in line with the Securities and Exchange Commission (SEC) Code of Corporate Governance for Publicly Listed Companies. These include the adoption of policies on board diversity and the retirement age of directors, and provisions for the designation of a lead independent director, meetings of non-executive directors, engagement of an external facilitator to support the board self-assessment process every three years, a dispute resolution mechanism, and the Board's acceptance of nominations from minority shareholders.

To our valued stakeholders, trust that we will remain steadfast in upholding our prudent financial management practices and the highest governance standards in the years to come.

These changes aim to improve the board's function, strengthen shareholder protection and promote full disclosure in financial and non-financial reporting. We remain committed to constantly improving our governance policies and practices so that we continue to be at par, if not exceed, regional and global standards.

To strengthen our internal audit and risk management activities, we created a Risk Council represented by selected individuals from each business unit. The Council reports directly to the Chief Risk Officer to ensure alignment and compliance by the business units with our defined risk management practices. We performed risk-based, process-focused audits for projects and suppliers and completed key internal audit initiatives to address and mitigate operational and financial reporting risks under our continuous auditing and monitoring program.

During the year, we took steps to comply with the implementing rules and regulations of the Philippine Data Privacy Act (RA10173). We appointed

and registered a Data Privacy Officer (DPO) for Ayala Land and 24 compliance officers for privacy across our subsidiaries. We are implementing privacy and data protection measures across the group, and have developed data privacy policies and an employee privacy policy to serve as a guide to our customers and employees.

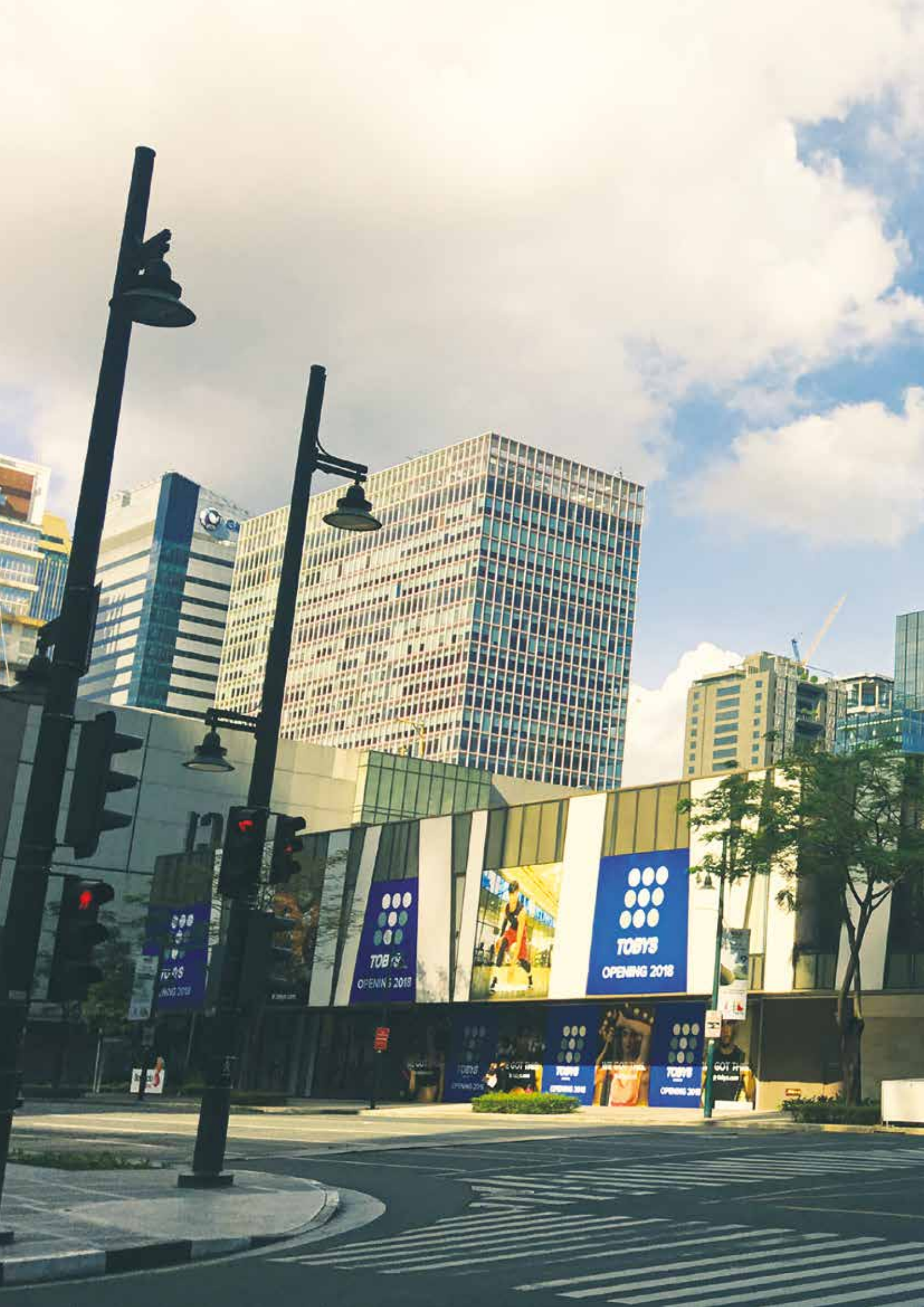
As part of our investor relations program, we conducted a total of 92 one-on-one meetings and conference calls with research analysts and investors during the year. We also hosted 25 site tours at our various estates to provide an on-site experience of how our properties are managed and operated. We participated in 11 local and international investor conferences to ensure that our institutional investors are apprised of our performance and business prospects. We conduct briefings on a quarterly basis to regularly update shareholders and analysts of Ayala Land's progress, and we constantly strive to communicate directly with our various stakeholders and the media to ensure that we maintain a healthy dialogue.

I have served in the company for over a decade and 2017 marks the year that I assumed the post of Chief Finance Officer. I thank our Board of Directors led by our Chairman, Fernando Zobel de Ayala, our Vice Chairman Jaime Augusto Zobel de Ayala, and our CEO Bernard Vincent O. Dy, for empowering and enabling me to be part of a collective effort together with our dedicated employees in steering Ayala Land towards achieving our 2020 goals.

To our valued stakeholders, trust that we will remain steadfast in upholding our prudent financial management practices and the highest governance standards in the years to come.



Augusto D. Bengzon
Chief Finance Officer, Treasurer,
and Chief Compliance Officer



BUSINESS REVIEW



ESTATE DEVELOPMENT

Ayala Land continues to expand its reach with the introduction of new estates and ongoing developments in its emerging and established estates.

Three new estates in 2017

In May 2017, we launched Evo City, a 236-hectare estate in Kawit, Cavite. Located just five kilometers away from CAVITEX, the estate will feature 19 hectares of sprawling parks and open spaces. Sixty five percent of the developable space will be dedicated to commercial use, 20% to residential, and 15% reserved for future development.

In August 2017, we launched Azuela Cove, a 25-hectare estate in Lanang, Davao City, which will provide a mix of retail, residential, recreational, and health facilities. The project, developed in partnership with the Alcantara Group of Companies, features a network of open and green spaces with fully grown endemic trees and spectacular views of the Davao Gulf.

In November 2017, we launched Seagrove in Mactan, Cebu. Designed as an “eco-fun” destination, Seagrove will have a coastal boardwalk, a retail strip, a network of lagoons, and a nature-inspired pedestrian corridor that complements a mangrove forest along its shore. Seagrove will be developed in partnership with Cebu Holdings, Inc. and Taft Property Ventures Development Corporation.

Developments in emerging and established estates ⁽⁴¹³⁻²⁾

As we expand our reach into new areas, we continually enhance our emerging estates.

At Vertis North in Quezon City, we opened Ayala Malls Vertis North, Vertis North Corporate Center, and the five-star Seda Vertis North, our largest Seda Hotel to date with 438 rooms. Moreover, we turned over all three towers of Avida Towers Vita while construction of other residential projects is in full swing. These projects are Alveo's High Park Tower 1, Tower 2, and Orea Place, and Avida Towers Sola 1. The construction of Vertis North BPO Tower 3 is also underway.

At Arca South in Taguig City, 20 developments are currently being constructed; these are 12 residential buildings, Ayala Malls Arca South, six Arca South Corporate Center office towers, and a Seda Hotel. The residential projects under construction are Ayala Land Premier's Arbor Lanes Towers 1, 2, and 3, Alveo's Park Cascades Tower 1, Veranda's North, South, East, and West Towers, Avida's One Union Place Towers 1, 2, and 3, and Vireo Tower 1.

At Vermosa in Imus, Cavite, the Vermosa Sports Hub is set to open in 2018. In addition, construction of residential projects, such as ALP's Courtyards 1 and 2 and Alveo's Ardia Phase 1 as well as Ayala Malls Vermosa, are underway.

In Porac, Pampanga, construction of residential projects at Alviera is in progress for Alveo's Montala, Avida Northdale Settings, and Avida Settings Alviera. In our Bacolod estate, Capitol Central, we are constructing Amaia Steps Capitol North and South, Ayala Malls Capitol Central, and Bacolod Capitol Corporate Center. Seda Capitol Central is currently operating. In our Cebu estate, Gatewalk Central, we are building commercial leasing projects such as Ayala Malls Gatewalk Central and Gatewalk Cebu Office.

We also continue to revitalize our established estates as we keep pace with urban development.

At the Makati Central Business District, the construction of One Ayala, Ayala North Exchange, and Ayala Triangle Tower, which includes a premium grade office tower, a retail podium, and a new Mandarin Oriental hotel, are in progress. We also built urban patios, also called green islands, which have started to contribute to a seamless walking experience for pedestrians.



236 ha. Evo City in Kawit Cavite

At the Bonifacio Global City in Taguig, we completed the PSE Tower in December 2017, the new headquarters of the Philippine Stock Exchange.

We continue to ensure the resilience of our sites by maintaining waterway protection and erosion control measures in areas where locators have not yet started construction, such as those in Altaraza, San Jose del Monte, Bulacan, Cloverleaf in Quezon City, and in various expansion areas in Nuvali in Laguna. Our estates also have emergency brigades that conduct weekly safety readiness activities and quarterly emergency drills.

We remain committed to improve the overall urban experience in established estates by enhancing pedestrian mobility and transit connectivity through periodic traffic and pedestrian route assessments.

At Vertis North and Cloverleaf, we installed traffic-calming mechanisms such as speed tables and standard signage at crosswalks in areas with high pedestrian traffic. We are making provisions for covered pedestrian walkways from Vertis North to Trinoma Mall and EDSA, and from Cloverleaf to the LRT station on EDSA to encourage the use of public transportation.



25 ha. Azuela Cove in Lanang, Davao City



13.6 ha. Seagrove in Mactan Island, Cebu

To promote public transport use, we incorporate transit terminals in all our estates. We introduced bus services in BGC and Nuvali, as well as Point-to-Point (P2P) buses, to and from our projects, to create a positive commuting experience and ease vehicular traffic in and around these areas. Citing one result of these initiatives, in 2017, we noted a 4% increase in the number of daily riders in BGC to 13 million.

To further promote walking and healthy lifestyles in our estates, we reserve specific roads for pedestrians and joggers in the Makati CBD and BGC at specific times and days of the week.

Business Review

PROPERTY DEVELOPMENT

Driven by higher bookings and significant project completions, our property development revenues grew by 24% to ₱96.39 billion. With 30 new projects, sales reservations increased by 13% to ₱121.96 billion.

Ayala Land Premier

Luxury brand Ayala Land Premier (ALP) posted revenues of P26.50 billion, 7% higher than 2016. Sales reservations remained steady with an increase of 2% at ₱37.19 billion.

ALP continued to lead the luxury market with six project launches valued at ₱32.56 billion. These include the much-anticipated Park Central North Tower in the Makati CBD, Cerilo, its eighth subdivision in Nuvali, Arbor Lanes Block 3 in Arca South, Taguig, Anvaya Cove Sea Breeze Veranda Building E in Morong, Bataan, and Enclaves Phases 5 and 6 in Bacolod. In 2017, ALP completed eight projects and turned over 873 units to its customers.

Alveo

Upscale brand Alveo recognized revenues of ₱33.37 billion, 30% better than 2016. Sales reservations surpassed the P40 billion mark to reach ₱45.59 billion, a record growth of 20%.

Alveo maintained market leadership with an extensive portfolio of residential condos, residential lots, and office units for sale. This was supported by 12 new projects worth ₱35.86 billion. Alveo introduced Cerca, a new district in the Las Pinas-Alabang corridor, where it sold its first tower Viento. It launched The Residences, the only residential subdivision in Evo City, a new ALI estate in Kawit, Cavite. It also offered for sale

Orean Place in Vertis North, Quezon City, Aveia Phase 3 in Laguna, Travertine Tower and The Brownstone Townhouses in Pasig, Montala Phase 3 in Alviara, Pampanga, Mondia Phase 2B in Nuvali, Park Cascades in Arca South, Taguig, The Stiles Enterprise Plaza East Tower in Circuit, Makati, and The Gentry Corporate Plaza in the Makati CBD. In 2017, Alveo completed eight projects and delivered 1,992 units to its customers.



Ayala Land Premier's Cerilo in Nuvali, Sta. Rosa, Laguna



Avida

Middle-income brand Avida earned revenues of ₱23.29 billion, 24% more than 2016. Sales reservations increased by 13% to ₱27.42 billion.

Avida continued to be a key player in the middle-income market with sustained demand for its residential condos and residential lots. This was bolstered by the launch of seven new projects valued at ₱18.52 billion. These projects are Avida Towers Turf 2 in BGC, Avida Towers Vireo in Arca South, Taguig, Avida Settings in Tuguegarao, Avida Towers Asten 3 in Makati, Avida Settings Northdale in Pampanga, Avida Towers Riala 4 in Cebu, and Avida Towers Serin East 2 in Tagaytay. In 2017, Avida completed 20 projects and turned over 8,156 units to its customers.

Amaia

Affordable housing brand Amaia posted revenues of ₱5.74 billion, a significant increase of 71% from 2016. Sales reservations grew by 28% to ₱10.28 billion.

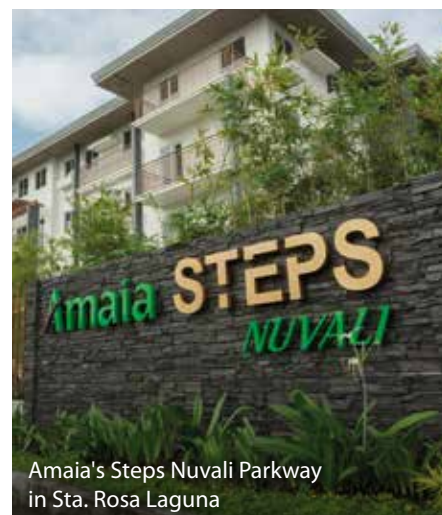
Amaia addressed market demand in the entry-level segment with existing projects Amaia Skies Towers in Avenida, Shaw, Sta. Mesa and Cubao; Amaia Steps in Pasig, and in Capitol Central in Bacolod; and, Amaia Scapes in Gen. Trias, Cavite. It also launched three new projects worth ₱1.83 billion, namely, Amaia Steps Capitol Central Tower 2 in Bacolod, Amaia Steps Nuvali Parkway Aria B in Laguna, and Amaia Steps Alabang Delicia in Muntinlupa City. In 2017, Amaia completed 23 projects and turned over 1,195 units to its customers.

BellaVita

Socialized housing brand BellaVita achieved revenues of ₱652 million, and sales reservations of ₱1.48 billion. It expanded its reach with projects in Iloilo in the Visayas, and Cagayan de Oro in Mindanao. These brought to 14 its total number of projects, offering nearly 18,000 socialized housing units to the market over a period of six years. In 2017, BellaVita completed four projects and turned over 457 units to its customers.



Avida's Turf BGC 2 in Taguig City



Amaia's Steps Nuvali Parkway in Sta. Rosa Laguna



BellaVita's project in Cagayan de Oro



Site Resilience



Pedestrian Mobility
and Transit Connectivity



Resource or
Eco-Efficiency



Local Economic
Development

Sustainability in Property Development

(MA-203, 303, 304-2)

Our property development brands are committed to uphold Ayala Land's thrust for sustainability, incorporating into the design and delivery of its projects features that support the four focus areas of site resilience, pedestrian and transit-connectivity, eco-efficiency and local employment. These allow the brands to create value for the community and the environment.

In terms of site resiliency, we work with the natural lay of the land to avoid unnecessary earth movement. In designing our parks and open spaces, we strive to enhance and protect the natural environment by integrating existing native flora into the landscape plan, and respecting waterways even as we use them as retention ponds or retardation basins to mitigate flooding during the rainy season and serve as rock gardens during the dry summer months.

Specifically in Anvaya Cove, in Morong, Bataan, we preserved the natural edge of the shoreline to allow Olive Ridley sea turtles, or pawikan, to thrive. Our preservation efforts helped increase the population of the pawikan, with a 91.5% hatching rate based on 12 turtle nests observed and cared for.

For pedestrian mobility and transit connectivity, we deliberately designated bike lanes and walkways to help reduce vehicle use, thus lessening the carbon footprint within our residential developments.

On eco-efficiency, we use efficient lighting devices and water fixtures in our community facilities as well as off-grid power sources such as solar-powered lights for guardhouses and streetlamps, to help minimize energy and water consumption. Our buildings are also designed to optimize natural light and ventilation.

To contribute to local employment, we make sure to provide work and livelihood opportunities in areas that we develop.

Business Review

COMMERCIAL LEASING

Our commercial leasing business delivered ₱30.96 billion in revenues, 10% higher than the previous year, as we rolled out a record number of malls, offices, and hotels and resorts.

Malls (302-1, 302-2)

Revenues from our malls grew by 10% to ₱17.66 billion in 2017 on the back of steady contributions of our existing shopping malls and the improved performance of the newly established malls. Average occupancy rate remained healthy for all malls at 92%, while stable malls recorded a 97% average occupancy rate.

We expanded our mall portfolio with the successful opening of five new malls with a total leasable area of 189,000 sq. meters. This increased our total malls portfolio to 1.8 million sq. meters GLA as of end-2017.

The new malls we opened for the year include Ayala Malls Feliz, located on Marcos Highway (Marikina-Infanta Highway) in Pasig City, Ayala Malls Marikina Heights in Marikina City, Ayala Malls Cloverleaf and Ayala Malls Vertis North in Quezon City, and Ayala Malls The 30th in Pasig City.

To foster a healthy engagement with our merchants, we have programs in place to promote learning. We also hold annual merchant awards to incentivize top-performing merchants.



Ayala Malls Cloverleaf in Quezon City



Ayala Malls Feliz in Pasig City



Ayala Malls The 30th in Pasig City



Pedestrian Mobility
and Transit Connectivity

P2P: Easing the commute around the metropolis *(203-1)*

Metro Manila's traffic congestion has undoubtedly become a major concern affecting commuters and motorists alike.

In the face of the pressing need for better transport solutions, the Philippine government has looked to the private sector to help address this concern. An answer arising out of this public-private sector collaboration is Ayala Malls' Easy Ride project, built around three key principles—connectivity, mobility, and sustainability.

This project dovetails with our sustainability initiatives of pedestrian mobility and transport connectivity, which have given rise to features in our malls such as bike racks, footbridges, and covered walkways that enhance pedestrian comfort and reduce carbon emissions from motorized vehicles.

Various Ayala Malls have likewise served as transport hubs and key stops of the Department of Transportation's Point-to-Point (P2P) bus program. We have adopted this program to achieve a more convenient transport option and help ease traffic in Metro Manila.

At present, there are nine P2P transport routes terminating at Ayala Malls. Plans for additional P2P stops in Ayala Malls and other Ayala Land developments are currently being explored.



Ayala Malls Vertis North in Quezon City



Ayala Malls Marikina Heights in Marikina City

We also continue to seek ways to reduce our reliance on non-renewable fuels to reduce our carbon emissions. As an example, we embarked on an initiative to replace all service motorbikes with electric powered bikes in Glorietta, Makati.

Offices

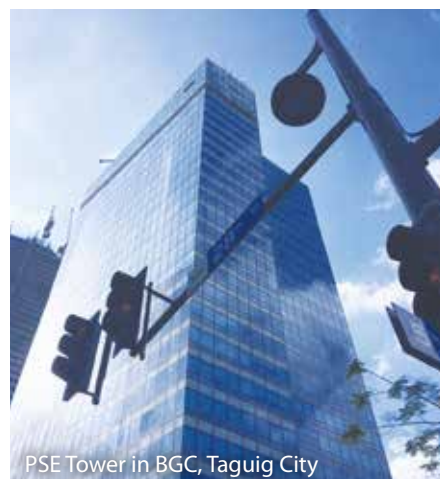
Ayala Land Offices (ALO) recorded revenues of ₱6.70 billion, 12% higher than the previous year. Stable offices maintained an occupancy rate of 97% while average occupancy including new buildings which opened in the last quarter of 2017 registered 86%.

We opened six new offices in 2017, Circuit Makati Corporate Centers 1 and 2, The 30th Corporate Center in Pasig City, Vertis North Corporate Center in Quezon City, PSE tower in BGC and Tech Tower in Cebu. These new offices added 185,000 sq. meters, bringing the total office portfolio to 1.02 million sq. meters. On average, these newly completed buildings are 70% pre-committed to tenants. Given the continued office portfolio expansion, we are able to provide work spaces for over 150,000 employees nationwide.

We conduct thorough planning and due diligence on our projects to deliver a work environment suitable for corporate locators and their employees. Pedestrian connectivity, access to transport terminals and presence of retail amenities for employees are key considerations.



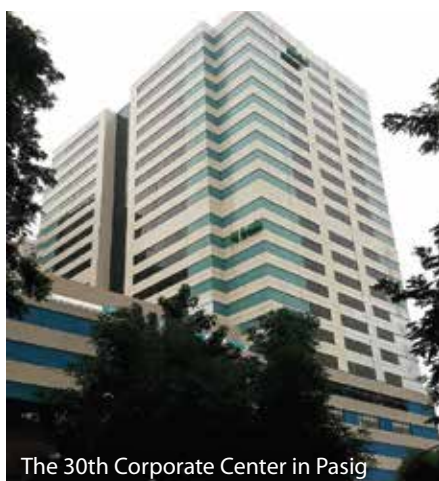
Circuit Makati Corporate Center



PSE Tower in BGC, Taguig City



Tech Tower in Cebu



The 30th Corporate Center in Pasig



Vertis North Corporate Center in Quezon City



Carbon Neutrality: A new way of creating value

(MA-302, 305, 302-5)

Climate change continues to have a huge impact globally, with the Philippines experiencing the consequences firsthand as tropical storms become more severe and frequent, and as cycles of the wet and dry seasons become more erratic.

While progress in many places is perceived to be dependent on carbon-emitting processes, we at Ayala Land are guided by our four focus areas.

In February 2017, we announced a progressive program for our commercial properties to become carbon neutral by 2022. We have identified three strategies to achieve carbon neutrality: provide passively cooled spaces, shift to renewable or clean energy, and establish and protect carbon forests.

Carbon forests store more carbon than they emit. We have protected and enhanced 450 hectares of land as carbon forests through assisted natural regeneration (ANR) and planting of native species. By declaring portions of our properties as carbon forests, we have gone beyond the traditional means of creating value, enhanced our natural capital and biodiversity, and passed on the benefits generated to the environment and surrounding communities.

The creation of carbon forests, together with efforts to shift to renewable energy, have cut our emissions by 92,234 t-CO₂e in 2017, representing 37% of the emissions from our commercial properties.

Projects That Shifted to Clean Energy in 2017

OFFICE	t-CO ₂ e REDUCTION
Convergys One	181
Glorietta 5 BPO	723
People Support	777
MSE Building	943
Solaris One	2,451
Bonifacio Stopover Corporate Center	2,643
Bonifacio One Technology Tower	3,315
UP AyalaLand Technohub (A-J)	3,633
UP AyalaLand Technohub (K-M)	3,633
MALLS	
BHS Central (East)	1,890
BHS Central Square	2,025
Harbor Point	2,038
Ayala Malls South Park*	-
Vertis North*	-

* t-CO₂e/kWh reduction for these properties not yet included as the shift to clean energy was in late December.

Our buildings are designed for energy and water conservation. Over the last four years, power consumption has been reduced by 20% (equivalent to 52,397,100 kWh). Fifteen properties including the UP-Ayala Technohub in Quezon City and the Makati Stock Exchange Building, and Glorietta 5 in Makati have shifted to using renewable energy as their power source.

New Formats

In 2017, we launched a new office platform called Clock In, a co-working space with three operating branches in Makati and BGC. Clock In aims to capture start-up ventures, SMEs, freelancers, and corporates that need flexible office space. With the successful take-up in Makati and BGC, new branches are underway in Vertis North, Quezon City, The 30th in Pasig, and Ayala North Exchange in Makati. Clock In targets to reach 1,450 seats in 2018.

In Amorsolo, Makati, we introduced a dormitory product branded The Flats, due for completion in 2018. This product aims to support the growing market of BPO employees and other workers who want to avoid the long commute to and from their workplaces. The Flats will open another branch in Makati and two branches in BGC and will have a total of 1,464 rooms with 5,848 beds by 2021.

Hotels and Resorts

(MA-203, 306, 304-2, 304-4)

Hotels and Resorts recorded ₱6.64 billion in revenues in 2017, 10% higher than ₱6.05 billion posted the previous year.

We opened six new hotels and resorts totaling 556 rooms. These additional rooms are in Seda Vertis North in Quezon City, Seda Capitol Central in Bacolod City, Casa Kalaw, Balai Adlao and Hotel Covo, all located in Lio Tourism Estate in El Nido, Palawan, and Balay Kogon in Sicogon Island, Iloilo. These new properties increased our portfolio to 2,583 rooms as of year-end.

In addition, Seda has 12 properties currently under development in key destinations around the country. These include four scheduled to open in 2018, namely, Seda Lio in El Nido, the first resort type Seda hotel, Seda Ayala Center Cebu (formerly Cebu Marriott), Seda Ayala North Exchange in Makati, the brand's first serviced residences, and Seda BGC Tower 2, an extension of our first Seda hotel.

All our properties operate with high guest satisfaction ratings (up to 95% at El Nido Resorts) and within our sustainability framework. Our Seda hotels are designed and operated to save on energy and water resources. Our resorts, located in high biodiversity areas like El Nido and Sicogon, continue to undertake measures to protect ecosystems. We ensure that guests and employees share in this undertaking.



Hotel Covo in Lio, El Nido, Palawan



Balay Kogon in Sicogon Island, Iloilo



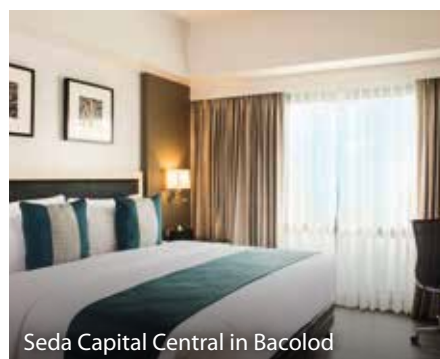
Seda Vertis North in Quezon City



Balai Adlao in Lio, El Nido, Palawan



Casa Kalaw in Lio, El Nido, Palawan



Seda Capitol Central in Bacolod

Our employees in El Nido go through regular Be GREEN (Guard, Respect, Educate El Nido) learning sessions and nature interpretation trainings. We also extend our Be GREEN program to local communities in El Nido. At our resorts, up to 90% of our staff are from the local communities.

By operating our own Materials Recovery Facility, we were able to reduce our waste generation by 23% from 2016 levels. We implemented a ban on single-use plastics at all our Palawan resorts, a practice that was well accepted by our guests.

The commitment of our El Nido staff has resulted in the protection of the critically endangered Hawksbill Turtle and five endangered species, including the Palawan Pangolin and Palawan Mousedeer, and 31 other species assessed by the International Union for Conservation of Nature (IUCN) as “species at risk.”

Our Lio Tourism Estate continues to be a showcase in sustainable estate design, with features such as the Nature Bridge, a one-way vehicular bridge, that is carefully designed to preserve mature Pandan trees in the area. The airport terminal in El Nido also went through a similar design process to preserve the existing wetland and clusters of beach forest trees in the area. We will apply the same principle of integrating native vegetation in all our future projects in Lio.

Open and green spaces are more than key attractions in our resorts. They serve as refuge for animal life, enable sites to recover quickly from extreme weather events, and mitigate impacts of human activity. In 2017, 50 hectares of Lio’s forested area were measured and assessed. They stored 11,412 t-CO₂e and were designated as a carbon forest.



Site Resilience

Sicogon: Building on local knowledge to empower the community

(203-2)

In 2013, the island of Sicogon experienced the wrath of Typhoon Haiyan as it tore through Northern Iloilo. However, the island bounced back quickly as mangroves and native trees protected coastal and surrounding areas.

In the aftermath of the storm, we worked with MDC to teach the residents of the island nursery management and basic landscaping skills. With a fund of about ₱2 million, we created a curriculum and provided mentoring to the program participants, training them on how to identify and propagate native and endemic species, create and maintain nurseries, handle tree relocation, and successfully undertake assisted natural regeneration (ANR).

With enhanced knowledge and new landscaping tools and equipment, the participants successfully propagated saplings within a year, which were used to landscape the vicinity of Balay Kogon, the island’s B&B. More saplings are being nurtured in four nurseries to serve the developments within Sicogon. The participants were also trained to take on landscape projects and work with landscape architects. All these initiatives have provided additional income and livelihood for local residents.

Business Review

SERVICES

Total revenues from construction and property management amounted to ₱71.79 billion, 5% higher than the ₱68.49 billion posted the previous year.

Makati Development Corporation

(MA-301, 308, 301-1, 301-2, 308-1)

Ayala Land's construction arm, Makati Development Corporation (MDC), maintained steady growth with revenues of ₱68 billion, 4% higher than 2016's ₱65.32 billion, due to an increased order book and the higher completion of projects. In 2017, MDC handled the construction of 206 projects, 70 of which were completed within the year, for a total of 193 million accumulated safe man hours.

Our vendors go through third-party entity screening which verifies their legitimacy and capacity. Vendors are also required to adhere to the Vendor Code of Ethics to ensure that their business operations are compliant with laws and regulations relating to labor, health and safety, environment, management systems, and business ethics. In addition, vendors are required to accomplish a "Green Metrics" form that verifies their environmental and sustainability practices. In 2017, 1,723 vendors renewed their accreditation and 493 new vendors were accredited.

We launched a Sustainable Procurement Roadmap with the intention to

influence vendors to use the Integrated Management System or Environmental Health and Safety Management System. Using the roadmap and the Green Metrics form, we are able to better monitor the sustainability programs of our vendors.

We have also implemented sustainability initiatives in line with our four focus areas. The preservation and retention of native trees and site vegetation contribute to the resilience of our sites, allowing them to regenerate more quickly after land development.



Tower Two under construction at the Ayala Triangle Gardens

As our contribution to eco-efficiency, we diverted 20% of our construction waste from going to landfills and reduced paper use by adopting the cloud-based BIM 360 document management system. Our efforts to achieve a more efficient energy and fuel use have resulted in the reduction of our GHG emissions to 25,657 t-CO₂e in 2017, 11% lower than 28,832 in 2016.

We are committed to using our construction materials judiciously and we are continuously innovating in order to avoid unnecessary wastage. As an example, even as the total volume of rebar purchased in 2017 increased by 2% from 2016, we were able to reduce the rebar scrap generated in our various projects by 22%. This was made possible through a cut-and-bend scheme where 10% of the rebars delivered to the sites were pre-cut and pre-bent by the manufacturer. In addition, the scrap from rebars not purchased under this scheme were returned to one of our rebar suppliers for recycling.



Construction personnel working on One Bonifacio High Street in BGC



MDC: Enhancing the skills and competencies of our construction work force

(203-2, 403-2)

Since 2015, Makati Development Corporation (MDC) has been a partner of the government's Technical Education and Skills Development Authority (TESDA) in developing construction-related skills and competencies for the skilled workforce in Ayala Land's development projects. This partnership, which began with TESDA's Training for Work Scholarship Program (TWSP) in 2014, has given birth to eight Technical Training and Assessment Centers (TTAC)* in major growth areas across the country. Since then, these TESDA-accredited training centers have produced a total of 19,642 graduates for the following programs: masonry, carpentry, electrical installation and maintenance, shield metal arc welding, scaffold erection, and truck-mounted crane operation.

With enhanced skills, the graduates of TTAC are better equipped to carry out various scopes of work at our construction sites with improved quality and efficiency. In 2017, a 98.17% zero punch-list at first inspection was achieved with the turnover of 10,412 units out of the target 10,606.

Ricky Pasco, a 39-year-old TTAC graduate, was named overall champion in Holcim's *Galing Mason Award* in 2015, where some of the country's best masons competed in perimeter fence construction and underwent panel interviews.

Safety is a major emphasis in the training programs. In 2017, MDC achieved a 0.1 Total Disabling Injury Rate (TDIR)** on 193 million total man-hours worked. This is a significant improvement from previous years.

Beyond skills improvement, it is our goal to enable skilled workers to further advance in their chosen profession. We allot training hours not only for honing their construction-related skills, but also for developing leadership and management competencies. MDC logged a total of 41,974 training hours for Skilled Workers TESDA NC II Certification, Safety and Quality Culture Building programs and other Technical and Competency-based trainings for the skilled workforce. We also partnered with TTAC trainers to foster the values of *malasakit* and courtesy, and cultivate a positive attitude among our workers.

* Las Pinas, Makati, North Luzon, BGC, South Luzon, Cebu, Iloilo, Davao

** Includes MDC subcontractors; TDIR = ((Number of Disabling Injuries/ Illness)*100000)/Employee Hour of Exposure

Ayala Property Management Corporation

(MA-410, 302-5, 306-2)

Ayala Property Management Corporation (APMC) registered revenues of ₱1.8 billion, an 8% improvement from the previous year. By end-2017, we took on 44 additional properties, resulting in a total of 227 accounts consisting of 338 buildings and projects, including 23 estates.

To enhance our service quality, we introduced new technologies and best practices to increase operational efficiencies and reduce costs. Through energy efficiency activities, APMC-managed properties realized savings on direct operating expenses of ₱53 million, compared to a target of ₱25 million.

We also received various awards and recognitions throughout the year, both local and international, including 34 Don Emilio Abello Energy Efficiency awards from the Department of Energy, 14 Apolinario Mabini awards for PWD-friendly establishments, 13 awards in various categories from the Safety Organization of the Philippines, Inc.- National Fire Brigade Competition, and the ASEAN Best Practice Competition for Energy Management in Buildings and Industries (Large Building Category).



These recognitions were capped by our full transition to ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

APMC was also the first company in the Philippines to be accredited by CIPI to be without any “non-conformity” findings.

Our property management activities generated employment opportunities in various parts of the country through our service providers. As of 2017, 81.91% of our workforce is locally hired in their respective areas of operations.

Despite the growth of our portfolio, we were able to maintain our service quality levels. We achieved a group-wide customer satisfaction rating of 92% and 100% regulatory compliance, and conducted a total of 11,232 weekly Emergency Response Team (ERT) drills and 59 night drills across all our properties.

We formed a Safety Team with full audit functions to further enhance safety standards across our managed portfolio and maintain the brand commitment of Ayala Land to our valued clientele.



ERT Program roll-out at Harbour Point, Subic Bay Freeport Zone, Zambales



Fire Drill at Ayala Mall Cloverleaf

OTHER BUSINESSES

Our strategic investments continue to make progress in their respective markets.

Investments

Cebu Holdings

Cebu Holdings, Inc., (CHI) Ayala Land's subsidiary in the Visayas region, grew its revenues by 14% to ₱3.09 billion, on the back of solid contributions from its office and retail assets. Ayala Center Cebu led its retail segment, while eBlocs 1-4 and ACC Corporate Center towers drove office leasing revenues. Net income grew by 11% to ₱753 million.

In November, CHI together with Ayala Land and Cebu-based developer, Taft Properties Ventures Development Corporation, launched Seagrove, a 14-hectare mixed-use estate located in the tourism belt of Mactan Island. Seagrove will have a Holiday Inn Resort hotel as the main tenant complemented by a retail boardwalk and mangrove attractions.

Ortigas & Company

In 2017, Ortigas & Company doubled its net income to ₱1.46 billion, driven mainly by organizational enhancements introduced to the company's business model. During the year, it completed the rollout of master

plans for its Greenhills, Ortigas East, Capitol Commons, and Circulo Verde estates, which are expected to drive the company's long-term growth. Sales reservations surged to an all-time high of ₱11.28 billion, doubling its 2016 level. Ortigas & Company's residential growth was supplemented by the expansion of its retail space with the launching of the redevelopment of Greenhills Shopping Center in San Juan City.

Prime Orion Philippines, Inc.

Prime Orion Philippines, Inc. (POPI), posted an ₱18.6 million net income for 2017, a turnaround from last year's loss of ₱414.9 million, as a result of higher occupancy of its Tutuban Center. POPI remains committed to enhance the operations of the mall, and upgrade its buildings and facilities. It converted its lighting system to LED and constructed a materials recovery facility, in line with Ayala Land's sustainability efforts.



International Business

MCT Bhd

Ayala Land owns a 32.95% stake in MCT Bhd and continues to be optimistic of its prospects for growth in Malaysia. It currently has a land bank of over 540 acres in the Cyberjaya and Klang Valley areas which serve as platforms for expansion.



POP's Tutuban Center in Manila



MCT's LakeFront Residences in Cyberjaya, Malaysia

Healthcare

Qualimed

We expanded the operations of our healthcare provider, QualiMed, with the opening of a hospital in Sta. Rosa, Laguna. The 102-bed facility will also serve the nearby municipalities of San Pedro, Biñan, Cabuyao, Tagaytay City, and Canlubang. To support the



Ortigas & Company's masterplan of Capitol Commons in Pasig



Qualimed Hospital in Nuvali, Sta. Rosa, Laguna

expansion of its network, QualiMed increased its affiliated doctors to 413 from 268 in 2016. It also established the QualiMed Training and Research Center (QTRC) in the Sta. Rosa campus, the first training facility of its kind in Southern Luzon. This will further serve the training needs of both QualiMed's medical and non-medical staff. QualiMed ended the year with a footprint of four hospitals and six clinics.

Retail

Merkado Supermarket

Our supermarket joint venture with Puregold, Mercado, has two stores located in Quezon City—in Ayala Malls UP Town Center and Vertis North.

FamilyMart

In October 2017, SIAL CVS Retailers, Inc. (a 50-50 joint venture between ALI Capital Corporation and SSI Group Inc.), FamilyMart Co., Ltd. and ITOCHU Corporation, entered into an agreement with Phoenix Petroleum Philippines, Inc. for the sale of Philippine FamilyMart. The transaction was subsequently completed in January 2018. Philippine FamilyMart has 67 stores nationwide.



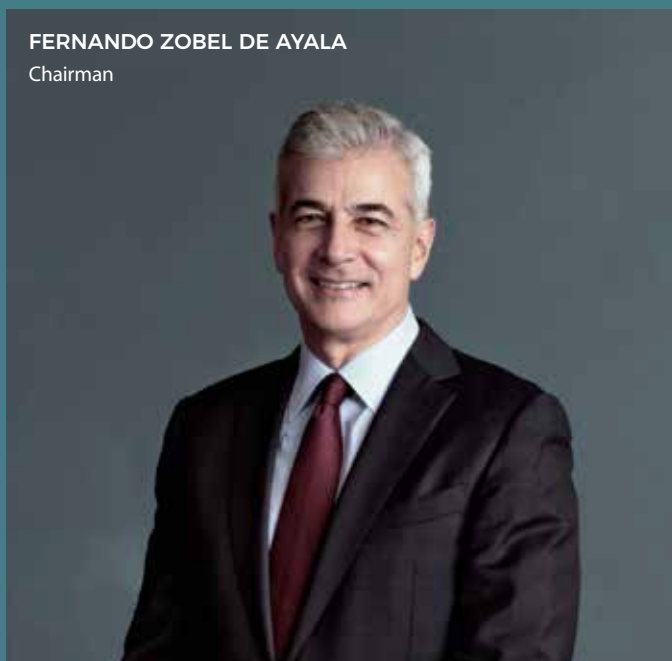
OUR LEADERSHIP TEAM



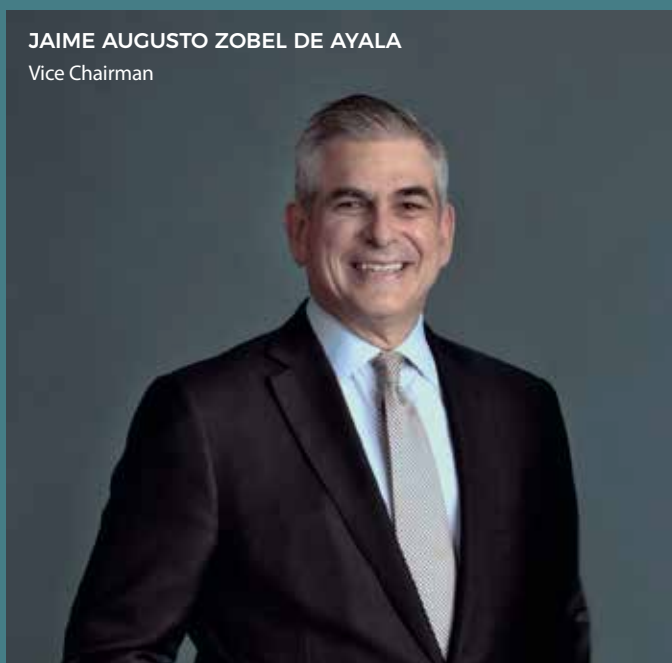
Our Leadership Team

BOARD OF DIRECTORS

FERNANDO ZOBEL DE AYALA
Chairman



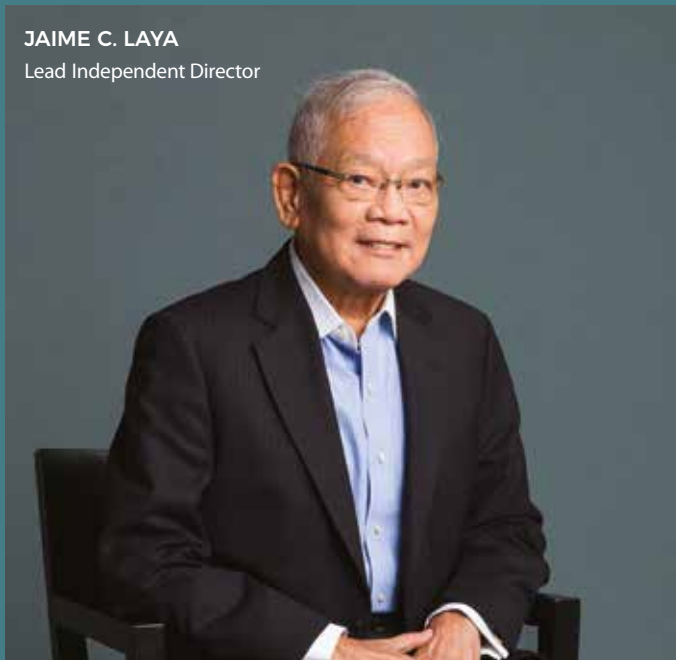
JAIME AUGUSTO ZOBEL DE AYALA
Vice Chairman



BERNARD VINCENT O. DY
President and CEO



JAIME C. LAYA
Lead Independent Director



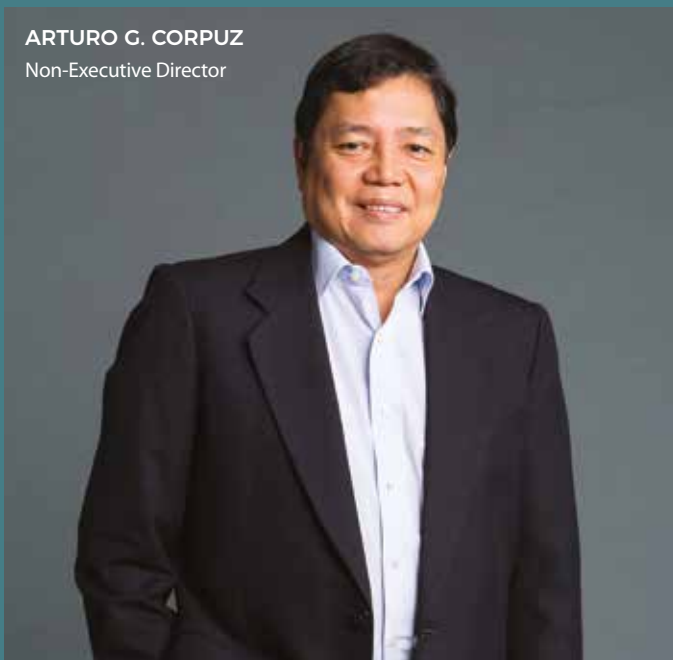
ANTONINO T. AQUINO
Non-Executive Director



MA. ANGELA E. IGNACIO
Independent Director



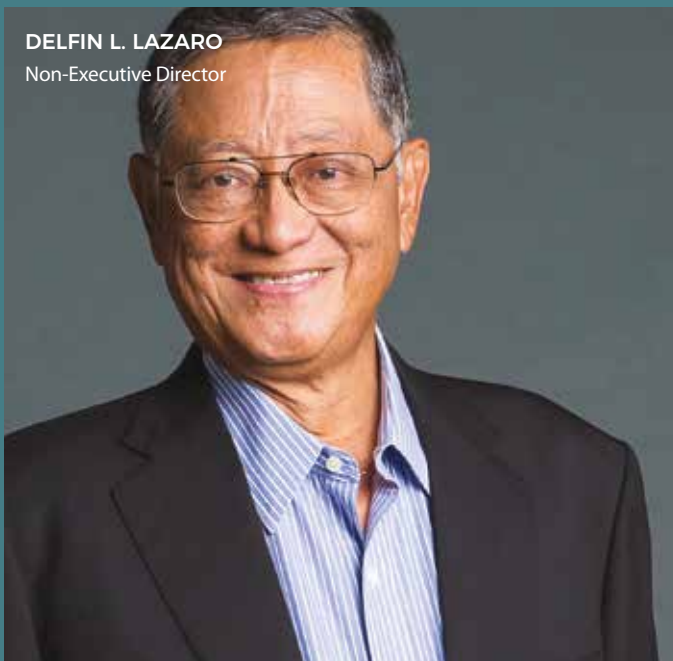
ARTURO G. CORPUZ
Non-Executive Director



RIZALINA G. MANTARING
Independent Director



DELFIN L. LAZARO
Non-Executive Director



Our Leadership Team

BOARD OF DIRECTORS

FERNANDO ZOBEL DE AYALA

Chairman

Filipino, 57, 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.; Director of Bank of The Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.; and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., AC Industrial Technology Holdings, Inc., Liontide Holdings, Inc., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice-Chairman of ALI Eton Property Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. and Bonifacio Art Foundation, Inc.; Director of Livelt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., AC Education, Inc. and AC Ventures Holding Corp. Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Philippine-Singapore Business Council, INSEAD East Asia Council, World Presidents' Organization; and Chief Executives Organization; 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, and the National Museum. He graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

JAIME AUGUSTO ZOBEL DE AYALA

Vice Chairman

Filipino, 58, has served as a Director, Vice Chairman and Member of the Executive Committee of ALI since June 1988. He holds the following positions in publicly listed companies: Chairman and CEO of Ayala Corporation; Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands; and Vice Chairman of Manila Water Company, Inc. He is also the Chairman of AC Education, Inc., Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Limited; Chairman of Harvard Business School Asia-Pacific Advisory Board and Endeavor Philippines; and member of the Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, Global Board of Advisors of the Council on Foreign Relations, Asia Society International Council, University of Tokyo Global Advisory Board, Singapore Management University Board of Trustees, and Eisenhower Fellowships Board of Trustees. He was the Philippine Representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council from 2010 to December 2015. In 2007, he received the Harvard Business School Alumni Achievement Award, the school's highest recognition. He was a recipient of the Presidential Medal of Merit in 2009 for enhancing the prestige and honor of the Philippines both at home and abroad. In 2010, he was bestowed the Philippine Legion of Honor, with rank of Grand Commander, by the President of the Philippines in recognition of his outstanding public service. In 2015, he received the Order of Mabini with rank of Commander, for his vital contributions during the Philippines' hosting of the Asia Pacific Economic Cooperation (APEC) Summit. He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business Administration in 1987.

BERNARD VINCENT O. DY

President and CEO

Filipino, 54, is the President and Chief Executive Officer of Ayala Land, Inc. effective April 7, 2014. Prior to this post, he was the Head of the Residential Business, Commercial Business and Corporate Marketing and Sales. He also holds the following positions in four other publicly listed companies namely: Chairman of Prime Orion Philippines, Inc.; Director Cebu Holdings, Inc., Cebu Property Ventures and Development Corporation, and MCT Bhd of Malaysia. His other significant positions include: Chairman of Ayala Property Management Corporation, Makati Development Corporation, Amaia Land Corporation, AyalaLand Commercial Reit, Inc., Bellavita Land Corporation, 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 Philippine Integrated Energy Solutions, Inc. He is also Vice Chairman of AyalaLand Estates, Inc., Ayala Greenfield Development Corporation, Alviera Country Club, Inc.; 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 and Accendo Commercial Corp.; Director of Alveo Land Corp., Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation and Nuevocentro, Inc.; Member of Ayala Foundation, Inc. and Ayala Group Club, Inc. He is also the President of Hero Foundation Inc. and Bonifacio Art Foundation, 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 has been a Director of the Junior Golf Foundation of the Philippines since 2010 and was appointed Vice Chairman beginning 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985. He also received his MBA in 1989 and MA International Relations in 1997, both from the University of Chicago.

JAIME C. LAYA

Lead Independent Director

Filipino, 78, has served as an Independent Director of ALI since April 2010. He is member of the Board of Directors of publicly listed companies, being Independent Director of GMA Network, Inc., GMA Holdings, Inc. and Manila Water Company, Inc. and Regular Director of Philippine Trust Company (Philtrust Bank). His other significant positions are: Chairman and President of Philtrust Bank, Independent Director of Philippine AXA Life Insurance Co., Inc. and of Charter Ping An Insurance Corporation; and Trustee of Cultural Center of the Philippines, St. Paul's University – Quezon City, Ayala Foundation, Inc., Escuela Taller de Filipinas Foundation, Inc., Fundación Santiago, and other non-profit, non-stock corporations. He graduated magna cum laude from University of the Philippines in 1957 with a degree in B.S.B.A. (Accounting) and completed his M.S. in Industrial Management at Georgia Institute of Technology in 1960 and his Ph.D. in Financial Management at Stanford University 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.

MA. ANGELA E. IGNACIO

Independent Director

Filipino, 45, has been an Independent Director of ALI since April 19, 2017. She is also the Executive Vice President of R.A. Ignacio Construction Corporation and the Managing Director for Corporate Advisory for Avisez Asia, Inc. She is a fellow of the Institute of Corporate Directors. She is also a Director of ESNA Financing & Investment Corp., ESNA Realty Corp., and ESNA Holdings; and Director and Vice President of Polestrom Consulting, Inc. She is a Certified Finance and Treasury Professional in Australia and a Member of the Finance and Treasury Association of Australia. She was an International Consultant for The World Bank's Public Financial Management Assistance Program in Vietnam for the oversight of state owned enterprises and the Infrastructure Sector Assessment Program (InfraSAP) SOE Mission in Indonesia. She served as a Commissioner of the Governance Commission for Government-Owned or Controlled Corporations ("GCG") with a rank of Undersecretary from November 2011 to June 2016. Prior to her appointment as GCG member, she served as Vice President under the Office of the Board Chairman at the Philippine Deposit Insurance Corporation and also served concurrently as Special Assistant for Corporate Affairs and Management Information Systems to the Secretary of the Department of Finance ("DOF") from September 2010 to October 2011. She was a Director of the United Coconut Planters Bank where she was also a member of the Executive, Risk Management and Compensation and Benefits Committees; and a Director of UCPB Savings Bank and UCPB Securities. She obtained her double degree in Applied Economics and Commerce, major in Management of Financial Institutions from De La Salle University in 1994 where she was awarded Best Thesis by the Economics Department for her work on Financial Distress Prediction Models in the Philippines. She earned a Master's Degree in Applied Finance from the University of Melbourne in 2000.

RIZALINA G. MANTARING

Independent Director

Filipino, 58, has been serving as an Independent Director of ALI since April 2014. Concurrently, she also holds the following positions: CEO and Country Head of the Sun Life Financial group of companies in the Philippines; 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; and Independent Director of First Philippine Holdings, Corp., Microventures Foundation Inc., and Phil. Business for Education, Inc. The Chairman of Sun Life Financial-Philippines Foundation, Inc., Riza is also a member of the Makati Business Club Board of Trustees, Management Association of the Philippines Board of Governors, and Financial Executives of the Philippines. A recipient of the Asia Talent Management Award in the Asia Business Leaders Award organized by the global business news network CNBC, she has also been recognized by the International Association of Business Communicators (Philippines) with the CEO Excel award, was named by Moneysense Magazine as one of the 12 Most Influential in Personal Finance, and was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering. Riza holds a BS Electrical Engineering degree from the University of the Philippines where she graduated with honors. She obtained her MS degree in Computer Science from the State University of New York at Albany.

ANTONINO T. AQUINO

Non-Executive Director

Filipino, 70, 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 1998. He was the President of Ayala Land, Inc. from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. Currently, he is a Board member of Nuevocentro, Inc., Anvaya Beach & Nature Club, Inc. and Mano Amiga Academy, Inc. He is also a Member of the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. 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 from the Ateneo de Manila University in 1968 and completed his academic units for the Masters in Business Administration from the Ateneo Graduate School of Business in 1975.

ARTURO G. CORPUZ

Non-Executive Director

Filipino, 62, has served as a Director of ALI since April 2016. He was a member of the Management Committee of ALI from 2008 to December 31, 2016. He is also a member of the Board of Ceci Realty, Inc. Aurora Properties, Inc., Vesta Properties Holdings, Inc., Nuevocentro, Inc., Next Urban Alliance Development Corp. and Alviera Country Club, Inc. He is a former President of the Philippine Economic Society and a Fellow of the Foundation for Economic Freedom and the Philippine Institute of Environmental Planning. Mr. Corpuz received his baccalaureate degree in Architecture from the University of the Philippines in 1977 and his masteral and doctoral degrees in urban and regional planning from Cornell University in 1984 and 1989.

DELFIN L. LAZARO

Non-Executive Director

Filipino, 71, has served as a member of the Board of ALI since May 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. His other significant positions are: Chairman of Atlas Fertilizer & Chemicals Inc.; Director and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; and Director of AYC Holdings, Ltd. and Probe Productions, Inc. 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.

Our Leadership Team

MANAGEMENT COMMITTEE



(From left)

Eliezer C. Tanlapco

Group Head, Human Resources and Public Affairs

Bernard Vincent O. Dy

President and CEO

Augusto D. Bengzon

Chief Finance Officer, Chief Compliance Officer, and Treasurer

Anna Ma. Margarita B. Dy

Group Head, Strategic Land Bank Management; Group Head, Visayas-Mindanao;
Head, Corporate Marketing; Head, Urban and Regional Planning



(From left)

Jose Emmanuel H. Jalandoni

Group Head, Commercial Business

Dante M. Abando

President and CEO, Makati Development Corporation

Robert S. Lao

Group Head, Residential Business; Head, Central Land Acquisition

Jaime E. Ysmael

President and CEO, Ortigas & Company

Our Leadership Team

SENIOR LEADERS



(From left)

Myrna Lynne C. Fernandez

Head, Ayala Malls*

Manuel A. Blas II

Estate Head of Makati and BGC

Rowena M. Tomeldan

President, Prime Orion Philippines, Inc.*

Javier D. Hernandez

President, Ten Knots Development Corporation

Michael Alexis C. Legaspi

President and CEO, AyalaLand Hotels and Resorts Corporation;
Chairman, Ten Knots Development Corporation

**Effective April 1, 2018*



(From left)

Ruby P. Chiong

Group Chief Finance Officer, Commercial Business

Ancieto V. Bisnar, Jr.

President, Cebu Holdings Inc. and Cebu Property Ventures and Development Corporation;
Chief Operating Officer, Visayas-Mindanao

Angelica L. Salvador

Controller, Ayala Land, Inc. President, Aprisa Business Process Solutions, Inc.

Dindo R. Fernando

Head, External Affairs, Ayala Land, Inc.

Lyle A. Abadia

Head, Special Projects, Ayala Land, Inc.

Our Leadership Team

SENIOR LEADERS



(From left)

Christopher B. Maglanoc

President, Avida Land Corp.

Ginaflor C. Oris

Chief Finance Officer, Makati Development Corp.

Joseph Carmichael Z. Jugo

Managing Director, Ayala Land Premier

Jennylle S. Tupaz

President, Alveo Land Corp.

Leovigildo D. Abot

Chief Audit Executive, Ayala Land, Inc.*

**Until March 31, 2018*



(From left)

Romeo T. Menpin

Group Head, Construction Methods and Solutions, Makati Development Corporation

Carol T. Mills

Head, Ayala Land Offices

Thomas F. Mirasol

Chief Operating Officer and Head of Real Estate Division, Ortigas & Company

Rodelito J. Ocampo

Group Head, Construction Operations, Makati Development Corporation





THE BUSINESS MODEL

Solid economic fundamentals, favorable demographics, and strong structural tailwinds propel the long-term growth of the Philippine property sector.

Ayala Land, with its strategic land bank, diversified product lines, and proven track record in developing large-scale, integrated, mixed-use, and sustainable estates, is well positioned to seize growth opportunities in the property sector.

We are committed to deliver our 2020-40 Plan, laying the groundwork for long-term, sustainable growth.

The Business Model

THE 2020-40 PLAN

In 2014, we announced our 2020-40 plan, an aggressive goal to achieve a net income of ₱40 billion by 2020 through a more balanced contribution between developmental income from property development and recurring income from commercial leasing.



Mr. Bernard Vincent O. Dy, President and CEO speaks during the quarterly management team briefing

This plan came about as we recognized the need to have a more sustainable platform for our growth. Historically, our business was more concentrated in property development, which is cyclical in nature, thus making our business susceptible to market downturns. To strengthen our position and resilience, we decided to increase our investments in the commercial leasing segment to grow recurring income and generate a more sustainable cash flow. This will also put us in the best position to take advantage of opportunities during favorable market conditions.

The Strategy *(MA-201)*

To achieve this goal, we targeted to triple the gross leasable space of our shopping centers and offices, and hotel and resorts rooms from its 2013 operating levels.

Meanwhile in property development, we are improving the mix of horizontal and vertical projects for sale so that we can maximize margin gains.

In terms of expanding our footprint, we assess regional and urban development trends and we identify locations that provide good growth prospects and are sustainable for mixed-use estates.

Our strategies enable us to craft solutions that not only drive revenues, but also generate employment and business opportunities for locals, create spaces for healthy interaction and recreation, as well as provide access to public transport within the local community.

We regularly assess our market presence for each of our business lines in all locations.

We are cognizant of all risks that may adversely affect our growth momentum. We are aware of the cyclical nature of our property development business, that it may experience slowdowns in the face of market uncertainties. Moreover, geopolitical tensions, climate change, abrupt spikes in interest and foreign exchange rates, and changes in the regulatory environment may negatively impact the property sector's growth prospects. To safeguard against these external factors, we are balancing our portfolio between our property development and commercial leasing businesses.

We are also continuing to innovate to improve the integration of our four sustainability focus areas and strengthen our governance practices.

Brand, Business Model, Bench

To execute our strategy, we identified three major pillars: Brand, Business Model and Bench.

Brand

We value the trust that our customers place on our brand and their confidence in the quality of our differentiated and innovative products and services. We continue to evolve our offerings to ensure market relevance and strive to build communities that live up to the Ayala Land brand.

Business Model

We operate the business with a clear model and strategy for growth. We have our core values and sustainability principles to guide us. By building sustainable mixed-use estates in key growth centers in the Philippines, we create platforms to expand the reach of our products and services, while generating opportunities that consequently improve the quality of life for many Filipinos. We continue to be driven by a deeper understanding of our market and a commitment to enhance processes and efficiently use our company resources.

Bench

We have a committed team that is focused on achieving company goals. Through regular learning opportunities and enriching work experiences, we nurture competent and reliable employees and teams who execute our strategy and transform our vision into action.

The Environment We Operate In

Solid economic fundamentals, favorable demographics, and strong structural tailwinds propel the long-term growth of the Philippine property sector.

EXTERNAL FACTORS	IMPACT TO THE PHILIPPINE PROPERTY SECTOR
Philippine Economy <ul style="list-style-type: none"> The Philippine economy continued to move forward, anchored on its strong macroeconomic fundamentals. Gross domestic product (GDP) grew by 6.7% in 2017¹, a slight decrease from the 2016 growth of 6.9%, but still above the 6% average over the last five years. The country ended the year within the target growth range of 6.5% to 7.5%. Gross international reserves (GIR) stood at US\$81.6 billion, slightly higher than in 2016. The country's GIR is able to cover approximately 8.3 months' worth of imports². Inflation rate for the year held steady within the government's target of 2% to 4%³. 	<ul style="list-style-type: none"> A robust GDP is a key indicator of the health of the real estate sector, providing a snapshot of demand in the country. Continued progress provides property developers with the confidence to maintain their plans to support a growing economy.
Interest Rates <ul style="list-style-type: none"> Despite the pressure coming from rising interest rates in the United States, interest rates in the Philippines have remained at record lows, providing corporates as well as retail customers access to affordable financing options. 	<ul style="list-style-type: none"> A stable interest rate environment supports affordable capital-raising activities for corporates and mortgage loans for residential clients.
Household Consumption <ul style="list-style-type: none"> Household consumption continues to be the backbone of the Philippine economy. Last year, consumption contributed 68.7% of total GDP⁴. Over the past five years, private consumption has grown at a yearly average of 6%. 	<ul style="list-style-type: none"> Domestic household consumption feeds into retail shopping and sustains foot traffic in our estates. It also drives domestic tourism, which benefits our hotels and resorts businesses.

¹National Economic Development Authority, 2017

²Bangko Sentral ng Pilipinas, 2017

³BSP – Selected Economic and Financial Indicators (SEFI), 2017

⁴<http://www.ibpap.org/about-us/it-bpm-roadmap-2016-2022>

EXTERNAL FACTORS	IMPACT TO THE PHILIPPINE PROPERTY SECTOR
<p>BPO Sector</p> <ul style="list-style-type: none"> • The Information Technology and Business Process Association of the Philippines (IT-BPAP), in its 2022 roadmap, estimates that the local information technology-business process management sector would generate revenues of US\$38.9 billion by end-2022, from US\$25 billion in 2016. The IT-BPAP also targets to add 100,000 full-time employees per year for the next five years, equivalent to an estimated demand of 500,000 sq. meters per year until 2022. • In 2017, BPOs accounted for 40% of the demand for new office space, lower than the previous year's 65%, given geo-political and regulatory concerns and challenges⁵. The lower demand from BPOs was augmented by the emergence of Philippine offshore gaming operators from China, which started to expand their presence in the country. In 2017, they also accounted for 40% of the demand for new office space. The remaining 20% was taken up by traditional office locators⁶. • Recent global trends in automation and artificial intelligence pose a threat to the local BPO sector as business processes start to be replaced by technology. This development has not yet affected the local BPO industry. 	<ul style="list-style-type: none"> • Expansion of the BPO sector would benefit the office leasing business. • Offshore gaming operators present an opportunity for growth; however, their very recent entry into the country requires further understanding.
<p>Social and Demographics</p> <ul style="list-style-type: none"> • According to the latest national census (2015), the Philippines had a total population of 100.98 million, 83.2% of whom were between 18 and 59 years old, with a median age of 24.2 years. • GDP per capita at constant prices as of 2017 was estimated at US\$2,987. • Unemployment rate was at 5%. • Labor force participation was estimated at 62.1%. 	<ul style="list-style-type: none"> • A young, mobile, and tech-savvy working population will be supportive of the demand in the property sector. • With rising per capita income and improving employment levels, the demand for residential products, malls, hotels and resorts, and office space will grow.
<p>Remittances</p> <ul style="list-style-type: none"> • Overseas Filipinos brought in cumulative cash remittances of US\$28.1 billion as of end-2017. 	<ul style="list-style-type: none"> • Cash remittances provide consumers with additional purchasing power, driving household consumption which in turn feeds into shopping, tourism, vehicle, and home purchases.

⁵Colliers International, 2017

⁶http://build.gov.ph/SFTFiles/Documents/BuildBuildBuild%20Presentation_DOTr%20DPWH%20BCDA_FINAL%20PDF.pdf

EXTERNAL FACTORS	IMPACT TO THE PHILIPPINE PROPERTY SECTOR
<p>Tourism</p> <ul style="list-style-type: none"> • In 2017, foreign tourist arrivals in the Philippines grew to an all-time high of 6.6 million, 11% higher than the 2016 level. Arrivals from Asian countries, particularly South Korea and China, accounted for a significant portion of the growth. • Domestic tourism has significantly contributed to the growth of this sector, with 71 million domestic tourists recorded as of end-2016. • In 2016, according to the World Travel and Tourism Council, the direct contribution of travel and tourism to the country's GDP was ₱1.18 billion, or 8.2% of the total. 	<ul style="list-style-type: none"> • Increased public spending on air transport connectivity and capacity, and aggressive marketing and promotional campaigns are expected to foster the growth of the tourism sector. • Increased foreign and domestic tourism will drive occupancies of hotels and resorts across the country.
<p>Infrastructure</p> <ul style="list-style-type: none"> • The Philippine government, with its Build, Build, Build program, is targeting to spend nearly ₱9.0 trillion on 75 big-ticket infrastructure projects from 2017 to 2022⁷. • Thirty-four projects have been approved and are scheduled to break ground in 2018⁷. • The country's tourism and public works departments also handled a combined US\$527.5-million worth of projects for access roads to major tourist destinations in 2016. 	<ul style="list-style-type: none"> • Increased rollout of infrastructure projects is seen to expand and accelerate development across various regions in the country. • Developments outside Metro Manila open opportunities for economic growth, creating wealth for Filipinos, spurring higher incomes, and creating strong markets for property developers.
<p>Tax Reform</p> <ul style="list-style-type: none"> • To address the funding requirements of its aggressive infrastructure plan, the Philippine government passed the first package of its Tax Reform for Acceleration and Inclusion (TRAIN) program. • Package 1 will give the government an additional ₱970 billion in cumulative income by 2022⁸. 	<ul style="list-style-type: none"> • The reduction of personal income taxes will increase the purchasing power for a vast majority of Filipinos.
<p>The Philippine Government</p> <ul style="list-style-type: none"> • Among key issues confronting the Philippine government in 2017 include the campaign against illegal drugs, the proposed decentralization of government, geo-political concerns, and the concluded war in Marawi, Lanao del Sur. 	<ul style="list-style-type: none"> • These issues directly impact the country's attractiveness for foreign direct investments (FDI).

⁷<http://www.dof.gov.ph/taxreform/index.php/downloadables/>

⁸Philippine Statistical Authority

AYALA LAND, WITH ITS STRATEGIC LAND BANK, DIVERSIFIED PRODUCT LINES, AND PROVEN TRACK RECORD IN DEVELOPING LARGE-SCALE, INTEGRATED, MIXED-USE, AND SUSTAINABLE ESTATES, IS WELL POSITIONED TO SEIZE GROWTH OPPORTUNITIES IN THE PROPERTY SECTOR.

Outlook *(MA-202)*

We continue to make progress on our 2020-40 plan, buoyed by a positive macroeconomic outlook that will benefit the whole property development sector.

We believe that the stable contributions of the BPO sector, overseas Filipino remittances, a growing tourism sector, and strong household consumption will spur the continued growth of the property sector.

Looking ahead to 2018, we will continue to execute our strategies. We will endeavor to reach a wider market and provide growth not only for our shareholders but also for the communities we serve.

We will grow our footprint nationwide by continuing to build more estates in identified growth centers across the country. We will continue to launch products attuned to market demand, and aspire to achieve a healthy mix between horizontal and vertical developments.

Lastly, we will continue to build our leasable assets, in order increase our recurring income and achieve a more balanced portfolio.



Ayala Land will keep pace with the country's strong macroeconomic fundamentals which will benefit more Filipinos in the future.

HOW WE CREATE VALUE

THE CAPITALS

Natural

Strategic Land Bank

Our land bank is strategically located in key growth centers for immediate and long-term development.

Intellectual

Solid Track Record of Building Large-Scale, Integrated, Mixed-Use, and Sustainable Estates

Our unique master planning process integrates our product lines to create sustainable and vibrant communities and foster urban development.

Manufactured

Diversified Product Lines

We have a wide range of products that serve all markets and segments of the property sector.

Social

Highly Trusted Brand

We ensure the quality of our products and services and uphold strict sustainability and corporate governance practices for our customers and stakeholders.

Human

Empowered Organization

Our decentralized structure empowers our people and provides the flexibility to execute our strategy in a fast and efficient manner.

Financial

Strong Balance Sheet

We have a strong balance sheet and conservative financial policies to support our growth plan.

KEY BUSINESS ACTIVITIES

Estate Development

We develop estates that host our property development and commercial leasing products.

Property Development

We build and sell residential products, office spaces, and commercial and industrial lots. The residential products are represented by our five brands, Ayala Land Premier, Alveo, Avida, Amaia, and BellaVita that address various market segments.

Commercial Leasing

We develop and operate malls, offices, and hotels and resorts across the Philippines, represented by Ayala Malls, Ayala Land Offices, branded Hotel formats, SEDA hotels and El Nido, Lio, and Sicogon Resorts.

Construction and Property Management

We develop our projects through our own construction company, Makati Development Corporation, and manage completed properties through our own property management company, Ayala Property Management Corporation. This ensures quality throughout the entire project cycle.

Other Businesses

We hold investments in selected companies that complement our core businesses like Cebu Holdings, Inc., Ortigas & Company, Prime Orion Philippines, Inc., and MCT Bhd in Malaysia, and other ventures in healthcare and retail.

**WE ARE COMMITTED TO DELIVER OUR 2020-40 PLAN,
LAYING THE GROUNDWORK FOR LONG-TERM, SUSTAINABLE GROWTH.**

THE VALUE WE CREATE

Property Buyers, Residents, Shoppers, Mall Locators, General Public, Office Tenants, and Tourists

We provide homes and venues for business and leisure that support the community and spur economic growth.

- 12,673 residential units completed and turned over
- Five malls opened, adding 189,000 sqm of GLA
- Six offices opened, adding 185,000 sqm of GLA
- 556 hotel and resort keys added

Investors, Analysts, and Creditors

We provide consistent growth in shareholder returns, ensure long-term value for our investors, and fulfill our credit obligations.

- 21% Net Income growth
- 16.1% ROE
- 0.77 Net D/E ratio
- 4.6% Average cost of debt

Communities

We provide spaces that are site- resilient, pedestrian-friendly, public transport-connected, and eco-efficient, uplifting living standards for Filipinos.

- 123.5 ha. of green space
- Three estates added in 2017
- 24* total estates as of 2017
- Nine Point-to-Point transport terminals in Ayala Malls

The Environment

We protect Philippine biodiversity and ecosystems in our developments

- 10,285 ha. of land bank
- 450 ha. of carbon forests
- 34 threatened animal species

General Public, Media, Academe, NGOs, and Government

We protect the interest of all our stakeholders and ensure the value of their investment.

- Recognized by RobecoSAM as one of the most sustainable companies in the global real estate sector.
- Included in the RobecoSAM Yearbook for 2017 and 2018.
- 2017 Property Company of the Year by Frost and Sullivan
- 2017 Asia Corporate Excellence and Sustainability Awards - Most Socially Responsible Company in Asia
- 2017 Best Corporate Brand in the Philippines by *AsiaMoney*
- Don Emilio Abello Energy Efficiency Awards: 18 properties recognized for their energy efficiency, 10 property managers received awards
- 4th Best Managed Public Company in the Philippines for 2017 - *FinanceAsia*

Employees, Construction Workers, Suppliers, Service Providers, and Consultants

We contribute to local employment, skills development, and career growth.

- 90% Ayala Group Engagement Survey Score in 2017**
- 5,040 total workforce
- 7,603 support staff
- 132,337 training hours
- 205,386 jobs generated

CONTRIBUTION TO UN SDGs

Overall



Site Resilience



Pedestrian and Transit Connectivity



Eco-Efficiency



Local Employment and Economic Development



*Ayala Alabang, an established estate, was restored to the estate list in 2017.

**Respondents were from ALI Corporate, Alveo, Avida, Amaia, BellaVita, APMC, MDC, Amicassa, and Aprisa

The Business Model

ENGAGING STAKEHOLDERS

We believe that our long-term success rests on the support and contribution of our various stakeholders.

Stakeholders	Property Buyers	Brokers and Sellers	Business Partners	Suppliers and Service Providers	Employees/Workers	Creditors	Shareholders and Analysts	Media	Locators - Malls, Offices, Estates Residents, Tenant Employees	Hotel/Resort Guest, Tourists, Shoppers	Local Communities and NGOs	Local Governments National Government
ALI Corporate			●	●	●	●	●	●			●	●
Estate Development			●	●	●			●			●	●
Property Development	●	●	●	●	●			●	●	●	●	●
Leasing Operations												
Malls		●	●		●				●			●
Offices			●		●				●			●
Hotels			●		●					●		●
Resorts			●		●					●	●	●
Services												
Construction			●	●	●						●	●
Property Management			●	●	●				●	●	●	●



Constant and close engagement



Occasional and as needed

We conducted an extensive mapping of the various stakeholders affected by our business activities.

According to the stakeholder's impact and influence on our business, we implement the appropriate frequency and level of engagement.

Property Buyers

We are committed to strengthen the trust and confidence of our property buyers by constantly striving for on-time delivery of best-in-class products and services and ensure that they do not pose any risk to health and safety. We also continuously sharpen customer focus and improve service levels.

Brokers and Sellers

We recognize our brokers and sellers to be a key sales channel. We equip them with the required information about our company, our brands, and the technical specifications and terms of our projects to ensure that they are adequately prepared to market our projects to property buyers and locators. We conduct periodic training and sales activities to strengthen their capabilities.

Business Partners, Suppliers and Service Providers

(MA-204, 204-1)

We are committed to the highest standards of quality and integrity in dealing with our business partners, suppliers, and service providers. We ensure that working conditions in our sites are safe, that workers are treated with respect and dignity, and that our real estate projects and properties are environmentally and socially responsible.

We recognize the rights of all our business partners and 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.

For our suppliers and service providers, we provide equal opportunities and promote fair and open competition among vendors and trade partners by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness. We accredit suppliers upon full compliance with our standards and requirements, with preference for suppliers that practice environmental responsibility, consistent with the parameters established under our "greening the supply chain" campaign. We strive to source as much of our materials and supplies locally.

We updated our Vendors' Code of Ethics, anchoring it on the principles and standards of the Ethical Supply Management Conduct set by the Institute for Supply Management*. It is also being updated to enhance sustainable development provisions as well as to conform to the International Organization for Standardization (ISO) as specified in the guidelines for Sustainable Procurement 20400:2017.

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

Employees and Workers

We recognize our employees as key contributors to the attainment of our goals. With this, we have programs in place to ensure a positive working environment.

Health and Safety

(MA-403, 403-3)

We have put in place key programs to ensure the health, safety, and welfare of our employees and workers. Annual physical examinations and regular flu, cervical cancer, and pneumonia vaccinations are made available to employees. These privileges extend to the family members of our employees.

*ISM - Tools - Principles and Standards of Ethical Supply Management Conduct – with Accompanying Guidelines: <http://www.ism.ws/tools/content.cfm?ItemNumber=4740&navItemNumber=15959>

Employees receive health risk assessments and timely information on the prevention of serious diseases. We also provide extensive health insurance coverage for both employees and eligible family members. We have an office clinic with a company nurse and doctor available to employees.

For field personnel, additional health and safety prevention practices are set in place. We have a safety council that monitors the implementation of safety practices.

For our construction workers, we mandate the use of personal protective gear, safety glasses, and dust masks. We have a detailed emergency response plan; regular drills for fire, earthquakes, and other emergencies are also conducted.

Training and Development

(MA-404, 404-1)

We recognize the importance of ensuring the continuous professional development of employees. We offer quality training opportunities and custom-fit courses under our Individual Development Plan, a program that enables our employees to upgrade their skill set and perform at optimum levels. These training modules cover business and technical knowledge, skills building, values, ethics, and corporate governance.

In 2017, Ayala Land and its subsidiaries conducted a total of 132,337 training

hours translating to 84 training sessions. The average training hours for males was at 28.3, while average training hours for females was at 24.25 (see Table 1 and 2 below).

Aside from having in-house training, regular employees with at least three years of continuous service can apply for a study leave (i.e. extended leave days to support formal/continuing education requirements), subject to management approval.

Rewards and Compensation

(401-2)

All regular employees receive life insurance, in-patient and out-patient health coverage, disability and invalidity coverage, retirement benefits, and medical allowances.

We also have a compensation and rewards policy that accounts for the performance of the company beyond short-term financial measures. In particular, we implement an Employee Stock Ownership (ESOWN) Plan to give select employees the opportunity to take part in the growth of the company and instill a sense of personal accountability for the company's growth. We also provide variable pay, such as the performance-based cash bonus that is directly linked to an individual's key deliverables established at the start of the year.

Diversity and Equal Opportunity

(MA-405, 401-3, 405-1)

Ayala Land recognizes the importance of diversity and providing equal opportunities in the workplace.

TABLE 1: TRAINING HOURS BY EMPLOYEE CATEGORY

Employee Category	Total Training Hours	Total Employees	Average Training Hours
Senior Management	3,337	64	52.14
Middle Management	39,725	1,276	31.13
Rank and File	89,275	3,700	24.13
Total	132,337	5,040	26.26

TABLE 2: TRAINING HOURS BY GENDER

	Male	Female
Gender count	2,461	2,579
Total Training Hours	69,795	62,542
Average Training Hours`	28.36	24.25

At Ayala Land, females account for 51.17% of the workforce; this is above the industry's standard of 36.36% as reported by the Asian Development Bank.

Ayala Land implements government mandated leaves on paternity (seven working days) and maternity (60 days, normal delivery; 78 days, C-section). Return-to-work rates were recorded at 98% for male and 90% for female.

Protection Against Unethical Behavior (406-1)

For employee complaints concerning illegal and unethical behavior, a Whistleblowing Policy is in place. This policy allows any individual or organization that becomes aware of, or suspects any irregularity or misconduct by employees, to report such behavior to management through secure channels. As of 2017, there was no recorded incident of illegal or unethical behavior in Ayala Land, Inc., of significance

Creditors

We acknowledge the rights of our creditors and we are committed to honoring our contracted financial obligations and any financial covenant they may contain. We present creditors with readily available information required to evaluate the company's credit standing.

TABLE 3: TOTAL HEADCOUNT BY GENDER

	Total Headcount	Male	Female
Ayala Land Parent	399	185	214
Construction	617	447	170
Hotels and Resorts	1,358	826	532
Offices	22	4	18
Property Management	361	235	126
Residential	1,027	326	701
Services	696	212	484
Shopping Centers	538	220	318
Estates	22	6	16
Grand Total	5,040	2,461	2,579
Percentage	100%	48.83%	51.17%

Shareholders and Analysts

As part of our responsibility as a publicly listed company, we recognize the need to provide financial and operational information to all our shareholders and analysts. Management and key representatives of Ayala Land, Inc. make themselves available and accessible for meetings with shareholders and analysts. We also comply with all the disclosure and transparency rules of the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Dealing & Exchange Corporation (PDEX) to ensure that all relevant information are publicly available.

Shareholders' Right to Participate in Decisions Concerning Fundamental Corporate Changes

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

Shareholders' Voting Rights

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

Shareholders' Right to Participate Effectively and Vote in General Shareholder Meetings

Each shareholder is entitled to as many votes as the shares registered under his or her name.

Shareholders are also given the opportunity to approve remuneration matters of the company's non-executive and independent directors during general meetings, whether regular or special. The last increase in remuneration (annual retainer fee, board and committee meetings per diem) of non-executive and independent directors was approved in 2011.

Non-controlling or minority shareholders have the right to nominate candidates to the Board of Directors.

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

Analysts' Quarterly Briefings, Investor Meetings, Roadshows and Conferences

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 invited to participate through a teleconference facility. A podcast of the quarterly briefing is also made available in the IR website.

The President and CEO, Chief Finance Officer, and other key members of the management team, together with the head of the investor relations team, periodically join investor conferences and non-deal roadshows held locally and internationally to ensure regular discussions with institutional shareholders.

Integrated Annual Report

Our annual report, includes information on our financial, operational, and sustainability performance. As mandated by management, we engage an independent third-party organization to externally assure our annual reports to confirm the accuracy of our disclosures.

Media

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.

Residents, Shoppers, Tenant Employees, Tourists, and Hotel Guests

We consider residents, shoppers, tenant employees, tourists, and guests as end-users of our products and services. We strive to ensure that they have positive experiences within our developments.

Communities and Non-Government Organizations

(MA 413, 413-1, CRE7)

We are aware that our projects have a significant impact in the areas where we operate. All our projects undergo regular impact assessments, with project teams monitoring impacts throughout the project cycle. Through these assessments, we are able to address the concerns of affected communities and local government.

Our strategic presence through our various developments across the country helps create opportunities for employment and productivity. We prioritize local hiring and consciously allocate space for homegrown businesses.

In the case of APMC, it has created employment opportunities through its service providers, with 81.91% of the workforce hired locally.

**AT AYALA LAND, WE CAREFULLY CONSIDER THE DIVERSE CONCERNS
OF OUR VARIOUS STAKEHOLDERS AND ENGAGE THEM ACCORDINGLY.**

TABLE 4: STAKEHOLDER CONSIDERATIONS AND MEANS OF ENGAGEMENT

Stakeholder	Key Considerations	Means of Engagement
Property Buyers	Delivery of best-in-class products and services	Customer surveys; feedback through website and social media
Brokers and Sellers	Availability of product information and payment terms; competitive commissions and professional fees	Product trainings; sales conferences; incentive programs
Business Partners, Suppliers, Service Providers	Adherence to highest level of moral and ethical conduct	Third party accreditation process; vendor audits in accordance with the Vendors' Code of Ethics
Employees and Workers	Adherence to the Code of Ethical Behavior; professional conduct	Regular townhall meetings, quarterly briefings, engagement surveys; training and development programs
Creditors	Financial stability and on-time payment of debt obligations	Meetings; participation in due diligence exercises; attendance in quarterly results briefings
Shareholders and Analysts	Access to timely, accurate and relevant information	Investor Relations website; quarterly financial analysts' briefings; Annual stockholders meetings; Investor conferences and non-deal roadshows
Media	Timely and accurate news; transparency	Quarterly investor relations business briefings; briefings on project launches; press releases
Residents, Shoppers, Tenant Employees, Tourists and Hotel Guests	Safe, secure environment	Feedback surveys; social media; marketing collaterals
Communities and NGOs	Quality of life in and around Ayala Land developments; meaningful and effective engagement with communities	Community engagement activities and consultations through partners, <i>barangay</i> (village) officials, homeowners' associations and non-government organizations; third party assessments; partnerships to uplift environmental, social and economic conditions of disadvantaged communities near or adjacent to our developments
National and Local Government	Economic development and nation- building;	Participation in local development councils, where applicable; meetings on a per need basis

At the Lio Tourism Estate in Palawan, we partnered with the local community in providing unique experiences for guests and tourists. Together with fishermen of the nearby communities of Kiminawit and Guano, we offered fishing activities to guests as part of the estate tour. In 2017, a total of 172 fishing activities were booked. Guests were given complimentary *buri* bags sourced from an association of local women.

In Vertis North, our 29-hectare estate in Quezon City, we worked closely with the National Housing Authority to relocate families who had settled informally at the project site. As of 2017, 8,176 families were relocated. Of the total, 96% were provided homes in Montalban, Rizal, while the remaining 4% were provided homes in Graceville, San Jose del Monte, Bulacan.

National and Local Government

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

The Business Model

THE MATERIALITY PROCESS

As we manage our businesses, we continue to identify issues and topics reflecting the economic, environmental, and social impacts that are of interest to our stakeholders.

In 2013, a technical working group composed of stakeholders involved in project development and other support units conducted a series of discussions to identify sustainability focus areas that will best respond to the Philippine development context.

We identified four major themes that are recurring concerns in the Philippines:

- a. Vulnerability to the effects of climate change and natural disasters;
- b. Need for urban mobility;
- c. Continuing loss of natural resources; and
- d. Socio-economic imbalances.

These insights were cross-referenced with the results of customer surveys, secondary information, and media reports. These were then discussed and validated with the Board-level Sustainability Committee. This process resulted in the identification of our four focus areas to help address the country's sustainability concerns: Site Resilience, Pedestrian Mobility and Transit Connectivity, Eco-Efficiency, and Local Economic Development.

Ayala Land's Sustainability Four Focus Areas

Our four focus areas guide our project teams in developing products that create value for the business, the environment, and society, while minimizing risks and taking advantage of sustainability opportunities.



Site Resilience

We strengthen our sites to enable it to recover quickly from environmental stress. We undertake due diligence studies to identify geo-hazards, providing space for refuge and rainwater absorption, and using native plants and trees for landscaping.



Pedestrian Mobility and Transit Connectivity

We prioritize pedestrian and public transit facilities in our site design and master planning. These facilities include walkways, pedestrian-only areas, transit stops, and transportation terminals in estates and malls. We ensure that transit connectivity is not compromised in areas under construction.



Eco-Efficiency

We use natural resources judiciously and manage our GHG emissions, through energy and water conservation programs, improved waste management measures, and a carbon neutrality program.



Local Economic Development

We invest in human capital, generate employment for the community, and provide opportunities for local enterprises to grow. We prioritize hiring from the areas surrounding our developments and allocate spaces for homegrown businesses in our malls.

TO MEASURE AYALA LAND'S PERFORMANCE IN EACH FOCUS AREA AND REPORT ITS IMPACT ON PHILIPPINE DEVELOPMENT, WE IDENTIFIED TOPICS IN THE GRI STANDARDS THAT CORRESPOND TO THE FOUR FOCUS AREAS, CORPORATE GOVERNANCE, AND ORGANIZATIONAL PRACTICES.

TABLE 5: AYALA LAND'S SUSTAINABILITY FOUR FOCUS AREAS AND MATERIAL TOPICS						
GRI Indicators	Focus Area	Site Resilience	Pedestrian and Transit Connectivity	Resource/ Eco-efficiency	Local Economic Development	Others
Economic			203: Indirect Economic Impact	204: Procurement Practices	202: Market Performance 203: Indirect Economic Impact	201: Economic Performance 205: Anti-Corruption 206: Anti-Competitive Behavior
Environmental	303: Water 304: Biodiversity (Native plants policy) 307: Environmental Compliance (Due Diligence)		301: Materials 302: Energy 305: Emissions 306: Effluents and Waste			
Social		416: Customer Health and Safety		401: Employment 404: Training and Education 411: Rights of Indigenous People 413: Local Communities	402: Labor Management Relations 403 Occupational Health and Safety 405: Diversity and Equal Opportunity 406: Non-discrimination 408: Child Labor 409: Forced or Compulsory Labor 410: Security Practices 412: Human Rights Assessment	

The Four Focus Areas serve as general guides to property development and operations to mitigate sustainability risks and provide value to the business, environment and society. Iterative consultations are regularly conducted with company stakeholders to refine the goals and metrics of the Four Focus Areas.



Ayala Land employees participate in a health and wellness activity at the Carbon Forest in Alaminos, Laguna

Empowering the Organization in Sustainability Management

(MA-412)

Our sustainability Key Result Areas (KRAs) in 2017 were focused on strengthening and empowering our strategic business units for sustainability management and enhancing the company's value creation activities. Our teams' performance in delivering their financial targets was accompanied by milestones in target setting for sustainability.

The KRAs in 2017 also involved building a culture of sustainability through structured in-house trainings and workshops.

To build a foundation for sustainable procurement, we rolled out a new Vendor Code of Ethics that deepened the link to the four focus areas and set targets for Sustainable Procurement in 2022.

IN 2017, WE REINFORCED OUR SUSTAINABILITY AGENDA BY MOBILIZING SUSTAINABILITY TEAMS TO UNDERTAKE AN INTERNALLY ASSURED SELF-ASSESSMENT EXERCISE IN COOPERATION WITH OUR INTERNAL AUDIT DIVISION. THIS HELPED US DETERMINE THE LEVEL OF MATERIALITY OF ISSUES ACROSS DIFFERENT PROPERTY DEVELOPMENT CATEGORIES.

TABLE 6: GRI STANDARDS-AYALA LAND'S SUSTAINABILITY FOUR FOCUS AREAS AND GOVERNANCE

	Site Resilience			Pedestrian and Transit Connectivity		Eco-Efficiency				Local Economic Development			Governance	
	Due Diligence	Provide space for refuge and rainwater absorption; (Water resources/ soil, safety)	Use/ protect native plans and trees	Provide pedestrian-only areas and walkways	Provide transit stops and terminals	Construction materials use	Implement energy and water conservation programs	Implement waste management programs	Monitor and reduce GHG emissions	Invest in human capital in communities where we locate	Prioritize local hiring	Allocate space for homegrown businesses	Rights of stakeholders	Disclosure and transparency
BUSINESS UNITS	GRI													
	307	303	304	416	203	204, 301	302, 303	306	305	401, 404, 411	203, 413	202, 203	401	205, 206
Corporate	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Estate Development	●	●	●	●	●	●	●	●	●	●	●	●	●	
Property Development														
Horizontal Projects														
Ayala Land Premier	●	●	●	●	●	●	●	●	●	●	●	●	●	
Alveo	●	●	●	●	●	●	●	●	●	●	●	●	●	
Avida	●	●	●	●	●	●	●	●	●	●	●	●	●	
Amaia	●	●	●	●	●	●	●	●	●	●	●	●	●	
BellaVita	●	●	●	●	●	●	●	●	●	●	●	●	●	
Vertical Projects	●	●	●	●	●	●	●	●	●	●	●	●	●	
Leasing Operations														
Malls	●	●	●	●	●	●	●	●	●	●	●	●	●	
Office	●	●	●	●	●	●	●	●	●	●	●	●	●	
Hotels	●	●	●	●	●	●	●	●	●	●	●	●	●	
Resorts	●	●	●	●	●	●	●	●	●	●	●	●	●	
Services														
Construction	●	●	●	●	●	●	●	●	●	●	●	●	●	
Property Management	●	●	●	●	●	●	●	●	●	●	●	●	●	



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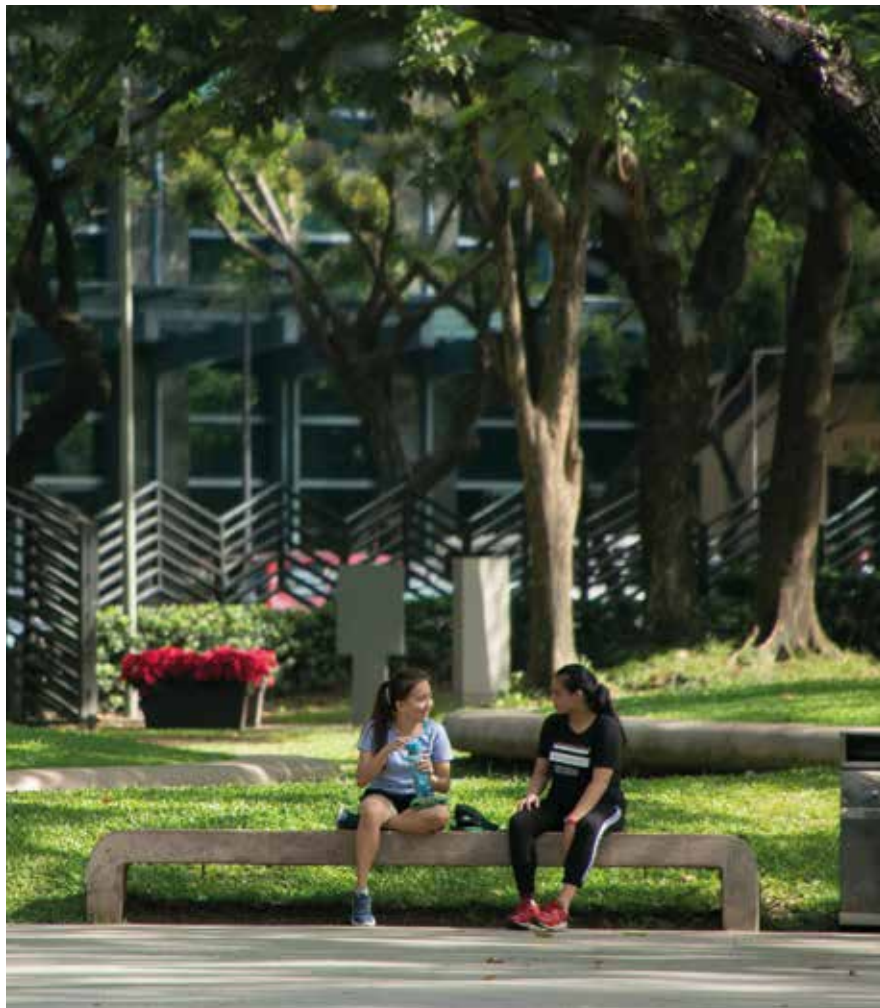


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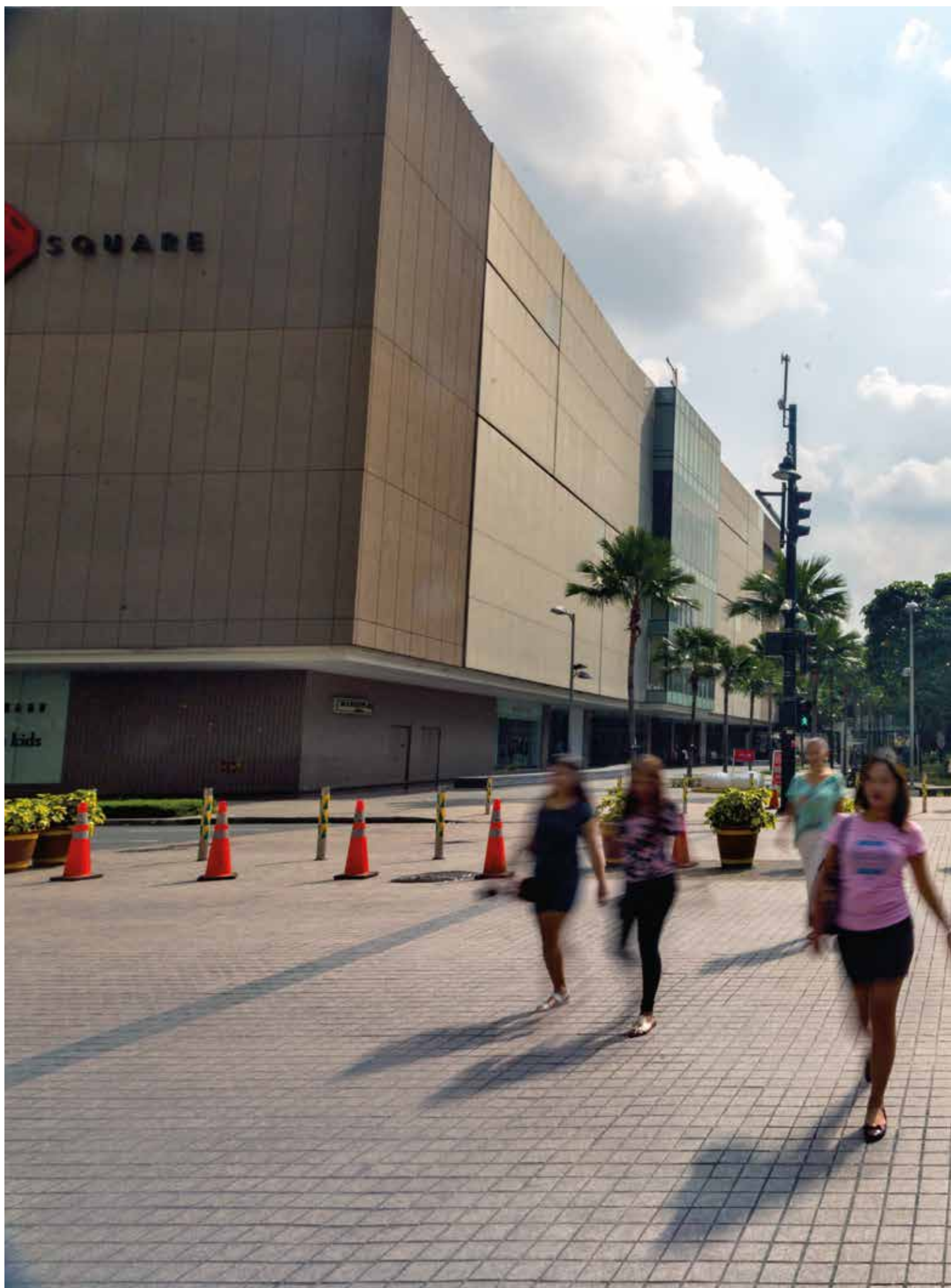


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WITH EACH COMMUNITY
WE DEVELOP,
WE ENRICH LIVES AND
ENABLE RELATIONSHIPS
TO FLOURISH, CREATING
LONG-TERM VALUE FOR
OUR STAKEHOLDERS.













ANNUAL STOCKHOLDERS' MEETING 19 APRIL 2017



CORPORATE GOVERNANCE



2017 MILESTONES

We updated our governance policies and practices in line with the constantly developing standards of corporate governance in the Philippines and ASEAN.

We implemented key changes to our Corporate Governance Manual and respective Board Committee charters to comply with the new Code of Corporate Governance for publicly listed companies of the Securities and Exchange Commission (SEC). We also implemented key initiatives to comply with the requirements of the Data Privacy Act of 2012.

Compliance with the New Code of Corporate Governance for Publicly Listed Companies

Last January 1, 2017, a new code of corporate governance for publicly-listed companies took effect. The new code was approved in November 2016 by the Securities and Exchange Commission (SEC) of the Philippines and intends to improve the functioning of boards, strengthen shareholder protection and promote full disclosure in financial and non-financial reporting. It also aims to provide guidance for publicly-listed companies in the Philippines on best governance practices to help improve their competitiveness and enhance their ability to attract foreign capital.

In compliance with the new code, we amended our Corporate Governance Manual and the respective Board Committee Charters to implement the following enhancements:

1. Adoption of a Policy on Board Diversity;
2. Adoption of a Policy on the Retirement Age of Directors;
3. Provision for the Designation of a Lead Independent Director;
4. Provision for Meetings of Non-Executive Directors;
5. Provision for an External Facilitator to support the Board Self-Assessment process every three years;
6. Provision for a Dispute Resolution Mechanism;
7. Provision for the Board's Acceptance of Nominations from Minority Shareholders;
8. Amendment of the Nomination Committee to become the Corporate Governance and Nomination Committee; and
9. Amendment of the Risk Committee to become the Board Risk Oversight Committee.

The responsibilities of the Board and the Committees indicated in their respective charters were also revised to become consistent with the responsibilities stated in the new corporate governance code.

SUMMARY OF ENHANCEMENTS TO ALI'S CORPORATE GOVERNANCE MANUAL AND COMMITTEE CHARTERS

ENHANCEMENTS	DETAILS ADDED
Adoption of a Policy on Board Diversity	<p>Careful attention is given to ensure independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions. It is important for Ayala Land to have Board diversity to avoid groupthink and ensure that optimal decision-making is achieved. Diversity is not limited to gender and includes age, ethnicity, culture, skills, competence and knowledge.</p> <p><i>(Page 3, Article II, Governance, 1. Board of Directors, 1.2 Diversity, ALI Corporate Governance Manual)</i></p>
Adoption of a Policy on the Retirement Age of Directors	<p>As a general rule, the retirement age for Directors is 80 years old, subject to such exceptions as may be approved by the Board of Directors, taking into account the relevant qualifications and invaluable contribution of the Director and the special circumstances affecting the Corporation.</p> <p><i>(Page 4, Article II, Governance, 1. Board of Directors, 1.4 Retirement Age, ALI Corporate Governance Manual)</i></p>
Provision for the Designation of a Lead Independent Director	<p>The Board shall designate a lead Independent Director among the Independent Directors if the Chairman of the Board is not Independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one (1) person, to ensure independent views and perspectives and avoid the abuse of power and authority, and potential conflict of interest.</p> <p>Dr. Jaime C. Laya was elected as lead Independent Director during the Annual Stockholders' Meeting held last April 19, 2017.</p> <p><i>(Page 8, Article II, Governance, 1. Board of Directors, 1.7 Independent Directors, item e., ALI Corporate Governance Manual)</i></p>
Provision for Meetings of Non-Executive Directors	<p>Non-executive Directors (NEDs) shall hold meetings semi-annually for proper check and balance, and to ensure adequacy of the Company's internal controls and effectiveness of risk management. NEDs shall meet without the presence of executive Directors and may call on the external auditor and/or heads of internal audit, compliance and risk as resource persons.</p> <p><i>(Page 8, Article II, Governance, 1. Board of Directors, 1.9 Board Meetings and Quorum Requirements, item d., ALI Corporate Governance Manual)</i></p>
Provision for an External Facilitator to Support the Board Self-Assessment Process Every Three Years	<p>The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.</p> <p>To strengthen the objectivity of the assessment, the Board shall seek the support of an external facilitator to conduct the process every three (3) years.</p> <p>The external facilitator can be any independent party such as, but not limited to, a consulting firm, an academic institution, or a professional organization.</p> <p><i>(Page 10, Article II, Governance, 1. Board of Directors, 1.11 Board Self-Assessment, ALI Corporate Governance Manual)</i></p>

SUMMARY OF ENHANCEMENTS TO ALI'S CORPORATE GOVERNANCE MANUAL AND COMMITTEE CHARTERS

ENHANCEMENTS	DETAILS
Provision for a Dispute Resolution Mechanism	<p>It is important for shareholders to be well-informed of the processes and procedures when seeking redress for violation of their rights.</p> <p>The Corporation adopts the rules and procedures set forth under Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, as an alternative means to settle disputes with a view towards preventing excessive litigation.</p> <p>(Page 38, Article VII, Stockholders' Rights and Protection of Minority Stockholders' Interests, 1. Shareholder's Rights, ALI Corporate Governance Manual)</p>
Provision for the Board's Acceptance of Nominations from Minority Shareholders	<p>Any stockholder, including a minority stockholder, may nominate candidates for election to the Board of Directors by sending a nomination letter to the Corporate Governance and Nomination Committee within the relevant deadline as may be approved by the Board and disclosed pursuant to the rules of the Philippine Stock Exchange. All nominations will be reviewed and deliberated upon by the Nomination Committee prior to endorsing the qualified candidates for ratification and approval by the Board.</p> <p>(Page 36, Article VII, Stockholders' Rights and Protection of Minority Stockholders' Interests, 1.1 Voting Right, ALI Corporate Governance Manual)</p>
Amendment of the Nomination Committee to Become the Corporate Governance and Nomination Committee	<p>The Board should establish a Corporate Governance and Nomination Committee which should be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions of the Nomination and Remuneration Committee.</p> <p>(Page 15, Recommendation 3.3, 2016 Code of Corporate Governance for Publicly-listed Companies)</p>
Amendment of the Risk Committee to Become the Board Risk Oversight Committee	<p>Subject to a corporation's size, risk profile and complexity of operations, the Board should establish a separate Board Risk Oversight Committee (BROC) which shall be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>

For more information on the enhancements, the Corporate Governance Manual and the Board and Committee Charters are available on the Corporate Governance section of Ayala Land's Investor Relations website at <https://ir.ayalaland.com.ph/corporate-governance>

Compliance with the Data Privacy Act of 2012

In 2012, the Congress of the Philippines passed Republic Act No. 10173, also known as the Data Privacy Act (DPA) of 2012. The DPA Implementing Rules and Regulations were made effective on September 9, 2016.

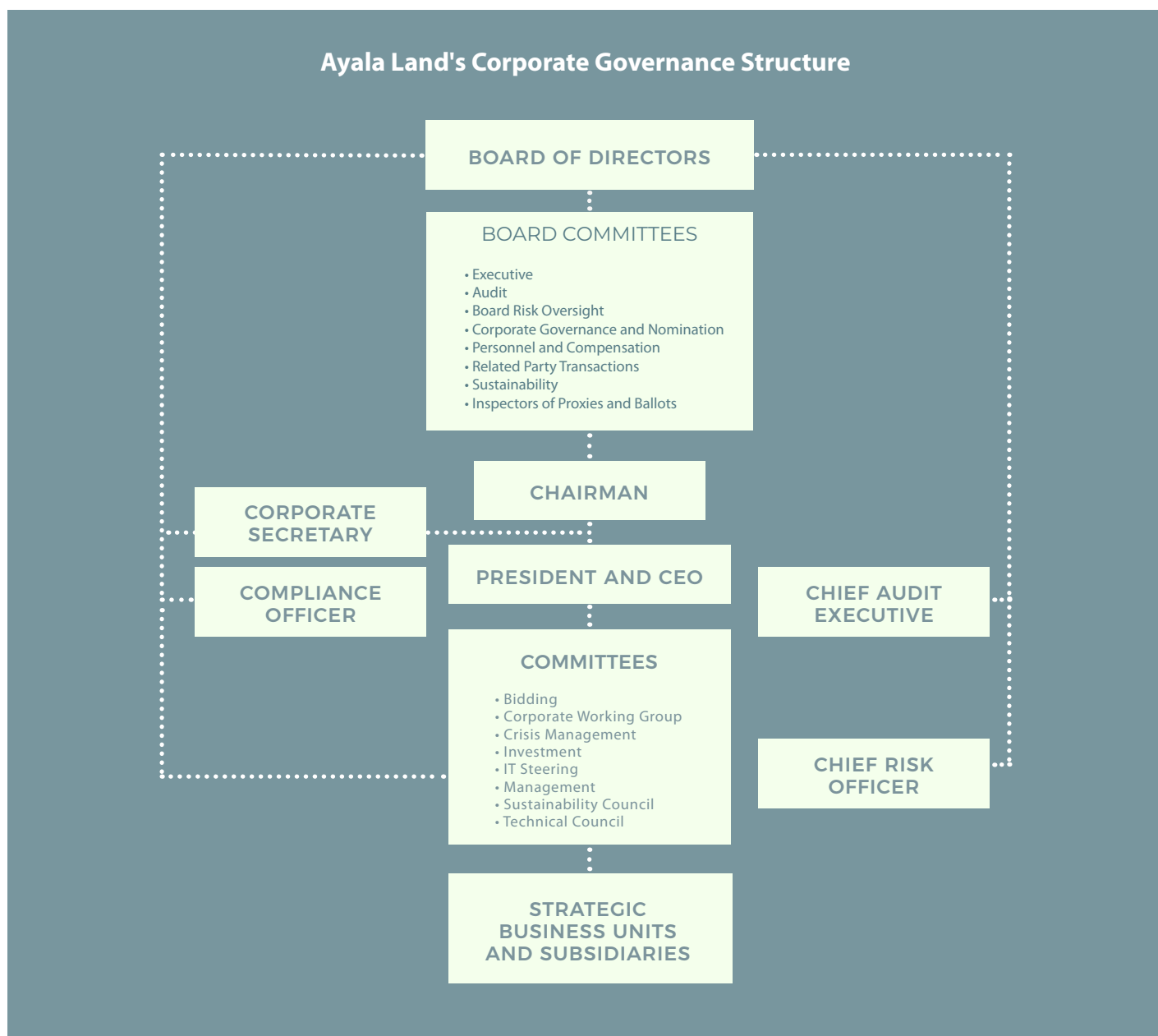
The Data Privacy Act protects individuals from unauthorized processing of personal information that is private, not publicly available and identifiable and where the identity of the individual is apparent either through direct attribution or when put together with other available information.

We appointed and registered a Data Privacy Officer for Ayala Land and 24 compliance officers for privacy for our subsidiaries. We formulated a Data Privacy and an Employee Data Privacy Policy to set the guidelines for compliance and we conducted briefings across the organization to educate our employees on their responsibilities related thereto.

We have established our privacy and data protection programs and have prioritized critical activities such as the implementation of privacy consent clauses on our data collection forms, the implementation of cyber security programs which include security penetration testing of critical websites to prevent data hacking, and the dissemination of internal educational campaigns on data privacy and security.

OUR GOVERNANCE STRUCTURE

Governance at Ayala Land is structured to promote efficiency in decision-making and implementation of best practices across the organization.



Board of Directors (202-2)

Overall authority resides with the Board of Directors which has the responsibility to promote corporate governance practices. The Board sets the vision, mission, and strategic objectives of the company and the key policies and procedures for management, as well as mechanisms for evaluating the performance of senior management.

Board Committees

To assist the Board in the performance of its functions, it established various committees that are dedicated to fulfill certain delegated functions in accordance with the company's by-laws. These are the Executive Committee, Audit Committee, Board Risk Oversight Committee, Corporate Governance and Nomination Committee, Personnel and Compensation Committee, Related Party Transactions Review Committee, Sustainability Committee and Inspectors of Proxies and Ballots Committee. The respective responsibilities of these committees are discussed in detail under the section on Board Matters, found on pages 95 and 96 of this report.

The Chairman, Vice-Chairman, and President and CEO

The roles of the Chairman and the Chief Executive Officer (CEO) are distinct and separate to ensure the Board's independence from the company's management, thus establishing an appropriate balance of power and increased accountability.

The Chairman of the Board is Mr. Fernando Zobel de Ayala. He assumed the position in April 1999. Mr. Zobel is the legal representative of Ayala Land and possesses the following powers:

- To execute the resolutions of the stockholders' General meetings and of the Board;
- To sign, in accordance with said resolutions, such contracts, instruments and powers of attorney as may be necessary;
- To represent the corporation and vote at the stockholders' meetings or designate proxy on all stocks owned by the corporation in other corporations or companies;

The Chairman of the Board chairs all Board meetings, or may assign his alternate in cases when he or she is not available and ensures that each director is allowed to freely express his opinions about any matter being discussed.

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

Corporate Secretary

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

The Corporate Secretary is Mr. Solomon M. Hermosura who assumed the position in April 2011 and has served as the Group Counsel of the company since April 2015. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee since 2010.

He is also the Group Head of Corporate Governance, General Counsel, Compliance Officer, and Corporate Secretary of Ayala Corporation. He is the CEO of Ayala Group Legal. He serves as Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc. and Ayala Foundation, Inc.; and a member of the Board of Directors of a number of companies in the Ayala group. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Board members have separate and independent access to the Corporate Secretary.

Chief Compliance Officer

The Chief Compliance Officer ensures compliance with all regulations that govern the company and adopts and implements corporate governance best practices within the organization. Mr. Augusto D. Bengzon, Senior Vice President, is the Chief Compliance Officer.

Chief Audit Executive

The Chief Audit Executive reports to the Audit Committee of the Board and leads the internal audit group which provides independent and objective assurance and advisory services to the company. Through the Audit Committee, the Internal Audit group assists the Board in the discharge of its duties and responsibilities as provided for in the SEC's 2009 Revised Code of Corporate Governance. Mr. Leovigildo D. Abot, Vice President, is the Chief Audit Executive.

Chief Risk Officer

The Chief Risk Officer reports to the Board Risk Oversight Committee and conducts an annual risk assessment of the company, identifying the risks and their impact or potential impact on the corporation's business and the corresponding measures to address such risks. Mr. Maphilindo L. Tandoc, Senior Division Manager, is the Chief Risk Officer.

Committees at the Management Level

In addition to the various Board-level committees, the company has committees at the management level that guide the critical decision-making and key governance processes that oversee individual business units and support functions, as shown in our Governance Structure chart.

The company is cognizant of the importance of having clear policies, adopting best practices and maintaining strong internal controls to support effective corporate governance.

Strategic Business Units and Subsidiaries

Ayala Land's Strategic Business Units (SBUs) and Subsidiaries execute the corporation's strategies and oversee the day-to-day operations across its diversified product lines. Each SBU is led by a Group Head who reports to the President and CEO. There are four main business units, namely Strategic Land Bank Management Group, which handles the acquisition of land, and the development of large-scale, integrated, mixed-use, and sustainable estates; Residential Business Group, which, through its five brands, handles the sale of residential condominiums, houses and lots, office condominiums, and commercial and industrial lots; Commercial Business Group, which handles the development and lease of shopping centers, offices, hotels and resorts through Ayala Malls, Ayala Land Offices, and Ayala Hotels and Resorts Corporation; respectively, and Services Group composed of the corporation's construction arm, Makati Development Corporation, and facilities and properties manager, Ayala Property Management Corporation.

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

Ayala Land is governed by its code of corporate governance and is in compliance with all listing and disclosure rules of the PSE, the SEC, and the Philippine Dealing Exchange (PDEX).

Corporate Governance

BOARD MATTERS

Board Composition

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

Skills, Competency, and Diversity

The Board encourages the selection of a mix of competent directors, each of whom can add value and contribute independent judgment in the formulation of sound corporate strategies and policies.

In the selection of candidates for the Board, the objectives set by the Board for its composition are to be seriously considered, as well as the required knowledge, abilities, and experience needed to successfully manage the corporation. Careful attention is given to ensure that there is independence and diversity.

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

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

Independent Directors

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

BOARD OF DIRECTORS	
NAME	POSITION
Fernando Zobel de Ayala	Chairman
Jaime Augusto Zobel de Ayala	Vice Chairman
Bernard Vincent O. Dy	President and CEO
Jaime C. Laya	Lead Independent Director
Ma. Angela E. Ignacio	Independent Director
Rizalina G. Mantaring	Independent Director
Antonino T. Aquino	Non-Executive Director
Arturo G. Corpuz	Non-Executive Director
Delfin G. Lazaro	Non-Executive Director

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

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

INDEPENDENT DIRECTORS	
NAME	POSITION
Jaime C. Laya	Lead Independent Director Chairman-Audit Committee and Sustainability Committee
Rizalina G. Mantaring	Chairperson-Board Risk Oversight Committee
Ma. Angela E. Ignacio	Chairperson-Related Party Transactions Review Committee, Corporate Governance and Nomination Committee, and Personnel and Compensation Committee

As appropriate, each independent director will be provided by Ayala Land with a technical support staff to assist in performing his or her duties. An independent director may, when necessary, also request and receive support from executives, employees or outside professionals such as auditors, advisers and counsel to perform his or her duties. Ayala Land shall cover the reasonable expenses in providing such support.

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

Officers, executives, and employees of the corporation may be elected as directors but cannot and shall not be characterized as independent directors.

If an elected director or an appointed independent director subsequently becomes an officer or employee of the corporation, the corporation shall forthwith cease to consider him or her as an independent director.

If the beneficial security ownership of an independent director in the corporation or in its related companies exceeds 2%, the corporation shall forthwith cease to consider him or her as an independent director until the beneficial security ownership of the director is reduced to 2% or lower. Independent directors are not entitled to receive options, performance shares and bonuses except pursuant to a resolution approved by stockholders owning at least a majority of outstanding capital stock.

Guidance on Directorships

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 his capacity to diligently perform his duties as a director of the corporation.

BOARD RESPONSIBILITIES

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

1. Determine the period, manner and conditions under which Ayala Land shall engage in the kinds of business comprised in the second article of the articles of Incorporation;
2. Review the Vision and Mission of the corporation every year;
3. Determine the manner in which capital shall be invested, subject to the provisions of the Articles of Incorporation and By-Laws;
4. Make rules for the internal regulation of the corporation;
5. Create committees and other bodies it may deem advantageous or necessary in running business affairs; appoint advisory directors who can participate in Board deliberations but whose functions shall strictly be advisory and are non-voting; appoint Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents and Assistant Vice-Presidents, who need not necessarily be members of the Board, Attorney's-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the corporation, Members of the Proxy Validation Committee, and fix their duties and powers;
6. Determine the creation of branches, agencies, office departments of any class, under conditions it may deem convenient;
7. Decide as to the safekeeping of the funds of the corporation, open current accounts, term deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;
8. Approve the budgets and general expense accounts of the corporation each year;
9. Fix annually the percentage to be written off on all capital expenditures of the corporation such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;
10. Submit annually, during the regular general meeting of stockholders the balance sheet, income statement and annual report on the condition of the corporation;
11. Call special meetings;
12. Authorize any other person or persons it may deem fit to purchase, sell or mortgage the real or personal properties of the corporation;
13. Authorize any other person or persons it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the corporation and when the bonds have been cancelled;
14. Determine the time and manner of issuance of unissued stocks of the corporation;
15. Fix the budget of administration expenses;
16. Determine the manner and conditions under which employees of the corporation shall be granted pensions, retirement gratuity or life insurance protection;
17. Institute, maintain, defend, compromise or drop any litigation in which Ayala Land or its officers may be interested as plaintiff and grant extension of time for the payment or settlement of any indebtedness in favor of the corporation;

18. Settle any doubt that may arise relative to the interpretation of the corporation's By-Laws and supply any omissions, reporting thereon to the stockholders' general meeting for such action as it may see fit to take;

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

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

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

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

20. Ensure that all directors, executives and employees adhere to the corporation's Code of Ethics;

21. Obtain a regular update from the corporation's Management Committee on any issue concerning the corporation's strategy, risk management and compliance; and the status of the implementation of the corporation's strategy including variances from the approved plans and targets;

22. Approve the financial statements of the corporation based on the report by the Audit Committee, and with the help of independent directors;

23. Approve the annual plans and budget of the corporation, as well as the corresponding investments and personnel movements; and

24. Approve individual transactions or projects that are worth at least ₱1 billion.

BOARD COMMITTEES

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

The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

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

The Board has constituted an Executive Committee, Audit Committee, Board Risk Oversight Committee, Corporate Governance and Nomination Committee, Personnel and Compensation Committee, Related Party Transactions Review Committee, and Sustainability Committee. The Board may also delegate part of its rights and responsibilities to any of its committees.

Executive Committee

The Executive Committee is composed of not less than three members, a majority of whom shall be citizens of the Philippines, and shall designate one of its members as Chairman of the Executive Committee.

The proportion of non-Filipino nationals to citizens of the Philippines in the membership of the Executive Committee shall not exceed the proportion that the number of shares of the corporation held by citizens of the Philippines as set forth in its Articles of Incorporation.

EXECUTIVE COMMITTEE	
NAME	POSITION
Fernando Zobel de Ayala	Chairman (NED)
Jaime Augusto Zobel de Ayala	Member (NED)
Bernard Vincent O. Dy	Member (ED)
Antonino T. Aquino	Member (NED)
Delfin L. Lazaro	Member (NED)

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

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 2/3 of its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the corporation's By-Laws, except with respect to:

1. Approval of any action for which shareholders' approval is also required;
2. Filling of vacancies in the Board or in the Executive Committee;
3. The amendment or repeal of By-Laws or the adoption of new By-Laws;
4. The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amenable or repealable;

5. Distribution of cash dividends; and
6. The exercise of powers delegated by the Board exclusively to other committees, if any.

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

The Executive Committee shall perform such other functions as may be properly delegated to it by the Board and shall be guided by the corporation's mission and vision in the fulfillment of its functions.

Audit Committee

The Audit Committee consists of three directors, entirely non-executive, majority of whom are independent directors. An independent director is the chair of the Committee and is responsible for ensuring the effective interaction among Committee members and with Management and the internal and independent auditors.

Each member has an adequate understanding of accounting and auditing, and of the corporation's financial management systems and the business environment it operates in. At least one member should have auditing experience and accounting expertise.

The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

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

AUDIT COMMITTEE	
NAME	POSITION
Jaime C. Laya (ID)	Chairman
Antonino T. Aquino (NED)	Member
Rizalina G. Mantaring (ID)	Member

Internal Audit

1. Reviewing and approving the Internal Audit Charter and subsequent revisions thereto for approval of the Board. The Internal Audit Charter shall be periodically reviewed to ensure alignment with the International Standards for the Professional Practice of Internal Auditing (ISPPA);
2. Setting up the Internal Audit Division, including the appointment of the Chief Audit Executive (CAE). The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the Committee functionally. The Committee, having appointed the CAE, shall also concur in his or her replacement, re-assignment or dismissal. The Committee shall set up the qualification criteria for internal auditors;
3. Ensuring that the Internal Auditors have free and full access to all the corporation's records, properties and personnel relevant to and required by their function and that the Internal Audit Division shall be free from interference in determining its scope, performing its work and communicating its results;
4. Approving the Annual Internal Audit Work Plan and all deviations therefrom, ensuring that the audit resources are reasonably allocated to the areas of highest risk. In the event that outsourcing of internal audit services is needed, the terms and conditions for outsourcing should be approved by the Committee;

5. Reviewing reports of the Internal Auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues;
6. Reviewing Internal Audit Division's periodic reports and the Internal Audit Annual Report. Periodic reports shall highlight the status of projects in accordance with the audit plan approved by the Committee, as well as any unplanned projects. Such reports shall include a summary of key findings and recommendations, including the status of implementation. The Annual Report shall discuss the Internal Audit Division's activities and performance relative to the audit plans and strategies approved by the Committee;
7. Conducting separate meetings with the CAE to discuss any matter that the Committee or the auditors may deem necessary to be discussed privately;
8. Providing inputs on the performance of the Internal Audit Division and communicating and discussing such inputs with the CFO who shall then translate these into a performance appraisal applicable to the CAE and the Internal Auditors taken as a whole;
9. Instituting special investigations as necessary and, if appropriate, hiring special counsel or experts to provide the necessary assistance; and
10. Reviewing the evaluation of compliance with the Code of Conduct for management.

The Internal Audit Group of the Corporation shall support the Audit Committee in the rendition of its functions.

Financial Reporting

1. Reviewing the financial statements and all related disclosures and reports certified by the CFO and released to the public and/or submitted to the SEC for compliance with both the internal financial management handbook and pertinent accounting standards, including legal and regulatory requirements;
2. Reviewing the quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements;
3. Reviewing and approving the management representation letter before submission to the independent auditor;
4. Ensuring that a transparent financial management system, supported by a Procedures and Policies Handbook that will be used by the entire organization is established, to ensure the integrity of internal control activities throughout the Corporation;
5. Elevating to international standards the accounting and auditing processes, practices and methodologies;
6. Ensuring that actions and measures in case of finding of error or fraud in the financial statements and related disclosures are in place and followed;
7. Reviewing unusual or complex transactions; and
8. Communicating with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.

Independent Audit

1. Recommending the appointment and removal of the Independent Auditor and the fixing of its remuneration, to the Board. The Committee shall conduct an assessment of the independence, professional qualifications, and competence of the Independent Auditor, and ensure that a rotation process is observed in its engagement;
2. Reviewing and pre-approving the Independent Auditor's plans one month before the conduct of the external audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit;
3. In this regard, the Committee shall discuss with the Independent Auditor, before the audit commences, the nature and scope of the audit, and ensure cooperation when more than one professional service firm is needed. In addition, the Committee shall review compliance of the Independent Auditor with auditing standards;
4. Monitoring the coordination of efforts between the Independent Auditor and internal auditors;
5. Reviewing the reports of the Independent Auditor and regulatory agencies, and ensuring that management is taking appropriate corrective actions in a timely manner, including addressing control, governance, and compliance issues;
6. Conducting a separate meeting in executive session with the Independent Auditor to discuss any matter that the Committee or Independent Auditor believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls;
7. Reviewing and approving the proportion of audit versus non-audit work both in relation to their significance to the Independent Auditor and in relation to the Corporation's year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the Independent Auditor. The amount of both audit and non-audit work of Independent Auditors shall be disclosed in the Annual Report;
8. Ensuring that there is a process in place for understanding disagreements between the Independent Auditor and the management of the Corporation; and
9. Ensuring that the Independent Auditor has free and full access to all the Corporation's records, properties, and personnel relevant to and required by their function.

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of three members, at least one of whom is an independent director.

The Chairman is an independent director and each member possesses an adequate understanding of the assessment, management, and mitigation of risks to which the corporation is or may be exposed to.

BOARD RISK OVERSIGHT COMMITTEE	
NAME	POSITION
Rizalina G. Mantaring	Chairperson (ID)
Jaime C. Laya	Member (ID)
Antonino T. Aquino	Member (NED)

The Committee shall have the following roles and responsibilities:

1. Developing a formal enterprise risk management plan which contains the following information: registry of risks; well-defined risk management goals, uniform processes for assessing risks and developing strategies to manage prioritized risks; designing and implementing risk management strategies; and continuing assessments to improve risk strategies, processes and measures;
2. Reviewing the adequacy of the corporation's risk management framework, ensuring that an overall set of risk management policies and procedures exist for the corporation, and overseeing its implementation through a Risk Management Unit;
3. Evaluating the risk management plan and strategies to ensure its continued relevance, comprehensiveness and effectiveness; looking for emerging or changing material exposures; and staying abreast of significant developments that seriously impact the likelihood of harm or loss;
4. Advising the Board on its risk appetite and risk tolerance limits and reviewing these limits at least annually, based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have a major impact on the corporation;
5. Advising the Board on the company's prioritized and residual risk exposures based on regular risk management reports, reviewing the results of the annual risk assessment done by the Chief Risk Officer (CRO), including the risks identified, their impact or potential impact on the corporation and its subsidiaries and how they are addressing and managing these risks;
6. Assessing the probability of the occurrence of each identified risk and estimating the possible significant impact to the corporation and its subsidiaries;
7. Providing oversight over management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation, and evaluating the effectiveness of risk mitigation strategies and action plans, with the assistance of the internal auditors. This includes ensuring that the corporation maintains a framework for fraud prevention and detection (i.e., Whistleblowing Program) and plans for business continuity (i.e., Business Continuity Plan);
8. Meeting periodically with management to discuss the Committee's observations and evaluation of its risk management activities; and
9. Reporting to the Board, as deemed necessary, the corporation's material risk exposures, the actions taken to reduce the risks, and recommending further action or plans, as necessary.

This policy notwithstanding, management shall remain primarily responsible for the development, implementation and reporting of the risk management framework, process, and strategies intended to address the identified risks.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed of at least three members. The Board shall designate the Chairman of the Committee who must be an independent director.

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	
NAME	POSITION
Ma. Angela E. Ignacio	Chairperson (ID)
Fernando Zobel de Ayala	Member (NED)
Antonino T. Aquino	Member (NED)

The Committee shall regularly review its composition, taking into account the evolving requirements of the corporation, and best practices in corporate governance. The Committee has the following duties and responsibilities:

1. Oversee the implementation of the Corporate Governance framework and to periodically review such framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as the business and regulatory environments within which it operates;
2. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance;
3. Ensure that the results of the Board evaluation are shared and discussed, and that concrete plans are developed and implemented to address identified areas for improvement;
4. Recommend continuing education and training programs for directors, assignment of tasks and projects to board committees, and succession planning for the board members and senior officers;
5. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
6. Propose and plan relevant trainings for the members of the Board;
7. Determine the nomination and election process for the corporation's directors. This committee has the special duty of defining the general profile of board members that the corporation may need to ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board;
8. Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates;
9. Establish and maintain a process to ensure that all candidates/nominees for election as directors at the Annual Stockholders' Meeting are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations and possess none of the disqualifications stated in the corporation's Revised Code of Corporate Governance;
10. Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. In the selection of

candidates, the objectives set by the Board regarding its composition, as well as the required knowledge, abilities and experience needed to successfully manage the corporation, are seriously considered. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions;

11. Review and evaluate the qualifications of persons nominated to positions in the corporation which require appointment by the Board, and provide guidance and advice as necessary for the appointments of persons nominated to other positions;
12. Review and disclose succession plans for members of the Board, and officers for the position of Group Head, to the President/CEO;
13. Provide an assessment of the Board's effectiveness in directing the process of renewing and replacing Board members, and in appointing officers or advisors; develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisers; and
14. Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time.

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

Process and Criteria for Nominations to the Board

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

1. Receive all written nominations to the Board submitted by stockholders at least thirty (30) business days before the date of the annual meeting of the stockholders; and
2. Review and evaluate the qualifications of all those nominated in accordance with the following criteria:
 - a. Ownership of at least one share of stock of the corporation standing in his name in the books of the corporation;
 - b. A college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;
 - c. Relevant qualification, such as previous business experience, membership in good standing in a relevant industry, and membership in business or professional organizations;
 - d. Integrity, probity, diligence and assiduousness in the performance of his functions;
 - e. Directorships in other companies, taking into account the following factors:
 - the nature of the business of the corporation;
 - the number of directorships in other companies;
 - any possible conflict of interest;
 - the age of the director;
 - f. For independent directors, beneficial equity ownership in the corporation or in its related companies, which must not exceed 2% and;
 - g. The term limit set for independent directors under applicable laws, rules and regulations.

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

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

Personnel and Compensation Committee

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

PERSONNEL AND COMPENSATION COMMITTEE	
NAME	POSITION
Ma. Angela E. Ignacio	Chairperson (ID)
Fernando Zobel de Ayala	Member (NED)
Rizalina G. Mantaring	Member (ID)

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

1. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the corporation's culture, strategy and control environment;
2. Designate the amount of remuneration, which shall be of a sufficient level to attract and retain directors and officers who are needed to run the corporation successfully;
3. Establish a formal and transparent procedure for developing a policy on remuneration packages of individual directors, and officers, which policy shall disallow independent directors from receiving options, performance shares and bonuses;
4. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compels all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
5. Provide for in the corporation's annual reports, information and proxy statements a clear, concise, and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
6. Review and recommend changes to the existing Human Resources Development or Personnel Handbook, to strengthen provisions of conflict of interest, salaries and benefits policies, promotion and career advancement directives, and compliance of personnel with all statutory requirements that must be periodically met in their respective posts;
7. Provide for in the corporation's annual report the corporation's fee structure of non-executive directors, and ensure that independent directors are not entitled to receive options, performance shares and bonuses;
8. Ensure that the corporation's compensation policy is competitive and aligns the long-term interests of the corporate officers and directors with those of the corporation; and

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

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

Related Party Transactions Review Committee

It is the policy of the corporation to constitute and maintain a Committee which shall provide assistance to the Board in fulfilling its oversight responsibility relating to:

1. Review of all related party transactions (RPTs), except Pre-approved RPTs as enumerated under Section 6 of the corporation's RPT Policy;
2. Formulation, revision, and approval of policies on RPTs; and
3. Conduct of any investigation required to fulfill its responsibilities on RPTs.

To fulfill this responsibility, the Committee shall maintain free and open communication with the corporation's Compliance Office and management.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all records, books of accounts, facilities, and personnel of the corporation. It has the power to retain outside counsel or other experts for this purpose.

The Committee shall be entirely non-executive and shall be composed of three members, all of whom shall be independent directors. The Committee Chair shall be responsible for ensuring the effective interaction among Committee members and with the Compliance Office and management.

RELATED PARTY TRANSACTION REVIEW COMMITTEE	
NAME	POSITION
Ma. Angela E. Ignacio	Chairperson (ID)
Jaime C. Laya	Member (ID)
Rizalina G. Mantaring	Member (ID)

The Committee shall be responsible for the following:

1. Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified. RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related, and vice-versa) are captured;
2. Evaluate material/significant agreements of any kind with a related party and determine any potential reputational risk issue that may arise as a result of or in connection with the transactions;
3. Assist the Board in determining whether to approve, ratify, disapprove, or reject an RPT;
4. The Committee shall take into account whether the RPT is entered into on terms no less favorable to the corporation than terms generally available to an unaffiliated third party under the same or similar circumstances, and review all information provided by management, including all relevant facts and circumstances;

5. For transactions involving the sale of corporation assets, review the results of the appraisal, the valuation methodology used as well as alternative approaches to valuation;
6. Endorse material/significant RPTs to the Board for approval;
7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs by management, including a periodic review of the corporation's RPT Policy and procedures; and
8. Annually review the Committee's own performance.

To keep the Board apprised on the corporation's RPTs, the Chairman of the Committee shall submit an RPT Review Committee report to the Chairman of the Board subsequent to Committee meetings, and shall be ready to present the report to the Board during its meeting for the quarter.

The Committee Chairman will also submit and present an annual RPT Review Committee report to the Board during its first meeting in the immediately succeeding calendar year.

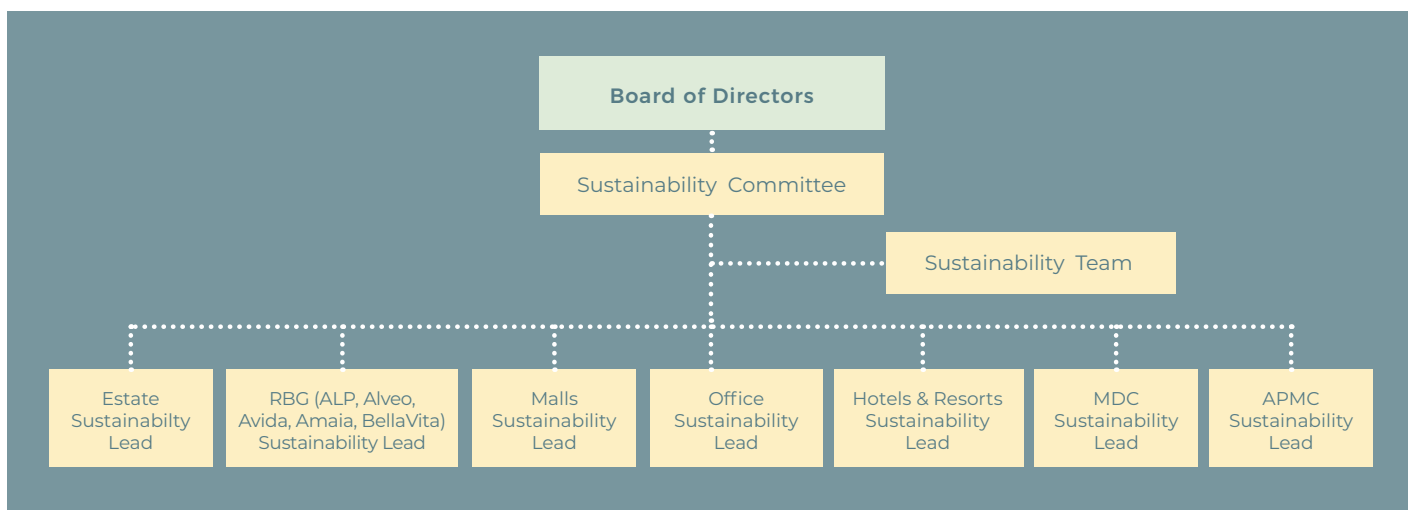
Sustainability Committee

The Committee shall be composed of at least three members as determined by the Board. The Board shall designate the Chairman of the Committee.

SUSTAINABILITY COMMITTEE	
NAME	POSITION
Arturo G. Corpuz	Chairman (NED)
Bernard Vincent O. Dy	Member (ED)
Jaime C. Laya	Member (ID)

The Committee has to be composed in such a way that it possesses, as a group, the necessary knowledge, skills, and experience required to properly perform its duties. It shall regularly review its composition, taking into consideration the progressing standards of the corporation, and best practices in sustainable development.

The Committee oversees the Sustainability Team, which is part of Ayala Land's Business Analytics team. This team spearheads initiatives that implement the Four Focus Areas and has led the establishment of carbon forests, as part of our Carbon Neutrality Program. Moreover, this team empowers and trains sustainability leaders in each of our business units. It also works closely with our Planning and Design Group and supports other units such as Investor Relations, Finance, HR, Risk and Audit, through technical assistance, research and analysis, and learning events, among others.



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

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

1. Provide oversight, identify and assess significant social, ethical, and environmental interdependencies that might impact on the long-term business objective of the corporation, and to be recognized as a responsible and sustainable corporation in the property sector;
2. Guide policy-making in the corporation's sustainability program, and ensure full corporation support and alignment with the Ayala Group of Companies' commitment to sustainable development;
3. Regularly monitor new and innovative technologies, processes and practices that will permit the corporation to attain sustainable growth;
4. Regularly review both current and proposed partnerships and relationships with stakeholders that support the corporation's sustainable growth;
5. Regularly evaluate the corporation's communication and marketing strategies related to sustainable growth; and
6. Review sustainability-related content of the corporation's annual report prior to its issuance.

Inspector of Proxies and Ballots Committee

The Committee is composed of three persons who are empowered to pass on the validity of proxies. The Committee shall be guided by existing laws, and rules and regulations of the SEC regarding proxies. The term of office of the Committee members shall be fixed by the Board of Directors. In the event of a vacancy in the Committee membership, the Board of Directors may appoint another member to such vacancy.

INSPECTOR OF PROXIES AND BALLOTS COMMITTEE*	
NAME	POSITION
Solomon M. Hermosura	Chairman
Leovigildo D. Abot	Member
Angelica L. Salvador	Member

* May not be members of the Board of Directors

The Committee shall have the following duties and responsibilities:

1. At least five working days prior to the date of the stockholders' meeting, perform the validation of the proxies submitted by stockholders. The Committee shall only consider proxies submitted not later than seven 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;
2. Validate, count, and tabulate the votes cast at the corporation's stockholders' meeting; and
3. Perform such other duties and functions as may be delegated by the Board from time to time.

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

Corporate Governance

BOARD PROCESSES

Meetings and Attendance

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

In 2017, the Board held six regular meetings and one special meeting. The average attendance rate of members of the Board was 97%, with each member individually complying with the SEC's minimum attendance requirement of 50%.

Executive sessions are held on an ad-hoc basis without the presence of any executive. The Executive Committee likewise convenes regularly in lieu of the Board.

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

The Corporate Secretary Function

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

It is the duty of the Corporate Secretary to ensure that discussions during Board meetings are open, and that independent views are encouraged and given due consideration.

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

The Corporate Secretary has the following functions:

1. Serve as an adviser to the directors on their responsibilities and obligations;
2. Keep the minutes of meetings of the stockholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;
3. Keep in safe custody, the seal of the corporation and affix it to any instrument requiring the same;
4. Have charge of the stock certificate book and such other books and papers as the Board may direct;
5. Attend to the giving and serving of notices of Board and shareholder meetings;
6. Be fully informed and be part of the scheduling process of other activities of the Board;
7. Prepare an annual schedule of board meetings and the regular agenda of meetings, and put the Board on notice of such agenda at every meeting;
8. Oversee the adequate flow of information to the Board prior to meetings; and
9. Ensure the fulfillment of disclosure requirements to the SEC, the PSE, and the PDEX.

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

Appointments and Re-election

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

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

The election of directors is done by plurality of votes. No person shall be elected nor be competent to hold the office of director unless at least one share of stock of the corporation shall stand in his name in the books of the corporation at the time of his election.

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

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

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

Disclosure of Conflict of Interest

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 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.

No person shall qualify or be eligible for nomination or election to the Board 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 executive present. Directors shall keep confidential all the information contained in the confidential reports or discussions for a period of at least two (2) years. They shall also ensure that all persons who have access to the same information on their behalf shall 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, the director should not participate in those discussions and the Board should follow any further appropriate process.

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



The Ayala Land Internal Audit Division (IAD) has aligned the policies on conflict of interest of Ayala Land with those of its subsidiaries and affiliates to facilitate group-wide implementation. The amended group-wide policy will continue to require the strict compliance of its employees to file their Annual Business Interests and Related Party Disclosure forms with their respective Human Resources Division; these forms are submitted for documentation. IAD will then review the disclosures and conducts audits to ensure compliance.

Internal Audit

The Ayala Land Group Internal Audit, headed by Mr. Leovigildo D. Abot, Vice President, Chief Audit Executive, reports to the Audit Committee of the Board.

The Ayala Land Group Internal Audit provides independent and objective assurance and advisory services to the company. Through the Audit Committee, Ayala Land Group Internal Audit assists the Board in the discharge of its duties and responsibilities as provided for in the SEC's 2009 Revised Code of Corporate Governance.

Ayala Land Group Internal Audit executed its audit activities for 2017 in accordance with the risk-based, process-focused audit approach. This approach is in accordance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (The Standards) and likewise complies with the SEC's 2009 Revised Code of Corporate Governance.

The company continues to improve the internal audit function by benchmarking against best practices. Ayala Land Group Internal Audit has implemented best-practice initiatives and value-adding practices on efficiency and effectiveness of internal audit function, and improved its service delivery. These initiatives and leading practices helped Ayala Land Group Internal Audit to obtain very high

conformance scores and maturity assessments based on the results of the External Quality Assessment Review (EQAR) conducted by independent reviewers in 2017.

External Quality Assessment Review (EQAR)

Internal Auditing Standard 1312 requires that external assessments be conducted by a qualified independent reviewer or review team from outside the company at least once every five years. Specifically, the objectives of a full external assessment are:

1. To assess the efficiency and effectiveness of Ayala Land Group Internal Audit in light of its charter, and the expectations of the Board through the audit committee, executive management, and other stakeholders;
2. To provide an opinion on the Ayala Land Group Internal Audit's conformance with the mission of internal audit and the mandatory elements of the International Practices Framework of IPPF (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, The Standards, and the Definition of Internal Auditing); and
3. To identify opportunities to enhance Ayala Land Group Internal Audit's management of resources and work processes, as well as its value to Ayala Land Group.

In compliance with The Standards, in 2017, Ayala Land Group Internal Audit underwent a thorough assessment and review for the third time since 2007. Ayala Land engaged Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Ltd. Ayala Land Group Internal Audit received a "Generally Conforms" opinion with a high score of 97%, higher than the average score of 94% EQAR results of other P&A clients including international clients. This opinion is a testament that Ayala Land Group Internal Audit conducts its practices in accordance with The Standards.

In addition, Ayala Land Group Internal Audit is the first internal audit organization within the Ayala group of companies to subject itself to the Ayala Group Internal Auditor Network (AGIAN) maturity assessment using the framework developed through the collaboration of Ayala Group Internal Auditors.

The assessment of Ayala Land Group Internal Audit's covers the following components: strategy, service delivery, staff/people, support processes, use of technology, and perception by stakeholders. Ayala Land Group Internal Audit is assessed at "4.85", already considered at level "5" maturity (highest level). Using IIA's Global Standards maturity framework, Ayala Land Group Internal Audit is assessed at "4.60" maturity index, also within the range of level 5 maturity and the highest among P&A's EQAR local and international clients with assessment results ranging from "2.90" to "4.00." This is a testament of the internal audit organization's continuous pursuit of excellence and implementation of leading practices.

ALI Group Internal Audit's current best practice initiatives include the implementation of combined assurance practice, control self-assessment (CSA), integrated audit, increasing advisory services, continuous auditing or use of data analytics, and audit tools such as audit management system.

Combined assurance practice is a solution to optimize the assurance coverage at ALI where ALI Group Internal Audit places reliance on the assurance activities of other risk and control functions in ALI (i.e., assurance providers) such as Quality Assurance (QA) and Technical Audit and Sustainability program.

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

Integrated audit is a practice of integrating Information Technology (IT) audits into regular risk-based, process-focused audits. Depending on IT risk assessment, the regular business audit can include IT General Controls (ITGC) and IT Applications Controls (ITAC) audit. Ayala Land Group Internal Audit has established a Data Analytics Unit which allows Internal Audit to integrate data analytics (as audit tool) into their regular risk-based, process-focused internal audit projects; the establishment of this unit also enables auditors to review or examine 100% of critical transactions and data, instead of samples (increased assurance).

Ayala Land Group Internal Audit has also successfully rolled out Continuous Auditing starting 2015, collecting data, audit evidence, and indicators from IT systems (SAP and non-SAP), processes, transactions, and controls on a frequent, repeatable and sustainable basis. This ensures that certain key processes are now being audited on continuous basis, a significant improvement from previous three-year audit cycles.

Remuneration

Each director of the corporation shall be entitled to receive from the corporation, pursuant to a resolution of the Board of Directors and stockholder approval, fees and other compensation for his services as director. The Chairman of the Board shall receive such remuneration as may be fixed by the Board each year, aside from that which each director may be entitled to receive.

The 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 1% of the net income before income tax of the corporation during the preceding year.

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

Non-executive directors receive remuneration consisting of a fixed annual retainer fee of ₱1,000,000 and a fixed per diem of ₱200,000 for each Board meeting attended.

Six Board meetings were held in 2017. In addition, non-executive directors are also entitled to a per diem of ₱100,000 per Board Committee meeting attended. The remuneration of non-executive directors was approved and ratified during the 2011 Annual Stockholders' Meeting.

BOARD OF DIRECTORS GROSS REMUNERATIONS 2017*

DIRECTORS	REMUNERATION (IN PHP)
Fernando Zobel de Ayala	2,800,000.00
Jaime Augusto Zobel de Ayala	2,200,000.00
Jaime C. Laya	3,500,000.00
Francis G. Estrada**	500,000.00
Ma. Angela E. Ignacio**	2,600,000.00
Rizalina G. Mantaring	3,200,000.00
Antonino T. Aquino	3,600,000.00
Arturo G. Corpuz	2,700,000.00
Delfin L. Lazaro	2,500,000.00

* In 2017 and during the incumbency of the directors.

** Ms. Ignacio replaced Mr. Estrada on April 19, 2017.

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

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

Performance Appraisal

One of the tools used by the Board to monitor and improve its performance is an annual self-assessment exercise. This is administered in the form of a formal questionnaire that is answered by each member of the Board and where they rate their individual performance and that of the Board as a whole. The results are compiled by the Compliance Officer and submitted back to the Board for discussion and appropriate action through the Corporate Secretary.

This self-assessment survey covers four broad areas of Board performance: fulfillment of the Board's key responsibilities, quality of the board-management relationship, effectiveness of board processes and meetings, and the performance of individual Board members. The self-assessment survey questions are reviewed regularly and administered every May, after the Annual Stockholders' Meeting.

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

Training and Continuous Education

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

New directors are given an orientation program to ensure that they are properly equipped with all the company information required for them to fulfill their respective roles as members of the Board.

Typically, a presentation about Ayala Land's operations, business performance and financial results is provided, followed by an optional tour of Ayala Land's various business segments and projects.

We also rolled out in 2010 an internal training module for corporate governance that is attended by all new employees of the company to effectively broaden their awareness of the principles of good corporate governance.

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

All directors are strongly encouraged to attend seminars and trainings on Corporate Governance. In 2016, all Board members underwent training in corporate governance; they have been certified by the Institute of Corporate Directors (ICD) and the SEC.

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

2017 TRAINING AND CONTINUING EDUCATION AYALA LAND BOARD OF DIRECTORS

NAME OF DIRECTORS	DATE OF TRAINING	PROGRAM	TRAINING INSTITUTION
Fernando Zobel de Ayala (NED), Chairman	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Jaime Augusto Zobel de Ayala (NED), Vice Chairman	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Bernard Vincent O. Dy (ED), President and CEO	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Jaime C. Laya (ID)	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Ma. Angela E. Ignacio (ID)	June 14, 2017	Corporate Governance Orientation Program	ICD, SEC
	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Rizalina T. Mantaring (ID)	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Antonino T. Aquino (NED)	May 10, 2017	Annual Corporate Governance Training Program	ICD, SEC
Arturo G. Corpuz (NED)	August 11, 2017	Annual Corporate Governance Training Program	ICD, SEC
Delfin G. Lazaro (NED)	May 10, 2017	Distinguished Corporate Governance Speaker Series	ICD, SEC

2017 SUMMARY OF RESPONSIBILITIES AND ACCOMPLISHMENTS AYALA LAND BOARD COMMITTEES

COMMITTEES/MEMBERS	RESPONSIBILITIES AND ACCOMPLISHMENTS
EXECUTIVE COMMITTEE Fernando Zobel de Ayala (Chairman) Jaime Augusto Zobel de Ayala Antonino T. Aquino Delfin L. Lazaro Bernard Vincent O. Dy	<ul style="list-style-type: none"> • Acted on specific matters delegated by the Board of Directors except with respect to the following: approval of any action for which shareholders' approval is also required, 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 which by its terms is not so amendable or repealable; and the exercise of powers delegated by the Board exclusively to other committees. • Deliberated on, among others, various projects and business proposals.
AUDIT COMMITTEE Jaime C. Laya (Chairman)* Antonino T. Aquino Rizalina G. Mantaring*	<ul style="list-style-type: none"> • Assisted the Board of Directors in the fulfilment of its oversight responsibility relating to the accuracy of the Corporation's financial statements and the soundness of its financial reporting process, the robustness of its internal control, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements. • Reviewed, approved and endorsed the 2017 Audited Financial Statements of the Corporation as prepared by the external auditors Sycip, Gorres, Velayo & Co. (SGV), as well as the quarterly unaudited financial statements. • Recommended the re-appointment of SGV as the Corporation's external auditors for 2018 and the corresponding audit fee structure. • Approved and endorsed the revised Charter of the Audit Committee • Reviewed and/or approved the overall scope and the respective audit plans of the Corporation's Internal Auditors and SGV and discussed the results of their audits and their assessments of the Corporation's internal controls and the overall quality of the financial reporting process. • Reviewed and discussed the report of the Corporation's Ethics Committee. • Reviewed and discussed update on legal cases. • Reviewed and/or approved the engagement of P&A to conduct external quality assurance review of ALI Group Internal Audit (IA) and discussed the results of their assessments of ALI Group IA's conformance to the standards and level of maturity.
BOARD RISK OVERSIGHT COMMITTEE Rizalina G. Mantaring (Chairman)* Antonino T. Aquino Jaime C. Laya*	<ul style="list-style-type: none"> • Assisted the Board of Directors in the fulfilment of its oversight responsibility relating to the effectiveness of the Corporation's risk management process by ensuring that risk management policies and procedures exist and by reviewing the risk management framework and processes. • Reviewed the results of the annual risk assessment and evaluated the risk assessment report both done by the Chief Risk Officers (CRO). • Reviewed and discussed the Corporation's enterprise-wide risk management program including the risk management initiatives and activities of the Corporation, the effectiveness of the risk mitigation strategies and action plans, and the Risk Council composition and objectives. • Reviewed and discussed the business continuity management, and insurance management program of the Corporation. • Approved and endorsed the revised Charter of the Risk Oversight Committee.
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE Ma. Angela E. Ignacio (Chairman)* Fernando Zobel de Ayala Antonino T. Aquino Note: Ms. Ma. Angela E. Ignacio was elected on 19 April 2017 as Chairman of the Committee to replace Mr. Francis G. Estrada	<ul style="list-style-type: none"> • 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, the Manual of Corporate Governance and relevant rules and regulations. • Reviewed and evaluated the qualifications of key executives prior to movement, promotion or hiring. • Reviewed and evaluated the profiles of the nominees for directors for the current year, approved, upon delegation by the Board, the final list of nominees, and approved and endorsed the appointments and promotions of key officers. • Approved and endorsed the revised Charter of the Corporate Governance and Nomination Committee.

*Independent Director

COMMITTEES/MEMBERS	RESPONSIBILITIES AND ACCOMPLISHMENTS
<p>PERSONNEL AND COMPENSATION COMMITTEE</p> <p>Ma. Angela E. Ignacio (Chairman)* Fernando Zobel de Ayala Rizalina G. Mantaring*</p> <p>Note: Ms. Ignacio was elected on 19 April 2017 as Chairman of the Committee to replace Mr. Francis G. Estrada</p>	<ul style="list-style-type: none"> •Implemented 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 2016 performance bonus, 2016 Executive Stock Ownership Plan and 2016 Executive Housing Privilege to qualified officers of the Company. •Reviewed the talent management and salary structure of the Management Team.
<p>RELATED-PARTY TRANSACTION REVIEW COMMITTEE</p> <p>Ma. Angela E. Ignacio (Chairman)* Rizalina G. Mantaring* Jaime C. Laya*</p> <p>Note: Ms. Ma. Angela E. Ignacio was elected on 19 April 2017 to replace Mr. Francis G. Estrada as a member of the Committee, and Ms. Rizalina G. Mantaring as the Chairman of the Committee.</p>	<ul style="list-style-type: none"> •Assisted 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. •Reviewed, discussed, approved and endorsed the acquisition of the Bank of the Philippine Islands' units in Prudentiallife and Novartis Buildings in Legaspi Village, Makati City by Alveo Land Corp., the sale of SouthPark to Orion Land, Inc., and the additional equity infusion and stake in Central Block Developers, Inc. •Approved and endorsed the revised Charter of the Related Party Transaction Review Committee.
<p>SUSTAINABILITY COMMITTEE</p> <p>Jaime C. Laya (Chairman)* Rizalina G. Mantaring* Bernard Vincent O. Dy</p> <p>Note: Mr. Arturo G. Corpuz was elected on 19 April 2017 to replace Ms. Rizalina G. Mantaring as a member of the Committee, and Mr. Jaime C. Laya as the Chairman of the Committee.</p>	<ul style="list-style-type: none"> •Provided oversight to the sustainability initiatives of the Company, formulated policies for the Company's sustainability program, and ensured full Company support and alignment with the Ayala Group of Companies' commitment to Sustainable Development. •Discussed, reviewed, and approved the Carbon Neutrality project particularly the 2017-2022 roadmap of the project as well as the carbon fund 2017 contributions for neutrality, and the baseline of carbon pooling capacity of various sites owned by the Corporation. •Discussed and reviewed the Corporation's sustainability four focus areas and strategic targets, the corporate sustainability assessment results, the other sustainability initiatives of the Corporation, and the sustainability communications strategy of the Corporation. •Approved and endorsed the revised Charter of the Sustainability Committee.

SUMMARY OF 2017 BOARD AND COMMITTEE ATTENDANCE

BOARD		
Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	6/7	86%
Jaime Augusto Zobel de Ayala	6/7	86%
Bernard Vincent O. Dy	7/7	100%
Jaime C. Laya	7/7	100%
Francis G. Estrada**	1/1	100%
Ma. Angela E. Ignacio*	7/7	100%
Rizalina G. Mantaring	7/7	100%
Antonino T. Aquino	7/7	100%
Arturo G. Corpuz	7/7	100%
Delfin L. Lazaro	7/7	100%

*Elected to BOD on April 19, 2017

**BOD member until April 19, 2017

EXECUTIVE COMMITTEE		
Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	1/1	100%
Jaime Augusto Zobel de Ayala	0/1	0%
Bernard Vincent O. Dy	1/1	100%
Antonino T. Aquino	1/1	100%
Delfin L. Lazaro	1/1	100%

NON-EXECUTIVE DIRECTORS		
Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	1/1	100%
Jaime Augusto Zobel de Ayala	1/1	100%
Antonino T. Aquino	1/1	100%
Arturo G. Corpuz	1/1	100%
Ma. Angela E. Ignacio	1/1	100%
Jaime C. Laya	1/1	100%
Delfin L. Lazaro	1/1	100%
Rizalina G. Mantaring	1/1	100%

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

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

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE		
Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	3/3	100%
Francis G. Estrada*	2/2	100%
Ma. Angela E. Ignacio**	1/1	100%
Antonino T. Aquino	3/3	100%

*BOD member until April 19, 2017

**Elected to BOD on April 19, 2017

PERSONNEL AND COMPENSATION COMMITTEE		
Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	2/2	100%
Francis G. Estrada*	1/1	100%
Ma. Angela E. Ignacio**	1/1	100%
Antonino T. Aquino	2/2	100%

* BOD member until April 19, 2017

** Elected to BOD on April 19, 2017

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE		
Director	No. of Meetings Attended/Held	% Present
Ma. Angela E. Ignacio	2/2	100%
Jaime C. Laya	2/2	100%
Rizalina G. Mantaring	2/2	100%

SUSTAINABILITY COMMITTEE		
Director	No. of Meetings Attended/Held	% Present
Arturo G. Corpuz	3/3	100%
Bernard Vincent O. Dy	3/3	100%
Jaime C. Laya	3/3	100%

POLICIES AND PRACTICES

Annual Stockholders' Meeting

We ensure timely disclosure and distribution of notices or invitations to the Annual Stockholders' Meeting (ASM) to all individual and institutional shareholders.

Notice of the ASM

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

We do not group several agenda items into one resolution. We ensure that each resolution taken up during the meeting deals with only one agenda item; the results of the votes for all resolutions taken up in the Annual Stockholders' Meeting are disclosed to the public within the day.

The notice contains the profile and personal data of all of the Board of Directors including the directors seeking election or re-election.

Auditors seeking appointment or re-appointment are also clearly identified in the notice. In 2017, the principal accountant and external auditor of the Company, SyCip, Gorres, Velayo & Company (SGV), was clearly identified and recommended for re-election at the Annual Stockholders' Meeting.

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

Voting Procedure

We disclose the voting and vote tabulation procedures used before the Annual Stockholders' Meeting proceedings.

Voting is done by poll or through electronic voting; each stockholder may cast the vote to which the number of shares he owns entitles him.

A stockholder may vote manually using the ballot provided to him upon registration by placing the accomplished ballot in any of the ballot boxes located at the registration area and inside the ballroom.

A stockholder may also vote electronically using any of the computers at the voting station located outside the ballroom.

The paper ballot and the platform for electronic voting indicate the proposed resolutions for consideration by the stockholders; in addition, each proposed resolution is shown on the stage screens as it is taken up in the meeting.

The stockholders may cast their votes anytime during the meeting. All votes received are tabulated by the Office of the Corporate Secretary, while the results of the tabulation are validated by SGV.

As the stockholders take up an item in the agenda, the Secretary reports on the votes that have been received and tabulated; the final tally of votes are reflected in the minutes of the meeting including approving, dissenting and abstaining votes for each agenda item.

We also allow voting in absentia through the proxy and voting process.

Minutes of the ASM

The minutes of the most recent Annual Stockholders' Meeting is posted on our IR website within five days from the meeting. It documents the full proceedings including the opportunity for stockholders to ask questions or raise issues. It also records the questions raised by stockholders in attendance and the respective answers provided by each Board member. The minutes also contain the list of Board members who attended the meeting.

Mr. Fernando Zobel de Ayala, the Chairman of the Board of Directors; Mr. Bernard Vincent O. Dy, President and CEO; Mr. Jaime C. Laya, Chairman of the Audit Committee; and the rest of the Board members were present during the most recent ASM. (Refer to Board Attendance see page 120 to see the complete list of attendees of the most recent Annual Stockholders' Meeting.)

Venue of the ASM

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

Dividend Declaration

Ayala Land declared cash dividends on its common shares last February 20, 2017 and August 18, 2017.

This translated to a total of ₱7.1 billion or P 0.48 per outstanding common share representing a 34% payout ratio to 2016's net earnings.

The cash dividends were paid to all stockholders of common shares within 30 days from the date of the declaration.

The declaration of dividends depends on the earnings, cash flow and financial condition of the company.

Cash dividends require the approval of the Board of Directors but do not require the approval of stockholders. Special cash dividends are declared on a case-to-case basis depending on the company's cash level and the capital expenditure requirements.

Property dividends, that may come in the form of additional shares, require the approval of the Board of Directors and stockholders.

Furthermore, the declaration of stock dividends requires the approval of the Securities and Exchange Commission and the Philippine Stock Exchange for the listing of the shares.

Disclosure and Transparency

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

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

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

Ownership Structure

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

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

None of the company's directors and management owns 2% or more of the outstanding capital stock of the company.

Fairness Evaluation in Cases of Mergers, Acquisitions and/or Takeovers

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

Anti-Corruption Programs and Procedures (MA-205)

Ayala Land upholds policies and practices that ensure adherence to values and high standards of ethical behavior. Through the years, we come up with best practices and policies concerning corruption that works within Ayala Land and its subsidiaries by ensuring that the tone at the top provides the moral compass for good Corporate Governance. Our various codes, i.e., Code of Ethical Behavior for all employees, Code Ethical Procurement Conduct, Conflict of Interest Policy, Whistleblowing Policy, the establishment of ALI Business Integrity channels and ALI Ethics Committee are an integral part of our success as a corporation.

All employees, third-party business partners, and other stakeholders are encouraged and empowered to report concerns should they become aware of any illegal or unethical activity. This can be done through the following channels (see next column):

CHANNEL	DETAILS
Auditor's Website	https://services.punongbayan-araullo.com/extdata/proactive.nsf/goto/aligroup
Face to Face Meetings	Meeting with any manager from Internal Audit, Legal, HR or other employees of ALI at the option of the whistleblower
Email	myreport@ayalaland.com.ph

Prohibition of Insider Trading and abusive Self-Dealing

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

The prescribed period covers ten trading days before and three trading days after the date of disclosure of quarterly and annual financial results.

For cases of non-structured disclosure of other material information, the trading blackout period covers three trading days before and after the date of disclosure.

Outside of the trading blackout period, the Board of Directors and identified key officers are required to submit any change in their beneficial ownership of shares in Ayala Land through the SEC Form 23-B within three business days from the date of the transaction.

Prior to this, the Board of Directors and identified key officers are required to submit their initial statement of beneficial ownership of shares in Ayala Land through the SEC Form 23-A within ten days from the date of their appointment. These forms are disclosed to the PSE, SEC and PDEX in a simultaneous manner.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT (Executive Officers as of January 31, 2018)

NAME OF BENEFICIAL OWNER	TITLE OF CLASS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT (OF TOTAL OUTSTANDING SHARES)
DIRECTORS				
Fernando Zobel de Ayala	Common	(direct) 12,000	Filipino	0.00004%
Jaime Augusto Zobel de Ayala	Common	(direct) 12,000	Filipino	0.00004%
Bernard Vincent O. Dy	Common	(direct & indirect) 12,813,602	Filipino	0.04611%
Antonino T. Aquino	Common	(direct & indirect) 20,305,226	Filipino	0.07306%
Arturo G. Corpuz	Common	(direct & indirect) 6,278,511	Filipino	0.02259%
Jaime C. Laya	Common	(direct) 10,000	Filipino	0.00004%
Delfin L. Lazaro	Common	(direct) 1	Filipino	0.00000%
Rizalina G. Mantaring	Common	(direct) 1	Filipino	0.00000%
Ma. Angela E. Ignacio	Common	(direct) 1	Filipino	0.00000%
SENIOR MANAGEMENT				
Lyle A. Abadia	Common	(indirect) 555,965	Filipino	0.00200%
Dante M. Abando	Common	(direct & indirect) 4,437,318	Filipino	0.01597%
Leovigildo D. Abot	Common	(direct & indirect) 1,120,204	Filipino	0.00403%
Augusto D. Bengzon	Common	(indirect) 2,466,243	Filipino	0.00887%
Aniceto V. Bisnar, Jr.	Common	(indirect) 1,958,123	Filipino	0.00705%
Manny A. Blas II	Common	(direct & indirect) 1,935,242	Filipino	0.00696%
Ruby P. Chiong	Common	(indirect) 956,719	Filipino	0.00344%
Anna Ma. Margarita B. Dy	Common	(indirect) 6,402,168	Filipino	0.02304%
Myrna Lynne C. Fernandez	Common	(indirect) 1,125,145	Filipino	0.00405%
Dindo R. Fernando	Common	(indirect) 830,332	Filipino	0.00299%
Javier D. Hernandez	Common	(indirect) 419,439	Filipino	0.00151%
Jose Emmanuel H. Jalandoni	Common	(direct & indirect) 6,181,706	Filipino	0.02224%
Joseph Carmichael Z. Jugo	Common	(indirect) 536,053	Filipino	0.00193%
Robert S. Lao	Common	(indirect) 1,115,885	Filipino	0.00402%
Michael Alexis C. Legaspi	Common	(indirect) 4,170,784	Filipino	0.01501%
Carol T. Mills	Common	(indirect) 598,493	Filipino	0.00215%
Christopher B. Maglanoc	Common	(indirect) 720,611	Filipino	0.00259%
Romeo T. Menpin	Common	(direct & indirect) 508,730	Filipino	0.00183%
William Thomas F. Mirasol	Common	(direct & indirect) 236,146	Filipino	0.00085%
Rodelito J. Ocampo	Common	(direct & indirect) 2,275,726	Filipino	0.00819%
Ginaflor C. Oris	Common	(indirect) 499,265	Filipino	0.00180%
Angelica L. Salvador	Common	(direct & indirect) 1,012,382	Filipino	0.00364%
Maria Rowena Victoria M. Tomeldan	Common	(direct & indirect) 1,334,542	Filipino	0.00480%
Jennylle S. Tupaz	Common	(indirect) 476,253	Filipino	0.00171%
Eliezer C. Tanlapco	Common	(indirect) 205,651	Filipino	0.00074%
Jaime E. Ysmael	Common	(direct & indirect) 9,103,891	Filipino	0.03276%
Solomon M. Hermosura	Common	(direct) 480	Filipino	0.00000%
	Preferred	(direct) 480		0.00000%
All Directors and Officers as a group		90,615,318		0.32038%

Unstructured Disclosures

- Board Attendance
- Analyst Briefing Invitation on FY2016 results
- Notice and Agenda of 2017 Annual Stockholders' Meeting
- Press Release on FY 2016 Results
- Declaration of Cash Dividends
- Raising of up to ₱20 billion of debt through a) retail bonds, b) corporate notes c) bilateral loans and raising of up to ₱10 billion through short-dated notes
- Press Release on Carbon Neutrality target by 2022
- Press Release on ALI's investment in Zalora Philippines
- Disclosure of ALI's Consolidated Audited Financial Statements for the year ended December 31, 2016
- Additional documents pursuant to ₱7.0 billion Fixed Rate Bonds due 2027
- Compliance Report on Corporate Governance
- Certifications of Nominees for Independent Directors
- Results of Annual Stockholders' Meeting
- Results of Organizational Meeting of Board of Directors
- Press Release on the appointment of the Group Chief Finance Officer
- Analyst Briefing Invitation on 1Q 2017 results
- Adjustment of ₱7.0 billion bond issuance date
- Press Release on 1Q 2017 Results
- Certificates of attendance of key corporate officers in a Corporate Governance Seminar
- Certificates of attendance of ALI directors to Corporate Governance Seminar
- Annual Corporate Governance Report
- Certificate of Attendance of independent director
- Analyst Briefing Invitation on 1H 2017 results
- Press Release on 1H 2017 Results
- Corporate governance training attendance of directors and key officers
- Declaration of Cash Dividends
- Results of the Regular Meeting of the Board
- Closing of ALI's acquisition of Zalora Philippines

- Analyst Briefing Invitation on 9M 2017 results
- Update on ALI's Homestarter Bond due 2019
- Amended Analyst Briefing Invitation on 9M 2017 results
- SIAL CVS Retailers, Inc. FamilyMart Co., Ltd., and ITOCHU corporation enter into Memorandum of Understanding to sell 100% of outstanding shares in Philippine FamilyMart CVS (Inc.) to P-H-O-E-N-I-X Petroleum Philippines, Inc. (PNX)
- Press Release on 9M 2017 Results
- Promotion of Officers
- Notice of Annual Stockholders' Meeting
- Board approval of revised Corporate Governance and Nomination Committee Charter to comply with the Code of Corporate Governance for publicly-listed companies
- Attendance of key officers to Corporate Governance Training

Clarifications

- Residential sales drive ALI profit higher in 2016 (BusinessWorld)
- Alveo Land hopes to reach record ₱45 billion sales this year (Business Mirror)
- Property giant Ayala Land readies ₱7.0 billion bond offering in April (BusinessWorld)
- ALI raises ₱7 billion bonds (The Philippine Star)
- Ayala to offer ₱5 billion more in notes (Manila Standard)
- ALI allots ₱46 billion for new projects (BusinessWorld)
- Ayala Land loses prime Las Pinas lot in SC ruling (Inquirer)
- FamilyMart chain for sale (Inquirer)
- ALI readies ₱5.7 billion notes issue (The Philippine Star)
- ALI to accelerate capex spending in 2018 (BusinessWorld)
- MVP Group eyes Qualimed (Inquirer)
- ALI lists ₱3.1 billion fixed-rate notes on PDEX (Business Mirror)

Related Party Transactions Policy

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

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

All employees of the corporation are also required to fill a mandatory Business Integrity and Related Party Disclosure form in the month of January of each year. This form requires all employees to disclose all businesses or sources of income other than their employment in Ayala Land and any family member or related party that conducts business with Ayala Land or any of its subsidiaries.

These disclosures are duly noted by the employee's strategic business unit or group head, and submitted to the Human Resource Group, which collates them into a file and monitors compliance thereof.

We also ensure that our independent directors hold no conflict of interest with Ayala Land. Independent directors are required to submit to the Corporate Secretary a letter of confirmation stating that they hold no interest in companies affiliated with Ayala Land and in the management or controlling shareholders of the corporation at the time of their election or appointment and/or re-election as independent directors.

We also require directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda item when they are conflicted. None of the directors, in his or her personal capacity, has been contracted and compensated by the Corporation for services other than those provided as a director.

As reference, non-executive and independent directors receive a remuneration consisting of a fixed annual retainer fee of ₱1,000,000, a fixed per diem of ₱200,000 for each Board meeting attended and ₱100,000 for each committee meeting attended.

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

To ensure that this policy is practiced in strict compliance, an assessment is undertaken of related party transactions as they happen.

In accordance with the Charter of The Board of Directors, the Related Party Transaction (RPT) Review Committee, composed of three independent directors is constituted as the Committee responsible to oversee and review the propriety of RPTs and their required reporting disclosures.

The RPT Review Committee shall approve related party transactions before their commencement. The Board may, at its option, require that a related party transaction that it has approved be also submitted to the stockholders for consideration and ratification.

Related party transactions are disclosed in the relevant financial reports of the corporation as required by International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements. No RPT may be classified as financial assistance to entities other than wholly-owned subsidiary companies.

Whistleblowing

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

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

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

Business Integrity Channels

We established Business Integrity Channels that serve as direct communication points for employees, third-party business partners, and other concerned stakeholders to freely report fraud, violations of laws, rules, and regulations, or misconduct to people of authority without fear of retaliation. These secure channels provide concerned individuals with 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 Business Integrity Channels are spearheaded by the Ayala Land Ethics Committee. The Ethics Committee, which has a direct reporting line to the Audit Committee, is chaired by the Head of the Human Resource Division, and is composed of selected members from the Internal Audit Division (IAD), Risk Management Division, and Ayala Group Legal Counsel. The committee evaluates and resolves concerns received by the Business Integrity Channels to ensure just and prompt resolution.

Whistleblowers may submit to the Ayala Land Business Integrity Channels reports on the following:

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

The Ayala Land Business Integrity Channels accepts reports made anonymously. The whistleblower who files a report may choose to provide the manner by which he or she can be contacted without jeopardizing his anonymity. Such means include but are not limited to using an e-mail address or a mobile number. If the whistleblower chooses to identify himself or herself, the recipient of the report from any of the Reporting Channels shall ask the whistleblower if he or she is willing to be identified in the course of the investigation.

After the investigation has been completed and the report has been substantiated, the Committee informs the Respondent's company's Human Resource Department (HRD) about the report for appropriate action. The Respondent's company HRD shall coordinate with the Committee in conducting a full investigation in accordance with applicable Company policies and procedures.

The Ethics Committee shall ensure the confidentiality of the information and will treat all reports, including the identity of the whistleblower, as confidential, unless compelled by law to reveal such information.

By reporting through any of the Ayala Land Business Integrity Channels, a whistleblower is protected from any retaliation provided that the report is made in good faith.

Cases of retaliation against any whistleblower may be reported through any of the Ayala Land Business Integrity Channels. The retaliation complaint shall be dealt with in accordance with the policy, or other relevant Company policies and procedures, and applicable laws.

Labor and Employment (MA-401, 402, 406, 401-1, 402-1)

Ayala Land treats employees as partners who duly contribute to its business growth. Proper working conditions and practices that maximize the potential of our employees enable our organization to adapt better to the fast-changing external environment. We strictly adhere to local and national labor policies and promote diversity in the workplace to ensure a safe and fulfilling environment for our employees.

In 2017, there were 1,199 new hires, 52% of which were female, and 48% male. By age, 68% were below 30 years old; the rest, 32%, were 30 and above. By region, 84% were from Luzon; 12% from the Visayas; and 3%, Mindanao. Attrition rate remained at 13%.

Within the Ayala Land Group, only Ayala Land Parent has an employees' union, and only MDC has a cooperative. We comply with the Labor Code's required notice to employees, as provided for in the 2017-2019 Collective Bargaining Agreement for Ayala Land Parent employees prior to implementation of significant operational changes that may involve the termination of employment.

Ayala Land recognizes the importance of upholding high standards of accountability and ethics, as mandated by the company's code of ethics which is applicable to all employees of the business and its sub-units. We understand that a sound partnership between employees and Ayala Land depends on maintaining an open dialogue between the staff and senior management. Discriminatory practices may be reported to a designated human resource personnel. Other mechanisms to discuss human resources matters at the level of the business unit include townhall meetings, individual performance reviews, team-building sessions and organizational climate survey.

Ayala Land also provides grievance mechanisms for its customers. These mechanisms include company website, customer service hotline, and personnel from Ayala Land business units. Our organization complies with the Labor Code of the Philippines for minimum notice periods regarding operational changes. In 2017, there was no report of discrimination.

Human Rights (MA-408, 409, 408-1, 409-1)

Ayala Land understands the valued participation of its younger workforce; however, we believe that child labor has no place in our business. To this end, we carefully audit vendors and suppliers to make sure that they do not employ underage workers in their operations. We regularly conduct audits of our project sites to make sure that the sub-contractors and vendors we contract adhere to the General Labor Standards (GLS).

We understand the importance of upholding elimination of all forms of forced and compulsory labor in a fulfilling environment. Ayala Land provides compensation and benefits as mandated by the national labor laws and the company's performance incentive program. In a case of an erring employee, the company does not put the person under threat of penalty, including penal sanctions and loss of rights and privileges.

No aspect of our operation has been identified as posing significant risk for child labor and forced labor.

External Audit, Audit and Audit-related Fees

The principal accountant and external auditor of the Company is the accounting firm of Sycip, Gorres, Velayo and Co. (SGV) with Ms. Lucy L. Chan as the Partner-in-Charge for the 2017 audit year.

Ayala Land and its various subsidiaries and affiliates paid SGV the following fees in the past two years. Non-audit fees do not exceed the audit fees.

YEAR	AUDIT & AUDIT RELATED FEES (in million pesos, with VAT)	TAX FEES	OTHER FEES
2017	29.33*	-	13.76**
2016	26.87*	-	9.07**

* Pertains to audit fees

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

Ayala Land's Corporate Governance Scorecard

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

The average score of the 214 companies in the 2010 survey was 77%.

In 2012, ICD decided to fully adopt the ASEAN Corporate Governance Scorecard in preparation for the regional economic integration by 2015. This move is aimed at enhancing local corporate governance standards to ensure that Philippine listed firms remain at par with the rest of the region.

After its initial run conducted in 2013, which included 252 publicly listed companies, Ayala Land registered a score of 79.6%, topping the average score of 51% across all listed entities and beating the 48.4% average rating of the property sector, composed of 38 listed corporations.

In 2014, Ayala Land further improved its score to 88.4% mainly driven by improvement in corporate governance measures.

Determined to further improve its corporate governance practices, in 2015, the company introduced key overnance initiatives. That year, Ayala Land ranked as one of the Top Three publicly listed companies in the country and one of the Top 50 publicly listed companies in the ASEAN region in corporate governance practices based on the ASEAN Corporate Governance Score Card (ACGS).

In 2016, Ayala Land was recognized as one of the top publicly listed companies in corporate governance by Institute of Corporate Governance.

Contact Information in case of concerns or complaints

The contact numbers and e-mail addresses for questions, concerns, or complaints are publicly available on the back cover of this Report and on the corporate website <https://ir.ayalaland.com.ph> to ensure that all stockholders can get in touch directly with Ayala Land and its subsidiaries anytime for possible violation of their rights.

We address the various information requirements of the investing public through our Investor Communications and Compliance Division (ICCD), which is under the supervision of the CFO.

All information on Corporate Governance and Investor Relations-related matters are available online at <https://www.ir.ayalaland.com.ph>. This site is separate and distinct from <https://www.ayalaland.com.ph>, the website dedicated to information about our estates, residences, malls, and other properties we have developed through the years.





RISK MANAGEMENT

Risk Management

STRENGTHENING OUR RISK CONTROL PROCESSES

As we pursue unprecedented growth and expansion, we proactively measure, mitigate, and manage our risks.

Having achieved our desired risk management maturity level, we focused our risk management activities on reviewing our performance and intensifying our risk control and mitigation initiatives. Key to these activities was the formation of a Risk Council intended to enable and facilitate synergy in risk prioritization and strategy formulation, providing the needed expertise and collaboration to support continuing business expansion and growth, ensuring periodic monitoring of controls and mitigants, and providing overall direction for the professional development of the designated Risk Officers.

Our Board Risk Oversight Committee played an integral role in ensuring that Ayala Land exercises sound risk management practices and activities, consistent with its Board oversight function of reviewing and evaluating the adequacy and effectiveness of the company's risk management activities and processes. Two Board Risk Oversight Committee meetings were held in 2017 to review the results of the risk assessment conducted by the Chief Risk Officer (CRO), including the risks identified, their impact or potential impact on the company's business, and the corresponding measures to address such risks.

Enterprise-Wide Risk Management Activities (EWRM)

We continue to implement our EWRM program and further work to enhance our activities through periodic reviews with the strategic business units (SBU) and key support groups through a "top down, bottom-up" approach. This approach has enabled us to have full visibility of the wide range of risks that the company faces both from the perspective of management and from the operational side of the business, finding commonalities and disparities, and integrating both perspectives to arrive at a holistic view of the company's risk profile. Furthermore, we have aligned our risk parameters with the Ayala group-wide criteria, and we consider health and safety as a significant risk parameter and give due importance to the mitigation of occupational accidents and illnesses.

The Risk Management Process

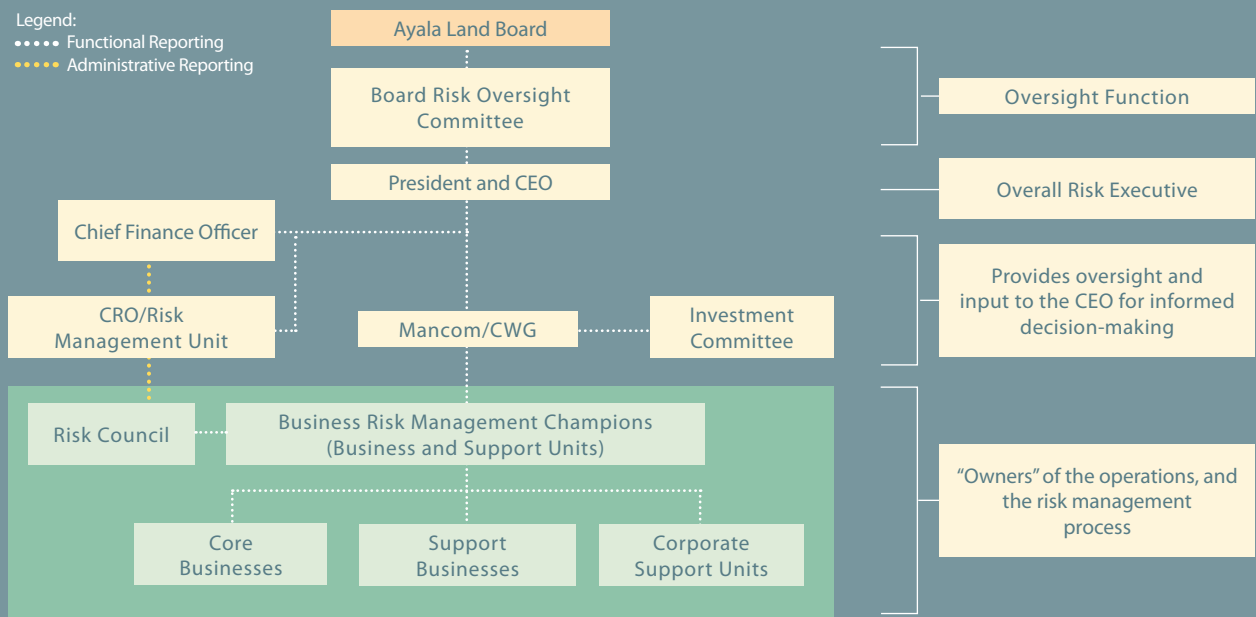
We facilitated risk review and control assessment sessions with each of our SBUs. The outcomes of these facilitated sessions—including identification of key risks both at the corporate and SBU level, control processes, strategies and improvement plans to mitigate the key risks identified—were presented and communicated in separate meetings to the risk owners, the Risk Council for alignment and validation, and to the Board Risk Oversight Committee for further review and advice.

With the key risk areas and key risk mitigation strategies across the company identified, monitored and periodically reported, we have been able to make business decisions that considered and incorporated new and emerging risks, both at the company and operating business unit levels.

RISK MANAGEMENT STRUCTURE

Legend:

- Functional Reporting
- Administrative Reporting



KEY RISK	RISK DESCRIPTION	MITIGATING MEASURES
Project Execution and Timely Delivery	As Ayala Land continues to expand its footprint to a total of 24 estates across the country, and with 206 construction projects on-going, we continuously experience pressures in, among others, maintaining developmental costs within competitive levels, engaging qualified and reliable contractors and suppliers, and ensuring that quality standards are consistently enforced across all projects in different geographies.	<p>We standardized and streamlined processes to achieve improved operating efficiencies, completed partnering agreements on critical materials with suppliers, aggregation and advance buying for critical commodities to avoid delays, continuous external sourcing, and improved planning timelines.</p> <p>To address contractor and supplier risks, we increased partnerships and engagements with triple-A contractors through our construction arm MDC.</p> <p>We also tap smaller local contractors registered with the Philippine Contractor's Accreditation Board (PCAB) to expand our contractor base. We ensure proper selection and qualification of vendors, suppliers, and subcontractors through a third-party expert accreditation firm before our project teams engage such vendors, suppliers, and subcontractors. As of December 2017, we had 2,216 accredited vendors.</p> <p>On top of these measures, we are continuously improving our self-perform and self-manufacture capability for better quality control in our developments. We have also created a training and skills development program in collaboration with the proper government agencies to address the lack of skilled manpower requirement in various areas of our construction projects.</p>
Government, Political and Regulatory Risk	The growth of the local real estate industry and specific business sectors like hotels and resorts is largely driven by the country's overall political and economic situation. As Ayala Land continues to expand into the different growth centers, we see an increased need to cultivate good relationships with the local government entities in these growth centers. Recent developments in both the local and international political landscapes pose volatilities in the market, potentially having adverse effects on some of our business lines and our overall operational capabilities and growth plans.	<p>We work with local governments to ensure critical permits are processed in time.</p> <p>At present, we are well within our acceptable thresholds and timelines. However, we are taking further steps in making permit-related improvements. We diligently monitor permit renewals and deadlines to avoid payment delays and penalties. We also continually review permit processes to ensure that permits are processed and released within acceptable timeframes, to prevent project delays.</p> <p>For new laws or ordinances, we maintain open communication and liaising with concerned regulators and proper implementing offices to ensure our proper compliance and to avoid treatment that will adversely affect our operations and business.</p>
Risk of Being Marginalized by Competitors (MA-206, 206-1)	<p>We face considerable competition in our major business lines.</p> <p>As we expand our land bank and mixed-use developments, competitors similarly undertake massive expansion in all segments of the real estate industry. This is especially true for competitors that have significantly improved their capabilities and the quality of their products.</p>	<p>We continue to address this risk through the following activities: active land acquisition and development activities in key growth centers, aggressive buildup of recurring income through our integrated mixed-use model, rationalization of product offerings and differentiation of strategies to address customer needs, value-engineering and production cost improvements to maintain competitiveness, enhancement of product quality and timely delivery to ensure customer appreciation.</p> <p>We recognize that practices that impede fair market competition affect economic efficiency and long-term industry growth. We are committed to comply with the policies of the recently instituted Philippine Competition Commission (PCC) that monitors business entities for anti-competitive behavior such as collusion with potential competitors, monopolistic practices and price-fixing. No case has been filed with the PCC involving Ayala Land and its businesses.</p>

KEY RISK	RISK DESCRIPTION	MITIGATING MEASURES
Product and Service Quality and Safety Risk <i>(MA-416)</i>	<p>We consistently emphasize the need for a higher level of safety and security awareness and diligence to ensure that customers and the general public have safe experiences in our shopping centers, managed estates and properties including our construction sites. We advocate adequate and effective proactive maintenance practices and procedures to prevent serious and unscheduled operational losses, such as equipment breakdown.</p>	<p>We ensure adequate supervision and safety inspections for all critical and hazardous activities, providing workers mandatory pre-activity training on safety and quality before the start of any construction work.</p> <p>We have empowered safety officers to declare work stoppage, even overriding project managers if the safety officers observe that safety standards and practices are not being met.</p> <p>We have tightened monitoring of all Environmental Health and Safety (EHS) permits and licenses for all projects and engaged MDC to supervise projects including those subcontracted to third parties.</p> <p>We have established geographic sub-crisis management teams and the occupational safety and health committee. The latter develops and manages the accident and illness prevention programs of the company including proper handling of site or premises emergencies.</p>
Organizational Risk	<p>Our employees are our most critical asset.</p> <p>We consider organizational development and engagement a top priority.</p> <p>Personnel attrition due to poaching and the natural tendency to look for other opportunities will always be present.</p>	<p>We work to ensure that there are adequate and qualified personnel not only to meet the demands of our business, but also to achieve optimal work conditions within the organization. We value the contribution of our employees to the company, continually empowering them through professional development activities.</p> <p>We periodically conduct organizational climate surveys in order for us to determine levels of employee engagement and address areas of concern.</p> <p>We employ mitigation strategies such as succession planning, cross-posting, streamlining of organizational structure and operations, and employee retention programs.</p>

KEY RISK	RISK DESCRIPTION	MITIGATING MEASURES
Environmental Risks (MA-304, 307, 411, 412, 413, 304-1, 307-1, 411-1, 412-1, 413-2, 416-1)	<p>Located in a hazardous zone being in the Pacific Ocean's Ring of Fire, we acknowledge that our operating properties and ongoing projects face natural disasters in the form of volcanic eruptions and earthquakes.</p> <p>We also have to contend with typhoons and other extreme weather conditions.</p>	<p>All our land acquisitions and project launches undergo a technical due diligence and environmental scanning process. These include, among others, environmental studies (i.e., for flood, fault lines) not just for the specific land parcels but for adjacent areas, as well.</p> <p>We require strict compliance with applicable codes, rules and regulations (i.e. building codes, fire code) implemented by both the local and national government. We have a regulatory compliance group that ensures permits and licenses are updated and keeps track of new regulations and educates project leads and onsite officers on regulatory matters. As of December 2017, no significant fine related to violations of environmental regulations (exceeding P50,000) has been imposed on any Ayala Land project.</p> <p>We have established 24/7 operation centers all throughout the country that monitor and track weather situations to facilitate early mitigation, advance readiness, and quick response during typhoons, floods, earthquakes, and other disasters both natural and man-made.</p> <p>We identify native flora and fauna within the land or estate, and integrate our findings to create value for the project. This way, we conserve and protect indigenous biodiversity, integrating it into the business model, development plan, and operations. At present, our operations cover a total of 4,870 hectares of land* with high biodiversity value.</p> <p>We had conducted a review of the company's major business lines to strengthen business resiliency, identifying the most critical business activities and the potential business impact should these activities be interrupted. This information is critical in helping us determine the timeframes and the resources required to resume business activities.</p> <p>To ensure cost recovery for physical damages and business interruption losses brought about by disasters, we have insurance programs for both operating properties and construction projects.</p> <p>We also ensure comprehensive monitoring and proper treatment of non-financial risks. We continuously monitor environmental, social, and governance (ESG) risks.</p> <p>We undertake legal research to recognize the rights of the legitimate claimants, including the rights of indigenous people, in our acquisition and development of land and ensure that social concerns are addressed.</p>

* This may be broken down into 470 hectares in Anvaya Cove, Bataan; 323 in El Nido, Palawan; 1,125 in Alviera, Pampanga; 1,860 in Nuvali, Laguna; and 1,092 in Sicogon, Iloilo.

KEY RISK	RISK DESCRIPTION	MITIGATING MEASURES
Company Fraud Risk (205-1)	As a leading company in the industry, dealings with vendors and contractors may expose us to incidents of fraud.	<p>We have established and complied with a Code of Ethical Behavior for all employees and a Code of Ethical Procurement Conduct for all those involved in the procurement process. We have also instituted a Vendor's Code of Ethics to promote a culture of transparency within the company, guiding both employees and vendors in acceptable and ethical business activity and conduct.</p> <p>Through our Internal Audit Division, we have implemented a Whistleblowing Policy and a Business Integrity Channel.</p>
Cyber Risk	With the advent of technology and the heavy dependence on Information Technology (IT) infrastructure in all industries. The frequency of cyber attacks have increased.	<p>We diligently invest and deploy proper technological and administrative solutions to address unauthorized access, control, and manipulation of data and critical information stored and utilized in our IT systems and infrastructure.</p> <p>We have conducted penetration testing, and developed and cascaded information on security-related policies to the entire organization.</p> <p>Our IT team, headed by the Chief Information Officer (CIO), and in collaboration with specialist firms and industry partners, keeps abreast on the latest advanced technological solutions and developments.</p>
Financial Risk	With ₱91.4-billion capital expenditures in 2017 and a steady increase in project launches, it is critical to ensure that we have adequate funding capacity to fund our projected growth in the years to come.	<p>To centrally manage financial risks, our Treasury Division has established a three-layered approach to liquidity through the prudent management of cash, money market placements and high-quality and marketable securities; a continuous program for the sale of receivables; and the maintenance of ample short-term revolving facilities from both local and foreign banks. We also employ scenario analysis and contingency planning to proactively manage our liquidity position.</p> <p>We have set counterparty bank limits for our cash and investable funds to ensure that these are invested only with counterparties of the highest credit standing. A counterparty bank's credit worthiness is determined through our internal rating system which measures liquidity, capital adequacy, and total asset size; we also seek information from available international credit ratings.</p> <p>In addition to maintaining ample short-term revolving facilities, we also obtain long-term debt funding on a timely basis and at optimal terms and conditions. To mitigate exposure to interest rate, refinancing and concentration risks, we actively monitor and manage the mix of fixed and floating-rate borrowings within pre-determined limits prescribed by management, ensure that our debt maturities are spread out over an extended period, and that no single creditor accounts for a significant portion of our total debt.</p> <p>Our financial covenants stipulate a maximum gross debt-to-equity ratio of 3:1; to date, our debt-to-equity ratio is 0.91:1.</p>

AWARDS

CORPORATE AWARDS

RobecoSAM The Sustainability Yearbook 2017

Cited as among the world's most sustainable companies

BCI Asia 2017 Awards

Cited as one of the Best Developers for 2017

Asia Corporate Excellence & Sustainability Awards (ACES)

Most Socially Responsible Company of the Year Asia

Philippine Dealing & Exchange Corporation

Recognized for SEC shelf-registration optimization and innovative Homestarter Bonds

Asiamoney

Best Corporate Brand in the Philippines

World Branding Awards 2017-2018

World Branding Forum's Brand of the Year

52nd Anvil Awards by the Public Relations Society of the Philippines

Gold: ALI's Groundbreakers 2016 "What connects us all" (PR Tools- Publications)

Silver: ALI's Corporate Video "Every Day" (PR Tools- Multimedia)

Quill Awards by the International Association of Business Communicators

Award of Excellence: ALI's Corporate Video "Every Day" (Audio and Video Communication Skills)

The Stevie Awards

Gold: Ayala Land's Corporate Video "Reshaping Lives with Ayala Land" (Videos -Corporate Overview)

Silver: Nuvali Magical Field of Lights (Best Exhibition Display or Feature)

Bronze: Authentic stories of Ayala Land and its mission for nation building [project LED] (Marketing Campaign of the Year (Real estate)

Bronze: Authentic stories of Ayala Land and its mission for nation building [project LED] (Communications or PR Campaign of the Year, reputation/brand management

Lamudi Philippines Online Survey

Best Condo Developer

Developer With Best Amenities

Best Mixed-use Developer for Nuvali

2017 Frost & Sullivan Asia Pacific Best Practices Awards 2017 Philippines Property Development

Company of the Year

IR Magazine

2017 IR Magazine Awards Southeast Asia (Finalist – Best in Country)

SUBSIDIARY AWARDS

52nd Anvil Awards by the Public Relations Society of the Philippines

Gold: Ayala Malls' Little Free Library (PR Programs- Education)

Gold: Ayala Malls' Blooms (PR Programs- Environment)

Gold: Ayala Malls' World Street Food Congress 2016 (PR Tools- Exhibit)

Gold: ArtBGC Mural Festival (PR programs- Arts & Culture)

Silver: ALI's Corporate Video "Every Day" (PR Tools-Multimedia)

Silver: Avida's Tunog Natin

(PR Programs-External Consumers)

Silver: Avida's Tunog Natin CD (PR Tools- Multimedia)

Asia-Pacific Stevie Awards

ALISI-Bronze for Innovation in Corporate Websites

Academy of Interactive and Visual Arts

ALISI-Distinction Award at 2017 Communicator Awards

Optical Media Board

Amicassa recognized for intellectual property rights compliance

Asia Pacific Property Magazine International Awards

Alveo Land recognized for the following awards:
Best Office Development in the Philippines:
The Stiles Enterprise Plaza
Best Interior Design Show Home in the Philippines:
Gentry Residences
Best Interior Design Show Home in the Philippines: Portico

Philippine Property Awards of Property Guru Group

Alveo Highly Commended: Best High End Condo Development-Metro Manila (SOLSTICE)

Dot Property Magazine Awards

Alveo named Best Developer in Metro Manila

World Travel Magazine

El Nido Resorts-"Asia's Responsible Tourism Award"
Seda Hotel-"Philippines' Leading Hotel Group" Award

Quill Awards by the International Association of Business Communicators

Award of Merit: Avida's Tunog Natin- Second edition (Non-profit campaign)
Award of Merit : Avida Grand Neighbor Day (Marketing, Advertising & Brand Communication)
Award of Merit: Avida Grand Neighbor Day (Customer relations)

Philippine Retailers' Association and DTI Awards

Ayala Center Cebu named Shopping Center of the Year in Large category
The District Imus named Shopping Center of the Year under the small category
Ayala Malls commended for winning in the International Council of Shopping Centers (ICSC) Awards

ASEAN Center for Energy

APMC receives International Energy Efficiency Award

Philippine Contractor's Accreditation Board

MDC Recognized as a Quadruple A (AAAA) Construction Company

Asia Pacific Property Awards

Ayala Land Premier's Park Central Towers accorded 5 Stars

International Council of Shopping Centers

Ayala Malls wins gold award at the 2017 ICSC Asia-Pacific Shopping Center Awards

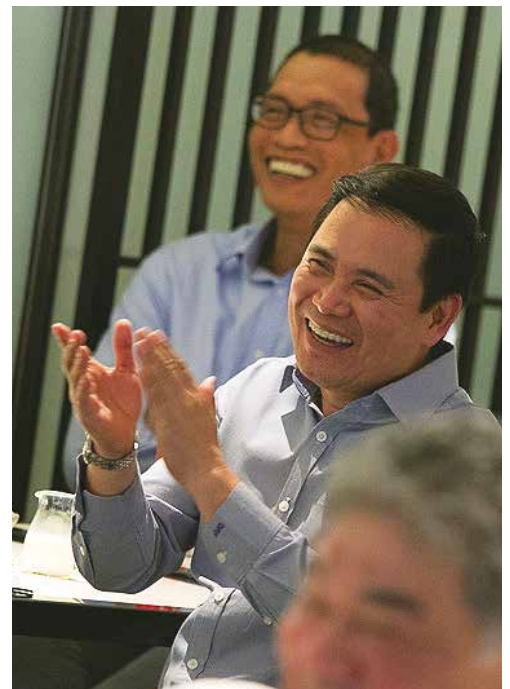
Lamudi Philippines Online Survey

Ayala Greenfield Estates by Ayala Land Premier (Calamba, Laguna)-Best High-end Housing Development
Ayala Greenfield Estates by Ayala Land Premier (Calamba, Laguna)-Best Housing Architecture
Avida Settings Cavite by Avida Land-Best Affordable Housing Development

AT THE CORE OF
AYALA LAND ARE
DEDICATED EMPLOYEES
WHO EXECUTE OUR
GROWTH STRATEGIES.















FINANCIALS



Financials

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

Ayala Land, Inc. (ALI or “the Company”) posted a net income of ₱25.31 billion, a solid earnings growth of 21% in 2017. The Company sustained a healthy topline with ₱142.30 billion in consolidated revenues, 14% higher than 2016. Real Estate revenues likewise increased 13% to ₱133.1 billion, driven by the resurgence of property sales and the strong growth of its leasing business. Meanwhile, earnings before interest and taxes (EBIT) margin registered at 30.1% compared to 29.7% 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 ₱96.39 billion, 24% higher than ₱77.73 billion last year.

Residential

Revenues from the sale of residential lots and units reached ₱79.90 billion, 25% higher than ₱64.08 billion last year, driven by bookings and project completion across all residential brands.

Ayala Land Premier (ALP) registered revenues of ₱26.50 billion, 7% higher than ₱24.86 billion last year given higher completion of subdivision projects such as Cerilo in Nuvali and The Courtyards Phase 2 in Veramosa, and its condominium projects, such as Park Central North in Makati and Arbor Lanes 3 in Arca South.

Alveo meanwhile recorded revenues of ₱26.17 billion, a robust gain of 45% from ₱18.03 billion last year due to higher completion of its subdivision projects such as Ardia in Veramosa, Cavite and Montala in Alviara, Porac, Pampanga and its condominium projects such as High Park Tower 2 in Vertis North, Quezon City, Verve Residences 2 and Veranda Phase 2.

Avida posted revenues of ₱20.83 billion, a strong growth of 22% from ₱17.07 billion last year on the account of combined higher bookings and incremental completion of its condominium projects such as Avida Towers Turf 1, The Montane and Avida Tower Verte in Bonifacio Global City, Avida Tower Sola 1 in Vertis North, Avida Towers Riala 3 in Cebu City, and Avida Towers One Union Place 1 and 2 in Arca South and its subdivision projects such as Hillcrest Estates, Woodhill Settings, and Southfield Settings in Nuvali.

Amaia generated revenues of ₱5.74 billion, a significant increase of 72% from ₱3.35 billion last year as a result of higher bookings and completion Skies Towers in Avenida, Shaw, Sta. Mesa and Cubao and Steps projects in Bicutan, Sucat, Nuvali Parkway and Capitol Central in Bacolod City. BellaVita meanwhile reached revenues of ₱652 million, 16% lower than ₱776 million last year.

The average gross profit margin of horizontal projects improved to 47% from 43% due to the higher contribution of The Courtyards and Ardia in Veramosa, Riomonte in Nuvali and Montala in Alviara while the average gross profit margin of vertical developments declined to 30% from 35% due to higher project costs.

Office for Sale

Revenues from the sale of office spaces reached ₱9.45 billion, 15% higher than ₱8.20 billion last year driven by higher completion of Alveo's High Street South Corporate Plaza 2, Alveo Financial Tower in Makati CBD, and Avida's Capital House in BGC. Gross profit margin of offices for sale was maintained at 37%.

Commercial and Industrial Lots

Revenues from the sale of commercial and industrial lots reached ₱7.04 billion, 29% higher than ₱5.45 billion last year due to higher lot sales in Arca South, Taguig, Vermosa, Cavite and industrial lots in Cavite. Gross profit margin slightly declined to 40% from 41% due to the mix of projects sold.

A resurgence of property sales was seen in 2017 as sales reservations increased 13% to ₱121.96 billion from ₱108.05 billion in 2016 which only posted an annual growth of 3%. Total sales reservations in 2017 translated to an average of ₱10.2 billion in monthly sales. Net booked sales grew 16% to ₱96.86 billion from ₱83.33 billion in the previous year. In the fourth quarter of 2017, property sales also notably increased, sales take-up grew 17% to ₱27.78 billion and net booked sales grew 18% to ₱29.92 billion.

Commercial Leasing

This segment includes the company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations.

Total revenues from commercial leasing amounted to ₱30.96 billion, 10% higher than ₱28.07 billion last year.

Shopping Centers

Revenues from shopping centers reached ₱17.66 billion, 10% higher than ₱16.08 billion last year due to the improved performance of the new malls such as The 30th, Tutuban Center and UP Town Center.

Shopping Centers EBITDA margin slightly decreased to 66% from 67% due to early-stage operations of newly opened malls.

The average monthly lease rate registered at ₱1,087 per square meter while same mall rental growth was 5%. The average occupancy rate for all malls was 92% while the occupancy rate of stable malls was 97%. The Company opened 5 new malls in 2017, namely, The 30th in Pasig, Ayala Malls Vertis North and Ayala Malls Cloverleaf in Quezon City, Ayala Malls Marikina and Ayala Malls Feliz, Marikina. This brings the total gross leasable area (GLA) of Shopping Centers to 1.80 million sq. meters as of end-2017.

Offices

Revenues from office leasing reached ₱6.66 billion, 12% higher than ₱5.94 billion last year due to the stabilized occupancy of the new offices, namely UP Town Center BPO, Cebu eBloc 4 and ATC BPO.

Office leasing EBITDA margin was maintained at 91% given the stabilized occupancy of new offices.

The average monthly lease rate registered at ₱739 per sq. meter. The average occupancy rate for all offices was 86% while the occupancy rate of stable offices was 97%. The Company completed six new offices in 2017, namely, Circuit BPO Tower 1 and 2 in Makati, The 30th Corporate Center in Pasig, One Bonifacio High Street in BGC, Tech Tower Cebu and Vertis North BPO 2 in Quezon City. This brings the total GLA of Office Leasing to 1.02 million sq. meters as of end-2017.

Hotels and Resorts

Revenues from hotels and resorts reached ₱6.64 billion, 10% higher than ₱6.05 billion last year, due to the higher occupancy and average room rate of El Nido resorts and the opening of Seda Vertis North. Revenue-per-available-room (REVPAR) of hotels decreased by 6% to ₱3,576 per night mainly due to the lower occupancy of its internationally branded hotels in Makati. The REVPAR of resorts was steady at ₱8,052 per night.

Hotels and resorts EBITDA margin was maintained at 28% given its sustained performance from last year.

The average room rate per night of hotels and resorts was ₱5,050 and ₱13,210 respectively. The occupancy of hotels registered an average of 71% while the occupancy of resorts registered an average of 61%.

The hotels and resorts segment operates 961 hotel rooms from its internationally branded segment (Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati); 1,301 rooms from Seda Hotels located in Atria in Iloilo, BGC in Taguig, Centrio in Cagayan de Oro, Abreeza in Davao, Nuvali in Santa Rosa Laguna, Vertis North in Quezon City and Seda Bacolod; 213 island resort rooms at El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian; Islands 82 rooms at Lio Tourism Estate, both in Palawan; and 26 rooms at Sicogon Island Resort in Iloilo. In 2017, the Company opened Seda Vertis North, initial rooms in Seda Bacolod, additional rooms in Casa Kalaw, Balai Adlao and Hotel Covo in Lio, Palawan and additional rooms in Balay Kogon, Sicogon. This brings the total number of rooms to 2,583 as of end-2017.

Services

This segment includes the Company's wholly-owned construction and property management companies, Makati Development Corporation, and Ayala Property Management Corporation.

Total revenues from the services segment amounted to ₱71.80 billion, 5% higher than ₱68.49 billion last year.

Construction

Revenues reached ₱67.40 billion, 3% higher than ₱65.32 billion due to increased order book and higher completion of projects within the Ayala Land group.

Property Management

Revenues from property management registered at ₱4.39 billion, 38% higher than ₱3.17 billion in the previous year due to more managed properties from completed projects.

Blended EBITDA margins of the services segment registered at 10%, a slight decline from 11% in the previous year due to project mix.

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

Equity in net earnings of associates and joint ventures substantially increased by 56% to ₱865.57 million from ₱554.41 million last year due to the higher net income contribution of non-consolidated associates while interest, investment and other income reached ₱8.33 billion, 31% higher than ₱6.37 billion last year. Interest and investment income grew due to higher interest income from money market placements and accretion income; meanwhile other income increased due to higher marketing and management fees.

Expenses

Total expenses registered at ₱104.31 billion, 13% higher than ₱91.97 billion last year mainly due to higher real estate expenses which grew 15% to ₱87.92 billion from ₱76.57 billion last year. General and administrative expenses (GAE) increased by only 3% to ₱7.28 billion from ₱7.03 billion last year. This resulted in further improvement in the GAE ratio to 5.1% from 5.6% in 2016.

Interest expense, financing and other charges meanwhile posted a 9% increase to ₱9.11 billion from ₱8.37 billion last year as a result of higher interest expense from the higher average daily loan balance. The average cost of debt registered at 4.6%, slightly higher than 4.5% in the previous year as a result of higher interest rates.

Project and Capital Expenditures

Ayala Land spent ₱91.4 billion in capital expenditures, higher than its estimated budget of ₱88.0 billion at the start of 2017, to support the aggressive completion of new projects in its pipeline. Forty eight percent was spent on residential projects, 29% on commercial projects, 17% for land acquisition and other investments, and 6% for the development of the estates.

Financial Condition

The Company's balance sheet continues to be solidly positioned to support its growth plans.

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at ₱25.82 billion resulting in a current ratio of 1.18:1.

Total borrowings registered at ₱174.39 billion which translated to a debt-to-equity ratio of 0.91:1 and a net debt-to-equity ratio of 0.77:1.

Return on equity was 16.1% as of December 31, 2017.

	End-December 2017	End-December 2016
Current ratio ¹	1.18:1	1.12:1
Debt-to-Equity ratio ²	0.91:1	0.93:1
Net Debt-to-Equity ratio ³	0.77:1	0.79:1
Profitability Ratios:		
Return on assets ⁴	5.07%	4.99%
Return on equity ⁵	16.09%	14.86%
Asset to Equity Ratio ⁶	2.99:1	3.11:1
Interest Rate Coverage Ratio ⁷	5.99	5.92

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 2017.

Financials

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

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

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

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

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

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


- We recommended to the Board of Directors the re-appointment of SGV & Co. as independent external auditor for 2018, based on the review of their performance and qualifications, including consideration of management's recommendation;
- We reviewed and discussed the quarterly consolidated financial statements and the annual consolidated financial statements of Ayala Land, Inc. and subsidiaries, including Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2017, with the Company's management and SGV & Co. These activities were performed in the following context:
 - That management has the primary responsibility for the financial statements and the reporting process.
 - That SGV & Co. is responsible for expressing an opinion on the conformity of the Company's consolidated audited financial statements with Philippine Financial Reporting Standards.

- We reviewed and approved the management representation letter before submission to the Company's independent external auditors;
- We discussed and approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV & Co. We have also discussed the results of their audits and their assessment of the Company's internal controls and the overall quality of the financial reporting process;
- We also reviewed the reports of the Internal Auditors, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal controls and compliance issues. All the activities performed by Internal Audit were conducted in conformance with the International Standards for the Professional Practice of Internal Auditing;
- We paid particular attention to Internal Auditors' findings on Makati Development Corporation (MDC), and noted continuing improvements in company processes and internal controls. However, realizing the complexity, magnitude and dispersal of MDC operations, the Audit Committee requested that Internal Audit Reports present MDC findings and recommendations in a section separate from other Ayala Land, Inc. operating units.
- We reviewed and approved all audit, audit-related, and permitted non-audit services provided by SGV & Co. to Ayala Land, Inc. and the related fees for such services. We also assessed the compatibility of non-audit services with the auditor's roles and responsibilities to ensure that such services will not impair their independence;
- We reviewed and discussed the adequacy of the Company's enterprise-wide risk management process, including the major risk exposures, the related risk mitigation efforts and initiatives, and the status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements as of and for the year ended December 31, 2017 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

February 14, 2018


 JAIME C. LAYA
 Committee Chair


 RIZALINA G. MANTARING
 Member


 ANTONINO T. AQUINO
 Member



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ayala Land, Inc. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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

FERNANDO ZOBEL DE AYALA
Chairman, Board of Directors

BERNARD VINCENT O. DY
President & Chief Executive Officer

AUGUSTO D. BENGZON
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 20 2018 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name
Fernando Zobel de Ayala
Bernard Vincent O. Dy
Augusto D. Bengzon

Passport No.
EC6148225
EC8377126
EC4338268

Date & Place of Issue
December 8, 2015 – Manila
July 23 2016 – Manila
June 7, 2015 – Manila

Doc. No. 358 ;
Page No. 73 ;
Book No. J ;
Series of 2018.



MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. 153 until December 31, 2019
Roll of Attorneys No. 58335
IBP No. 026373 - 01/11/2018 - Makati City
PTR No. 6628678MD - 01/11/2018 - Makati City
MCLE Compliance No. V-0017192- 03/28/2016
3rd Floor Tower One and Exchange Plaza

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

Ayala Land, Inc., Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Philippines
Tel. No. (632) 908-3111 Fax No. (632) 840-5306 Website: www.ayalaland.com.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ayala Land, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, 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, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of real estate revenue and costs

The Group is involved in real estate project developments under the Ayala Land Premier, Alveo, Avida and Amaia brands for which it applies the percentage of completion (POC) method in determining real estate revenue and costs. The POC is based on the physical proportion of work and the cost of sales is determined based on the estimated project development costs applied with the respective project's POC. The assessment process for the POC and the estimated project development costs requires technical determination by management's specialists (project engineers). In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. This matter is significant to our audit because the assessment of the stage of completion, total estimated project development costs and the level of buyer's equity involves significant management judgment.

Refer to Notes 2 and 3 to the consolidated financial statements for the disclosures on revenue and cost recognition.

Audit Response

We obtained an understanding of the Group's process for determining the percentage of completion, including the cost accumulation process, and for determining and updating the total estimated project development costs, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we compared the certified POC against supporting documents such as accomplishment reports from the contractors. We conducted ocular inspections of selected projects, together with the project managers, and made the relevant inquiries. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents.

For selected projects, we obtained the project reserve memorandum approved by the Investment Committee indicating the work breakdown structure and total project development costs as estimated by the project engineers. For changes in estimated cost components including those relating to unforeseen costs related to projects, we compared these against the special budget appropriations request form and supporting documents such as contractor's change order form. For changes in total project development costs, we obtained the revised project reserve memorandum approved by the Investment Committee, compared this against the supporting documents, and performed inquiries with the project engineers and other relevant management personnel on the rationale for such changes.

Consolidation Process

The consolidated financial statements of the Group represents the consolidation of the financial statements of Ayala Land, Inc. and its numerous direct and indirect subsidiaries. We consider the Group's consolidation process as a significant risk area because of the complexity involved due to the numerous component entities within the Group requiring layers of consolidation, voluminous intercompany transactions that require elimination and subsequent realization of profit or revenue, monitoring of fair value adjustments arising from business combinations, and adjustments to non-controlling interests.

Note 1 to the consolidated financial statements provides the relevant information on the Group's subsidiaries.

Audit Response

We obtained an understanding of the Group's consolidation process and the Group's process for identifying related parties and related party transactions and the reconciliation of intercompany balances. We tested significant consolidation adjustments, including elimination, deferral and realization of intercompany transactions and balances, amortization/depreciation/reversal of fair value adjustments arising from business combinations, the currency translation adjustments, and movements in non-controlling interests and other equity adjustments.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lucy L. Chan.

SYCIP GORRES VELAYO & CO.



Lucy L. Chan

Partner

CPA Certificate No. 88118

SEC Accreditation No. 0114-AR-4 (Group A),

January 7, 2016, valid until January 6, 2019

Tax Identification No. 152-884-511

BIR Accreditation No. 08-001998-46-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 6621239, January 9, 2018, Makati City

February 20, 2018

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

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 30)	₱20,998,089	₱20,904,330
Short-term investments (Notes 5 and 30)	4,739,734	207,671
Financial assets at fair value through profit or loss (Notes 6 and 30)	540,606	1,964,540
Accounts and notes receivable (Notes 7 and 30)	98,311,499	97,467,753
Inventories (Note 8)	62,192,378	66,727,945
Other current assets (Note 9)	31,778,649	23,739,874
Total Current Assets	218,560,955	211,012,113
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7 and 30)	44,522,898	35,133,216
Available-for-sale financial assets (Notes 10 and 30)	1,475,241	1,385,172
Land and improvements (Note 11)	94,276,655	101,456,799
Investments in associates and joint ventures (Note 12)	26,800,823	24,985,317
Investment properties (Note 13)	134,616,390	107,931,032
Property and equipment (Note 14)	28,524,088	26,504,386
Deferred tax assets - net (Note 23)	10,648,013	9,878,550
Other noncurrent assets (Notes 15 and 27)	14,567,271	18,146,410
Total Noncurrent Assets	355,431,379	325,420,882
	₱573,992,334	₱536,432,995
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 17 and 30)	₱17,644,350	₱24,244,350
Accounts and other payables (Notes 16 and 30)	137,683,859	141,713,114
Income tax payable	978,433	1,470,573
Current portion of long-term debt (Notes 17 and 30)	6,572,775	5,187,111
Deposits and other current liabilities (Note 18)	21,743,820	15,588,023
Total Current Liabilities	184,623,237	188,203,171
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 30)	150,168,631	130,369,877
Pension liabilities (Note 27)	1,535,671	1,498,840
Deferred tax liabilities - net (Note 23)	3,543,791	4,356,530
Deposits and other noncurrent liabilities (Notes 19 and 30)	41,857,646	39,321,390
Total Noncurrent Liabilities	197,105,739	175,546,637
Total Liabilities	381,728,976	363,749,808

(Forward)

	December 31	
	2017	2016
Equity (Note 20)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	₱61,948,711	₱61,562,170
Retained earnings	109,976,450	91,798,555
Stock options outstanding (Note 29)	99,064	89,697
Remeasurement loss on defined benefit plans (Note 27)	(160,015)	(356,918)
Net unrealized gain on available-for-sale financial assets (Note 10)	40,530	43,594
Cumulative translation adjustments	1,001,986	–
Equity reserves (Note 1)	(6,152,115)	(5,432,003)
	166,754,611	147,705,095
Non-controlling interests (Note 20)	25,508,747	24,978,092
Total Equity	192,263,358	172,683,187
	₱573,992,334	₱536,432,995

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		
	2017	2016	2015
REVENUE			
Real estate (Notes 26 and 31)	₱133,097,831	₱117,700,488	₱100,660,792
Interest income from real estate sales (Note 7)	5,409,944	5,010,993	5,172,744
Equity in net earnings (losses) of associates and joint ventures (Note 12)	865,566	554,414	(140,488)
	139,373,341	123,265,895	105,693,048
COSTS AND EXPENSES			
Real estate (Note 22)	87,921,064	76,566,404	65,335,060
General and administrative expenses (Notes 22, 27 and 29)	7,274,845	7,031,350	6,591,955
Other expenses (Note 22)	1,196,076	1,053,207	998,860
	96,391,985	84,650,961	72,925,875
OTHER INCOME (CHARGES)			
Interest and investment income (Notes 6, 21 and 26)	675,051	702,964	807,287
Interest and other financing charges (Note 22)	(7,914,326)	(7,314,387)	(6,506,261)
Other income (Notes 21 and 25)	2,248,559	659,936	682,605
INCOME BEFORE INCOME TAX	37,990,640	32,663,447	27,750,804
PROVISION FOR INCOME TAX (Note 23)			
Current	11,959,895	10,070,055	8,561,600
Deferred	(2,134,914)	(1,838,393)	(1,707,683)
	9,824,981	8,231,662	6,853,917
NET INCOME	₱28,165,659	₱24,431,785	₱20,896,887
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 28)	₱25,304,965	₱20,908,011	₱17,630,275
Non-controlling interests	2,860,694	3,523,774	3,266,612
	₱28,165,659	₱24,431,785	₱20,896,887
Earnings Per Share (Note 28)			
Net income attributable to equity holders of Ayala Land, Inc.			
Basic and diluted	₱1.71	₱1.43	₱1.20

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
Net income	₱28,165,659	₱24,431,785	₱20,896,887
Other comprehensive income (loss)			
<i>Items that may be reclassified to profit or loss in subsequent years:</i>			
Net unrealized gain (loss) on available-for-sale financial assets (Note 10)	(3,064)	124,932	(215,828)
Cumulative translation adjustment	1,001,986	–	–
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Remeasurement gain on pension liabilities (Note 27)	281,290	107,956	199,864
Income tax effect	(84,387)	(32,387)	(59,959)
	1,195,825	200,501	(75,923)
Total comprehensive income	₱29,361,484	₱24,632,286	₱20,820,964
Total comprehensive income attributable to:			
Equity holders of of Ayala Land, Inc.	₱26,500,790	₱21,107,974	₱17,553,565
Non-controlling interests	2,860,694	3,524,312	3,267,399
	₱29,361,484	₱24,632,286	₱20,820,964

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

Attributable to equity holders of Ayala Land, Inc.													
	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Subscriptions Receivable (Note 20)	Appropriated Retained Earnings (Note 20)	Unappropriated Retained Earnings (Note 20)	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined- Benefit Plans (Note 27)	Net Unrealized Gain (Loss) on Available- for-Sale Financial Assets (Note 10)	Cumulative Translation Adjustments (Note 20)	Equity Reserves (Note 20)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2017	₱16,019,331	₱46,928,521	(₱1,385,682)	₱8,000,000	₱83,798,555	₱89,697	(₱356,918)	₱43,594	₱-	(₱5,432,003)	₱147,705,095	₱24,978,092	₱172,683,187
Net income	-	-	-	-	25,304,965	-	-	-	-	-	25,304,965	2,860,694	28,165,659
Other comprehensive income (loss)	-	-	-	-	-	-	196,903	(3,064)	1,001,986	-	1,195,825	-	1,195,825
Total comprehensive income	-	-	-	-	25,304,965	-	196,903	(3,064)	1,001,986	-	26,500,790	2,860,694	29,361,484
Cost of stock options	-	144,478	-	-	-	9,367	-	-	-	-	153,845	-	153,845
Collection of subscription receivable	-	-	242,063	-	-	-	-	-	-	-	242,063	-	242,063
Stock options exercised	12,265	381,242	(393,507)	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(586,010)	(586,010)	(1,247,563)	
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	(134,102)	(134,102)	(408,138)	
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	(387,883)	(387,883)	(829,801)	
Cash dividends declared	-	-	-	-	(7,127,070)	-	-	-	-	-	(7,127,070)	-	(8,229,801)
As of December 31, 2017	₱16,031,596	₱47,454,241	(₱1,537,126)	₱8,000,000	₱101,976,450	₱99,064	(₱160,015)	₱40,530	₱1,001,986	(₱6,152,115)	₱166,754,611	₱25,508,747	₱192,263,358
As of January 1, 2016	₱16,002,280	₱46,217,696	(₱1,147,528)	₱6,000,000	₱71,951,761	₱190,747	(₱432,487)	(₱80,800)	₱-	(₱4,970,965)	₱133,730,704	₱16,094,707	₱149,825,411
Net income	-	-	-	-	20,908,011	-	-	-	-	-	20,908,011	3,523,774	24,431,785
Other comprehensive income	-	-	-	-	-	-	75,569	124,394	-	-	199,963	538	200,501
Total comprehensive income	-	-	-	-	20,908,011	-	75,569	124,394	-	-	21,107,974	3,524,312	24,632,286
Collection of subscription receivable	-	-	180,338	-	-	-	-	-	-	-	180,338	-	180,338
Appropriation	-	-	-	2,000,000	(2,000,000)	-	-	-	-	-	-	-	-
Cash dividends declared	-	-	-	-	(7,061,217)	-	-	-	-	-	(7,061,217)	(1,559,064)	(8,620,281)
Cost of stock options	-	198,445	-	-	-	9,889	-	-	-	-	208,334	-	208,334
Stock options exercised	17,051	512,380	(418,492)	-	-	(110,939)	-	-	-	-	-	-	-
Acquisition on non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(748,746)	(1,209,784)
Net increase in non-controlling interest	-	-	-	-	-	-	-	-	-	(461,038)	(461,038)	7,666,883	7,666,883
As of December 31, 2016	₱16,019,331	₱46,928,521	(₱1,385,682)	₱8,000,000	₱83,798,555	₱89,697	(₱356,918)	₱43,594	₱-	(₱5,432,003)	₱147,705,095	₱24,978,092	₱172,683,187

Attributable to equity holders of Ayala Land, Inc.

	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Subscriptions Receivable	Appropriated Retained Earnings (Note 20)	Unappropriated Retained Earnings (Note 20)	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined Benefit Plans (Note 27)	Net Unrealized Gain (Loss) on Available- for-Sale Financial Assets (Note 10)	Cumulative Translation Adjustments (Note 20)	Equity Reserves (Note 20)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2015	P15,497,138	P30,200,324	(P845,994)	P6,000,000	P60,478,250	P185,604	(P572,392)	P135,815	P-	(P4,138,909)	P106,939,836	P15,055,622	P121,995,458
Net income	-	-	-	-	17,630,275	-	-	-	-	-	17,630,275	3,266,787	20,896,887
Other comprehensive income	-	-	-	-	-	-	139,905	(216,615)	-	-	(76,710)	-	(75,923)
Total comprehensive income	-	-	-	-	17,630,275	-	139,905	(216,615)	-	-	17,553,565	3,267,399	20,820,964
Subscription of capital stock	486,965	15,463,137	-	-	-	-	-	-	-	-	15,950,102	-	15,950,102
Cost of stock options	-	196,325	-	-	-	17,262	-	-	-	-	213,587	-	213,587
Stock options exercised	18,177	357,910	(363,968)	-	-	(12,119)	-	-	-	-	-	-	-
Collection of subscription receivables	-	-	62,434	-	-	-	-	-	-	-	62,434	-	62,434
Movement in equity reserve	-	-	-	-	-	-	-	-	-	(832,056)	(832,056)	-	(832,056)
Cash dividends declared	-	-	-	-	(6,156,764)	-	-	-	-	-	(6,156,764)	(2,775,786)	(8,932,550)
Net increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,201,856	1,201,856
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(694,384)	(694,384)
As of December 31, 2015	P16,002,280	P46,217,696	(P1,147,528)	P6,000,000	P71,951,761	P190,747	(P432,487)	(P80,800)	P-	(P4,970,965)	P133,730,704	P16,094,707	P149,825,411

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱37,990,640	₱32,663,447	₱27,750,804
Adjustments for:			
Interest and other financing charges (Note 22)	7,914,326	7,314,387	6,506,261
Depreciation and amortization (Notes 13, 14, 15 and 22)	5,179,792	5,874,560	5,069,595
Dividends received from investees (Note 12)	621,579	232,950	286,739
Provision for impairment losses (Note 22)	572,001	412,259	494,878
Cost of share-based payments (Note 29)	153,845	208,335	213,587
Unrealized gain on financial assets at fair value through profit or loss (Note 21)	(13,119)	(2,422)	(11,996)
Realized gain on financial assets at fair value through profit or loss (Note 21)	(15,860)	(6,305)	(78,364)
Gain on sale of available-for-sale investments	(25,713)	–	–
Gain on sale of property and equipment (Note 21)	(69,566)	(37,447)	(34,338)
Gain on business combination (Note 25)	–	(188,086)	–
Equity in net losses (earnings) of associates and joint ventures (Note 12)	(865,566)	(554,414)	140,488
Interest income	(5,987,681)	(5,695,312)	(5,979,695)
Operating income before changes in working capital	45,454,678	40,221,952	34,357,959
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable – trade	(10,671,714)	(14,135,347)	(14,949,793)
Inventories	13,017,887	(5,043,649)	(3,285,156)
Other current assets (Note 9)	(7,952,463)	(1,406,487)	1,743,404
Increase (decrease) in:			
Accounts and other payables	(7,008,035)	20,194,269	12,074,006
Deposits and other current liabilities (Note 18)	6,155,797	3,976,821	(1,821,438)
Pension liabilities (Note 27)	233,734	(3,646)	57,378
Net cash generated from operations	39,229,884	43,803,913	28,176,360
Interest received	5,963,687	5,661,647	6,475,543
Income tax paid	(11,899,324)	(8,859,232)	(7,846,135)
Interest paid	(7,594,485)	(7,566,031)	(6,624,035)
Net cash provided by operating activities	25,699,762	33,040,297	20,181,733
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short term investments	126,605	171,694	929,311
Sale/redemption of financial assets at fair value through profit or loss	3,408,555	2,948,650	28,117,351
Sale of available-for-sale financial assets (Note 10)	159,074	562	226,632
Disposal of property and equipment (Note 14)	622,957	280,775	92,745
Disposal of investment properties (Note 13)	165	550,255	483,257
Disposal of investment in associates and jointly controlled entities	196,654	–	–

(Forward)

	Years Ended December 31		
	2017	2016	2015
Additions to:			
Short-term investments	(P4,658,694)	(P214,744)	(P792,191)
Financial assets at fair value through profit or loss	(1,955,642)	(2,760,693)	(22,494,099)
Available-for-sale financial assets (Note 10)	(226,494)	(837,168)	(67,957)
Land and improvements (Note 11)	(3,962,642)	(5,063,518)	(21,061,610)
Investments in associates and joint ventures (Note 12)	(1,073,319)	(7,142,335)	(6,985,562)
Investment properties (Note 13)	(28,350,001)	(27,697,545)	(14,354,449)
Property and equipment (Note 14)	(2,326,115)	(3,721,845)	(6,839,235)
Accounts and notes receivable - nontrade (Note 7)	(718,287)	(10,712,931)	(1,733,723)
Net increase (decrease) in other noncurrent assets (Note 15)	3,384,920	(3,502,623)	(3,926,779)
Acquisition of subsidiary, net of cash acquired (Note 25)	–	–	(481,241)
Net decrease in cash from business combination (Note 25)	–	(105,381)	–
Net cash used in investing activities	(35,372,264)	(57,806,847)	(48,887,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 17)	157,564,449	51,937,179	54,210,245
Payments of short and long-term debt (Note 17)	(142,980,030)	(23,131,953)	(47,879,804)
Increase in deposits and other noncurrent liabilities	5,217,509	5,254,678	5,707,932
Increase (decrease) in non-controlling interests	(113,847)	2,095,156	1,350,824
Redemption of non-controlling interests in consolidated subsidiaries	–	–	(147,395)
Acquisition of non-controlling interest (Note 20)	(1,833,573)	(1,209,784)	(1,486,440)
Proceeds from capital stock subscriptions (Note 20)	242,063	180,338	16,012,536
Dividends paid to non-controlling interests	(1,102,731)	(1,559,064)	(2,775,786)
Dividends paid to equity holders of Ayala Land, Inc. (Note 20)	(7,193,183)	(6,983,060)	(5,876,187)
Net cash provided by financing activities	9,800,657	26,583,490	19,115,925
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	128,155	1,816,940	(9,589,892)
EFFECT OF CHANGES IN FOREIGN CURRENCY	(34,396)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,904,330	19,087,390	28,677,282
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P20,998,089	P20,904,330	P19,087,390

See accompanying Notes to Consolidated Financial Statements.

For a complete copy of Audited Financial Statement including its notes, please see https://ir.ayalaland.com.ph/wp-content/uploads/2018/03/ALI-FY2017-AFS_March-1-2018.pdf

TABLE A: BOUNDARY OF CONSUMPTION DATA			
Number of Properties/ Projects Covered	2015	2016	2017
Malls	31	35	44
Offices	24	29	34
Residential	52	44	131
Car Parks	27	29	9
Estate	7	11	13
DCS	5	5	5
Construction	113	130	174*
Hotels	9	8	9**
Resorts	4	4	6
Total	272	295	425

*excludes 70 properties

**excludes Cebu City Marriott Hotel

TABLE B: FUEL CONSUMPTION			
FUEL CONSUMPTION - STATIONARY (302-1, 302-2)			
(in gigajoules)	2015	2016	2017
Diesel	260,000	135,000	219,610
Regular Gasoline	234,000	69,000	83,000
LPG	6,675	353,130	420,130
FUEL CONSUMPTION - MOBILE (302-1)			
(in gigajoules)	2015	2016	2017
Diesel	45,670	96,030	58,046
Unleaded	3,693	5,678	6,440
Gasoline	260.7	110.5	97.3

TABLE C: GHG EMISSIONS BY CATEGORY AND SCOPE (t-CO ₂ e)*											
	Location Based				Market Based						
	Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3	Total	RE Shift+ VER	Carbon Forest	Net Emissions
Offices	664	54,752	54,752	110,167	664	84,741	122,872	208,277	(18,148)		190,129
Malls	2,022	81,228	166,183	249,433	2,022	124,346	254,206	380,574	(5,954)		374,620
Hotels	940	20,558	-	21,498	940	30,017	-	30,957	-		30,957
Resorts	6,062	-	-	6,062	6,062	-	-	6,062	-		6,062
MDC	6,500	19,157	-	25,657	6,500	19,157	-	25,657	-		25,657
Estate	96	4,096	-	4,192	96	4,096	-	4,192	-		4,192
Carparks	7	1,076	-	1,083	7	1,076	-	1,083	-		1,083
DCS	459	28,400	-	28,868	459	37,038	-	37,497	-		37,497
RBG	11	1,654	20,208	21,873	11	1,654	20,208	21,873	-		21,873
APMC	37	-	-	37	37	-	-	37	-		37
TOTAL	16,796	210,931	266,783	494,507	162,552	302,127	397,286	716,209	(24,101)	(68,133)	623,975
Carbon-Neutrality Scope (Offices, Malls, Hotels, and Resorts)	9,687	156,538	246,572	412,797	9,687	239,105	377,078	625,870	(24,101)	(68,133)	533,636

*For 2016 and onwards, ALI segregated emission data from common areas in our malls and offices which comprise majority of Scope 2 emissions. Leased areas are now classified under Scope 3. Standards used for the computation are the GHG Protocol Corporate Accounting and Reporting Standard. Location-based emission factors used for electricity are from the Philippine Department of Energy. Market-based emission factors are from our retail electricity suppliers. Reference for the GWPs is the 2014 IPCC 5th Assessment Report. Scope 2 and Scope 3 location-based electricity emission factors are broken down into Luzon-Visayas Grid and Mindanao Grid. Gasses reported include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Reductions in GHG emissions come from a combination of shift to renewable energy and carbon sinks. For facilities that shifted to purchasing electricity from renewable energy power plants, Scope 2 emissions are considered zero from the date of shifting. Reductions from carbon sinks are from the estimated carbon stock of ALI-owned forests which were calculated by a third-party. These forests will be further enhanced to increase its carbon stock.

TABLE D: 2017 SUMMARY OF GHG EMISSIONS (t-CO ₂ e)		
Scope	Location-Based	Market-Based
Scope 1	16,796	16,796
Scope 2	210,931	302,127
Gross Scope 1-2	227,727	318,923
Renewable Energy Shift Reductions	na	(24,101)
Carbon Forest Offset	na	(68,133)
Net Scope 1-2	227,727	226,689
Scope 3	266,780	397,286
Gross Scope 1-3	494,507	716,209
Net Scope 1-3	494,507	623,975

TABLE E: WASTE GENERATION (306-2)				
NON-HAZARDOUS (IN KG)				
	RECYCLABLE	FOOD	COMPOSTABLE	RESIDUAL
Malls	3,887,810	9,094,127	3,466,303	14,131,999
Offices	291,832	316,867	218,440	1,440,674
Construction (in cu.m.)*	644,280			194,240
Hotels	211,178	338,469	466,099	68,619
Resort	37,181	318,152	11,105	50,012
Carparks	3,007	11,030	5,685	1,518
Residential	379,220	339,791	305,840	1,154,347
Estates	88,947	48,162	68,557	19,873

*Excludes MDC Subcontractors

HAZARDOUS WASTE GENERATED*	D406 ULAB (TON)	101 OIL (LITERS)	D407 CFL (TON)	M506 WEEE (TON)
Estate and Carparks		151.60	0.11	
Malls and Offices	10.30	13,646.60	45.55	3.11
Residential	2.52	4,527.40	6.80	1.26
Vismin	7.10	5,070.30	0.16	0.03
GRAND TOTAL	19.93	23,395.90	52.63	4.40
ADDITIONAL PIECES			8,661 pcs CFLs	161 pcs WEEE

*Includes APMC-managed Ayala Properties
CFL-Compact Fluorescent Lightbulb
WEEE-Waste Electrical and Electronic
ULAB-Used Lead Acid Batteries

TABLE F: ELECTRICITY CONSUMPTION

WHOLE-BUILDING ELECTRICITY CONSUMPTION (302-1, 302-2)			
in kwh	2015	2016	2017
Malls	319,408,621	336,132,137	398,264,458
Offices	202,122,072	235,315,363	228,688,681
Residential	23,533,414	23,325,362	34,895,090
Car Parks	4,610,091	7,798,564	1,791,645
Estate	3,631,377	4,402,190	5,995,984
DCS	47,604,485	54,946,709	46,869,085
Construction	24,642,132	34,899,269	32,748,420
Hotels	37,666,749	31,930,520	35,261,929
Resorts	na	na	na
Total	663,218,941	728,750,114	784,515,292
2017 ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (302-2)			
	UNIT	2016	2017
Electricity	kwh	388,869,075	410,507,701
LPG (By weight)	kg	6,342,345	7,740,798
LPG (By volume)	cu. m	1,162,598	34,007,118*

*Included consumption for connected facilities to Glorietta

TABLE G: MDC MATERIALS CONSUMPTION

in metric tonne	2015	2016	2017
Cement	230,262	295,710	355,876
Rebars	188,160	253,928	165,625

TABLE H: WATER CONSUMPTION (303-1)

in cubic meter	2015	2016	2017
Malls	4,350,949	5,042,734	5,749,802
Offices	1,894,841	1,580,934	2,150,160
Residential	2,356,199	1,242,724	2,384,517
Car Parks	63,842	62,866	73,973
Estate	176,868	285,414	814,588
DCS	420,500	330,157	361,256
Construction	1,280,110	868,314	965,762
Hotels	465,800	356,435	283,893
Resort	80,374	65,287	84,333
Total	11,089,483	9,834,866	12,868,284

TABLE I: CONSUMPTION INTENSITY

ELECTRICITY (EN5/CRE1)				
Property Type	Unit	2015	2016	2017
Office	kwh/sqm AC space/yr	104.50	103.45	105.53
Mall	kwh/sqm GFA/yr	600.94	218.07	222.75
Hotel	kwh/sqm GFA/yr	326.77	356.33	458.37
WATER (CRE2)				
Property Type	Unit	2015	2016	2017
Office	cum/sqm GFA/yr	1.67	1.72	1.55
Mall	cum/sqm GFA/yr	9.07	2.87	2.87
Hotel	cum/sqm GFA/yr	3.70	3.89	3.46

GRI CONTENT INDEX

GRI 100 GENERAL STANDARDS DISCLOSURE			
INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S	REASONS FOR OMISSION
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102-3	Location of the organization's headquarters	185	
102-4	Location of operations	185	
102-5	Nature of ownership and legal form	124, https://ir.ayalaland.com.ph/wp-content/uploads/2018/03/ALI-FY2017-AFS_March-1-2018.pdf , pg. 17	
102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	4	
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102-8	Total number of employees by employment and gender	73	
102-9	Describe the organization's supply chain	70, 139	
102-10	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	124, https://ir.ayalaland.com.ph/wp-content/uploads/2018/03/ALI-FY2017-AFS_March-1-2018.pdf , pg. 21-22	
102-11	Whether and how the precautionary approach or principle is addressed by the organization.	102-103, 118-119, 134-139	
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2, 76-79, 94	
102-13	Memberships of associations (such as industry associations) and national or international advocacy organizations.	116, Asia Pacific Real Estate Association (APREA)	
102-14	Statement from the most senior decision-maker.	10-25	
102-16	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	5, 71-75, 123	
102-18	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	92,109	
102-40	List of Stakeholder Groups engaged by the organization	70-75	
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102-42	Basis for identification and selection of stakeholders with whom to engage	70-75	
102-43	Organizations approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication whether any of the engagement was undertaken specifically as part of the preparation process	70-75	
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102-46	Process for defining the report content and the Aspect Boundaries; b. How the organization has implemented the Reporting Principles for Defining Report Content.	76-79	
102-47	Material Aspects identified in the process for defining report content.	76-79	
102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Restatements of data and other information are indicated in the footnotes, see Table A on page 172	
102-49	Significant changes from previous reporting periods in the Scope and Topic Boundaries.	172	
102-50	Reporting period (such as fiscal or calendar year)	2	
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GRI 200 Economic Specific Disclosures

INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S	REASONS FOR OMISSION
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201-1	Direct economic value generated and distributed	9	
Market Presence			
103	Management Approach	64, 67	
202-2	Proportion of senior management from hired local community	93, 100% of our senior management are locally hired	
Indirect Economic Impacts			
103	Management Approach	28-45, 76	
203-1	Development and impact of infrastructure investment and services supported	35	
203-2	Significant indirect economic impacts, including the extent of impacts	39, 41	
Procurement Practices			
103	Management Approach	71	
204-1	Spending on local suppliers	9	
Anti-corruption			
103	Management Approach	123	
205-1	Operations assessed for significant risks related to corruption	139	
Anti-competitive Behavior			
103	Management Approach	136	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	136	

GRI 300 Environmental Specific Disclosures

INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S	REASONS FOR OMISSION
Materials			
103	Management Approach	41	
301-1	Materials used by weight and volume	174	
301-2	Percentage of material used that are recycled input material	41	
Energy			
103	Management Approach	37	
302-1	Energy consumption within the organization	172, 174	
302-2	Energy consumption outside the organization	174	
302-3	Energy Intensity	175	
302-4	Reduction of energy consumption	37, 42	
302-5	Reductions in energy requirements of products and services	37, 42	
Water			
103	Management Approach	37	
303-1	Water withdrawal by source	175	
Biodiversity			
103	Management Approach	138	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	138	
304-2	Description of significant impacts of activities and products and services in biodiversity	30, 38-39	
304-4	Total number of IUCN red list species and national conservation list species	38-39	

INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S	REASONS FOR OMISSION
Emissions			
103	Management Approach	37	
305-1	Direct greenhouse gas emission	172-173	
305-2	Energy indirect greenhouse gas emission	172-173	
305-3	Other indirect greenhouse gas emission	172-173	
305-4/ CRE3 CRE4	Greenhouse gas emission intensity	9	
305-5	Reduction of greenhouse gas emissions	172-173	
Effluents and Waste			
103	Management Approach	37-38	
306-2	Total weight of waste by the type and disposal method	173	
Supplier Environmental Assessment			
103	Management Approach	40	
308-1	New suppliers that were screened using environmental criteria	40	

GRI 400 Social Specific Disclosures

INDICATOR	SHORT DESCRIPTION	Found In, Page/s	Reasons for Omission
Labor Practices and Decent Work			
Employment			
103	Management Approach	71-73, 129	
401-1	New Employee Hires and Employee Turnover	129	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	
401-3	Parental Leave	73	
Labor Management Relations			
103	Management Approach	129	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	129	
Occupational Health and Safety			
103	Management Approach	71-72	
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	41	Information on types of injury, occupational disease rate, lost days, absenteeism, and total number of work related fatalities by region and gender are at present unavailable for 403-2. To be reported next year for MDC.
403-3	Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases	71-72, 137	
Training and Education			
103	Management Approach	72	
404-1	Average hours of training per year per employee by gender, and by employee category	72	

INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S	REASONS FOR OMISSION
404-2	Programs for upgrading employee skills and transition assistance program	72	
Diversity and Equal Opportunity			
103	Management Approach	72-73	
405-1	Percentage of individuals within the organization by gender and age	72-73	
Non-Discrimination			
103	Management Approach	129	
406-1	Total number of incidents of discrimination and corrective actions taken	73	
Child Labor			
103	Management Approach	129	
408-1	Operations and suppliers identified as having significant risk for incidents of child labor	129	
Force or Compulsory Labor			
103	Management Approach	129	
409-1	Operations and suppliers identified as having significant risk for incidents of forced labor	129	
Security Practices			
103	Management Approach	179	
410-1	Security Personnel trained in human rights policies and procedures	Our property management ensures that security personnel are properly briefed in human rights and the rule of law through the Service Provider's Development Program (SPDP). As of 2017, security personnel, including those contracted through service providers, have undergone the training as required.	
Rights of Indigenous People			
103	Management Approach	138	
411-1	Total number of identified incidents of violations involving rights of indigenous peoples and actions taken	138	
Human Rights Assessment			
103	Management Approach	138	
412-1	Total number and percentage of operations that have been subject to human rights reviews or impact assessment	138	
Local Communities			
103	Management Approach	74-75	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	74-75	
413-2	Operations with significant actual and negative impacts on local communities	74-75	
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	75	
Customer Health and Safety			
103	Management Approach	137-138	
416-1	Assessment of the health and safety impacts of product and health categories	137-138	



STATEMENT OF MANAGEMENT RESPONSIBILITY
Ayala Land's 2017 Integrated Report

The management of Ayala Land, Inc. applied their collective mind in the preparation of Ayala Land's 2017 Integrated Report in accordance with the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework.

This was supervised by the President and CEO, Mr. Bernard Vincent O. Dy and the Chief Finance Officer and Compliance Officer, Mr. Augusto D. Bengzon, who are responsible for the integrity of this report.

This report contains certain forward-looking statements that may involve risks or uncertainties as they relate to future events and circumstances that may be beyond Ayala Land's control.

In addition, regulations of the Philippine Stock Exchange (PSE) prohibit making price sensitive forecasts without considerable independent review and process. The management therefore advise readers to use caution regarding interpreting any forward-looking statements in this report.

A handwritten signature in black ink, appearing to be 'BV Dy', written over the printed name and title.

Bernard Vincent O. Dy
President and CEO

A handwritten signature in black ink, appearing to be 'AB Bengzon', written over the printed name and title.

Augusto D. Bengzon
Chief Finance Officer
and Compliance Officer

Independent Assurance Statement

Introduction

Ayala Land, Inc. ("Ayala Land") engaged DNV GL AS Philippines Branch ("DNV GL"), part of DNV GL Group to undertake independent assurance of sustainability / non-financial disclosures in Ayala Land's Integrated Report 2017 (the "Report") for the year ended 31st December 2017. This assurance engagement was planned and carried out using DNV GL's assurance protocol VeriSustain™¹ (Version 5.0) which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagement 3000 (ISAE3000) Revised² and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

Scope of Assurance

The scope of assurance includes a review of sustainability disclosures and performance data. The Report covers the sustainability performances from the operations in Philippines over which Ayala Land has management control. The boundary of the report for identified material topics and performance indicators are defined in "About this report" section, the respective chapters, and GRI Content Index. The scope of assurance engagement is limited to the non-financial information associated with Ayala Land and its subsidiaries. We evaluated the Report for adherence to the reporting principles for defining the sustainability report content as set forth in the GRI Standards and the guiding principles in the international <IR> Framework ("<IR> Framework"). We understand that the reported financial data and information are based on data from Ayala Land's financial statements, which are subject to a separate independent audit process. The review of financial data taken from the financial statements is not within the scope of our work.

Responsibilities of Ayala Land and of the Assurance provider

The Directors of Ayala Land have the sole responsibility for the integrity of the Report and the responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation, fair presentation of the information and data that are free from material misstatement, including maintenance of integrity of its website.

In performing our assurance work, our responsibility is solely towards the management of Ayala Land in accordance with the terms of reference agreed on with Ayala Land, however our statement represents our independent opinion and is intended to inform Ayala Land's stakeholders.

DNV GL's responsibility is to form an independent conclusion, based on the procedures we have performed and the evidence we have obtained. DNV GL is responsible for planning and performing the engagement to obtain limited assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed the work from February to March in 2018 at Ayala Land's headquarters in Makati city in Philippines and a site operated by Ayala Land's subsidiaries (MDC, APMC, Seda hotel and Ayala Malls).

We planned and performed our work based on DNV GL risk based approach to obtain the evidence that we considered necessary to provide a basis for our assurance opinion.

Within the framework of our audit, we performed the following audit procedures and other activities including;

- Conducted interview with data owners to understand the key processes and controls for reporting subsidiary performance data;
- Obtained an understanding of the key processes and controls for managing recording and reporting the Selected information;
- Assessed the robustness of the underlying data and information flow and controls; and
- Performed data analysis using a risk-based approach and materiality;
- Challenged the sustainability-related disclosure, statements and claims;
- Performed limited testing on a sampling basis of the selected information at corporate headquarters and at the project office in Vertis North, Quezon City in Philippines to check that the selected baseline environmental data had been properly measured, gathered, recorded, collated, and reported from Ayala malls, namely Vertis North, Seda Hotel Vertis North, Avida Towers Sola and MDC Construction projects.

We also performed the following activities to assess the adherence to reporting principles;

- Interviewed the Chief Finance Officer/Chief Compliance Officer/Chief Information Officer of Ayala Land, and made enquiries of Ayala Land Management including Senior Vice President of Strategic Landbank Management Group, senior managers and representatives responsible for sustainability management to determine their understanding of stakeholder engagement and materiality;
- Reviewed the current sustainability issues that could affect Ayala Land and are of interest of stakeholders;

Conclusion

Based on the work undertaken, we provide a limited level of assurance over non-financial disclosure presented in Ayala Land's Integrated Report 2017. Nothing has come to our attention that causes us to believe that the reported data and information disclosed in the Report does not give a fair representation of Ayala Land's related sustainability performance.

Without affecting our assurance opinion, we also provide the following observations regarding the adherence to the reporting principles for defining the sustainability report content and for defining report quality as defined in the GRI Standards and the guiding principles in <IR> Framework:

Stakeholder Inclusiveness (GRI), Stakeholder relationships (<IR> Framework)

The process of stakeholder identification and engagement is established and implemented in Ayala Land. Ayala Land addresses its response to each stakeholder group and recognizes the support of stakeholders help its long-term success. The key considerations emerged from respective stakeholders and means of engagement are fairly described in the Report.

Sustainability Context (GRI)

The Report presents its business model and value creation based on broad sustainability context i.e., how sustainability values are

¹ The VeriSustain protocol is available upon request at DNV GL website (www.dnvgl.com)

² Assurance Engagements other than Audits or Reviews of Historical Financial Information.

created in terms of six capitals is integrated in its business model. Ayala Land's four focus areas of sustainability direct employees to embed sustainability concepts not only in daily business operations but also in new project design and execution. Ayala Land contributes to the improvement of environmental and social conditions in Philippines by implementing the focus areas strategy and linking its business model to UN Sustainability Development Goals.

Materiality (GRI, <IR> Framework)

Ayala Land reviewed its overall material issues that had been mainly identified and prioritized in 2013. Internal review was performed to check if the material topics were still valid. External stakeholders were engaged through Sustainability Perception Survey in which more than 400 external responders in the Metro Manila area participated, and stakeholder engagement outcome was used to validate its sustainability strategy.

The materiality matrix showing GRI topic-specific disclosures corresponding to four focus area and governance related to relevant business units in Ayala Land helps stakeholders understand matters that could substantively affect its ability to implement strategy related to four focus area and create values. Based on our materiality assessment, nothing has come to our attention to believe that the Report has not identified most material topics; however, Ayala Land could further consider the prevention of accidents from subcontractors working in its construction projects as material topic.

Reliability and Completeness (GRI, <IR> Framework)

Ayala Land's sustainability program continues to be overseen by the Board-level Sustainability Committee which has the effective leadership and decision-making regarding the preparation of the Report. Ayala Land has selected, compiled and reported information in a consistent manner. The sustainability questionnaire (KRA) and a common data collection template for preparation of the Report are used by Ayala Land to communicate with the sites on requirements related to sustainability data gathering and reporting. From 2017, the Ayala Land internal audit team also assures that sustainability processes are in place, which helps to improve the reliability of sustainability performance. We recommend that the internal audit team continue to verify the data generated from sustainability processes to enhance the data quality and integrity.

Strategic focus and future orientation (<IR> Framework)

The view of top management is addressed in the Report and covers Ayala Land's strategy and its implementation of its four focus areas and significant business risks and opportunities.

Connectivity of information (<IR> Framework)

The business model of Ayala Land presented in "How we create value" describes the connection of the respective subsidiaries' roles and their contribution to value creation in its unique value chain which begins from design and development of property/estate to construction and to operation, maintenance and leasing. The key capitals affecting the ability of Ayala Land to create value and the key quantitative and qualitative values created are well described in its business model. Further, the Report includes analysis of the past and present activities in its four focus areas. The connectivity of information is enhanced in this reporting by integrating management approach corresponding to the respective GRI disclosures in the main sections of the Report and by referencing relevant websites.

Conciseness (<IR> Framework)

Considering the requirements of conciseness of Report, Ayala Land's Report has not included generic disclosures and less relevant information that are not specific to Ayala Land and has instead focused/limited this report to provide material information based on stakeholders' needs and the information required by law and relevant regulations.

Consistency and Comparability (GRI and <IR> Framework)

Ayala Land has been applying a consistent process to select, compile and report information. The Report presents the organization's performance over time so that the stakeholders can analyse changes and compare its performance.

Balance (GRI and <IR> Framework)

In our opinion, the tone in the Report is generally neutral and with no obvious and deliberate intent to unduly influence the stakeholders.

Accuracy (GRI)

The data measurement techniques and basis for calculations have been duly described to us and can be replicated with same results. We have evaluated the accuracy of the selected data and information by sampling. Any error or misstatement identified during the engagement was communicated for correction prior to the Report being published. Certain restatements are provided to changes in historical disclosure.

Timeliness (GRI)

This is the second integrated report from Ayala Land. Ayala Land reports its sustainability performance in the annual integrated report.

Clarity (GRI)

The information is presented in the Report in a simple and logical manner and consolidated non-financial data tables help to make the information understandable. All the information in this report will be made available to stakeholders through printed hard copies and .pdf soft copies which will be made accessible through the Ayala Land website.

Limitation

Our assurance relies on the premise that the data and information provided by Ayala Land to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance and reporting practices of Ayala Land's associated companies, suppliers, contractors and any third party mentioned in the Report. The company position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement. The reported disclosures related to economic performances are based on the financial disclosures and data, which were cross-checked with internal documents and the audited consolidated financial statements. Limited depth of evidence gathering, including inquiry and analytical procedures and limited sampling at lower levels in the organization, were applied as per agreed scope of engagement. The baseline data for environmental and social performance are verified with samples randomly taken and the aggregated data at the corporate level are used for the verification. The procedures performed in a limited assurance engagement vary in nature, timing, and extent than in a more extensive assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a more extensive assurance engagement had been performed. We expressly disclaim any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Statement of Our Competence and Independence

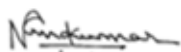
DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct³ during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with Ayala Land and did not provide any services to Ayala Land in 2017 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL Business Assurance AS Philippines Branch

6 April 2018 / Manila, Philippines



Seung Hyun Kwak
Lead Assuror

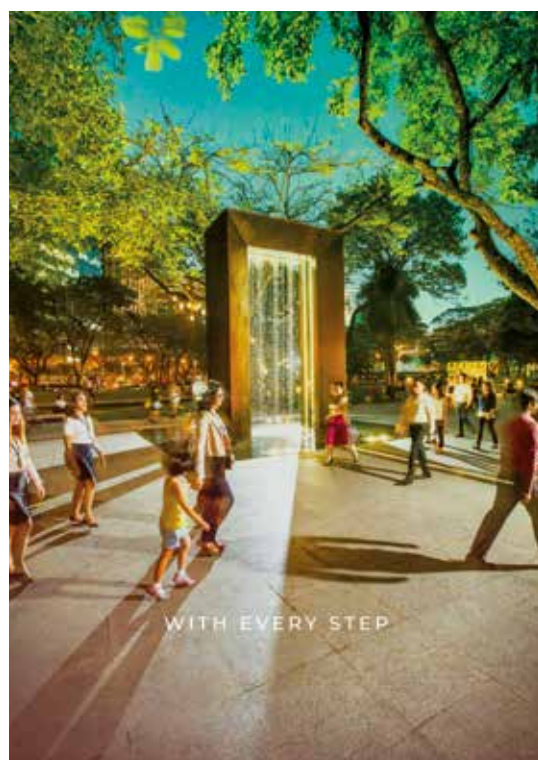


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DNV GL Business Assurance is a global provider of certification, verification, assurance, assessment and training services, helping customers to build sustainable business performance.

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³ The DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)



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Making a positive impact on communities
and the environment provides greater
meaning to our success. We implement
sustainability practices focused on site
resilience, pedestrian and transit connectivity,
local employment, and eco-efficiency.

Bernard Vincent O. Dy
President and CEO