

CO-CREATING
SUSTAINABLE
COMMUNITIES

“Against the modernist design philosophy of specialization, standardization, and mass production stands a set of principles rooted more in ecology than in mechanics. These are the principles of diversity, conservation, and human scale.”

PETER CALTHORPE

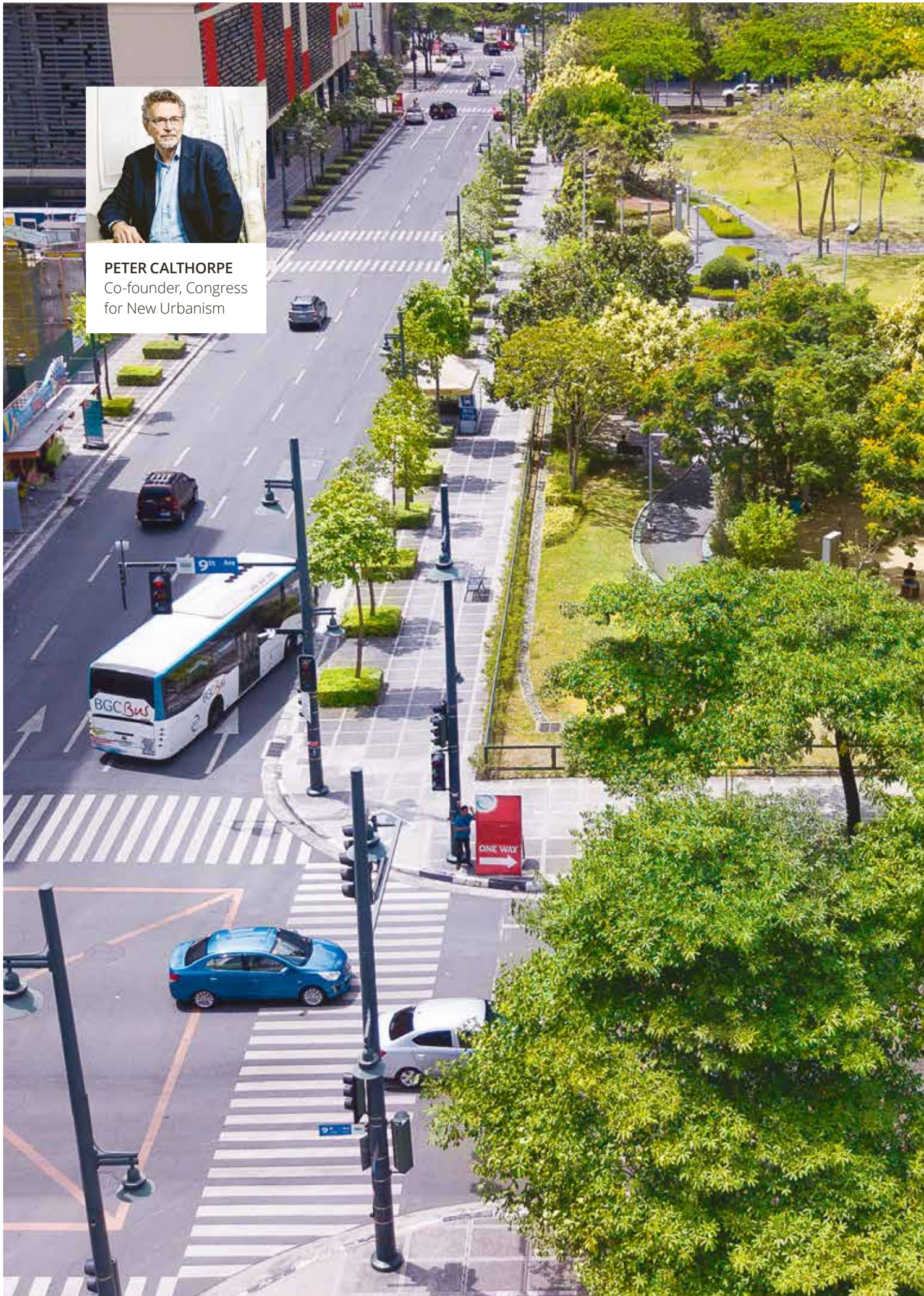
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PETER CALTHORPE
Co-founder, Congress
for New Urbanism





DESIGNING COMMUNITIES FOR ECONOMIC, SOCIAL, AND ECOLOGICAL HEALTH

In 1993, Peter Calthorpe, San Francisco-based architect and innovator in sustainable design, co-founded the Congress for New Urbanism, an international non-profit organization that works to “build vibrant communities where people have diverse choices for how they live, work, and get around.”

New Urbanism’s design ethos has three basic elements. First, human scale, or the emphasis on what individuals want (“simple human desires”) over organizational and institutional decision-making (for example, “top-down social programs” and mass housing projects).

Second, diversity, or design that “encourages overlapping layers of physical, economic, and social meanings” providing for “a rich range of uses as well as a wide choice of housing types for all economic, ethnic, and age groups.”

Third, conservation, or “caring for what we have and developing an ethic of reuse and repair, in our physical and social realms as well as natural landscapes.”

On top of New Urbanism’s basic tenets, Mr. Calthorpe situates the discipline of land use planning squarely in the context of today’s primary challenge—climate change. He tasks the discipline with supporting urban planners, policy makers, decision makers, and stakeholders transition communities and regions into the low-carbon economy.

“Setting a low-carbon direction in land-use policy is synonymous with changes that can ensure the economic, social, and ecological health of our cities and towns,” Mr. Calthorpe says in his 2010 book, “Urbanism in the Age of Climate Change.”

Ayala Land shares New Urbanism’s principles, embracing the objective of creating sustainable communities that help the Philippines transition to a low-carbon economy. Designing communities that promote the health and well-being of its stakeholders, the local economy, and the environment through its four focus areas—site resilience, pedestrian and transit connectivity, eco-efficiency, and local economic development—is at the core of Ayala Land’s response to the challenge of climate change.

“Beyond financial objectives, we have a responsibility to ensure the progressive development of the communities we serve and through our products and services, create a positive, lasting impact on society and the environment,” says Ayala Land Chairman Mr. Fernando Zobel de Ayala.

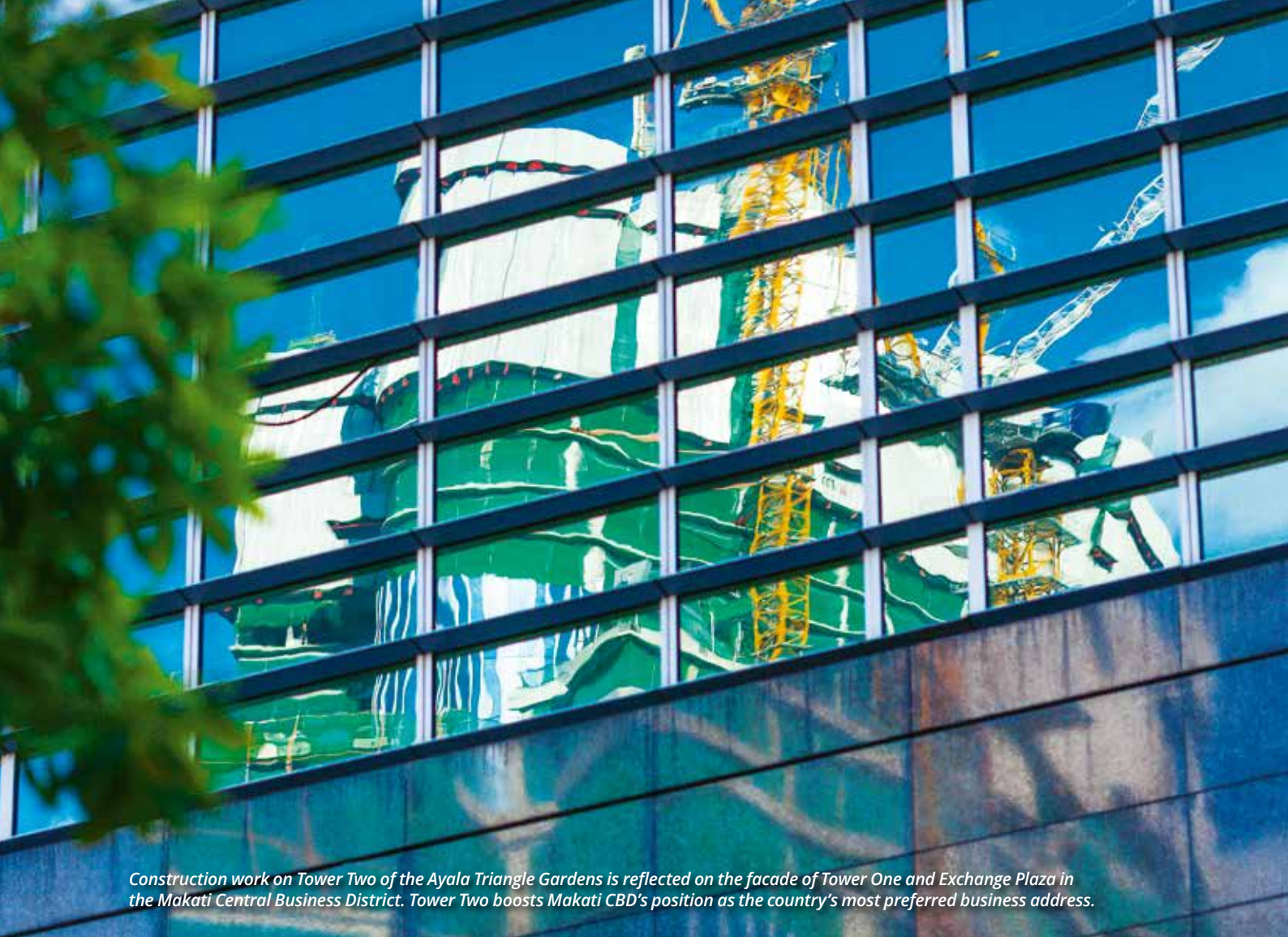
References:

<https://www.cnu.org/who-we-are/movement>

Calthorpe, Peter. (2010) *Urbanism in the Age of Climate Change*. Washington: Island Press

On the cover The Terra 28th Park in front of the Alveo Corporate Center in the Bonifacio Global City in Taguig is one of the many parks in one of Metro Manila’s newer business districts providing open spaces for relaxation, recreation, and meaningful interaction.

On this page A view from the corner of 30th Street and 9th Avenue in BGC shows Ayala Land’s emphasis on walkability and connectivity, with strategically located crosswalks, a transport stop and a parking building (Two Parkade building, top left), making for a pleasant and efficient pedestrian and commuter experience.



Construction work on Tower Two of the Ayala Triangle Gardens is reflected on the facade of Tower One and Exchange Plaza in the Makati Central Business District. Tower Two boosts Makati CBD's position as the country's most preferred business address.

ABOUT THIS REPORT

Ayala Land's integrated report is released publicly on the day of the annual stockholders' meeting which takes place in the month of April every year.

This current report, released to the public on April 24, 2019, is prepared in accordance with the International Integrated Reporting <IR> framework, developed by the International Integrated Reporting Council, using Global Reporting Initiative (GRI) Standards. The financial and non-financial information cover Ayala Land's operations for the calendar period ending December 31, 2018.

Except for employee data, the sustainability information on the operations of MCT Bhd., QualiMed, AirSWIFT, and Merkado Supermarket is not included in this report. 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.

Corporate governance practices are presented based on metrics defined by the ASEAN Corporate Governance Scorecard.

This integrated report is externally assured by independent assurance provider DNV-GL. Economic, environmental, social, and governance indicators were assured using the DNV-GL Report Verification Protocol (VeriSustain). Except for the external assurance statement, DNV-GL was not involved in the preparation of any statement or datum in this report.

To download a copy, visit <https://ir.ayalaland.com.ph>. In case of questions regarding this report or its contents, contact Ayala Land Investor Communications and Compliance Division through the email address investorrelations@ayalaland.com.ph.

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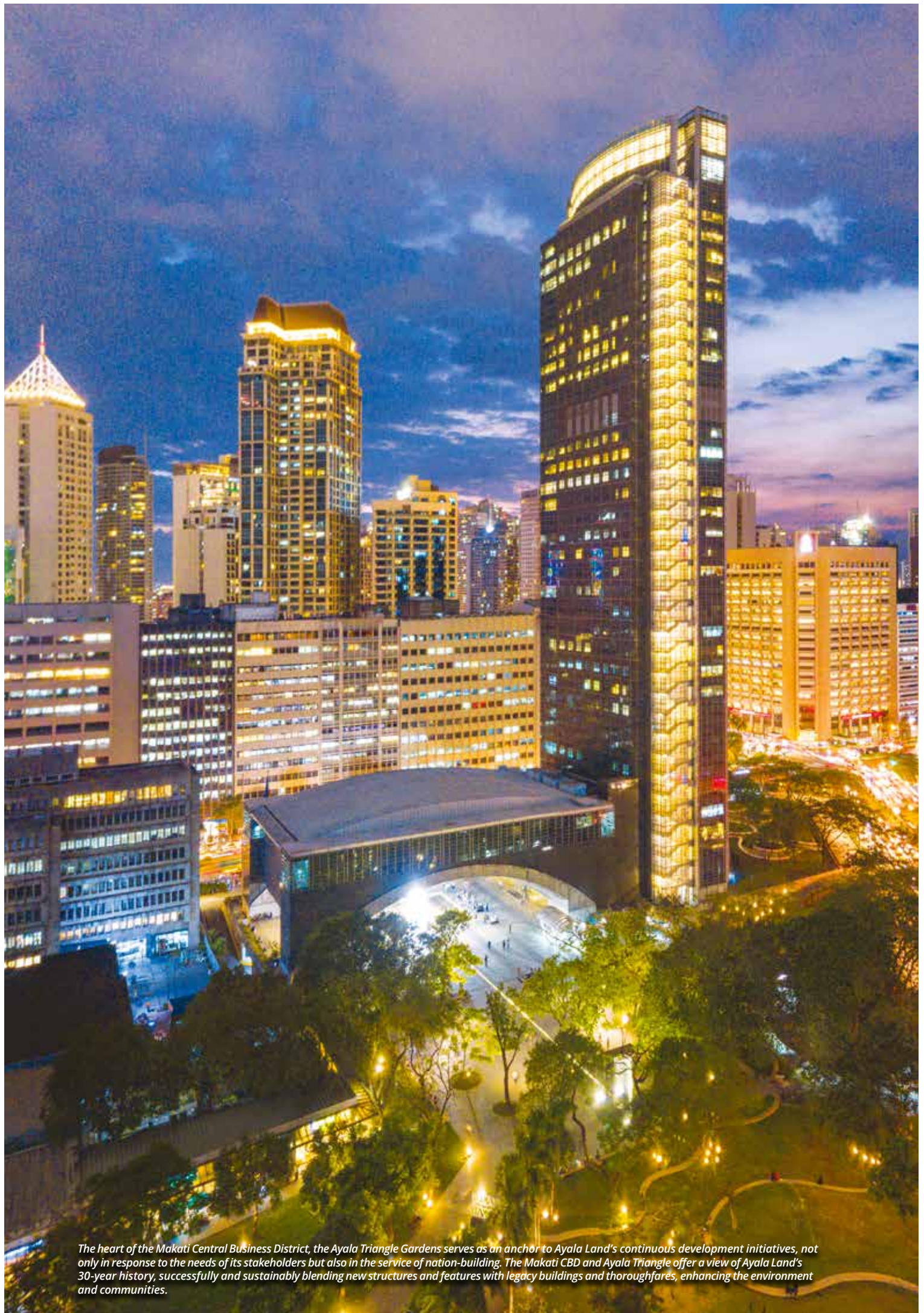
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The heart of the Makati Central Business District, the Ayala Triangle Gardens serves as an anchor to Ayala Land's continuous development initiatives, not only in response to the needs of its stakeholders but also in the service of nation-building. The Makati CBD and Ayala Triangle offer a view of Ayala Land's 30-year history, successfully and sustainably blending new structures and features with legacy buildings and thoroughfares, enhancing the environment and communities.

ABOUT THE COMPANY

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

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 11,624 hectares in our land bank, 26 estates, and presence in 57 growth centers across the country, we offer a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and strategic investments. Construction and property management services are led by our 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.



Rejuvenating one of Makati City's older districts, the riverfront Circuit Makati now hosts Ayala Malls Circuit and both residential and office buildings.

OUR BUSINESS LINES

ESTATE DEVELOPMENT

Established Estates

Makati CBD (950 ha)
Makati, Metro Manila; 1948
Ayala Alabang (670 ha)
Muntinlupa, Metro Manila; 1970
Cebu Park District (78 ha)
Cebu City, Cebu; 1990
Bonifacio Global City (240 ha)
Taguig, Metro Manila; 2003
Nuvali (2,290 ha)
Santa Rosa, Laguna; 2009

Metro Manila

Circuit Makati (21 ha)
Makati; 2012
South Park District (6.6 ha)
Muntinlupa; 2012
Vertis North (29 ha)
Quezon City; 2012
Arca South (74 ha)
Taguig; 2014
Cloverleaf (11 ha)
Quezon City; 2015
Parklinks (35 ha)
Quezon City and Pasig; 2018

Luzon

Altaraza (109 ha)
San Jose del Monte, Bulacan; 2014
Alviera (1,800 ha)
Porac, Pampanga; 2014
Vermosa (700 ha)
Imus and Dasmariñas, Cavite; 2015
Evo City (236 ha)
Kawit, Cavite; 2017

Tourism Estates

Lio (325 ha)
El Nido, Palawan; 2014
Sicogon Island (1,100 ha)
Carles, Iloilo; 2016

Industrial Estates

Laguna Technopark (472 ha); 1989
Cavite Technopark (166 ha); 2015

Visayas and Mindanao

Abreeza (10.1 ha)
Davao City, Davao del Sur; 2011
North Point (215 ha)
Talisay, Negros Occidental; 2011
Atria Park District (20 ha)
Mandurriao, Iloilo; 2014
Capitol Central (9 ha)
Bacolod, Negros Occidental; 2015
Centrio (3.7 ha)
Cagayan de Oro, Misamis Oriental; 2016
Gateway Central (17.5 ha)
Mandaue, Cebu; 2016
Azuela Cove (25)
Davao City, Davao del Sur; 2017
Seagrove (13.6 ha)
Mactan, Cebu; 2017
Habini Bay (526 ha)
Laguindingan, Misamis Oriental; 2018

PROPERTY DEVELOPMENT

Residential

Luxury	AyalaLand Premier
Upscale	Alveo
Middle Income	Avida
Entry Level	Amaia
Socialized	BellaVita

Office for Sale

AyalaLand Premier, Alveo, Avida

Commercial Lots

Alviera, Arca South, Evo City, Nuvali,
Westborough Town Center,
Westborough Park Square

Industrial Lots

Alviera
Laguna and Cavite Technopark

COMMERCIAL LEASING

Shopping Centers

1.90M sqm GLA
31 malls, 61 amenity retail

Offices

1.11M sqm GLA
60 BPO, 7 HQ-type

Hotels

Branded hotels (660 rooms)
Holiday Inn
Fairmont and Raffles

Seda hotels (1,828 rooms)
Abreeza, Atria Park, BGC,
Capitol Central, Centrio,
Nuvali, Vertis North,
AyalaCenter Cebu, Lio

Resorts (405 rooms)

El Nido
Lio B&Bs
Sicogon B&Bs

Circuit Residences (80 rooms)

New Leasing Formats

Clock In
Makati Stock Exchange
405 sqm GLA, 107 seats
BGC Technology Center
1155 sqm GLA, 187 seats
Bonifacio High Street
900 sqm GLA, 139 seats
The Flats
Amorsolo, Makati
728 beds
Factory Buildings and Warehouses
Lepanto 85,000 sqm GLA
Laguna Technopark 38,341 sqm GLA
Cavite Technopark 12,435 sqm GLA
Tutuban 1,098 sqm GLA

SERVICE BUSINESSES

Construction and Property Management

Makati Development Corporation
Ayala Property Management Corporation

Power Services

Direct Power Services, Inc.
Ecozone Power Management Inc.
Philippine Integrated Energy Solutions Inc.

Airline Services

AirSWIFT

STRATEGIC INVESTMENTS

Cebu Holdings, Inc.
70.4% owned
MCT, Bhd.
66.3% owned
Merkado
50.0% owned
OCLP Holdings, Inc.
21.0% owned
Prime Orion Philippines, Inc.
63.9% owned
Qualimed
40.0% owned

PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS	2018	2017	2016
STATEMENT OF INCOME (in thousand pesos)			
Total Revenues	166,245,771	142,296,951	124,628,795
EBITDA*	54,339,452	46,195,839	41,191,644
Net Income (Attributable to equity holders of Ayala Land, Inc.)	29,240,880	25,304,965	20,908,011
STATEMENT OF FINANCIAL POSITION (in thousand pesos)			
Cash and Cash Equivalents**	27,588,188	25,820,801	22,641,089
Total Assets	668,820,482	573,992,334	536,432,995
Total Borrowings	187,098,839	174,385,756	159,801,337
Stockholders' Equity	220,221,197	192,263,358	172,683,187
¹ STATEMENT OF CASH FLOWS (in thousand pesos)			
Net Cash Provided by Operating Activities	11,767,917	24,233,585	33,688,337
Net Cash Used in Investing Activities	(2,978,246)	(33,906,087)	(60,553,938)
Net Cash Provided by Financing Activities	(6,264,296)	9,800,657	28,682,541
CAPITAL EXPENDITURES (in billion pesos)	110.14	91.38	85.35
FINANCIAL RATIOS			
Current Ratio	1.26	1.30	1.12
Debt-to-Equity Ratio***	0.85	0.91	0.93
Net Debt-to-Equity Ratio****	0.72	0.77	0.79
Return on Equity (Average Equity)	16.5%	16.1%	14.9%
Return on Assets (Average Assets)	5.3%	5.1%	5.0%
STOCK INFORMATION			
Market Capitalization (in billion pesos)	598	657	471
Stock Price (in pesos)	40.60	44.60	32.00
Earnings per Share (in pesos)	1.98	1.71	1.43

* 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)

¹ Restated



OPERATIONAL HIGHLIGHTS	2018	2017	2016
Sales Reservations (in billion pesos)	141.90	121.96	108.05
Malls GLA (in thousand sq. meters)	1,906	1,805	1,618
Offices GLA (in thousand sq. meters)	1,112	1,021	836
Hotels and Resorts (number of rooms)	2,973	2,583	2,027

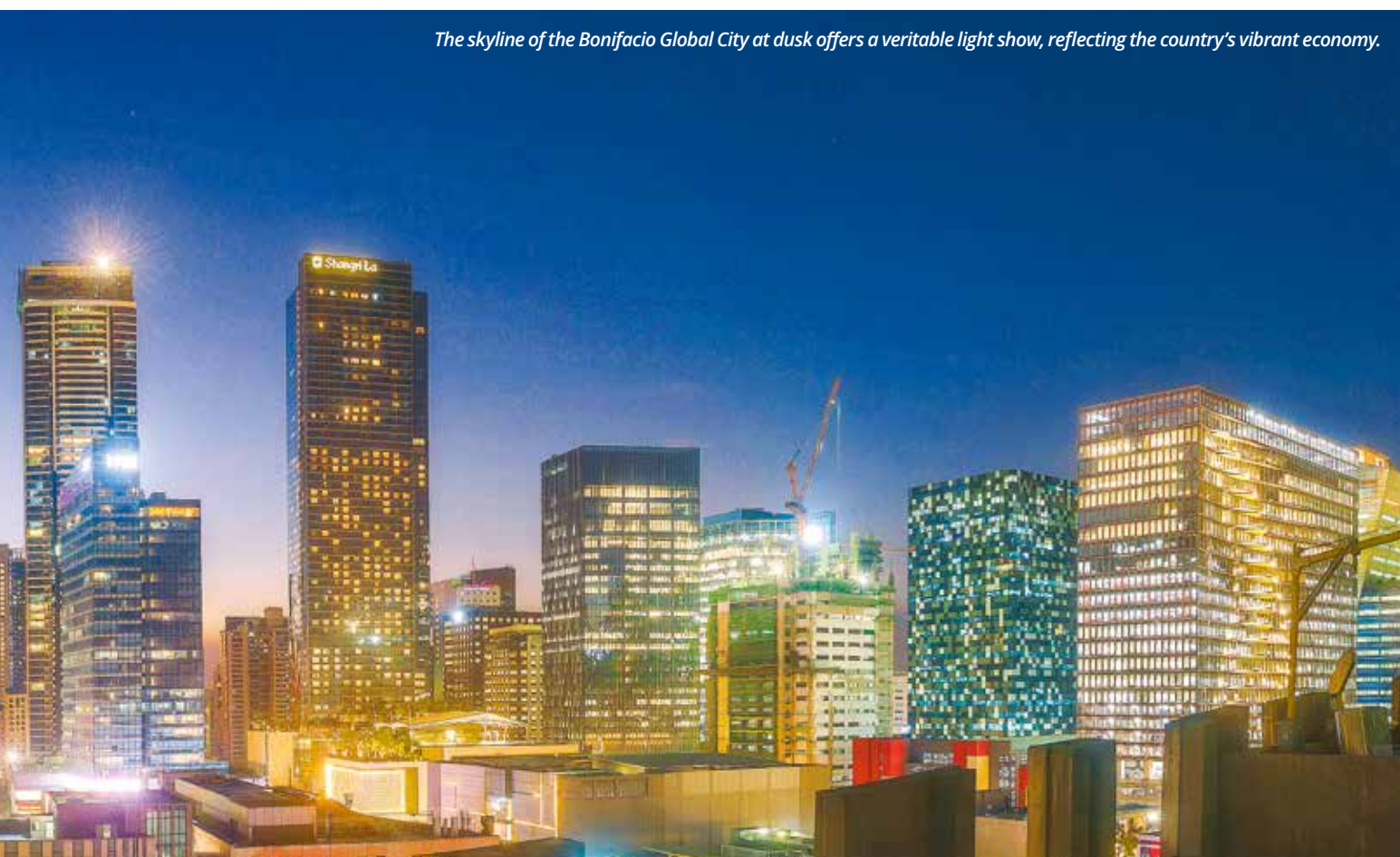
SUSTAINABILITY HIGHLIGHTS	2018	2017	2016
ECONOMIC VALUE DISTRIBUTION (in million pesos) (201-1, 204-1)			
Economic Value Generated (Total Revenues)	166,246	142,297	124, 629
Economic Value Distributed	132,929	114,753	99,277
Operating Costs	93,612	81,552	68,157
Payments to employees	6,486	4,969	5,459
Payments to providers of capital	17,080	15,042	14,376
Payments to governments	15,676	13,147	11,201
Payments to communities	76	43	85
Economic Value Retained	33,317	27,594	25,352

ECONOMIC AND SOCIAL INDICATORS	2018	2017	2016
GHG Intensity - Malls and Offices (t-CO2e/sq. meter GLA) ^a	211.67	283.48	307.26
Employee Headcount	5,358	5,040	4,369
Jobs Generated	249,620	205,386	169,910

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

GHG emissions for 2016 and 2017 were recalculated using updated emissions factor from the Department of Energy.

The skyline of the Bonifacio Global City at dusk offers a veritable light show, reflecting the country's vibrant economy.



MESSAGE FROM **THE CHAIRMAN**



Fernando Zobel de Ayala

TOWARDS A PROGRESSIVE AND SUSTAINABLE PHILIPPINES

We are pleased to report that we have been able to sustain our growth momentum in 2018 despite some headwinds from rising interest and mortgage rates, concluding the year with a 16% expansion in our net income to PHP29.2 billion.

During the year, the Philippine government passed the first package of its tax reform agenda which boosts the spending power of more Filipinos. We saw progress in the implementation of infrastructure projects with expenditures rising 56% from the previous year. This development combined with strong household consumption, increased government spending, and higher investments drove the 6.2% growth in our economy.

In 2018, Ayala Land celebrated its 30th anniversary. It was a good time to look back at the company's past, celebrate our achievements, and reflect on some of the lessons from challenges we had to face.

Ayala Land's strategic transformation over the past 30 years continues to be a great source of pride for all of us. We are fortunate to have had a team of individuals who had the foresight, progressive thinking, and who shared our philosophy of constant reinvention and strong commitment to making a positive, lasting impact on society. They have all helped in steering our evolution through groundbreaking developments that redefined the real estate industry and helped shape our country's economic and social landscape.

Ayala Land is leading the way in setting higher standards in tourism development that is sustainable and sensitive to the environment and the local communities.

The transformation of Makati into the country's premier business district—the pioneering urban development envisioned by Colonel Joseph McMicking and Alfonso Zobel in the 1940s—paved the way for the establishment of many other large-scale estates in different parts of the country and cemented Ayala Land's unique expertise in masterplanned developments.

From three major estates in the 1990s, we now have 26 estates and presence in 57 growth centers nationwide. All these estates are sustainably and functionally designed, providing a better quality of life as well as economic progress within and around those areas through employment and entrepreneurial opportunities.

It is encouraging to see how we have been able to grow our net income from PHP8.5 million since our founding in 1988 to PHP29.2 billion in 2018. Over the past 10 years alone, our profitability has grown at a compounded annual rate of 25%. The fact that this was achieved during the challenging decade of the global financial crisis is truly remarkable.

We have also over time expanded our business lines and created a full suite of products and services: residential development, commercial leasing, hotels and resorts, construction, and property management. Today, Ayala Land is the largest and most diversified property developer in the Philippines.

In the residential segment alone, we are now serving a wider demographic with five brands that cater to different price points and lifestyles: luxury, upscale, middle-income, economic, and socialized housing. In commercial leasing, our shopping centers have grown exponentially from the two in Makati back when we started, to 31 malls and 61 amenity retail areas that are located in various parts of the country today. Moreover, our office leasing spaces and industrial estates have attracted many locators and investments into the Philippines.

One of our newer business lines is our hotels and resorts portfolio, which is building on the massive potential of tourism as a growth engine for the country. I have always been a strong advocate of tourism development for its natural ability to promote social and economic inclusivity by generating mass employment and integrating local communities into the value chain.

Innovative thinking has been embedded in our culture and is always at the core of our strategy. We have seen this in many of our recent efforts to bring fresh ideas such as the creation of our homegrown brand Seda, with service standards at par with global hospitality brands. In addition, our recent ventures into logistics facilities, co-working and co-living spaces, and transportation hubs all demonstrate our strong capability for constant reinvention.

Similarly, I am happy to say that Ayala Land is leading the way in setting higher standards in tourism development that is sustainable and sensitive to the environment and the local communities. We take pride in how our tourism estates have become models of world-class eco-tourism.

We have always believed that protecting the environment and preserving natural resources should be part and parcel of the way we do things across all our business lines. In building our estates, for instance, we pay special attention to the environment and in improving the overall experience of our residents and locators, ensuring pedestrian mobility and transit connectivity as well as sufficient green space to provide areas for leisure, environmental sustainability, as well as disaster resilience.

Our deep commitment to sustainability is further reflected in the target we have set for our commercial properties to achieve carbon neutrality by 2022. We are happy to report that since we announced this target in 2017, 62% of our emissions are now offset by 560 hectares of carbon forest and our properties' increasing reliance on renewable energy sources.

This commitment is very much aligned with the advocacy of Mr. Peter Calthorpe, San Francisco-based architect and innovator in sustainable design and co-founder of Congress for New Urbanism. We recognize Mr. Calthorpe's leadership on this important topic in this year's integrated report. In his work, Mr. Calthorpe challenges the real estate sector to mitigate the effects of climate change and achieve a low-carbon economy through deliberate land use planning.

Our efforts over the past year were recognized by the ASEAN Capital Markets Forum as one of the top 10 and top 50 best publicly listed companies in the Philippines and in the ASEAN, respectively. Moreover, for the third year in a row, Ayala Land was included in the Sustainability Yearbook of RobecoSAM, a globally recognized investment specialist focused exclusively

on sustainability investing. In 2014, Ayala Land became the first and only Philippine company to be included in RobecoSAM'S sustainability index.

In closing, as we pursue our various initiatives within our growth agenda, we remain steadfast to our long-standing commitment to advance the well-being of society and the environment by creating sustainable communities. Through our products and services, we will continue to create centers of opportunity for individuals, households, communities, and enterprises, and serve as a catalyst for our country's economic growth and social transformation.

I would like to thank our dedicated employees who throughout the years, have made all our achievements possible. I would especially like to thank our President and CEO, Bernard Vincent O. Dy, and his leadership team for steering Ayala Land's continued success and laying the foundation for future growth.

Finally, I extend my deepest thanks to our Board of Directors, whose dedication continues to guide Ayala Land to greater heights year after year, and our stakeholders who continue to provide us with the support and inspiration to stay true to the principles of sustainability as we create a meaningful impact to all our communities.



FERNANDO ZOBEL DE AYALA
Chairman

PRESIDENT'S **REPORT**



Bernard Vincent O. Dy

CO-CREATING SUSTAINABLE COMMUNITIES

We marked the 30th year of Ayala Land by doing what we do best: engaging our stakeholders in co-creating sustainable communities that enrich the lives of more people.

Our drive to collaborate, to constantly improve, and to be more inclusive stems from our desire to create meaningful impact in the communities we build, and from our commitment to nation-building. Reflecting on our company's remarkable journey of growth and transformation over the last three decades—the opportunities we seized, the challenges we met, and our future plans—gives me a great sense of pride, as I see how our developments remain relevant, continue to thrive, and provide positive and lasting difference in the lives of our stakeholders.

Staying true to our mission of “Enhancing Land and Enriching Lives” has led to the growth of our company and the banner year that was 2018.

Consistent growth in our property and commercial leasing activities propelled our revenues to PHP166.2 billion, a 17% growth from the previous year. Together with healthy margins, net income increased by 16% to PHP29.2 billion and allowed us to distribute dividends of PHP7.5 billion.

Capital expenditures in 2018 breached the PHP100-billion mark for the first time in our history, registering at PHP110.1 billion. This higher level of investment reflects our aggressive posture to capitalize on opportunities today, while planting the seeds for future growth through additional land acquisition,



Artist's rendition of the 526-hectare Habini Bay in Laguindingan, Misamis Oriental

commercial asset buildup, and additional equity investments in our subsidiaries. Despite the record level of spending, strong cash flow generation, prudent cash management, and optimal capital deployment enabled us to minimize borrowings to end the year with a net debt-to-equity ratio of 0.72:1.

Since the rollout five years ago of our 2020-40 plan, that is, to achieve net income of PHP40 billion by year 2020, we registered a compounded annual net income growth rate of 20% and return on equity reached 16.5%, the highest among industry peers. Further, we maintained our net debt to equity ratio at conservative and similar levels when the 2020-40 plan was first introduced. These results are due to the strength of the Philippine economy and the determined efforts of our organization to drive value while managing capital efficiently, and maintaining a strong balance sheet.

Creating sustainable estates as a solid platform for development

Our ability to expand our presence and develop more estates is made possible by the synergies with our partners. The year 2018 bore witness to this time-tested principle, with the launch of two new estates, Parklinks and Habini Bay.

Parklinks was undertaken in partnership with Eton Properties, one of the country's major property developers. A 35-hectare estate located on the Quezon City-Pasig City stretch of C5 road, Parklinks is set to be our greenest urban estate in Metro Manila, with 50%

of its area dedicated to green and open spaces. It will feature an iconic bridge, set to become the estate's landmark. Its first phase will include residential towers by Ayala Land Premier, an Ayala Mall, and an office building.

Habini Bay, on the other hand, is a partnership with our parent company Ayala Corporation. With its strategic location near the Laguindingan International Airport, the 526-hectare development in Misamis Oriental is positioned to be the newest center of trade and commerce in Northern Mindanao. It is highly connected to major roads and is also accessible by sea via the Macajalar Bay, bringing the estate close to the Visayas islands. The estate will initially host an industrial park, a technical and vocational school by Don Bosco, a new Municipal Government Center for Laguindingan, and residential projects by Amaia.

Parklinks and Habini Bay solidify Ayala Land's distinction as the largest estate developer in the country, with a total of 26 mixed-use communities.

Meanwhile, we continue our investments in our emerging and mature estates. In 2018, we institutionalized a framework for estate development identifying key elements to ensure compelling value propositions. To be applied across all estates, this framework provides a directional blueprint in developing and enhancing each estate, and integrates key livability factors such as pedestrianization, public transport connectivity, resource efficiency, signature attractions and events, and engaging community facilities. Furthermore, each



Artist's rendition of the 35-hectare Parklinks along the Quezon City-Pasig City corridor of Circumferential Road 5 (C5)

estate will have to ensure that the development contributes to the local economy through job creation and community programs.

Our flagship development, the Makati Central Business District (CBD), best exemplifies the application of this framework. Over the last few years, we stepped up our redevelopment efforts to ensure the primacy of the Makati CBD. In 2018, we opened Ayala North Exchange, a mixed-use office, hotel, and retail development to anchor the northern section of Ayala Avenue. At Ayala Triangle Gardens and Ayala Center, construction is in full swing for landmark mixed-use developments that will redefine these areas. The project in Ayala Triangle Gardens will include the Tower Two office building and the new Mandarin Hotel while One Ayala Avenue in Ayala Center will have an intermodal transport terminal for better connectivity and commuter experience.

In 2018, we also approved the PHP5.8-billion redevelopment of Glorietta and Greenbelt malls to ensure their leadership as the retail landscape evolves in step with the fast-changing consumer preferences. On top of these, we continue to work with the Makati Commercial Estate Association (MACEA), to enhance the pedestrian experience by extending the elevated walkways, integrating public art, and improving the parks within the CBD. Finally, we continue to hold signature events, such as the much-anticipated Christmas Lights and Sound Show at the Ayala Triangle Gardens, and Art Fair Philippines, that continue to attract both domestic and international visitors.

With our estates providing a platform for growth and with our country's solid economic fundamentals and sustained GDP, our core businesses of property development and commercial leasing continue to register strong financial performance.

Propelling growth through diverse product lines

Property development remains to be a major driver of growth with revenues of PHP120.3 billion, 18% higher than the previous year. Our top three brands—Ayala Land Premier, Alveo, and Avida—continue to drive this performance, supported by our two other residential brands, Amaia and BellaVita. In 2018, we launched PHP139.4-billion worth of projects, higher than our initial target of PHP100 billion, as we responded to stronger market demand during the year. Sales reservation also reached an all-time high of PHP141.9 billion, a 16% growth versus a year ago, driven by higher sales commitments from local and overseas Filipinos. Altogether, the performance of our brands maintained Ayala Land's position as the leading residential developer in the Philippines.



Ayala Land employees, including President and CEO Bernard Vincent O. Dy and Director Antonino T. Aquino (first row, center), mark the company's 30th anniversary in September 2018 with a group shot at the Ayala Triangle Gardens.

On commercial leasing, revenues reached PHP34.9 billion, 17% more than the previous year, as all our business lines registered double-digit revenue growth.

We opened three new shopping centers—in Circuit Makati, in Bonifacio Global City (BGC), and in Capitol Central Bacolod—bringing our total shopping center gross leasable area (GLA) to 1.9 million sq. meters. We also completed four new office buildings, Bacolod Capitol Corporate Center, Vertis North Corporate Center Tower 3, and Ayala North Exchange Towers 1 and 2, to end 2018 with 1.1 million sq. meters of office GLA. Finally, we added 390 hotel rooms to our portfolio, ending the year at 2,973 rooms.

I am also pleased to report that we are expanding our leasing formats. We opened the first two towers of our co-living space facilities, The Flats, in Makati CBD with 728 beds, and in BGC with 1,500 beds. Clock In, our fully equipped co-working space, offers 433 seats in its branches in the Makati Stock Exchange, Bonifacio High Street, and BGC Technology Center, with more locations under construction. We also have 136,874- sq. meter GLA of standard factory buildings (SFB) and warehouses in our industrial parks in Laguna, Cavite, and Pampanga.

Our ability to deliver on our growth strategy is made possible through the services provided by Makati

Development Corporation (MDC) and Ayala Property Management Corporation (APMC). We take pride in recognizing both as the leading and most progressive companies in their respective industries.

MDC developed key strategies to increase its capability to execute more projects in a sector facing high demand for resources and manpower. These strategies include expanding its vendor partnering program to secure the availability of materials and supplies, design standardization and modularization for ease of execution, and establishing training centers to increase its manpower. Following its principles of safety, quality, timely delivery, cost efficiency and sustainability, MDC undertook the construction of 221 projects in 2018, 55 of which were completed in the same year. Its training centers also produced 5,306 graduates in 2018 bringing its total to 24,706 graduates since 2015. A majority of them continue to be part of MDC's 75,000-strong workforce.

Meanwhile, APMC added 15 new developments in 2018 to its portfolio, for a total of 242 managed properties. Safety remains of paramount importance to APMC. It expanded its technical and safety programs to ensure its readiness in responding to emergency situations. It also completed the full rollout of an incident command system that is aligned with local government standards. Finally, it strengthened its

management and experiential training programs to ensure that we are able to meet the manpower requirements of our expanded portfolio and provide the competencies required to meet service standards.

On our other strategic investments, the consolidation of Cebu Property Ventures and Development Corporation into Cebu Holdings, Inc. in 2018 allowed us to simplify our operations and generate efficiencies. We also exchanged our shares in Laguna Technopark, Inc. into additional shares in Prime Orion Philippines, Inc. (POPI) to strengthen our position to capture opportunities in logistics and industrial park development. Meanwhile, MCT Bhd, our subsidiary in Malaysia, continues to grow its business in the Klang Valley, while Ortigas & Co. provided strong growth in equity contribution from its net earnings. I am pleased to note that these businesses have contributed PHP2.4 billion to our net income in 2018, a 60% increase from PHP1.5 billion in 2017. I am optimistic that these businesses will continue to support our growth aspirations.

Advancing our sustainability objectives

Together with our achievements in market presence and business results, we believe that making a positive difference in communities and the environment provides greater meaning to our success.

In 2017, we kicked off our ambitious plan for all our commercial assets to be carbon-neutral by year 2022. We are encouraged by what we accomplished to date—in 2018, we reduced or offset 62% of our carbon emissions, an increase from 37% in 2017. We accomplished this through deliberate measures to procure renewable energy, allocated 560 hectares from our land bank to be protected, reforested, and used as carbon forests, invested in energy-efficient equipment, and reviewed our design and operating practices to reduce power consumption in our facilities.

Overall, 2018 was a year of significant achievements. We continue to be recognized on many fronts by our various stakeholders and we are very grateful for the awards and recognitions, which I am sharing with you on pages 120-121 of this report.

As we move forward, we will continue to co-create sustainable communities building on our vast experience. We will constantly reinvent ourselves to meet the demands of our market, harness technology, and seek new ways to design our communities as better places to interact, engage, connect, and enjoy life. More importantly, we will continue to align our business objectives with the needs of our communities and our country. These define the Ayala Land brand.

All our accomplishments would not have been possible without the dedication and commitment of my colleagues at Ayala Land. I am truly grateful to all of them for their contributions to our success.

To our Board of Directors, we are thankful for your guidance—providing active management oversight and engagement—as we move forward to widen and deepen our presence in the country.

To you, our shareholders and stakeholders, thank you for believing in Ayala Land, and for allowing us to work with you to co-create sustainable communities for a brighter future.



BERNARD VINCENT O. DY

President and CEO

CFO's **REPORT**



Augusto D. Bengzon

BUILT FOR SUSTAINABLE GROWTH

2018 marked the 30th anniversary of our company and within these three decades, our total assets, revenues, and net income have registered compounded annual growth rates (CAGR) of 20%, 17%, and 14% respectively.

Noteworthy is how this growth trajectory has accelerated in the last nine years alone.

In 2009, we crafted our 5-10-15 plan where we aimed to, within five years, double our net income after tax (NIAT) to PHP10 billion, and achieve a return on equity (ROE) of 15%. Five years later, in 2014, we had exceeded our NIAT target by posting a net income of PHP14.6 billion, reflecting a CAGR of 26%. We were short of the ROE target at 14.6% but this was close to double the 8.5% ROE we generated in 2009.

In 2015 we began executing on our 2020-40 plan, where we targeted to grow our net income to PHP40 billion, with PHP20 billion coming from property development and PHP20 billion from commercial leasing.

Over the past five years, we have seen our net income grow at an average of 20% annually. Our net income derived from property development has grown at a compounded growth rate of 18%, reflective of the sustained demand in the residential sector. Moreover, recurring net income from our commercial leasing activities has risen by 26% as we ramped up the establishment and operations of our malls, offices, and hotels and resorts portfolio.

Our policy-based decision for securing long-term, fixed-rate, and local currency debt allowed us to weather the economic headwinds posed by rising interest rates and volatile foreign exchange markets.

Our strong growth continued in 2018, as total revenues expanded by 17% to PHP166.2 billion. Property development revenues were 18% higher than the previous year, driven by strong local and overseas Filipino demand. Commercial leasing revenues increased by 17% on the back of robust local consumption, solid BPO demand, and a developing tourism industry. Consequently, our NIAT grew by 16% to PHP29.2 billion while our ROE is now at an industry-leading 16.5%.

Indicative of our confidence in a progressive local economy and a robust property market, we invested PHP110.1 billion in capital expenditures (CAPEX). This allowed us to launch an all-time high of PHP139.4 billion worth of residential and office-for-sale products, increase the gross leasable area (GLA) of our malls and offices to 1.9 million and 1.1 million, respectively, and operate a total of 2,973 hotel and resort rooms.

We also introduced three new formats that will not only accelerate our leasing asset buildup, but will serve to complement our estate and property development businesses. Our factory building and warehouse portfolio encompasses 136,874 sq. meters of GLA, our co-living or dormitory type accommodation format branded as The Flats has 728 beds for lease in Makati, and our co-working space and office facility branded as Clock In has 433 seats available in three prime locations.

We further expanded our land bank to 11,624 hectares, the largest among real estate companies in the country to date, as we recognize the importance of land as a

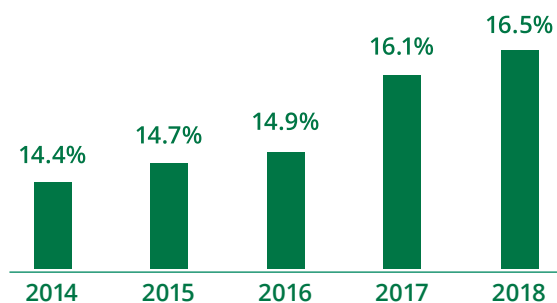
primary input in our development process and a critical component in our growth strategy.

We funded our CAPEX mainly through internally generated cash and supplemented this with debt financing from both the banks and domestic capital markets. We executed a PHP5-billion 10-year bilateral term loan agreement and a PHP8-billion bond due in 2023, and issued a PHP10-billion 5-year re-priceable 10-year bond which was awarded the Most Innovative Deal in the Philippine Bond Market by The Asset magazine. It is notable that even with our record CAPEX spending in 2018, our net debt-to-equity ratio improved from the previous year's 0.77:1 to 0.72:1, even lower than the 0.74:1 gearing ratio when we started our 2020-40 plan. This demonstrates senior management's focus on ensuring that the company's growth is well within the capacity of its balance sheet.

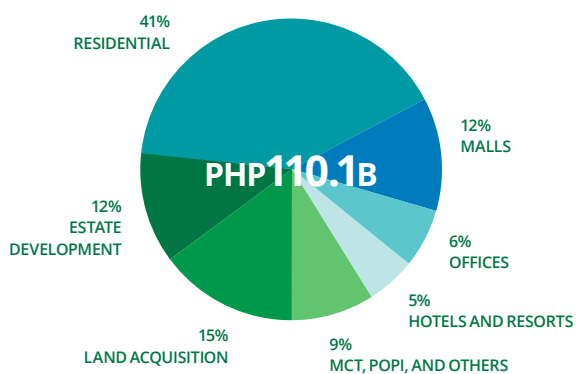
We continue to manage our debt portfolio in a conservative yet proactive manner. Our policy-based decision for securing long-term, fixed-rate, and local currency debt allowed us to weather the economic headwinds posed by rising interest rates and volatile foreign exchange markets. Ninety-two percent (92%) of our debt is contracted on a long-term basis, 89% is locked in fixed rates, and only 2% is denominated in foreign currencies.

Consistent with our efforts to improve total shareholder returns, we declared and paid out PHP7.5 billion in cash dividends. This compares with the PHP118.6 million paid out by the company on its first year as a listed

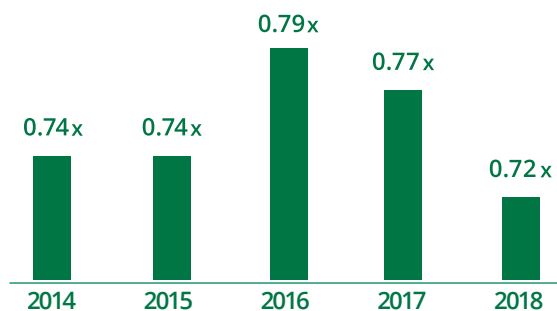
RETURN ON EQUITY



CAPITAL EXPENDITURE



NET DEBT-TO-EQUITY RATIO



DEBT PROFILE

MATURITY

92%
LONG TERM

8%
SHORT TERM

INTEREST RATE

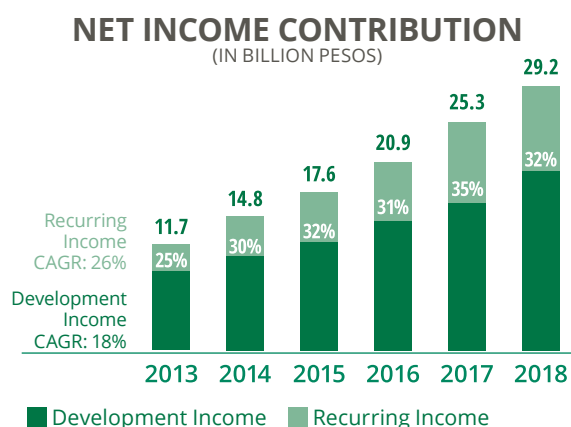
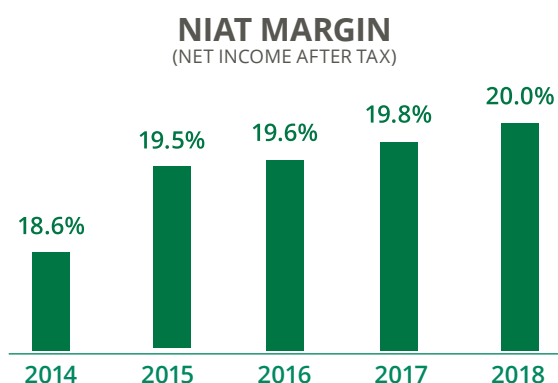
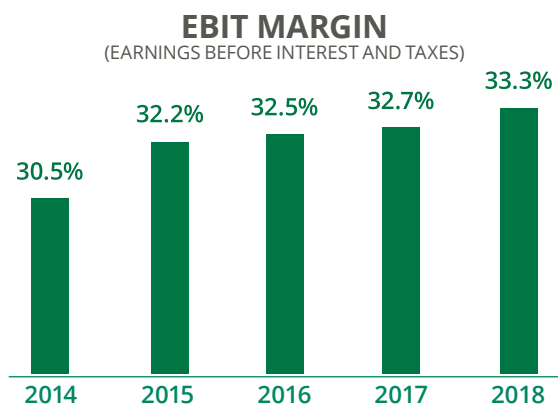
89%
FIXED

11%
FLOATING

CURRENCY

98%
LOCAL

2%
FOREIGN



company back in 1991, and translates to a 17% CAGR in terms of dividends paid.

Equally important, the net asset value (NAV), or the sum of the current market value of all the businesses and land bank, minus the outstanding debt of the company, has in the past five years alone grown at a CAGR of 17%. This is evidence that the value creation initiatives shaped around optimal capital allocation, margin improvement, and cash generation have continued to bear fruit.

To backstop our diverse business operations, we have further strengthened our corporate support capabilities.

In line with our Enterprise Wide Risk Management program, our Risk Council together with individual risk owners instituted regular identification, tracking, and review of the company's key risks. This exercise enabled us to assess risks specific to strategic business units (SBUs) as well as to the critical support groups. The Risk Council's cross-functional reviews of all identified risks, including emerging risks, enabled the proper and cross-functional evaluation necessary in understanding their behavior and inter-relationships for better organizational collaboration and treatment.

We also established risk-transfer programs to mitigate the financial impacts of natural calamities and operational exposures at the most cost-efficient levels. Through close collaboration with our partner insurers and risk advisors, we have developed open and automatic risk insurance programs, allowing the company to expand its business, launch multiple projects, and operate a vast number of properties and estates without the need to structure and negotiate for insurance policies for each and every undertaking.

As part of the company's digitalization strategy, Ayala Land became the first large enterprise in the Philippines to upgrade its SAP enterprise resource planning application. This system provides us with better analytics and faster processing, while reducing our database footprint by 73%. In line with our information technology roadmap to adopt a cloud-first strategy, the SAP upgrade included the migration from an on-premise data center to a cloud hosting facility using Amazon Web Services. This cloud-first approach was also used to transition our on-premise legacy system for residential customers to the cloud. Using the Salesforce Platform, a backroom support



The finance group shown here in conference supports Ayala Land's growing operations with enhancements in technology, systems, and processes.

processing application, servicing the transactions of our growing number of residential customers became more efficient and productive.

To strengthen our defenses against potential cybersecurity breaches, we implemented the security information event management (SIEM) system. This system provides real-time reports of security-related incidents and events, such as successful and failed log-ins, malware activity and other possible malicious activities, and sends alerts based on prescribed rules to help us identify and effectively address potential security issues. To heighten cybersecurity awareness in our organization, we rolled out an online security training program for our employees and launched an information campaign focusing on security and privacy matters.

We processed a total of 1.4 million transactions in 2018 through Aprisa Business Process Solutions, Inc., our wholly-owned business process outsourcing (BPO) provider, to support the group in its payments, billings and procurement processing, tax administration, IT support, bookkeeping, and financial reporting requirements. In addition, Amicassa, our customer support BPO captive, facilitated the processing and release of 13,345 titles to our property buyers.

Our investor relations program participated in 18 foreign and local conferences, hosting 70 one-on-one meetings, and organizing 31 site tours for our institutional shareholders. We interacted with a total of 213 firms and 380 analysts and fund managers. Two influential and respected publications conferred awards to the company: Institutional Investor recognized Ayala

Land as the most honored company and named its investor relations program as the best in the Philippines, while IR Magazine feted Ayala Land as best in the real estate sector in Southeast Asia and the Philippines, best in financial reporting, and best in the investor relations website categories. We are grateful for the feedback we have received from the investor community, and will strive to continue improving on how we communicate the Ayala Land story to all our stakeholders.

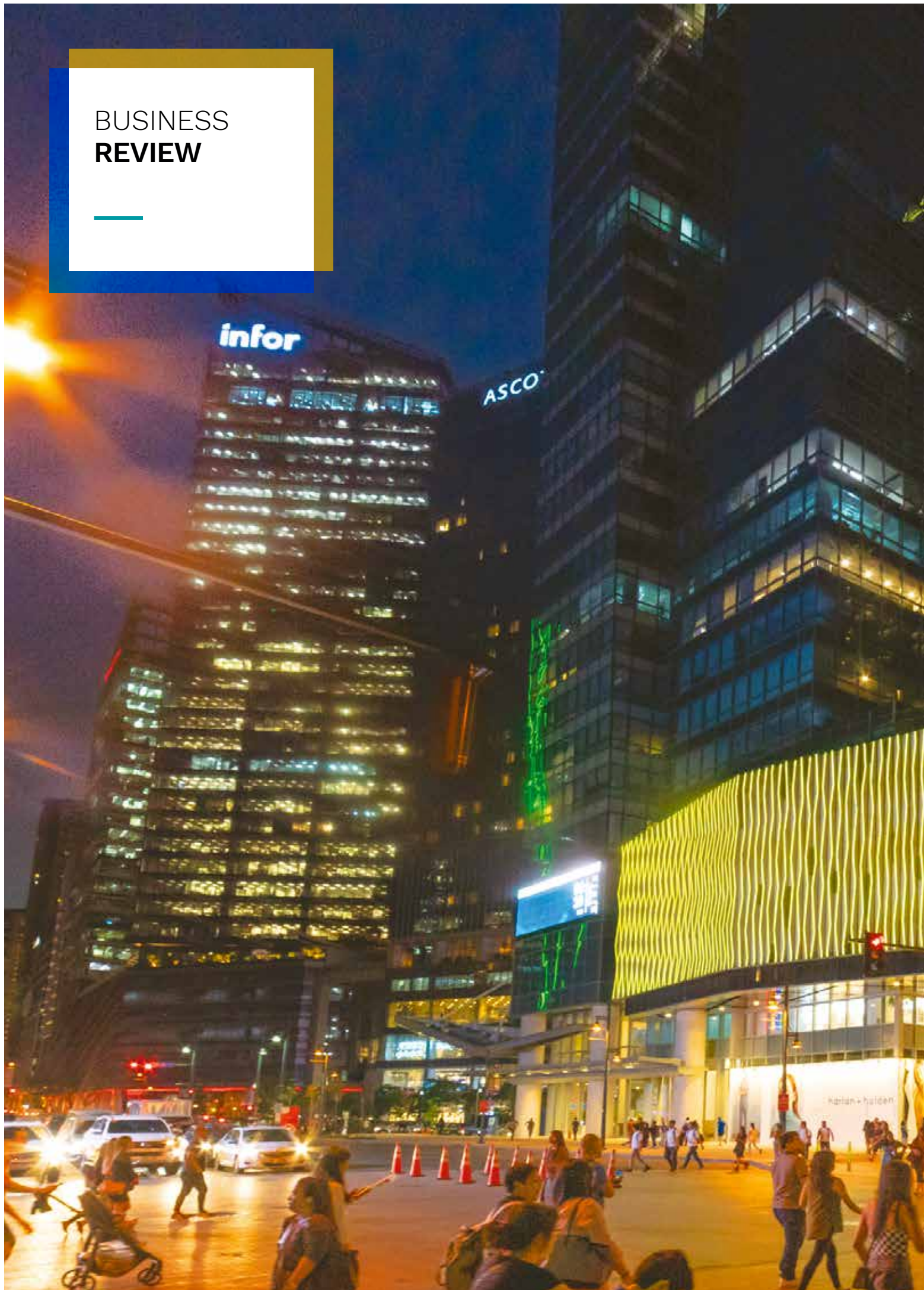
Validating the company's continuing efforts to implement and promote best practices in corporate governance, Ayala Land was once again ranked among the top 50 and top 10 publicly listed companies in the ASEAN region and in the Philippines, respectively, based on the ASEAN Corporate Governance Scorecard.

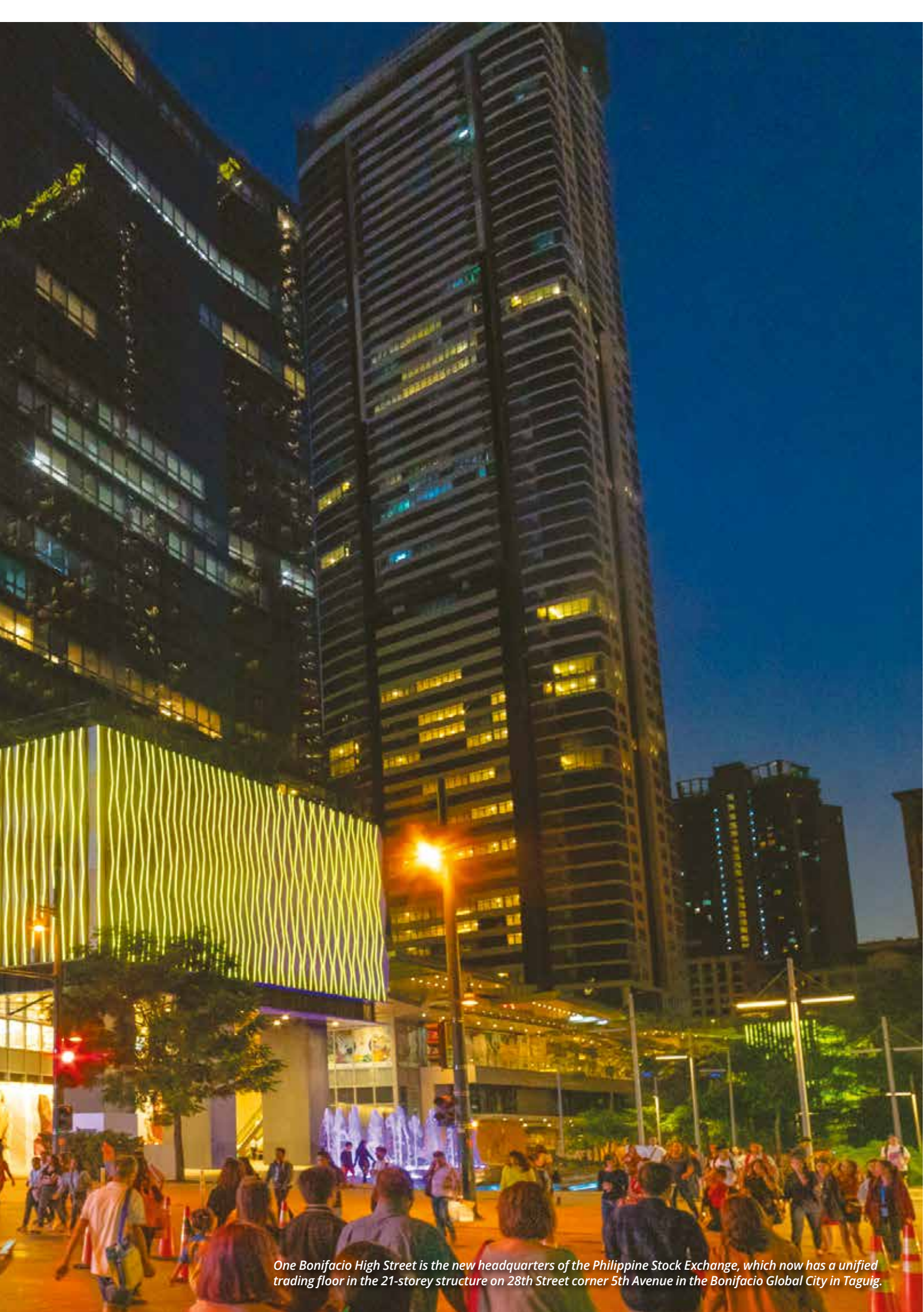
2018 was another banner year as we steadily pushed for growth across our various business lines. I thank the management and staff of the Ayala Land group for their collective ownership and successful execution of our ambitious growth targets. I also thank our long-term stakeholders, for their continued trust and confidence in the company and its 30-year history of excellence.

AUGUSTO D. BENGZON

Chief Finance Officer, Treasurer,
and Chief Compliance Officer

BUSINESS REVIEW





One Bonifacio High Street is the new headquarters of the Philippine Stock Exchange, which now has a unified trading floor in the 21-storey structure on 28th Street corner 5th Avenue in the Bonifacio Global City in Taguig.

ESTATE DEVELOPMENT

Our new and established estates embody our mission of co-creating sustainable communities, providing Filipinos with a better quality of life and spurring new centers of growth across the country.

New Estates: Parklinks and Habini Bay

In January 2018, we established our presence in the east of Metro Manila through Parklinks, a 35-hectare estate set to be the greenest urban estate in Metro Manila with 50% of the development dedicated to green and open spaces. The biggest mixed-use development in the Circumferential Road 5 (C5) area will host residential towers, offices, and a lifestyle mall with a sports complex. It is developed in partnership with Eton Properties Philippines Inc.

In November 2018, we launched Habini Bay in Misamis Oriental, building a new center of trade and commerce in Northern Mindanao. The 526-hectare mixed-use estate will be a gateway development to spur business, employment, and progress in the region with an industrial park as its main component. The magnificent Macajalar Bay will be the backdrop of Habini Bay's planned residential developments, commercial lots, a Don Bosco Technical College, and the new base of the Laguindingan Municipal Government.

PARKLINKS ESTATE

35_{HA}

50%
GREEN SPACE



Parklinks will be the biggest mixed-use estate development along the stretch of Circumferential Road 5.



Vermosa Sports Hub features an Olympic-size pool, track oval, and complete sports science laboratory.



The Alviera estate in Pampanga is a northern gateway, providing access to key cities in central and northern Luzon via NLEX and TPLEX. The Alviera Country Club is shown here.

Emerging and Established Estates

Metro Manila

The revitalization of the Makati Central Business District (CBD) is rapidly taking shape with strategically located developments. We opened Ayala North Exchange, a mixed-use office, hotel, and retail development to anchor the northern section of Ayala Avenue.

Flagship mixed-use developments that will soon redefine Ayala Triangle Gardens and Ayala Center are currently being constructed. Tower Two and the new Mandarin Hotel will open up new areas for convergence at the heart of the CBD, while One Ayala, located in EDSA corner Ayala Avenue, will offer improved pedestrian and transport connectivity at its gateway. Greenbelt and Glorietta malls are also set to undergo a PHP5.8-billion redevelopment to keep pace with the fast-changing consumer landscape.

At Circuit Makati, construction is in full swing for residential and office-for-sale projects under Alveo and for the Circuit Performing Arts Theater which is set to open in the first quarter of 2020.

We are also improving the pedestrian experience with an extended elevated walkway, more public art, and enhanced parks and pathways within the CBD.

At Arca South in Taguig City, development is in progress to complete the 74-hectare “city in sync.” Rising in the area are Ayala Malls, Arca South Corporate Center

office towers, Seda, and residential towers by Ayala Land Premier, Alveo, and Avida.

Turnover of phase one residential units in Arbor Lanes, Veranda, and Avida Towers One Union Place started in mid-2018 while construction of phase two continues.

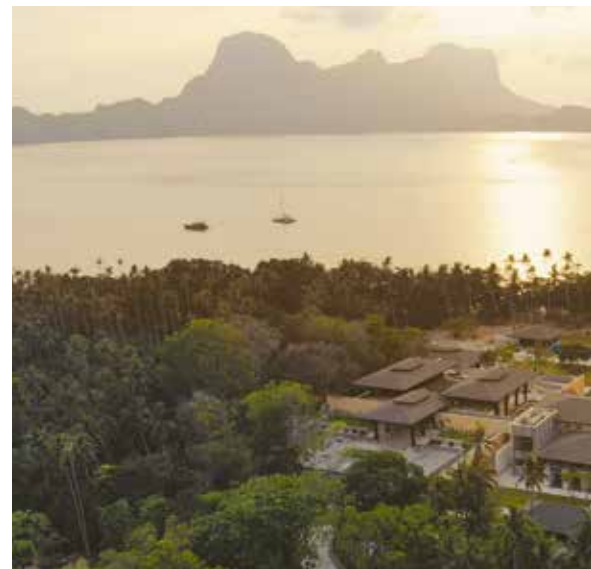
At Vertis North in Quezon City, where Ayala Malls and Seda Vertis North spur commercial activity, we turned over to buyers all three towers of Avida Towers Vita. Construction is in full swing for residential projects such as Alveo’s Olean Place and Avida Towers Sola 1, likewise for Alveo’s High Park Tower 1 and Tower 2 which are scheduled to be completed by 2019 and 2020, respectively. The construction of Vertis North BPO Tower 3 was completed in the fourth quarter of 2018.

At Cloverleaf in Balintawak, Quezon City, Avida Tower 2 was launched, as Avida Tower 1 is set to be completed and turned over by the third quarter of 2019. Earthworks have begun for Ayala Malls Phase 2, where the connection to the Manila Light Rail Transit’s Balintawak Station will be located. In addition to the ongoing developments, Alveo is set to launch its first tower in the estate in 2019.

New and emerging estates contributed 54% of net income in 2018.



Habini Bay estate in Laguindingan is set to become the center of trade and commerce of Northern Mindanao.



Luzon

Our goal to grow and nurture more communities drives our expansion efforts north and south of Metro Manila.

At Altaraza in San Jose del Monte, Bulacan, the estate welcomes its first educational institution under the STI Education Services Group which is expected to accommodate 6,000 students in 2019. Turnover of residential units by Avida and Amaia are also ongoing.

At Alviera in Pampanga, phase one residential units of Avida and Alveo started turnover in the first quarter of 2018. Construction is in progress for Alveo's Greenways and Avida Northdale Settings. The Alviera industrial park and Alviera country club are set to be operational in the first half of 2019. The La Salle Botanical Gardens is also expected to begin construction in 2019.

At Nuvali in Laguna, Seda's expansion is in full swing and will add 200 rooms when completed in 2020. International school Everest Academy Manila, broke ground early this year and is expected to be operational by the third quarter of 2019.

At Vermosa in Cavite, the recently inaugurated Vermosa Sports Hub has been hosting sports training and events, promoting a healthy and active lifestyle for the

community. Construction is ongoing for Ayala Land Premier's The Courtyards, Alveo's Ardía, and the estate's Midtown Commercial Area. Ayala Malls Vermosa and the transport terminal are also under construction.

Visayas and Mindanao

In Cebu, we broke ground for Ayala Land's co-living space, The Flats, in both the Cebu Business Park and Cebu IT Park in December 2018. These will offer a combined total of 852 rooms. Central Bloc, the 2.2-hectare mixed development at Cebu IT Park will open with a mall and an office tower in 2019. The development will also host a second office tower and a Seda hotel.

Construction of new estates in key cities in Metro Cebu remains on track. At Gateway Central in Mandaue City, land development is complete and mall construction is ongoing. Land development is also underway at Seagrove in Lapu-Lapu City.

In Negros Occidental, we have completed the development of commercial lots in North Point in Talisay City. The construction of the estate's indoor gym and the Olympic-size swimming pool of St. John's Institute (Hua Ming) is ongoing, while land development of The Enclaves by Ayala Land Premier is set to be



The Lio Tourism Estate was designed with least impact to the natural environment.



Redevelopment of the Cebu Business Park and Cebu IT Park is underway, to include a new mall, office towers, and a Seda hotel.

completed within the year. In Bacolod City, Amaia Steps Capitol Central turned over 288 units in its North Building while the South Building is under construction.

In Iloilo City, Avida Atria Park District Tower 2 and mid-rise Avida Storeys Tower 2 are fast-rising and set for completion in 2020, while construction of Tower 3 is already in full-swing.

In Davao, Aviana Development Corporation and Enderun Colleges signed a deal in April 2018 to operate and manage an events space named Events at Enderun in Azuela Cove. The 2,000-sq. meter venue which can accommodate up to 1,500 people is set to be the anchor of a new college for culinary and hospitality management. GMarket by Gaisano will also soon be part of the mix of establishments at the estate and planning is underway for the construction of the mall which is set to start in early 2019.

Island Tourism Estates

At Lio, Palawan, we completed enhancements to the Lio airport, extending the runway and providing facilities to allow bigger aircrafts such as the ATR 72-600. We also opened more guest facilities, including a medical clinic, a co-working space, the LIFT gym, and transport shuttle terminals.

We improved access by completing the local airport, deploying bigger aircraft and adding routes from El Nido to Puerto Princesa and Coron. We also opened a seaport to facilitate convenient transfers from the airport to the island resorts and vice versa. To cater to a wider market, we opened the first Seda Resort hotel with 153 rooms, complemented by retail options such as Kalye Artisan and Shops at Lio.

At Sicogon, Iloilo, we opened the airport runway with an interim terminal in October 2018 and launched the first phase of land development to propel tourism growth in Western Visayas.

PROPERTY DEVELOPMENT

Our property development business has steadily matched the various lifestyle and business needs of our customers.

Ayala Land Premier

AyalaLand Premier (ALP) is the market leader in the luxury segment, launching projects valued at PHP54.6 billion in 2018. These include The Courtyards Phase 3A in Vermosa, Cavite; Parklinks North Tower; Arbor Lanes 4 in Arca South, Taguig; and The Residences at Azuela Cove Towers 1 and 2 in Davao.

Revenues from ALP reached PHP28.0 billion, 6% higher year-on-year due to bookings from The Courtyards in Vermosa, Cavite; The Alcoves in Cebu Business Park; and higher completion rate of The Suites in Bonifacio Global City.

ALP's 21-storey, 70-unit seaside property in Davao's new business and lifestyle district sold out on its launch day, generating PHP2.6 billion in sales from the first tower alone. Its second tower was launched in July, and the entire development is set to be

completed by 2023. ALP completed 12 projects and turned over 1,604 units in 2018.

Alveo

Alveo, a leading brand in the upscale market, launched 15 projects valued at PHP50.6 billion. These projects include Callisto Tower 2 in Circuit Makati; The Greenways, Alviera, Pampanga; Park Cascades North and South Tower, Arca South, Taguig; and Aveia Phase 2 in Binan, Laguna.

Alveo posted revenues of PHP26.3 billion, higher than the previous year, due to bookings from Orian Place Tower 1 at Vertis North, Quezon City, and Travertine Tower at Portico, Pasig City, and the higher completion rate of The Residences at Evo City in Kawit, Cavite. Alveo completed 16 projects and turned over 3,259 units.



AyalaLand's Premier's flagship project in Davao, The Residences at Azuela Cove, is located right by the water's edge.

Avida

Avida continues to serve the growing middle-income segment, launching 12 projects in 2018 valued at PHP29.6 billion. These include Avida Towers Sola Tower 2 in Vertis North Quezon City, Avida Towers Vireo Tower 2 in Arca South, Taguig, and Avida Towers Atria Tower 3 in Iloilo.

Bookings from Avida Towers Sola Tower 2 at Vertis North, Quezon City; Altura Tower 2 at South Park District, Muntinlupa City; and Asten Tower 3 at Makati City; and the higher completion rate of Sola Tower 1 at Vertis North fueled Avida's 16% revenue growth to PHP24.22 billion. Avida completed 11 projects and turned over 9,049 units.

Amaia

Amaia, which serves the affordable housing segment, launched six projects valued at PHP3.8 billion. These projects are Amaia Scapes Bulacan Series 3 A and B, Amaia Nova Series 3 A and B, Amaia Steps Mandaue in Cebu, Amaia Steps Alabang Esperanza in Muntinlupa City and Amaia Steps Pasig Blanca.

It posted a 20% improvement in revenues to PHP7.4 billion, as a result of bookings and the higher completion rate of Amaia Skies Shaw Tower 1 in Mandaluyong City, Amaia Skies Cubao Tower 2 in Quezon City, Amaia Scapes General Trias in Cavite, and Amaia Steps Nuvali in Laguna. Amaia completed nine projects and turned over 3,383 units.

Bellavita

Our socialized housing brand BellaVita launched one new project in Rosario, Cavite and additional inventory in three existing projects, for a combined value of PHP768 million.

Bookings from its projects in Pililia, Rizal; Cabanatuan East, Nueva Ecija; and Iloilo almost doubled its revenues to PHP1.2 billion. It turned over 1,201 units in 2018.



Aveia, a residential project by Alveo in Binan, Laguna is a pocket community designed for those who prefer a suburban lifestyle.

Ayala Land launched PHP139.4-billion worth of residential and office-for-sale projects in 2018.



Alveo launched 15 projects in 2018, including Park Cascades.



Vermosa's mixed-use development includes Avida Verra Settings Vermosa.



Tucked in a quiet area in San Miguel, Pasig City is the mid-rise Amaia Steps Pasig.



Rosario, Batangas hosts one of our BellaVita communities.



AyalaLand Premier's initial foray in the office-for-sale category is One Vertis Plaza at Vertis North in Quezon City.

Office for Sale

In 2018, we launched two new office-for-sale projects: Ayala Land Premier's One Vertis Plaza located in Vertis North Quezon City and Alveo's Tryne Enterprise Plaza in Arca South, Taguig.

Higher bookings from One Vertis Plaza and The Stiles East Enterprise Plaza in Circuit Makati and higher completion progress of Park Triangle Corporate Plaza in BGC and Alveo Financial Tower in Makati CBD hiked revenues from the sale of office spaces by 14%, to PHP11.4 billion.

Commercial and Industrial Lots

Revenues from the sale of commercial and industrial lots grew by 10% to PHP7.7 billion, driven by commercial lot sales in the Visayas-Mindanao estates and in Evo City, Cavite, and industrial lot sales in Alviera, Pampanga and in the Cavite Technopark.

COMMERCIAL LEASING

Our malls, offices, and hotels and resorts continue to expand in step with the growing Philippine economy. Total revenues from commercial leasing rose by 17%, reaching PHP34.9 billion in 2018.

Shopping Centers

Three new malls were opened in 2018: Circuit Mall in Makati with 52,000 sq. meters of gross leasable area (GLA); Capitol Central Mall in Bacolod with 74,000 sq. meters GLA; and One Bonifacio High Street in Taguig with 23,000 sq. meters GLA. This brings the shopping centers' year-end GLA to 1.90 million sq. meters.

Greenbelt and Glorietta malls in Makati City and the improved performance of newly opened malls in Quezon City, such as UP Town Center, Ayala Malls Cloverleaf, and Ayala Malls Vertis North, and in Pasig City, namely Ayala Malls Feliz and The 30th, boosted the segment's revenues by 13% to PHP19.9 billion from PHP17.7 billion the previous year.

Offices

The opening of new offices resulting from the completion of Ayala North Exchange Towers 1 and 2 in Makati, Vertis North Corporate Center 3 in Quezon City, and Bacolod Capitol Corporate Center created an additional 91,000-sq. meters GLA, bringing our total office portfolio to 1.1 million sq. meters.

Ayala Land Offices (ALO) generated revenues of PHP8.6 billion, 29% higher than last year's PHP 6.7 billion, as occupancy rates remained healthy at 96% and 84% for stable offices and new buildings, respectively. We signed over 150,000 sq. meters of new office transactions in 2018.

TOTAL REVENUES
₱34.9B
 UP 17%

SHOPPING CENTERS
₱19.9B
 UP 13%

OFFICES
₱8.6B
 UP 29%

HOTELS AND RESORTS
₱6.4B
 UP 14%



Ayala Malls Vertis North provides the vibrant experience-seeking communities in Quezon City with new and innovative retail and entertainment options.



The three-tower office facility Vertis North Corporate Center is especially designed for the BPO sector.



Seda Lio in Palawan is the first-ever resort hotel of our homegrown hotel brand.

ALO provides the business address of over 250 local and multinational companies generating some 400,000 jobs across the country.

In support of our sustainability efforts, ALO has shifted 23 of its buildings to renewable energy sources. BGC Stopover in BGC was recently awarded the LEED Gold certification, with 19 other buildings currently undergoing the certification process.

Hotels and Resorts

Three hundred ninety (390) rooms were added to our hotels and resorts portfolio: 108 at Seda Capitol Central, 118 at Seda Lio, 80 at Circuit Residences, 42 at Lio Dormitel, 19 at Huni Sicogon, 16 at Drift Hostel Sicogon, and seven at Sicogon Dormitel. This brings the total number of rooms in operation to 2,973 by end-2018.

Full-year operations of Seda Vertis North, Seda Capitol Central Bacolod, and the recently renovated Apulit Island Resort in El Nido, coupled with the improved performance of our bed and breakfast (B&B) hotels raised revenues from our hotels and resorts by 14%, to reach PHP6.4 billion from previous year's PHP5.6 billion.

Seda's overall guest satisfaction rating in 2018 was 84%, compared to 83% the previous year. Its recognitions include TripAdvisor's Travelers Choice Top 25 Hotels for Families for Seda Nuvali; Certificate of Excellence, Hall of Fame, from TripAdvisor for Seda BGC, Abreeza, and Centrio; and People's Choice Award, from the City Government of Bacolod for Seda Capitol.

Guest satisfaction of our El Nido resorts was at 96%, while guest satisfaction rating of our Lio Estate resorts was at 93%. Their awards in 2018 include the ASEAN Tourism Standards Award-Green Hotel Category and Conde Nast Traveler Gold List-Our Favorite Hotels in the World for Pangulasian Island Resort, HICAP Sustainable Hotel Award-Positive Community Impact for El Nido Resorts, and Global Green Destinations-Top 100 Sustainable Destinations for Lio Tourism Estate.

NEW LEASING FORMATS

The Flats

Ayala Land's first co-living development, The Flats Amorsolo, opened its doors for tenants in September 2018. It offers a total of 196 multiple occupancy rooms and communal spaces where tenants can interact, relax, and be more productive with free WiFi access, an outdoor seating area, and a roof deck lounge. It recorded an 86% occupancy on operational floors by end-2018.

The Flats BGC 5th Avenue will open in January 2019 with a total of 1,500 beds, while The Flats Circuit, the third and largest branch to-date, will open in 2021 with approximately 2,000 beds. With more locations coming up, The Flats will provide Metro Manila's workforce with alternative living options that are affordable, comfortable, convenient, and centrally located.

Clock In

Clock In is our product offering in the co-working and serviced offices category. As of 2018, it had 433 seats in three sites located in Makati and BGC.

It launched three new sites in Vertis North Quezon City, 30th Corporate Center in Pasig, and Ayala North Exchange in Makati. These sites will be fully operational by 2019.

Standard Factory Buildings and Warehouses

We also started to offer standard factory buildings (SFB) and warehouses inside industrials parks, to capture the growing opportunities in the manufacturing and logistics industries. As of end-2018, we had 136,874 sq. meters of SFB and warehouse GLA across various locations, such as the Laguna Technopark, Cavite Technopark, the Tutuban complex in Manila, and the Lepanto Ceramics facility in Laguna.



New leasing formats include The Flats, a co-living development; Clock In, serviced offices; and standard factory buildings (SFBs) and warehouses. Shown here (top to bottom) are The Flats Amorsolo in Makati City, Clock In at the Makati Stock Exchange building, and SFBs in the Cavite Technopark.

SERVICE BUSINESSES

The company's upward trajectory is supported by our service businesses, composed of Makati Development Corporation and Ayala Property Management Corporation; power services companies Direct Power Services, Inc., Ecozone Power Management, Inc. and Philippine Integrated Energy Solutions, Inc.; and airline services for our hotels and resorts, AirSWIFT. Total revenues of this segment rose by 5% to PHP76.7 billion.

Makati Development Corporation

Ayala Land's construction arm, MDC, generated record-high revenues of PH71 billion, a 5% growth from previous year's PHP68 billion, due to a healthy project portfolio and newly awarded contracts in 2018. It managed 434 projects during the year, with 73 in pre-construction, 221 construction, and 140 post-construction.

With safety as its top priority, MDC received 64 environmental, health and safety awards from the Safety Organization of the Philippines and the Department of Labor and Employment. MDC also achieved a total disabling incident rate of 0.10 for 193.5 million total man hours, and a 98.6% zero punch list rate, turning over 27,874 residential units to Ayala Land's SBUs.



Beyond building and construction, MDC undertakes, among others, residential and commercial development, industrial estate development, infrastructure development, water supply and waste water projects, engineering design, and various technical services.

MDC
434
PROJECTS

PHP **71.0B**
CONTRACT VALUE

APMC
242
ACCOUNTS

PHP **1.5B**
CONTRACT VALUE

In 2018, MDC and three of its subsidiaries received certifications for Integrated Management System, namely ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

Ayala Property Management Corporation

By end-2018, APMC managed 242 accounts with total revenues reaching PHP1.8 billion. Despite the growth of its portfolio, APMC sustained its service quality at a satisfactory level for both its customers and principals.

APMC received various awards and recognitions in 2018. It garnered three ISO recognitions namely: ISO 9001:2015 for international standards of quality management systems; ISO 14001:2015 for environmental management systems; and OHSAS 18001:2007 for health and safety. It was also awarded by the Department of Labor and Employment one DOLE Safe Manhour citation for no record of work-related accidents resulting to lost time, was the 2nd runner-up for the ASEAN Energy Awards under the Energy Management in Buildings and Industries (Small and Medium Building Category), and garnered 32 awards during the Safety Organization of the Philippines, Inc.'s National Fire Brigade Competition.

Power services companies

To complement our real estate offerings, our power services companies supply power to the commercial leasing assets and tenants within our industrial parks. Direct Power Services Inc., Ecozone Power Management Inc., and Philippine Integrated Energy Solutions Inc. catered to 92 customers in Metro Manila, Calabarzon, Pampanga, Cebu, Cagayan de Oro, and Davao, providing approximately 590 MW of electricity in 2018.

AirSWIFT

In 2018, AirSWIFT ferried a total of 270,000 passengers, growing 50% year-on-year since 2016. Total revenues reached PHP1.4 billion, up by 42% from 2017.

AirSWIFT ended the year with a fleet of four ATR aircraft, two 42- and two 72-seater ATR series planes.



APMC personnel regularly check and monitor the state of our structures and properties



Currently, AirSWIFT has a fleet of four ATR aircraft, two 42- and two 72-seater ATR planes.



Our power services companies supply power to our commercial leasing assets and industrial park tenants.

STRATEGIC INVESTMENTS

Our aspiration for long-term growth across the country and beyond is supported by our investments in key businesses and the synergies they create for the Ayala Land portfolio. In 2018, these businesses' contribution to our net income rose by 60% to PHP2.4 billion.

Cebu Holdings Inc.

Cebu Property Holdings Inc. (CHI), in which we hold a 70.4% equity investment, marked its 30th anniversary with the groundbreaking of The Flats at the Cebu Business Park and Cebu IT Park in December.

It ended the year with a 20% increase in revenue to PHP3.7 billion and another 14% hike in NIAT to PHP857.1 million. Revenues were driven by retail sales of Ayala Center Cebu, and leasing at eBlocs 1 to 4, ACC Tower and Tech Tower.

In November, CHI's merger with subsidiary Cebu Property Ventures and Development Corporation was formalized, resulting in more streamlined and efficient operations.

MCT Bhd

MCT Bhd, in which Ayala Land owns a 66.3% stake, recognized revenues of PHP7.6 billion from sales and completion progress of its projects in Cybersouth, an integrated development in Southern Klang Valley, and Lakefront, a residential project in Cyberjaya. It also recognized income of PHP0.5 billion from the sale of MCT Bhd's One City Properties, an integrated mixed-use development located in USJ 25, Subang Jaya, and eCity Hotel located within the same development.

Established in 1999, MCT is listed on Bursa Malaysia Securities Berhad. Its current focus is developing affordably priced projects at strategic locations

NET INCOME

CEBU HOLDINGS INC.
PHP **857.1M**
UP 14%

ORTIGAS & CO.
PHP **1.8B**
UP 24%

PRIME ORION INC.
PHP **554.7M**
UP FROM PHP18.6 M



Located in the Silicon Valley of Malaysia, Lakefront in Cyberjaya, Selangor is a residential development that offers affordable lakeside condo living.



Merkado Supermarket offers Quezon City households a new shopping option for their day-to-day needs.



Greenhills in San Juan City will be rejuvenated into a new business district following a PHP60-billion masterplanning and redevelopment program.

spread across Subang Jaya and Cyberjaya. In 2018, MCT acquired new parcels of land in Subang Jaya and Petaling Jaya for future development.

Merkado Supermarket

Our 50.0% supermarket joint venture with Puregold, Mercado, has two stores located in Quezon City—at the Ayala Malls UP Town Center and at Vertis North. As of end-2018, these stores averaged PHP2.3 million in total daily sales.

Ortigas & Co.

Ortigas & Co. continued to implement key strategies aligned with its transformation roadmap. It launched The Glaston Tower, its first office-for-sale development in the repositioned mixed-use estate Ortigas East, 81% of which was sold by yearend, complemented by the estate's residential development, The Verdant Towers.

On the leasing front, new retail concepts and locators opened in its Greenhills, Estancia, Tiendesitas, and Industria malls. Occupancy rates in its new office buildings IBP Tower, Silver City 4 and Silver City 1A are improving, with the properties approaching full lease-out levels.

Net income hit PHP1.8 billion, 24% better than previous year. Property sales were pegged at PHP20.7 billion, with 37% of the sales driven by The Glaston Tower.

Ortigas & Co. expects to maintain its growth trajectory following the implementation of the new masterplans for Greenhills Center, Capitol Commons, Ortigas East, and Circulo Verde. Ayala Land owns 21.0% of Ortigas & Co.

Prime Orion Philippines, Inc.

Prime Orion Philippines, Inc. (POPI) expanded its business portfolio to include industrial parks and standard factory buildings (SFB), through the consolidation of a 75% stake in Laguna Technopark, Inc. (LTI), growing its net income to PHP554.7 million from PHP18.6 million in 2017.

Expanding its footprint in the warehousing space, POPI launched SFBs in the Alviera Industrial Park in Porac, Pampanga with a gross leasable area of 19,000 sq. meters, catering to locators in the manufacturing, logistics, and storage industries. In Southern Luzon, it increased its leasable space with the completion of phase one of Cavite Technopark, and the development of SFBs in the Cavite Technopark phase two and Laguna Technopark phase eight. In addition, POPI is redeveloping the Lepanto Industrial Complex in Laguna.



The redeveloped Tutuban Center retains the hub's confluence of dynamic commercial vibe and heritage.



Qualimed in Nuvali provides communities south of Metro Manila with a high quality health care facility.

In Manila, POPI converted the Orion Hotel in the Tutuban district into a warehouse facility, offering storage units to merchants and traders. POPI continues to preserve its flagship project, the Tutuban Center, as a dynamic convergence of trade and heritage in Manila. It introduced new retail concepts, including the Fiesta Market and Recto food stalls. Ayala Land owns 63.9% of POPI.

Qualimed

QualiMed hospitals include the Dr. Daniel Mercado Medical Center (DMMC) in Tanauan, Batangas; QualiMed Iloilo; Qualimed Altarazza in San Jose Del Monte, Bulacan; and QualiMed Nuvali in Sta. Rosa, Laguna.

In 2018, QualiMed, in which Ayala Land holds a 40.0% stake, operates four hospitals, five clinics, and two ambulatory facilities. It focused on strengthening the operations of its newer hospital facilities. In Tanauan, the renovation of the DMMC operating room was completed, and the DMMC Institute of Health Sciences was expanded by two more floors to accommodate Grades 11 and 12 students.

By end-2018, the Qualimed network had 434 beds, 1,300 affiliated doctors, and clinic management programs covering 15 companies employing 67,700 employees.

It posted total revenues of PHP1.4 billion, a 15% hike from the year-ago level.

CELEBRATING 30 YEARS OF AYALA LAND



1940s

Ayala Corporation breaks ground in Makati for its first residential project, Forbes Park



1988

Ayala Corporation spins off its real estate division into an independent company, Ayala Land, Inc.

One Salcedo Place is launched



1993

Laguna Properties Holdings, Inc., now known as Avida, is established to serve the middle-income market

1994

Redevelopment of the Alabang Commercial Center, now known as Alabang Town Center, commences

1995

In partnership with the Makati City Government and the Makati Commercial Estate Association (MACEA), the company launches a phased redevelopment plan for the Makati Central Business District



1996

Pedestrian underpasses and elevated walkway system in Makati is constructed

1999

Ayala Westgrove Heights, a signature project of Ayala Land Premier, is launched



2009

The company embarks on its 5-10-15 plan
Nuvali Estate is launched



2007

Ayala Malls Trinoma in Quezon City opens to the public

2010

Amaia, the company's affordable housing segment brand, is launched

2011

Ayala Land expands in the Visayas-Mindanao region, opens Abreeza Mall in Davao

BellaVita, the company's socialized housing brand, is launched



2012

Seda Hotels is launched, strengthening Ayala Land's position in the hotels and resorts industry

2013

Ayala Land acquires El Nido Resorts

1989

Laguna Technopark is launched

Redevelopment of the Ayala Center begins

1990

The company ventures into the Visayas-Mindanao region with the Cebu Business Park



1991

Ayala Land is listed on the Manila and Makati Stock Exchanges

Development of the first planned office community in southern Metro Manila, the Madrigal Business Park in Alabang, Muntinlupa, begins

Glorietta mall opens to the public

1997

Tower One and Exchange Plaza is inaugurated, solidifying the company's leadership in the office segment



COMMUNITY
INNOVATIONS INC.
ALVEO

2002

Community Innovations, Inc., now known as Alveo, is launched, marking the company's entry into the upper middle-income segment



2003

The company takes over Fort Bonifacio, marking the beginning of Bonifacio Global City (BGC)

2004

Serendra, the company's first high-end residential product in BGC, is launched



2014

The company announces the 2020-40 Plan

5 new estates are launched: Arca South, Alviera, Altaraza, Atria Park, and Lio



2016

Sicogon Island Tourism estate in Iloilo is launched

2015

3 new estates are launched: Vermosa, Cloverleaf, and Capitol Central

2017

The company sets the plan to make its commercial properties carbon-neutral by 2022

The company introduces The Flats co-living spaces and Clock In co-working spaces



2018

Ayala Land marks its 30th anniversary
2 new estates, Parklinks and Habini Bay are launched, bringing the total number of estates to 26

OUR
LEADERS





The Makati Central Business District remains to be Ayala Land's premier development, with its redevelopment keeping in step with the needs of both local and international business. Tower 2 even while undergoing construction is already a prominent landmark of the CBD.

BOARD OF DIRECTORS

Fernando
Zobel de Ayala
CHAIRMAN





Jaime Augusto
Zobel de Ayala
VICE CHAIRMAN




Bernard Vincent O. Dy
PRESIDENT AND CEO

INDEPENDENT DIRECTORS



NON-EXECUTIVE DIRECTORS

A portrait of Antonino T. Aquino, a middle-aged man with short dark hair and glasses, smiling. He is wearing a dark suit jacket over a light blue button-down shirt. He is seated, with his left arm resting on a dark chair back. The background is a solid light brown color.

Antonino T. Aquino

A portrait of Arturo G. Corpuz, a middle-aged man with short dark hair, smiling. He is wearing a dark suit jacket over a light blue button-down shirt. He is standing with his hands in his pockets. The background is a solid light brown color.

Arturo G. Corpuz

A portrait of Delfin L. Lazaro, an older man with short grey hair, smiling. He is wearing a dark suit jacket over a white button-down shirt. He is standing with his hands in his pockets. The background is a solid light brown color.

Delfin L. Lazaro

FERNANDO ZOBEL DE AYALA

Chairman

Filipino, 58, has served as Chairman of the Board of Ayala Land, Inc. since April 1999. Mr. Zobel 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 also the Chairman of AC International Finance Ltd.; ALI Eton Property Development Corporation; Liontide Holdings, Inc.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; Automobile Central Enterprise, Inc.; Alabang Commercial Corporation; Accendo Commercial Corp.; and Hero Foundation, Inc.; and Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.. He is Vice Chairman of AC Industrial Technology Holdings, Inc.; 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.; AKL Properties Inc.; AC Ventures Holding Corp.; and Bonifacio Art Foundation, Inc. He is a Director of Livelt Investments Ltd.; AG Holdings Ltd.; AC Infrastructure Holdings Corporation; Asiacom Philippines, Inc.; Ayala Retirement Fund Holdings, Inc.; AC Education, Inc.; Honda Cars Philippines, Inc.; Isuzu Philippines Corporation, and Manila Peninsula. He is a member of the board of INSEAD and Georgetown University; member of the International Advisory Board of Tikehau Capita; member of the Philippine-Singapore Business Council, INSEAD East Asia Council, World Presidents' Organization; and Chief Executives Organization. He chairs Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee. He is a member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. Mr. Zobel 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, 59, has served as a Director, Vice Chairman and member of the Executive Committee of Ayala Land, Inc. since June 1988. Mr. Zobel 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.. He is Co-Chairman of the Ayala Foundation, Inc. and Ayala Group Club, Inc. He is a director of Alabang Commercial Corporation; Ayala International Pte. Ltd.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; Light Rail Manila Holdings, Inc.; and AG Holdings Ltd. Outside the Ayala group, he is a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, Mitsubishi Corporation International Advisory Council, and Council on Foreign Relations. He sits on the board of the Singapore Management University, the global advisory board of University of Tokyo, and on various advisory boards of Harvard University, including the Global Advisory Council, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is Chairman Emeritus of the Asia Business Council, Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships. Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. Mr. Zobel graduated with B.A. in Economics (cum laude) from Harvard College in 1981 and obtained his MBA from the Harvard Graduate School of Business in 1987.

BERNARD VINCENT O. DY

President and CEO

Filipino, 55, has led Ayala Land, Inc. as President and Chief Executive Officer since April 7, 2014. Prior to this post, he was the Head of Residential Business, Commercial Business and Corporate Marketing and Sales. He is also the Chairman of Ayala Property Management Corporation; Makati Development Corporation; Alveo Land Corporation; Amaia Land Corporation; AyalaLand Commercial Reit, Inc.; Bellavita Land Corporation; Ayagold Retailers, Inc.; Station Square East Commercial Corporation; Aviana Development Corporation; Cagayan De Oro Gateway Corporation; BGSouth Properties, Inc.; BGNorth Properties, Inc.; BGWest Properties, Inc.; Portico Land Corporation; Philippine Integrated Energy Solutions, Inc.; Avencosouth Corporation; and Nuevocentro, Inc. Mr. Dy also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc. He is also President of Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; Fort Bonifacio Development Corporation; Aurora Properties, Inc.; Vesta Property Holdings, Inc.; Ceci Realty, Inc.; Alabang Commercial Corporation, and Accendo Commercial Corp. Mr. Dy also serves as Director of Prime Orion Philippines, Inc.; Cebu Holdings, Inc.; and MCT Bhd of Malaysia; Avida Land Corporation; 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 AKL Properties Inc. Mr. Dy is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. He has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985. He received his MBA in 1989 and MA International Relations in 1997, both from the University of Chicago.

JAIME C. LAYA

Lead Independent Director

Filipino, 79, has served as an Independent Director of Ayala Land, Inc. since April 2010 and as Lead Independent Director since April 2017. 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.

RIZALINA G. MANTARING**Independent Director**

Filipino, 59, has served as an Independent Director of Ayala Land, Inc. since April 2014. Concurrently, she holds the following positions: Chairman, Sun Life Financial Philippine Holding Co. Inc.; Chairman, Sun Life Financial Philippines Foundation Inc.; Director, Sun Life Grepa Financial, Inc.; and Independent Director of First Philippine Holdings Corp., Inc.; East Asia Computer Center, Inc.; Roosevelt College Inc.; and Microventures Foundation, Inc. She is also President of the Management Association of the Philippines and a member of its Board of Governors; and a member of the Makati Business Club Board of Trustees and Philippine Business for Education Board of Trustees. 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, by Moneysense Magazine as one of the 12 Most Influential in Personal Finance, and by the University of the Philippines College of Engineering as one of the 100 Most Outstanding Alumni of the past century. She holds a BS Electrical Engineering degree (with honors) from the University of the Philippines in 1982. She obtained her MS degree in Computer Science from the State University of New York at Albany in 1993.

CESAR V. PURISIMA**Independent Director**

Filipino, 58, was appointed as an Independent Director of Ayala Land, Inc. on April 18, 2018. He is an Asia Fellow at the Milken; Independent Director of AIA Group Limited; Independent Director of Universal Robina Corporation; Member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation; Executive-in-Residence of the Asian Institute of Management; Member of the Board of Trustees of International School, Manila and De La Salle University; Member of International Advisory Council (Phils.), Singapore Management University; and Advisor of the Partners Group AG LIFE Council. He served the Philippine Government as a Secretary of Finance from February 2005 to July 2005 and from July 2010 to June 2016. As Secretary of Finance, he also served as a member of the Monetary Board of the Bangko Sentral ng Pilipinas, Governor for the Philippines of the World Bank Group and Asian Development Bank; and Chairman of various public finance sectors. He was also the Head of the Cabinet Economic Development Cluster of the Philippines from July 2010 to June 2016. He also served as the Secretary of the Department of Trade and Industry from January 2004 to February 2015. He was also the Alternate Governor for the International Monetary Fund. Prior to his stint in government service, he was the Chairman and Country Managing Partner of SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. Mr. Purisima obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979 and was among the top placers in the 1979 CPA Board Examination. He earned his Master of Business Administration degree from Kellogg School of Management, Northwestern University, Illinois in 1983 and was conferred the Doctor of Humanities Honoris Causa by Angeles University in 2012.

ANTONINO T. AQUINO**Non-Executive Director**

Filipino, 71, has served as Director of Ayala Land, Inc. 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 ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. He has served the Ayala group in various capacities for 38 years. Currently, he is a board member of Nuevocentro, Inc.; Anvaya Beach & Nature Club; and Mano Amiga Academy, Inc. He is also a private sector representative in 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. He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

ARTURO G. CORPUZ**Non-Executive Director**

Filipino, 63, has served as a Director of Ayala Land, Inc. 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 Bachelor’s 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, respectively.

DELFIN L. LAZARO**Non-Executive Director**

Filipino, 72, has served as a member of the Board of Ayala Land, Inc. since May 1996. He is a Director of several publicly listed companies namely, 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.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; and Director of AYC Holdings, Inc. Ltd., AC International Finance, Ltd., Purefoods International, Ltd., AC Industrial Technology Holdings, Inc., and Probe Productions, Inc. He obtained a BS Metallurgical Engineering degree from the University of the Philippines in 1967 and an MBA (with Distinction) from the Harvard Graduate School of Business in 1971.

MANAGEMENT COMMITTEE



(From left)

Augusto D. Bengzon

Chief Finance Officer, Chief Compliance Officer,
and Treasurer

Bernard Vincent O. Dy

President and CEO

Anna Ma. Margarita B. Dy

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

Eliezer C. Tanlapco

Group Head, Human Resources and Public Affairs



(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 & Co.

SENIOR LEADERS



(From left)

Manuel A. Blas II

Estate Head, Makati and BGC

Christopher B. Maglanoc

President, Avida Land Corp.

Angelica L. Salvador

Controller, Ayala Land, Inc.

President, Aprisa Business Process Solutions, Inc.

Joseph Carmichael Z. Jugo

Managing Director, Ayala Land Premier



(From left)

Jennylle S. Tupaz

Head, Ayala Malls

Javier D. Hernandez

President, Ten Knots Development Corporation

Carol T. Mills

Head, Ayala Land Offices

Michael Alexis C. Legaspi

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

Ruby P. Chiong

Chief Finance Officer, Commercial Business Group

SENIOR LEADERS



(From left)

Thomas F. Mirasol
Chief Operating Officer, Ortigas & Co.

Rowena M. Tomeldan
President, Prime Orion Philippines, Inc.

Lyle A. Abadia
Head, Special Projects, Ayala Land, Inc.

Dindo R. Fernando
Head, External Affairs, Ayala Land, Inc.

Ancieto V. Bisnar, Jr.
President, Cebu Holdings Inc.
Chief Operating Officer, Visayas-Mindanao Group



(From left)

Leovigildo D. Abot

Operations Management Control Head,
Makati Development Corporation

Ginaflor C. Oris

Chief Finance Officer,
Makati Development Corporation

Rodelito J. Ocampo

Group Head, Construction Operations
Makati Development Corporation
Head, MDC BuildPlus

Romeo T. Menpin

Group Head, Construction Methods and Solutions,
Makati Development Corporation

BUSINESS MODEL





Vertis North in Quezon City gives the former capital city a refresh, with new green spaces, the only 5-star Seda hotel to date, Ayala Malls, BPO towers and an office-for-sale tower by AyalaLand Premier.

BUSINESS MODEL

We develop large-scale, integrated, mixed-use estates which serve as a platform for growth, affording us suitable locations for our various residential and commercial leasing products.

Our estates maximize synergies among our product lines, delivering greater value to our customers and stakeholders, across our development activities of land assessment and acquisition, masterplanning and design, construction and delivery, and property management.

We develop a very deliberate masterplan for each estate, including our island tourism estates, according to a unique value proposition that optimizes its location, natural terrain, and potential contribution to the surrounding community. We adhere to our four sustainability focus areas of site resilience, pedestrian mobility and transit connectivity, eco-efficiency and local economic development.

Based on market conditions, we allocate and select the appropriate residential and commercial leasing products in each estate. In terms of residential products, we have five brands that serve the entire socio-economic spectrum: luxury, upscale, middle-income, entry-level, and socialized. These brands are matched with the estate's market and demographic profile.

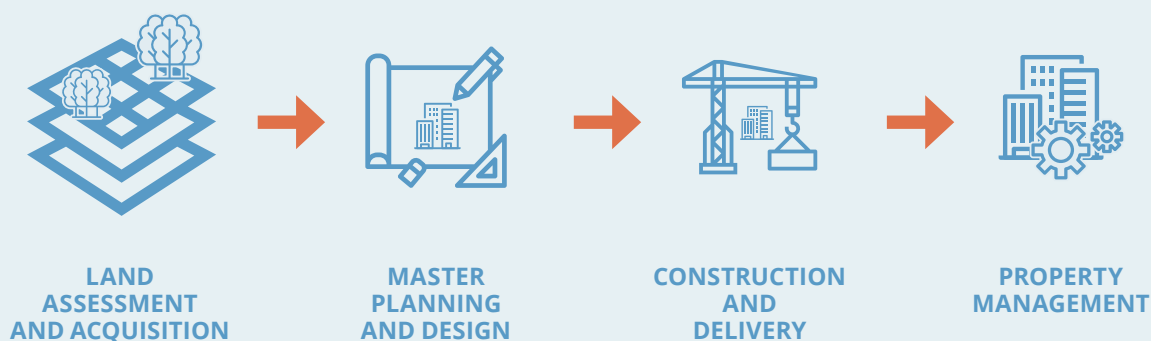
Furthermore, the residential developments are complemented by appropriate commercial leasing products, such as shopping centers, offices, and hotels and resorts.

Our land banking initiatives, a critical aspect of our business model, drive the continued growth and sustainability of our estates. We identify locations that not only expand our footprint but also exhibit potential for economic growth, and anchor our developments in these areas.

By end-2018, Ayala Land has established 26 estates across the Philippines, is present in 57 growth centers across the country, and has secured 11,624 hectares of land bank.

With two-thirds of the country's GDP originating from Metro Manila and Central and Southern Luzon, most of our current developments are in these areas. However, these are supplemented by developments in highly urbanized and key cities in the Visayas and Mindanao.

AYALA LAND'S PROJECT DEVELOPMENT FRAMEWORK



The complete list of Ayala Land's estates and business lines may be found on page 7 of this report.

The Strategy for Growth (MA-201)

In 2014, we announced our 2020-40 plan, an aggressive goal to achieve a net income of PHP40 billion by 2020 through a more balanced contribution between developmental income from property development and recurring income from commercial leasing.

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 and more susceptible to market externalities. 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 prospects.

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.

The leasable space of our malls has increased by 51% to 1.90 million sq. meters, while 727 thousand sq. meters is under construction. Our office portfolio has doubled to 1.11 million sq. meters, with an additional 424 thousand sq. meters for delivery. On the other hand, the number of hotel and resort rooms reached 2,973 by year-end, 49% higher than our 2013 stock; 3,906 rooms are currently being constructed.

In property development, we continue to launch an optimal mix of horizontal and vertical projects for sale, taking into consideration market demand while implementing competitive pricing.

Finally, we regularly assess our share of market for each of our business lines in all locations.

Our strategies will 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, in line with the implementation of our four sustainability focus areas and strengthened 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.

EXTERNAL ENVIRONMENT

External Factor	Impact on Philippine Property Sector
Philippine Economy <ul style="list-style-type: none"> The country's gross domestic product (GDP) grew by 6.2% in 2018, slower than its 2017 growth of 6.7% but still within the five-year average of 6%. Capital formation grew 14%, accounting for 31% of GDP, and foreign direct investment (FDI) pledges jumped 69% reaching PHP179 billion, as the country shifts into an investment-led economy. Gross international reserves (GIR) stood at USD79.2 billion, which can cover up to seven months' worth of imports. Average inflation in 2018 reached 5.2%, above the government's inflation target of 2-4% due to higher international crude oil prices and rice supply-side issues. Inflation peaked at 6.7% during the months of September and October before slowing down due to monetary actions by the Bangko Sentral ng Pilipinas (BSP). 	<ul style="list-style-type: none"> A strong domestic economy is a key indicator of the health of the real estate sector, providing a leading indicator of demand. Sustained growth of the country provides confidence for both developers and customers to continue investing in the industry.
Interest Rates <ul style="list-style-type: none"> To address rising inflation and to protect the Philippine peso, the BSP raised overnight lending rates five times over 2018, totaling 175 bps, to reach 4.75%. 	<ul style="list-style-type: none"> The continued availability of long-term fixed-rate mortgages, despite higher interest rates, will support the affordability of residential products. Amid a rising interest rate environment, corporates still have access to affordable debt from banks and the domestic capital markets which will help fund their growth plans.
Household Consumption <ul style="list-style-type: none"> Domestic consumption continues to drive the Philippine economy, contributing 68.5% of GDP. 	<ul style="list-style-type: none"> Strong domestic consumption will fuel sales within malls and shopping centers, and drive domestic tourism which will benefit our hotels and resorts business.
Social and Demographics <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 2018 was estimated at USD3,104, up 4%. Unemployment rate was at 5% as of end-2018. Labor force participation was estimated at 60.6%. 	<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 continue to grow.

External Factor	Impact on Philippine Property Sector
Remittances <ul style="list-style-type: none"> Overseas Filipinos brought in cumulative cash remittances amounting to USD28.9 billion in 2018, up 3% from the previous year. 	<ul style="list-style-type: none"> Cash remittances provide consumers with additional purchasing power, driving household consumption which in turn feeds into shopping, tourism, and vehicle and home purchases.
Tourism <ul style="list-style-type: none"> International tourist arrivals reached 7.1 million, up 8% from 2017, higher than the world average tourism growth of 6% for Asia and the Pacific. International tourism growth was led by travelers from South Korea, China, and the United States. Domestic tourism remains solid with over 97 million travelers as of November 2018. Tourism revenues were estimated at USD8 billion. 	<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 country's tourism sector. Increased foreign and domestic tourism will drive higher occupancy levels at hotels and resorts across the country.
Infrastructure <ul style="list-style-type: none"> The Philippine government, through its Build, Build, Build program, is targeting to spend nearly PHP8.0 trillion on 75 big-ticket infrastructure projects from 2017 to 2022. As of 2018, 46 out of the 75 flagship projects are under various stages of implementation. Infrastructure spending reached PHP886.2 billion, up 56% from 2017, equivalent to 5.1% of GDP. 	<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 more Filipinos, spurring higher incomes, and creating strong markets for property developers.
Tax Reform <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 is expected to provide the government with an additional PHP970 billion in cumulative income by 2022. 	<ul style="list-style-type: none"> The reduction of personal income taxes will increase the purchasing power for a majority of Filipinos.
The Philippine Government <ul style="list-style-type: none"> Key issues confronted by the Philippine government in 2018 included the potential shift to a decentralized federal government and geopolitical concerns. The Philippines will hold its mid-term election in May 2019. 	<ul style="list-style-type: none"> Uncertainties in the political environment may directly impact FDI and may hinder the investment-led growth of the country.

Outlook (MA-202)

Buoyed by a positive macroeconomic outlook, we remain cautiously optimistic about achieving our 2020 targets. We are encouraged by the progress of our property development and commercial leasing businesses, and we recognize the continued strength of the real estate industry.

We believe that key economic drivers and favorable demographics led by steady GDP growth, contributions from BPO revenues and overseas Filipino remittances, and a growing tourism sector, remain supportive of the continued growth of the Philippine property sector. We also look forward to the continued buildup of infrastructure projects which will foster connectivity and spur urbanization across the country. In 2018 alone, the government spent PHP886.2 billion for infrastructure, 56% higher than in 2017. We are also optimistic about the opportunities from a growing middle class, with 60%¹ of the population seen to belong to the 15- to 65-year-old working segment by year 2040. Furthermore, rising per capita income coupled with the availability of long-term fixed rate mortgages will continue to make residential products affordable for more Filipinos.

Nevertheless, we recognize the risks that may adversely affect our growth momentum. Geopolitical tensions such as the US-China trade war may impact foreign investments in emerging countries such as the Philippines and hamper the growth of capital formation. Higher oil prices may push commodity prices higher, driving up inflation. High inflation may in turn curtail confidence in the market as well as compel the Bangko Sentral to hike interest rates.

Climate change continues to be a significant concern, with 2018 being the fourth warmest year since 1880. The impacts of global warming are already being felt in the Philippines, which is why we are undertaking adaptation, mitigation, and land development strategies to decrease our emissions.

As we look ahead to 2019, we will continue to grow our nationwide footprint by building more estates in identified growth centers across the country. We will launch products attuned to market demand, endeavoring to reach a wider market and providing value not only for our shareholders but also for the communities we serve.

¹Bangko Sentral ng Pilipinas estimates





Making the streets walkable is a feature in all our estates, as shown here at 30th Street in Bonifacio Global City.

HOW WE CREATE VALUE

CAPITALS

NATURAL

Strategic land bank

INTELLECTUAL

Solid track record of building large-scale, integrated, mixed-use and sustainable estates

MANUFACTURED

Diversified product lines

BUSINESS PROCESS

LAND BANKING

We secure land in strategically located growth centers through acquisitions and joint ventures for conservation, and immediate and long-term development. We consider their natural and existing ecosystems to ensure best use.

ESTATE DEVELOPMENT

We masterplan land to become estates that integrate product lines to create sustainable and vibrant communities. We employ the principles of site resilience and pedestrian-transit connectivity in the masterplanning process.

PROPERTY DEVELOPMENT AND COMMERCIAL LEASING

We build and sell residential products, office spaces, and commercial and industrial lots.

We develop and operate malls, offices, and hotels and resorts in line with eco-efficiency principles as well as other leasing formats such as standard factory buildings and warehouses, co-living spaces, and co-working spaces.

OUTPUTS

Total of 11,624 hectares of developable land bank; 80% in Luzon, 20% in Visayas and Mindanao

Protected 560 ha. of carbon forests

Planted 42,057 new native trees in our carbon forests and a 99% tree planting survival rate in Alaminos carbon forest

Recorded 68,901 native trees in 8 operating estates

565 hours of biodiversity awareness and capacity-building activities in eco-tourism estates

Added 2 estates in 2018: Parklinks, Quezon City and Habini Bay, Misamis Oriental

Total of 26 estates across the country

Total of 301 ha. of deliberately planned green public spaces in 13 operating estates

Introduced 7 additional urban patios in Makati CBD with a catchment area of 350 sq. meters

Established a total of 20 P2P routes and 13 P2P terminals located in our malls and estates

Completed and turned over 18,496 residential units

Completed 3 new malls equivalent to 142,000 sq. meters of GLA for a total of 1.90 million sq. meters

Completed 4 new office buildings equivalent to 91,000 sq. meters of GLA for a total of 1.11 million sq. meters

Added 390 hotel and resort rooms for a total of 2,973 rooms

136,874 sq. meters of GLA for standard factory buildings and warehouses

728 beds in co-living spaces

433 seats in co-working spaces

Shifted 19 properties to clean energy through power purchase agreements

Saved PHP14 million and 3.3 million kWh through energy efficiency initiatives in malls and offices

OUTCOMES

Reduced net GHG emissions by 82,090 t-CO₂e

Promoted the use of 67 native tree species in 8 operating estates

Protected 52 IUCN red-list species in our developments

Resulted in an 88% hatching rate of 21 Olive Ridley turtle nests in Anvaya Cove

The estates provided households and the workforce with opportunities for social interaction in a healthy environment

Improved the pedestrian experience for an average of 1.9 million people daily

Improved transit connectivity for an average of 14,593 commuters daily

Potentially benefitted 73,984 people through new residential spaces

Accommodated 1.2 million average daily foot traffic in malls

Provided space for malls and offices that employed 189,893 workers

Reduced our net GHG emissions by 84,642 t-CO₂e

HUMAN

Empowered organization

SOCIAL

Highly trusted brand

FINANCIAL

Strong balance sheet

CONSTRUCTION AND PROPERTY MANAGEMENT

Through the diverse talents of our businesses units that prioritize local hiring, we develop projects which are implemented by our construction company, Makati Development Corporation. Thereafter, we manage completed properties through in-house operations teams and our property management company, Ayala Property Management Corporation. This process ensures quality throughout the project cycle.

CORPORATE SUPPORT

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

STRATEGIC INVESTMENTS

We hold investments in selected companies that complement our core businesses: Cebu Holdings, Inc., Mercado Supermarket, MCT Bhd., Ortigas & Co., Prime Orion Philippines, Inc., and Qualimed.

Employed 5,358 direct employees and 54,369 support staff

Provided 134,638 hours of training to all ALI employees

Produced 5,064 graduates from MDC's TESDA program

The only Philippine company listed in the RobecoSAM sustainability yearbook for 3rd consecutive year

Ranked 42 in the Top 100 Asia300 Power Performance, the top Philippine company by Nikkei Asian Review

One of the Top 50 ASEAN Publicly Listed Companies for Corporate Governance

Most Outstanding Company in the Real Estate Sector – Asiamoney

Philippine Property Company of the Year – Frost and Sullivan

Net income of PHP29.2 billion, up 16%

PHP142 billion of sales reservations, up 16%

Industry leading ROE of 16.5%

Net D/E of 0.72x

4.8% average cost of debt

PHP110.1 billion capital expenditure in 2018

Generated a total of 59,727 jobs (direct employees and those hired by service providers)

Achieved an employee engagement score of 90% for 2017 (*employee engagement survey is conducted every two years*)

Achieved 95% service level agreement rating and 86% online customer satisfaction rating

Attained a residential property buyer zero punchlist turnover rating of 98.5%

3-year Total Shareholder Return of 22%
AAA credit rating from PhilRatings

Institutional Magazine Awardee for Most Honored Company in the Philippines, Best CFO, Best Investor Relations Program

IR Magazine awardee for Best Investor Relations in the Real Estate Sector (SE Asia), Best In Country, Best Financial Reporting and Best IR Website

OUR SUSTAINABILITY FOUR FOCUS AREAS

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.

The results of our 2013 materiality assessment remain relevant today. Following our stakeholder discussions to identify sustainability focus areas that will best respond to the Philippine development context, we have identified four major recurring concerns:

1. Vulnerability to the effects of climate change and natural disasters;
2. Need for pedestrian mobility in urban areas;
3. Continuing loss of natural resources; and
4. 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 at the Board-level Sustainability Committee. This process resulted in the identification of four focus areas to help address the country's sustainability concerns: site resilience, pedestrian mobility and transit connectivity, eco-efficiency, and local economic development.

The four focus areas serve as general guides to 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. Material topics were identified under each focus area .



Preserving natural resources in our areas of operation is a primary concern whenever we undertake any development.

Site Resilience

Extreme weather events, rising sea levels, and other hazards associated with global warming can undermine our real estate products and businesses. We strengthen our sites to enable them to recover quickly from environmental stress by undertaking technical due diligence to screen for geohazards, providing space for refuge and rainwater absorption, and using native trees to enhance biodiversity and ecosystems services.



Pedestrian Mobility and Transit Connectivity

Mobility and connectivity guide our masterplans to provide people with alternatives to using vehicles in our estates. We provide more opportunities for walking and commuting by creating pedestrian-only areas and walkways, providing transit stops and terminals in estates and malls, and maintaining connectivity even during construction.



Eco-Efficiency

Energy, water, and materials such as steel and cement make up the bulk of resources used in property development. To address the continuing loss of natural resources, we use them judiciously and efficiently, reducing our consumption and GHG emissions. We implement energy and water conservation programs and undertake waste management schemes. We are committed to make our commercial properties carbon-neutral by 2022.



Local Economic Development

As we build large-scale, integrated, and mixed-use estates across the country, we generate employment and business opportunities at each step of the development cycle. We contribute to nation-building and create value for the community and the business by investing in community training in the places we develop and operate, prioritizing local hiring in areas we develop, and allocating spaces for homegrown businesses in our malls.

To measure Ayala Land's performance and report its impact on Philippine development, we identified topics in the GRI Standards that correspond to the four focus areas.

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

Indicators under site resilience, pedestrian and transit connectivity, and eco-efficiency are discussed in the Environmental Stewardship section while local economic development is discussed in the Social Engagement section of the Integrated Report.



Our patios give our shoppers and visitors a pleasant walking experience in and around our malls.

Annually, we conduct an assessment of the materiality of issues across the whole organization based on the four focus areas. The table below shows the results of the exercise, matched with the corresponding GRI indicators applicable under each focus area.

GRI STANDARDS-AYALA LAND'S SUSTAINABILITY FOUR FOCUS AREAS												
	Site Resilience			Pedestrian and Transit Connectivity		Eco-Efficiency				Local Economic Development		
	Environmental Compliance (Due Diligence)	Provide space for refuge and rainwater absorption; (Water resources/ soil, safety)	Use/protect native plants 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
	GRI											
BUSINESS UNITS	307	303	304	416	203	204, 301	302, 303	306	305	401, 404, 411	203, 413	202, 203
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	●	●	●	●	●	●	●	●	●	●	●	●

● Highly material ● Moderately material ● Least material



ENVIRONMENTAL STEWARDSHIP



The Lio tourism estate is a model of world-class eco-tourism development.

ENVIRONMENTAL STEWARDSHIP

We have set for ourselves steadily progressive targets, refining the goals and metrics of our developmental and operational activities to create more value for the environment and the communities we operate in.

Site Resilience

Provision of spaces for rainwater absorption and use of native species continue to strengthen and protect our developments from environmental hazards.

Native Trees and Green Space (MA 304, 304-2)

We deliberately use native trees and allocate green spaces to protect biodiversity and ecosystems services in our estates and enhance resilience in our sites. A total of 68,901 trees of 67 native tree species have been planted and used in 12 of our 26 estates. These trees are planted along roads as part of the streetscape, or in parks and open spaces.

2018 HIGHLIGHTS

Site Resilience

52

Red-list species*
Protected

68,901

Native Trees
Planted

301_{HA}

Green space

Pedestrian Mobility and Transit Connectivity

20

P2P** routes

13

P2P terminals
located in our estates

7

New urban patios
in Makati CBD

Resource Efficiency

62%

GHG emissions
reduction, equivalent
to 166,732 t-CO₂e

32

Malls and offices with
clean energy source

560_{HA}

Carbon forest***

For more information on our sustainability strategy, management approach and targets, please visit <https://ir.ayalaland.com.ph/sustainability>

* As defined by the IUCN (International Union for Conservation of Nature)

** P2P refers to point-to-point bus service for commuters between the various Ayala Land estates in Metro Manila and Laguna.

*** Carbon forest refers to carbon sinks that store more carbon than they emit.

Thirty-five percent (35%) of the trees in our established estates (Makati CBD, BGC, Nuvali, Cebu Park District) and 74% of those in emerging estates (Altaraza, Cloverleaf, Vertis North, Circuit Makati) are native trees. Meanwhile, estates still undergoing planning are designed to have an 80:20 native to exotic tree ratio.

As of 2018, we had a total of 301 hectares of green public spaces in our established and emerging estates, providing our household and workforce population in these estates with healthy spaces that promote social interaction.

Protecting IUCN Red-List Species (MA 304, 304-2, 304-4)

After conducting biodiversity studies in Lio, El Nido, and Anvaya, Bataan, we recorded and protected an additional 18 IUCN red-list species in 2018, bringing the total to 52. Among these species are the critically endangered hawksbill turtle, and the endangered endemic species Balabac mouse deer and red-headed flameback.

More than 565 hours were spent for biodiversity awareness and capacity-building activities in 2018, and our Be G.R.E.E.N (Guard, Respect, Educate El Nido) program was extended to 324 guests and 1,559 community members.

As part of our biodiversity initiatives, we have successfully carried out 25 wildlife animal rescues, which include the green sea turtle and white-bellied sea eagle. Sea turtle handling efforts in Anvaya have also resulted in an increase in their nesting population as evidenced by the 88% hatching rate of 21 Olive Ridley turtle nests during the 2017-2018 sea turtle season.

Pedestrian Mobility and Transit Connectivity (203-1)

We continually enhance pedestrian experience in our developments. In Makati CBD, we added seven urban patios with 350 sq. meters of catchment areas for a more pleasant pedestrian experience for an average of 1.9 million people daily.

We added 11 P2P routes in 2018, for a total of 20 P2P routes and 13 P2P terminals. Since 2016, the P2P service

has improved the commuting experience and transit connectivity for an average of 14,593 commuters daily.

Eco-Efficiency

Through conservation and management programs, we use our resources efficiently to reduce consumption and greenhouse gas (GHG) emissions.

Energy Consumption (MA 302, 302-1, 302-2, 302-3, 302-4, 302-5)

In 2018, our energy consumption rose to 887 million kWh from 785 million kWh in the previous year due to growth in the number of our developments.

Despite the increased consumption, energy intensity, as a measure of energy efficiency expressed in kWh per sq. meter of gross floor area, has consistently decreased in our offices and hotels since 2016. Intensity in our malls rose by 2%.

Through investments in energy efficiency technologies and operational adjustments to reduce consumption, our offices and malls have saved 3.3 million kWh of electricity, equivalent to PHP14 million in savings.

Water Consumption (MA 303, 303-1)

Our water consumption increased by 14% primarily due to the increased number of projects undertaken by MDC. However, water intensity in our offices and hotels decreased by 18% and 13%, respectively, due to conservation efforts including rainwater collection and the use of efficient fixtures.

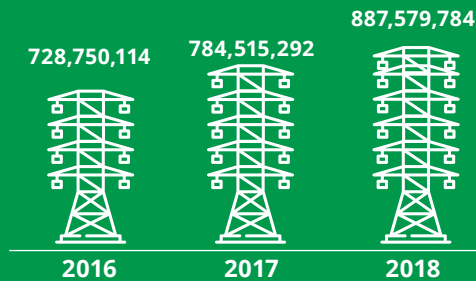
Materials Consumption (MA 301, 301-1, 301-2)

In line with our commitment to use materials more efficiently, we repurpose 20 to 30% of the fly ash generated from our six concrete batching plants as cement substitute, while our suppliers recycle 1.6 million kg of rebar scraps and 58,934 kg of hard plastic from our projects.

In 2018, our cement consumption decreased by 22%, or 78,158 tonnes, while our rebar/steel consumption rose by 4%. Aside from utilizing by-products to reduce consumption, changes in year-on-year materials usage result from the varying amounts required by the different phases of construction.

ENERGY CONSUMPTION (302-1, 302-2)

(IN KWH)



ENERGY INTENSITY* (302-3)

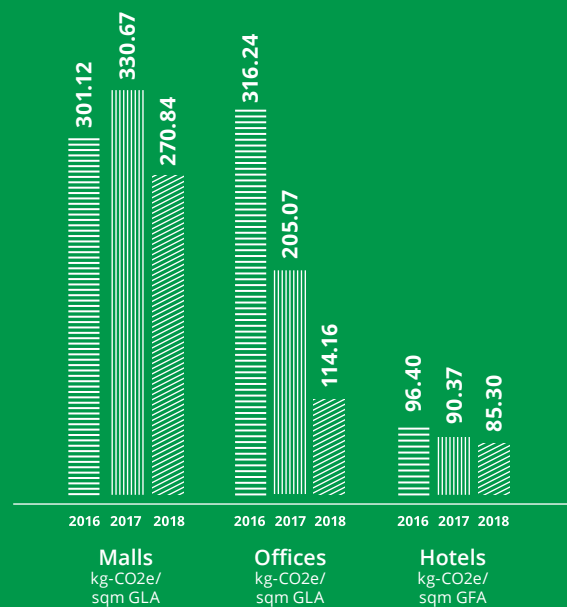
(IN kWh)

Energy Intensity	Unit	2016	2017	2018
Malls	kWh/sqm gross floor area/year	208.74	213.20	217.85
Offices	kWh/sqm air conditioned space/year	86.20	84.74	82.07
Hotels	kWh/sqm gross floor area/year	167.88	180.41	140.06

* 2016 and 2017 figures restated

WHOLE BUILDING GHG INTENSITY (305-4)

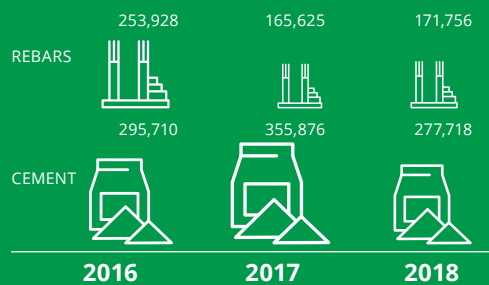
(KG-CO2E/SQM GLA)



GHG emissions for 2016 and 2017 were recalculated using updated emissions factor from the Department of Energy

MATERIALS CONSUMPTION (301-1)

(IN TONNES)



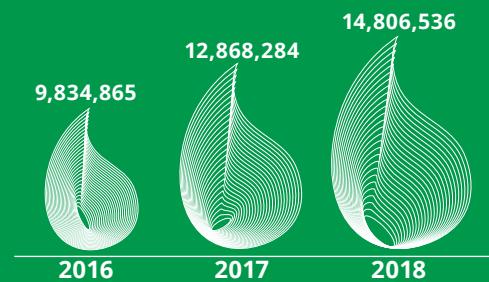
NON-HAZARDOUS WASTE GENERATED (306-2)

(IN KG)



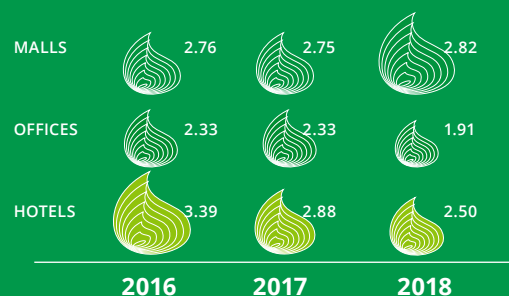
WATER CONSUMPTION (303-1)

(IN CUBIC METERS)



WATER INTENSITY* (303-1)

(IN CUBIC METERS)



* 2016 and 2017 figures restated

Waste (MA306, 306-2)

In 2018, as we built more estates and further developed our properties, our waste generation increased by 22%. With our growing business, we proactively examine our properties' waste profile and behavior to set bold targets to divert and repurpose the waste generated.

Carbon Neutrality (MA305, 305-1, 305-2, 305-3, 305-4, 305-5)

To achieve our net-zero carbon emissions target by 2022, we focus on our commercial leasing properties—malls, offices, and hotels—which produced 81% of our total emissions.

We identified the following strategies to carbon neutrality: avoiding emissions by using natural light and ventilation

in common spaces, shifting to clean energy, and dedicating portions of our land bank as carbon sinks through forest enhancement and protection.

Internal Price on Carbon

To provide incentives for investing in low-carbon alternatives and to generate funds and other resources for enhancing our forests, we pegged an internal price on carbon for every kilowatt-hour that was not sourced from clean energy. Its equivalent amount was also established for every ton of CO₂-scope 1 emitted by our leasing properties. Scope 1 emissions come from fuel consumption by properties owned and controlled by the company.

APPROACH TO CARBON NEUTRALITY**Shift**

Through power purchase agreements undertaken by our retail electricity suppliers, our properties are able to shift to clean energy sources. This way, our malls and offices may reduce their emissions from common areas and merchant electricity consumption.

Enhance

Our land bank provides immediate and long-term opportunity for emissions reduction and carbon absorption through forest enhancement and protection.

Reduce

Where energy and fuel use cannot be avoided, we aim to reduce consumption by investing in energy-efficient equipment and fixtures, and monitoring and modifying behavior while maintaining efficient operations and customer comfort in our projects.

Avoid

To the extent possible, we plan and design commercial properties to avoid emissions through passive approaches such as the use of natural light, breezeways, and naturally ventilated activity areas.

By end-2018, 32 out of 89 malls and offices, or 594,479 sq. meters GLA for malls and 552,399 sq. meters GLA for offices, have shifted to clean energy sourced by Ayala Land's retail energy suppliers, reducing scope 2 emissions of malls and offices by 84,642 t-CO₂e. Scope 2 emissions come from the purchased electricity of the properties owned and controlled by the company.

The properties that have shifted to clean energy are malls Bonifacio High Street, Fairview Terraces, Glorietta 1, Glorietta 2, Solenad 3, Ayala Malls the 30th, The District Imus, Tutuban Properties Inc., UP Town Center, Circuit Lane, Ayala Malls Serin, Ayala Malls Cloverleaf, Ayala Malls Feliz and Park Triangle amenity retail, and offices Bonifacio Technology Center, Makati Circuit BPO 1, Makati Circuit BPO 2, Ebloc 1, and Ebloc 2.

Carbon Forests

A unique feature of our carbon neutrality initiative is the earmarking of properties for deliberate use as carbon forests, or carbon sinks. These areas accumulate and store more carbon than they emit.

In 2017, we identified five sites covering 448 hectares with the potential of being preserved as forests. An additional 112 hectares were measured and added to the pool in 2018, increasing the total measured carbon stock to 82,090 tCO₂e in 2018. This has contributed an additional 31% reduction in our commercial properties' scope 1 and 2 emissions.

Unlike regular offsetting and tree planting projects, which are outside the proponents' value chains and control, our carbon sinks are part of our land bank and integrated in our project development process.

To improve the carbon stock in these sites, 42,057 native trees were planted in 2018 by 1,449 volunteers and community workers in Alaminos, Laguna; Cebu; Davao; and Lio. Assisted natural regeneration efforts in Alaminos have resulted in a 99% tree-planting survival rate.

2018 Performance

Despite the increasing gross emissions as we open and operate more commercial properties, our net emissions have been decreasing as more properties shift to clean energy sources and more carbon forests are managed and protected.

Through our combined efforts in 2018, we have reduced our scope 1 and 2 net GHG emissions by 166,732 t-CO₂e or 62%, more than the 2018 expected reduction of 48%.

We track whole building GHG intensity as a way of measuring our carbon emissions produced per unit area of operating property. As a result of our carbon neutrality initiatives, carbon emitted per leasable area in commercial properties continue to decrease significantly year on year. Compared with 2017 levels, malls, offices, and hotels reduced their intensity by 18%, 44%, and 6%, respectively.

REDUCING AND TRANSFORMING OUR WASTE INTO OTHER USES

To improve waste management at source, we are implementing a two-pronged program in our corporate offices—food and plastic waste are segregated and collected, and plastic material recovered and reused. To support the latter, we built our first eco-hub in Arca South, Taguig in partnership with Green Antz, an environmental business start-up.

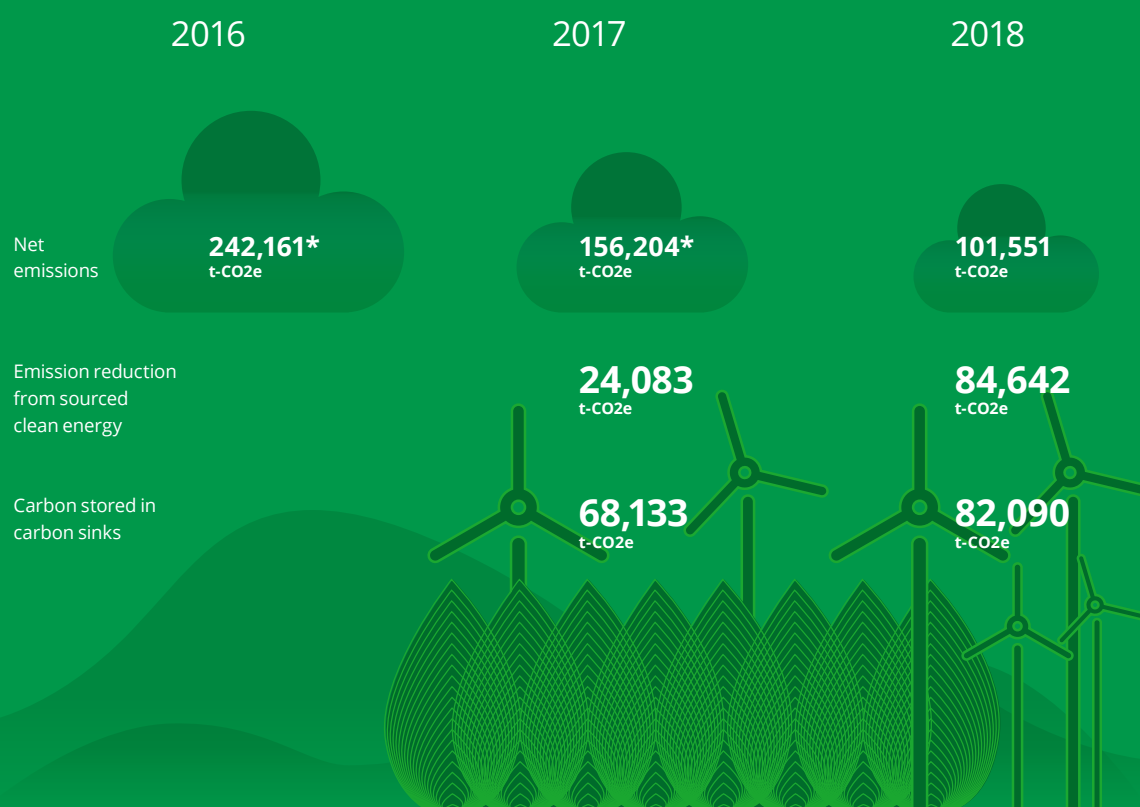
Using Green Antz's technology, plastic waste material is used as a subcomponent in creating bricks, pavers and other construction materials that can then be used

in our projects. The eco-hub will start operating in the first quarter of 2019. A pilot undertaking of this segregation and collection program in our Tower One and Exchange Plaza office reduced waste generated in the property by 32% from 2017.

In 2018, our malls contribute to 78% of the waste generated by the company. To strategically divert a significant portion of our waste from landfill, pilot initiatives for intensified waste segregation in selected malls and merchants will start in 2019.

CARBON NEUTRALITY (MA 305, 305-5)

We announced an ambitious target of achieving carbon neutrality for our commercial properties by year 2022 through providing passively cooled spaces, increasing our reliance on clean energy, and offsetting our greenhouse gas (GHG) emissions with carbon forests.



From our base in 2016, we reduced net GHG emissions to 156,204 t-CO2e (tonnes of carbon dioxide equivalent) in 2017. In 2018, by intensifying shifts to clean energy, we significantly cut our net GHG emissions by 62%, equivalent to 166,732 t-CO2e year-on-year.

*2016 and 2017 emissions restated due to updated grid emission factors provided by the Department of Energy.

Recorded IUCN Red-List Species	2017	2018
Critically Endangered	1	2
Endangered	5	7
Vulnerable	16	18
Near Threatened	11	25
Total	34	52

SOCIAL ENGAGEMENT





Our development efforts are always undertaken with an eye to address the needs of our stakeholders, including those who go to our malls for their various lifestyle needs. Shown here is one of the patios of Ayala Malls Vertis North.

SOCIAL ENGAGEMENT

Our long-term success at co-creating sustainable communities rests on the support and contribution of our stakeholders, who in turn count on us to deliver on our commitments. According to their impact and influence on our business, we implement the appropriate level of engagement with our various stakeholders.

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

● Constant and close engagement ● Occasional and as needed

Property Buyers

To ensure that our products safeguard our buyers' health, safety, and security at all times, we continuously sharpen our customer focus and improve service levels. To this end, we regularly conduct customer surveys and seek feedback on our products through our customer service representatives, website, and social media.

All the brands have client servicing teams that handle the turnover of properties to our buyers, while technical associates from the brand's client services group handles post-construction concerns.

At the frontline, queries from property buyers are addressed by our sellers, whose project and process knowledge are strengthened through training sessions and briefings we regularly conduct. All our residential property brands conduct surveys so that buyers may provide feedback and note areas of improvement in relation to client service and documentation processes, unit turnover, and living experience.

We have a dedicated unit, Amicassa Process Solutions, Inc., which provides sales administration support to all our property buyers. In 2018, the company processed the release of 13,345 titles to property buyers

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 buyers and locators. We conduct periodic training and sales activities to strengthen their capabilities, and social gatherings and team building activities to foster strong esprit de corps. Incentives are in place to reward outstanding sales performance.

By the end-2018, our five brands combined had 6,891 sellers, and worked with 4,857 brokers. ALP had 381 sellers, and 967 brokers; Alveo, 556 sellers and 448 brokers; Avida, 1,090 sellers and 968 brokers; Amaia, 4,713 sellers and 1,754 brokers; Bellavita, 151 sellers and 720 brokers.

In 2018, the brands' engagement with their sellers and brokers was made more apparent by various achievements including the following: for ALP, 46 sales training sessions nationwide, attended by 420 trainees, sales summit, sales kick-off and annual awards, general assemblies, 20% increase in the number of accredited

brokers; for Alveo, 47 training sessions, sales rallies, general assemblies, awards; for Avida, quarterly and general assemblies; for Amaia, increased productivity of both corporate and retail accounts; and for BellaVita, recording of highest scores in terms of reservations, and committed and booked sales to date.

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

We strive to provide residents, shoppers, tenant employees, tourists, and hotel guests—the end-users of our products and services—with positive and enriching experiences within our developments.

Among the tools that we use in this regard are feedback and satisfaction surveys, loyalty and other appreciation programs, and marketing collaterals, such as e-newsletters and announcements via social media.

Seda's overall guest satisfaction rating in 2018 was 84%, compared to 83% the previous year, with the highest rating in "service" and "people" at 84%. On the other hand, the El Nido resorts attained a guest satisfaction rating of 96%.

Employees and Workers (MA-401, 407-1)

Our employees and workers are key contributors to the attainment of our goals. Thus, we ensure that the Ayala Land work environment supports and facilitates their individual and group endeavors. Within the Ayala Land Group, Ayala Land parent has an employees' union, and MDC has a cooperative.

Employee Engagement Programs

We continuously maintain open lines of communication between management and employees through regular town halls, quarterly updates, performance feedback and grievance mechanisms. Based on the latest biennial employee engagement survey, the Ayala Land group improved its engagement score to 90% in 2017 from 82% in 2015.

Our continuing employee programs include interest and hobby groups, who in turn hold their own activities; participation in the Ayala group-wide JZA Cup athletic events; gatherings to celebrate Ayala Land's 30th anniversary; and the Ayala Land group Christmas party.

Contribution to Local Economic Development

(401-1, 402-1)

As of end-2018, Ayala Land Group's total headcount was 5,358, comprising 2,787 women and 2,571 men.

There were 1,109 new hires, 52% women, and 48% men. By age, 70% were below 30 years old; 30% were 30 and above. By region, 87% were from Luzon; 9% from the Visayas; and 4%, Mindanao. Attrition rate has decreased to 12.69% from 12.99% in 2017.

	2016	2017	2018
Attrition Rate	13.57%	12.99%	12.69%

	2016	2017	2018
Direct Employees	4,369	5,040	5,358
Support Staff	54,241	53,774	54,369
Total	58,610	58,814	59,727

In 2018, 86.2% of APMC's workforce was locally hired in their respective areas of operations. In Sicogon, we have employed 500 locals in Iloilo and 350 from the island. Seda hotels continue to employ approximately 90% of their staff locally, generating employment in locations where the hotel operates.

Our organization complies with the Labor Code of the Philippines for minimum notice periods regarding significant operational changes.

Health and Safety (MA-403, 403-3)

We spare no effort to make the working conditions in our sites safe, to treat our workers with respect and dignity, and to keep our real estate projects and properties environmentally and socially responsible.

Programs to ensure the health, safety, and welfare of our employees and workers are in place. Annual physical examinations and vaccinations for various illnesses, including the flu, cervical cancer, hepatitis, cholera, typhoid and pneumonia, are made available to employees. These privileges extend to family members of our employees. Various wellness programs are also organized for our employees regularly.

Employees receive health risk assessments and timely information on the prevention of serious diseases. We 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.

With the opening of the company gym in Tower One and Exchange Plaza, the ALI Fitness Club was formed with 143 members by end-2018. We also introduced new health and wellness programs including functional and musculoskeletal assessments, motion sickness and vertigo awareness program, physical therapy treatment and management, and diabetes management. We also organized a wellness fair, participated in by some 42 and 552 Ayala Land employees for formal lectures and booth events, respectively.

For field personnel, a safety council monitors the implementation of additional health and 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. With the establishment and DOLE accreditation of the new EHS (environmental health and safety) division under the MDC Safety Training Organization (STO), internally required training will also focus on addressing high risk activities to help in preventing and reducing of accidents. In 2018, MDC maintained its total disabling incident rate (TDIR) of 0.10 for 193.5 million total man hours.

APMC conducted a total of 12,042 weekly emergency response team drills and 230 night-drills across all managed properties. The number of controllable incidents or the number of major fire incidents, was reduced to one in 2018, from four in 2017, as a result of its strict compliance with preventive maintenance and emergency preparedness.

Training and Development (MA-404, 404-1, 404-2)

We recognize the importance of ensuring the continuous professional development of our employees.

Capacity building continues to be a focus of our learning and development programs, with our level-based training programs yielding 171 graduates in 2018. We also launched the Associates' Forum for three batches last year, and continued with our Leaders' Forum, which included topics on the Philippine economy and the state of the real estate industry in the Philippines and globally.

We offer training opportunities and custom-fit courses under our Individual Development Plan, aimed at increasing our employees' skill sets to perform at optimum levels. These training modules cover business

and technical knowledge, skills building, values, ethics, and corporate governance.

We conducted a total of 18 functional training programs across functions and organizations, and two batches of the on-boarding program attended by 110 new hires across the group, functions, and job levels.

We also held “kapihan” sessions to promote a coaching culture within the organization.

In 2018, Ayala Land and its subsidiaries conducted a total of 134,638 training hours. The average training hours for men was at 27.49, while average training hours for women was at 22.97.

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 or continuing education, subject to management approval.

To augment the capacity of our construction workforce, we have partnered with TESDA (Technical Education and Skills Development Authority) to establish TESDA-accredited training centers that develop construction-related skills and competencies under the Training for Work Scholarship Program. Since they were started in 2014, our nine training centers have produced 24,706 graduates for the following programs: masonry, kitchen cabinet installation, carpentry, tile setting, scaffold erection, sealant application, and skim coating.

TOTAL MDC-TESDA GRADUATES			
	2016	2017	2018
MDC Graduates	14,133	19,642	24,706

Compensation and Rewards (401-2)

Ayala Land provides the compensation and benefits mandated by national labor laws and our own performance incentives program, upholding the elimination of all forms of forced and compulsory labor.

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)

We recognize the importance of diversity and providing equal opportunities in the workplace. Women account for 52.02% of Ayala Land's employees, well above the industry level of 36.36% as reported by the Asian Development Bank.

In March 2018, Ayala Land became the first real estate firm in the world to receive the EDGE Assess Certification for gender equality in the workplace. The Assess level of certification recognizes the company's commitment and continued programs to maintain strong gender balance across its workforce, fostering an inclusive workplace and high engagement levels. EDGE, or Economic Dividends for Gender Equality, is the leading global assessment methodology and business certification standard for gender equality.

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 99% and 88% for men and women employees, respectively.

We promote inclusivity by celebrating Mothers' Day, Fathers' Day, International Women's Day, and International Men's Day. We also launched an Ayala Land Group forum on integrating family, work, and career.

RETURN TO WORK RATES			
	2016	2017	2018
Men	82%	98%	99%
Women	88%	90%	88%

Ethical Behavior (MA 402, 406, 408, 409, 406-1, 408-1, 409-1)

Ayala Land recognizes the importance of upholding high standards of accountability and ethics, as mandated by the company's code of ethics. Maintaining an open dialogue between employees and management is the bedrock of a strong and sound partnership to achieve the company's objectives.

We regard our employees with utmost respect and professionalism. We count on them to deliver their

best in the workplace without putting them under threat of penalty, including penal sanctions and loss of rights and privileges.

Discriminatory practices may be reported to the appropriate human resource department. Our non-discrimination policy is published in the company intranet (OurPlace) for easy reference by all employees. In 2018, there were no reports of discrimination.

Other mechanisms to discuss human resource matters at the business unit level include town hall meetings, individual performance reviews, team building sessions and organizational climate surveys.

Ayala Land provides grievance mechanisms and contacts for its customers, including a feedback form in the company website, customer service hotline, and designated personnel in the various Ayala Land units.

Under our Whistleblowing Policy, any individual or organization that becomes aware of or suspects any irregularity or misconduct involving Ayala Land employees, brokers, sellers, business partners, suppliers, and service providers may report such behavior to Ayala Land management through secure channels. In 2018, there was no recorded significant incident of such illegal or unethical behavior. For more information on the Whistle Blowing Policy, see page 117 of this report.

Business Partners, Suppliers and Service Providers

We recognize the rights of all business partners, suppliers and service providers 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.

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 those who practice environmental responsibility, consistent with our “greening the supply chain” campaign. We strive to source as much of our materials and supplies locally.

Our Vendors’ Code of Ethics is regularly updated to enhance sustainable development provisions as well

as to conform to the ISO 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. In 2018, a total of 51 vendor audits were performed and are in various stages of resolution.

Child labor has no place in Ayala Land. We carefully audit vendors and suppliers to make sure they do not employ underage workers in their operations. We also regularly audit our project sites to ensure that subcontractors and vendors adhere to general labor standards. No aspect of our operation has been identified as susceptible to child or forced labor.

As of 2018, we had 2,279 accredited suppliers, 615 of which were new vendors. We engaged 69% of the accredited vendors during the year. Forty-nine percent (49%) of our accredited vendors fall under the civil/ structural and architectural categories.

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. They have access to readily available information about Ayala Land so that they may adequately assess the company’s credit standing.

Shareholders and Analysts

As a publicly listed company, Ayala Land provides financial and operational information to all our shareholders and analysts. Management and key representatives of the company make themselves available and accessible for meetings with the same.

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

Shareholders have the right to participate in decisions concerning fundamental corporate changes, such as, but not limited to, amendments to Ayala Land’s articles of incorporation and bylaws, issuances of additional

shares, transfer of all or a substantial portion of the company's assets, approval of remuneration-related 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-related 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. For more information on the Voting Procedures, see pages 110 to 111 of this report.

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 e-mail.

Analysts and investors who are unable to physically attend our quarterly briefings 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 Financial 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.

In 2018, we hosted 70 meetings and conference calls with investors and sell-side analysts. We also hosted 31 site visits to our properties to provide investors and analysts a better appreciation of Ayala Land's business model. In addition, Ayala Land representatives

participated in 18 local and foreign investor conferences, attending a total of 151 meetings across Asia, Europe, and the United States. During these conferences, we engaged 213 firms, represented by 380 individuals. Our President and CEO and Chief Finance Officer participated in 50 and 128 meetings, respectively.

Communities and Non-Government Organizations (MA 413, 413-1, 413-2, CRE7)

All our projects undergo regular impact assessments, with teams monitoring impacts throughout the project cycle. Through these assessments, we are able to address the concerns of affected communities and local government.

Our presence across the country provides communities with opportunities for employment, livelihood, productivity, and even basic health services. We conduct training programs for the communities so that their available workforce can seek employment within our projects or even use their newly learned skills in other workplaces.

We partner with local public schools and barangays to conduct feeding programs and medical missions, and participate in the annual Brigada Eskwela, the clean-up of school buildings organized by the Department of Education at the start of every year school year.

In addition, we deliberately engage the communities during the early stages of our projects in order to understand and deliver the appropriate social programs that would benefit them most.

Weavers from the community cooperative in Nuvali and community members from the barangay in Alviera participate in selling activities hosted by Ayala Land or external partners. In Circuit Makati, a football program is conducted for the children of the communities surrounding the estate and special shows are organized exclusively for Makati public school students at Power Mac Center Spotlight theater.

In our tourism estates, community activities are primarily directed to protect the environment, including the planting of mangrove, bamboo, and other endemic trees, coastal clean-ups, and observance of the annual Earth Hour in March. Our El Nido resorts also hold "Green Nights," or short learning sessions for its guests about the environment.

In Quezon City, a total of 603 families were relocated, with 58% provided with homes in Graceville, San Jose del Monte, Bulacan, and the remaining 42% provided with homes in Barangay Pasong Tamo, Quezon City.

National and Local Government

We continually work with the Philippine government, both at the local and national 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.

We participate in local government initiatives such as local business councils, job fairs, and medical missions. We also offer local government units with technical assistance in relation to urban planning, and disaster response and support. In 2018, we achieved 100% delivery of project launch permits from the national and the local government.

Media

Through our corporate communications division, we engage 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 are focused on accessibility, making sure that media inquiries and concerns are attended to in a timely manner, making use of e-mail, phone, and other means of communication.

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

Through effective communication and regular coordination, we have established an honest and transparent relationship with media representatives. Our media engagement is at all times guided by the company's commitment to good corporate governance and ethical standards.

In 2018, Ayala Land communications led the real estate industry in print, online, and broadcast media with a 54% share of voice. We also generated positive news and feature stories in media for 2018 with an advertising value of PHP944 million and a public relations value of PHP1.42 billion.



We conduct activities with communities to enhance the environment, like the assisted natural regeneration efforts undertaken in Alaminos, Laguna.

HEADCOUNT BY GENDER	TOTAL	MEN	WOMEN
Ayala Land Parent	358	169	189
Construction	717	501	216
Hotels and Resorts	1,357	795	562
Offices	26	14	12
Property Management	402	256	146
Residential	1,120	354	766
Services	734	237	497
Shopping Centers	612	239	373
Estates	32	6	26
Total	5,358	2,571	2,787
Percentage	100%	47.98%	52.02%

TRAINING HOURS BY GENDER	MEN	WOMEN
Total Training Hours	70,669	64,014
Average Training Hours`	27.49	22.97
Average training hour vs Total Population		25.14

TRAINING HOURS BY EMPLOYEE CATEGORY

Employee Category	Training Hours	Total Employees	Average Training Hours
Senior Management (MTF-UP)	312	28	11.14
Middle Management (MTA-MTE)	29,057	1,081	26.88
Rank and File	105,314	4,249	24.79
Total	134,683	5,358	25.14

NEW HIRES BY GENDER		DIRECT EMPLOYEES BY GENDER	
MEN	527	MEN	2,571
WOMEN	582	WOMEN	2,787
Total	1,109	Total	5,358

At the core of Ayala Land are dedicated employees who believe in the company's values of leadership, integrity, vision, excellence, and *malasakit*.



Senior leaders planning at Anvaya Cove Golf and Country Club in Morong, Bataan held in August 2018



Senior leaders attend the 3rd Leaders' Forum with Professor Anil Gupta as guest speaker, held at Greenbelt Cinema 3 in Makati City in November 2018.



Employees celebrate the Annual Christmas Party at the Globe Circuit Event Grounds in Circuit Makati in December 2018.



(Top) Ayala Land receives its 6th consecutive win as the overall champion in the 2018 JZA Cup at Fairmont Hotel, Makati City.

(Middle) The ALI Golf Team also receives its 5th consecutive win as champion, held at the Ayala Greenfield Golf and Leisure Club in Ayala Greenfield Estates, Calamba, Laguna in November 2018.



Employees volunteer in assisted natural regeneration activities at the Alaminos, Laguna carbon forest in June 2018

A man with grey hair, wearing a blue suit and a white shirt, is seated at a table. He is looking towards the right side of the frame. The background is a blurred cityscape at night, with various lights and buildings visible. The overall tone of the image is professional and sophisticated.

GOVERNANCE AND RISK MANAGEMENT

Good corporate governance is at the heart of Ayala Land's operations and practices. Shown here (from left) are Vice Chairman Jaime Augusto Zobel de Ayala, Lead Independent Director Dr. Jaime C. Laya, and Non-Executive Director Delfin L. Lazaro.



OUR GOVERNANCE STRUCTURE

A key enabler of our growth and value creation are our governance practices.

Board of Directors

The Board of Directors is vested with the principal responsibility of promoting sound corporate governance. It sets the company's vision, mission, strategic objectives, and key management policies and procedures. The Board likewise establishes and approves the mechanisms by which senior management is evaluated.

Board Committees

The board is assisted by eight committees which fulfill delegated functions in accordance with Ayala Land's bylaws. These are the Executive, Audit, Board Risk Oversight, Corporate Governance and Nomination, Personnel and Compensation, Related Party Transactions Review, Sustainability, and Inspectors of Proxies and Ballots committees. The responsibilities of each committee are discussed in detail under Board Committees on pages 105 to 109 of this report.

The Chairman, Vice Chairman, and President and CEO

The Chairman and the Chief Executive Officer (CEO) possess distinct and separate roles and responsibilities, ensuring that the board and management act independently, resulting in an appropriate balance of power and enhanced accountability.

The Chairman of the board is Mr. Fernando Zobel de Ayala. He assumed the post in April 1999.

The Chairman chairs and heads all board and stockholders' meetings, or may assign his alternate in cases when he is not available. He also ensures that each director freely expresses his opinions on any matter under discussion.

The Vice Chairman is Mr. Jaime Augusto Zobel de Ayala. He has served as director and member of the Executive Committee since June 1988.

The President and CEO is Mr. Bernard Vincent O. Dy, who assumed the position in April 2014. As President, Mr. Dy executes resolutions of the board and those of the stockholders' general meetings. In accordance with said resolutions, the President signs contracts, instruments, and powers of attorney, and represents the corporation and votes at stockholders meetings or designates a proxy on the stocks owned by the corporation in other corporations or firms.

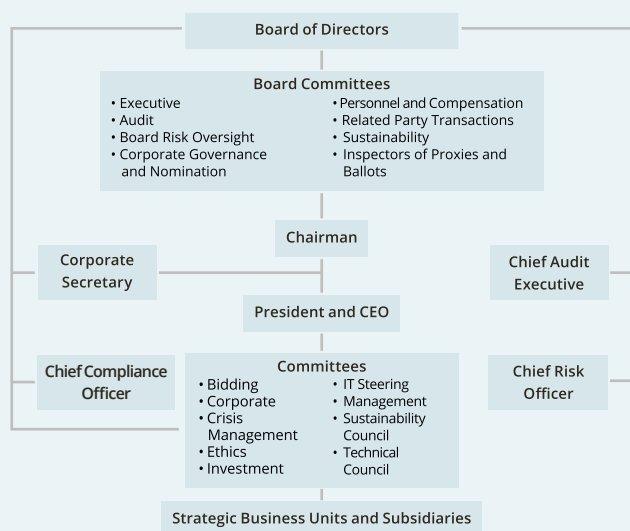
Corporate Secretary

The Corporate Secretary ensures that all board members receive adequate and timely information ahead of board meetings. He also serves as legal adviser to the directors on their responsibilities and obligations.

Each of the board members has separate and independent access to the Corporate Secretary.

Ayala Land's Corporate Secretary is Mr. Solomon M. Hermosura, who assumed the position in April 2011. Since April 2015, Mr. Hermosura has served as Group General Counsel of the company.

AYALA LAND'S CORPORATE GOVERNANCE STRUCTURE



Chief Compliance Officer

The Chief Compliance Officer (CCO) ensures compliance with all regulations that govern the firm, and adoption and implementation of corporate governance best practices across the organization. Ayala Land's CCO is Mr. Augusto D. Bengzon. He concurrently serves as the company's Chief Financial Officer and Treasurer.

Chief Audit Executive

The Chief Audit Executive (CAE), reporting to the Audit Committee, leads the Internal Audit group in providing independent and objective assurance and advisory services to the firm. 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. Ms. Ma. Divina Y. Lopez is Ayala Land's CAE.

Chief Risk Officer

The Chief Risk Officer (CRO), reporting to the Board Risk Oversight Committee, conducts annual risk assessments to identify risks and their impact on the corporation's business and determines corresponding measures to address such risks. Mr. Maphilindo L. Tandoc is Ayala Land's CRO.

Management-Level Committees

In addition to board-level committees, Ayala Land has management-level committees that guide critical decision-making and key practices that govern business units and support functions, as shown in our Governance Structure chart on page 98. The firm recognizes the importance of adopting and maintaining clear policies, best practices, and strong internal controls in support of effective corporate governance.

Strategic Business Units and Subsidiaries

Ayala Land's strategic business units (SBUs) and subsidiaries execute the corporation's strategies and oversee day-to-day operations across the company's diversified product lines. Each of the SBUs and subsidiaries is led by a group head who reports to the President and CEO.

There are four main business units: the **strategic land bank management group** is in charge of the acquisition of land, and the development of large-scale, integrated, mixed-use, and sustainable estates; the **residential business group** handles the sale of residential and office condominiums, house and lot developments and commercial and industrial lots, through its five brands; the **commercial business group** oversees the development and lease of shopping centers, offices, and hotels and resorts through Ayala Land Malls, Inc., Ayala Land Offices, Inc., and Ayala Hotels and Resorts Corp. respectively; and the **services group**, which is composed of the company's construction arm, Makati Development Corporation, and facilities and properties manager, Ayala Property Management Corporation.

Ayala Land's policies and practices are principally documented in its articles of incorporation and bylaws, and are also available in this integrated report, annual corporate governance report, corporate governance manual, and the investor relations website.

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

BOARD MATTERS

The board is composed of nine members, more than half of whom are independent and non-executive directors. Directors hold office for a term of one year or until their successors shall have been elected and qualified.

Skills, Competency, and Diversity

The board encourages independence and diversity in its ranks, with each director adding value and providing independent judgment in the formulation of corporate strategies and policies.

In the selection of directors, the board assiduously follows the criteria it has set for the selection process—candidates must have the required knowledge, capabilities, and experience needed to successfully oversee and govern the company. Collectively, the board possesses the necessary knowledge, skills and competencies, and experience in general business, industry, legal, and finance required to properly perform its duties.

The board regularly reviews its composition taking in to account the evolving requirements of the company and best practices in corporate governance. The members' diverse professional backgrounds and expertise facilitate the effective execution and oversight of corporate governance in Ayala Land.

Independent Directors

Independent directors may serve for a period not more than nine years and are not to hold any interest or relationship with the company that may compromise or interfere with his independent judgment in the exercise of his responsibilities as a director.

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% of the nine-man board.

Following the code of corporate governance for publicly listed companies, on April 18, 2018, the board appointed Dr. Jaime C. Laya as lead independent director, serving as an intermediary between the Chairman and the other directors when necessary.

BOARD OF DIRECTORS 2018	DESIGNATION	YEAR APPOINTED (No. of years in the board)	EXPERTISE
Fernando Zobel de Ayala	Non-Executive, Chairman	April 1999 (19)	General management, real estate, utilities, arts and culture
Jaime Augusto Zobel de Ayala	Non-Executive, Vice-Chairman	June 1988 (30)	General management, strategy and finance
Bernard Vincent O. Dy	Executive, President & CEO	April 2014 (4)	Real estate, accounting, finance
Jaime C. Laya	Non-Executive, Lead Independent	April 2010 (8)	Banking, insurance, arts and culture, accounting and finance
Rizalina G. Mantaring	Non-Executive, Independent	April 2014 (4)	Insurance, engineering and computer science
Cesar V. Purisima	Non-Executive, Independent	April 2018	Accounting and finance, economics
Antonino T. Aquino	Non-Executive	April 2009 (9)	Real estate, utilities and property management
Arturo G. Corpuz	Non-Executive	April 2016 (2)	Architecture, economics, urban and regional planning, sustainability
Delfin G. Lazaro	Non-Executive	May 1996 (22)	Strategy, finance and engineering

Guidance on Directorships outside Ayala Land

A director may, with due discretion, accept and hold directorships outside Ayala Land, provided that such directorships shall not, in the director's opinion, detract him from diligently performing his duties as director of the company. An independent director shall hold no more than five board seats in any group of publicly listed companies while executive directors shall hold no more than two board seats in listed companies outside the Ayala Group.

Meetings and Attendance

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

In 2018, the board held six regular meetings. The average attendance rate was 97%, with each member complying with the SEC's minimum attendance requirement of 50%. The non-executive directors met without any executive director present last April 18, 2018, pursuant to the ACGS recommendation that non-executive directors meet without the presence of any executive director, at least once a year. See pages 102 and 103 for Board and Committee meetings and attendance.

Executive sessions may be held on an ad hoc basis without the presence of any executive. The Executive Committee may also convene and exercise any of the powers and attributes, to the extent allowed by law, of the board during the intervening period between board meetings. Board materials are distributed to the board at least five business days prior to the relevant meeting.

Remuneration

Each director of Ayala Land is entitled to receive fees and other compensation for his or her services as director, pursuant to a resolution of the Board of Directors and stockholder approval.

The Board of Directors has the sole authority to determine the amount, form, and structure of directors' fees and other compensation. In no case shall the board's total yearly compensation exceed 1% of the company's net income before income tax of the preceding year.

Each non-executive director receives a fixed annual retainer fee of PHP1 million, a fixed per diem of PHP200,000 for every board meeting attended, and a fixed per diem of PHP100,000 for every committee

meeting attended. Such remuneration was approved and ratified during the 2011 annual stockholders meeting. Meanwhile, independent directors are not entitled to receive options, performance shares, and bonuses except pursuant to a resolution approved by stockholders owning a majority of outstanding capital stock.

No director, in his or her personal capacity, was contracted and compensated by the company for services other than those of a director. Ayala Land has no other arrangement regarding the remuneration of its directors and officers aside from those stated in this section.

The Chairman of the board receives remuneration as may be fixed by the board each year, aside from what each director may be entitled to receive.

The total compensation of the CEO and the four most highly compensated officers 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.

BOARD OF DIRECTORS GROSS REMUNERATION IN 2018*

DIRECTOR	TOTAL REMUNERATION (PHP)
Fernando Zobel de Ayala	3,200,000.00
Jaime Augusto Zobel de Ayala	2,600,000.00
Jaime C. Laya	3,100,000.00
Rizalina G. Mantaring	3,300,000.00
Cesar V. Purisima**	2,300,000.00
Ma. Angela E. Ignacio**	600,000.00
Antonino T. Aquino	3,600,000.00
Arturo G. Corpuz	2,500,000.00
Delfin L. Lazaro	2,800,000.00
TOTAL	24,000,000.00

* In 2018 and during the incumbency of the directors.

** Mr. Purisima replaced Ms. Ignacio on April 18, 2018.

BOARD AND COMMITTEE MEETING ATTENDANCE 2018

BOARD OF DIRECTORS 2018		NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1	Fernando Zobel de Ayala	6/6	100%
2	Jaime Augusto Zobel de Ayala	5/6	83%
3	Bernard Vincent O. Dy	6/6	100%
4	Jaime C. Laya	5/6	83%
5	Rizalina G. Mantaring	6/6	100%
6	Cesar V. Purisima*	5/5	100%
7	Ma. Angela E. Ignacio	1/1	100%
8	Antonino T. Aquino	6/6	100%
9	Arturo G. Corpuz	6/6	100%
10	Delfin L. Lazaro	6/6	100%

*elected on April 18, 2018 during the Annual Stockholders' Meeting

EXECUTIVE COMMITTEE		NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1	Fernando Zobel de Ayala	5/5	100%
2	Jaime Augusto Zobel de Ayala	5/5	100%
3	Bernard Vincent O. Dy	5/5	100%
4	Antonino T. Aquino	5/5	100%
5	Delfin L. Lazaro	5/5	100%

AUDIT COMMITTEE		NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1	Jaime C. Laya	4/4	100%
2	Antonino T. Aquino	4/4	100%
3	Rizalina G. Mantaring	3/4	75%

BOARD RISK OVERSIGHT COMMITTEE		NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1	Rizalina G. Mantaring	2/2	100%
2	Antonino T. Aquino	2/2	100%
3	Jaime C. Laya	2/2	100%

RELATED PARTY TRANSACTION REVIEW COMMITTEE		NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1	Ma. Angela E. Ignacio	1/1	100%
2	Cesar V. Purisima*	1/1	100%
3	Jaime C. Laya	2/2	100%
4	Rizalina G. Mantaring	2/2	100%

*elected on April 18, 2018 during the Organizational Meeting of the Board

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1 Cesar V. Purisima*	-	-
2 Ma. Angela E. Ignacio	2/2	100%
3 Jaime C. Laya*	-	-
4 Rizalina G. Mantaring*	-	-
5 Fernando Zobel de Ayala	2/2	100%
6 Antonino T. Aquino	2/2	100%

*elected on April 18, 2018 during the Organizational Meeting of the Board

PERSONNEL AND COMPENSATION COMMITTEE	NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1 Cesar V. Purisima*	1/1	100%
2 Ma. Angela E. Ignacio	1/1	100%
3 Rizalina G. Mantaring	2/2	100%
4 Fernando Zobel de Ayala	2/2	100%

*elected on April 18, 2018 during the Annual Stockholders' Meeting

SUSTAINABILITY COMMITTEE	NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1 Arturo G. Corpuz	2/2	100%
2 Bernard Vincent O. Dy	2/2	100%
3 Jaime C. Laya	2/2	100%

NON-EXECUTIVE DIRECTORS MEETING	NO. OF MEETINGS ATTENDED/HELD	% PRESENT
1 Fernando Zobel de Ayala	1/1	100%
2 Jaime Augusto Zobel de Ayala	1/1	100%
3 Jaime C. Laya	1/1	100%
4 Rizalina G. Mantaring	1/1	100%
5 Cesar V. Purisima*	1/1	100%
6 Antonino T. Aquino	1/1	100%
7 Arturo G. Corpuz	1/1	100%
8 Delfin L. Lazaro	1/1	100%

*elected on April 18, 2018 during the Annual Stockholders' Meeting

Annual Self-Assessment

To monitor and improve its own performance, the board and the committees undertake an annual self-assessment. This exercise requires each member's assessment of himself and of the entire board. The responses are compiled by the Chief Compliance Officer, and through the Corporate Secretary, the compilation is sent to the board for presentation and action.

This self-assessment covers four broad areas: fulfillment of the board's key responsibilities, quality of the relationship between the board and management, effectiveness of board processes and meetings, and the performance of individual board members. The questionnaire is reviewed regularly by the Chief Compliance Officer to ensure its relevance and appropriateness to the respective responsibilities and processes of the board and the committees.

In 2018, an online version of the self-assessment survey was developed and made available to the members of the board. The annual self-assessment exercise will be supported by an external facilitator every three years beginning 2019.

Training and Continuous Education

Ayala Land requires all board members to participate in continuous professional education programs. Moreover, new directors are given an orientation program to ensure that they have all the necessary information required to fulfill their duties and responsibilities. The orientation program typically consists of a presentation of Ayala Land's operations, business performance, and financial results, as well as a discussion on disclosure obligations of directors, conflict of interest situations and other relevant governance issues, followed by an optional tour of the company's various business segments and projects.

2018 TRAINING AND CONTINUING EDUCATION OF AYALA LAND BOARD OF DIRECTORS

NAME DIRECTOR	DATE OF TRAINING	PROGRAM	TRAINING INSTITUTION
Fernando Zobel de Ayala (NED), Chairman	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Jaime Augusto Zobel de Ayala (NED), Vice Chairman	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Bernard Vincent O. Dy (ED), President and CEO	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Jaime C. Laya (Lead ID)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Rizalina G. Mantaring (ID)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Cesar V. Purisima (ID)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Antonino T. Aquino (NED)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Arturo G. Corpuz (NED)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC
Delfin L. Lazaro (NED)	September 10, 2018	Advanced Corporate Governance Training Program	ICD, SEC

Onboarding for newly director, Mr. Cesar V. Purisima, was held on April 26, 2018.

BOARD COMMITTEES

The board may create committees it deems advantageous or necessary in running the affairs of the company, in accordance with our bylaws.

The duties and powers of each committee are set forth in its charter as approved by the board. The charter provides among others, the composition of the committee; members' qualifications; powers, duties and responsibilities of the committee; and the rules governing the exercise of such powers, duties and responsibilities. The board may delegate some of its powers, duties, and functions to any of the board committees.

The table below shows the composition of Ayala Land's board committees in 2018.

Executive Committee

The Executive Committee consist of five members: Mr. Fernando Zobel de Ayala, Chairman of the Board; Mr. Jaime Augusto Zobel de Ayala, Vice Chairman; Mr. Bernard Vincent O. Dy, President and CEO, and non-executive directors, Mr. Antonino T. Aquino and

Mr. Delfin L. Lazaro, all citizens of the Republic of the Philippines. In accordance with the authority granted to it by the board, the Executive Committee, with a quorum of at least two-thirds of its members, may from time to time act on specific matters within the competence of the Board of Directors as may be delegated to it, in accordance with the company's bylaws, except on specific matters as stated in its charter and bylaws. An act of the Executive Committee within the scope of its powers shall not require ratification or approval for its validity and effectivity.

In 2018, the Executive Committee's achievements included the following :

1. Acted on specific matters delegated to it by the board, such as the approval of project launches, investments in subsidiaries and new projects, among others, except with respect to: the approval of any action for which shareholders' approval is also required, distribution of cash dividends, filling of vacancies in the board or in the Executive Committee, amendment or repeal of bylaws or adoption of new bylaws, amendment or repeal of any board resolution which by its terms are not amendable or repealable, and the exercise of powers exclusively delegated by the board to other committees;

COMMITTEE	EXECUTIVE	AUDIT	RISK	RELATED PARTY TRANSACTIONS REVIEW	CORPORATE GOVERNANCE AND NOMINATION	PERSONNEL AND COMPENSATION	SUSTAINABILITY
Fernando Zobel de Ayala	C					M	
Jaime Augusto Zobel de Ayala	M						
Bernard Vincent O. Dy	M						M
Jaime C. Laya		C	M	M	M		M
Rizalina G. Mantaring		M	C	M	M	M	
Cesar V. Purisima				C	C	C	
Antonino T. Aquino	M	M	M				
Arturo G. Corpuz							C
Delfin L. Lazaro	M						

C - Chairman
M - Member

2. Discussed in detail the company's strategic plans and directions; and
3. Approved various projects and business proposals.

Audit Committee

The Audit Committee consists of three members:

Mr. Antonino T. Aquino, non-executive director; Dr. Jaime C. Laya, lead independent director; and Ms. Rizalina G. Mantaring, independent director.

The committee is chaired by the lead independent director, Dr. Jaime C. Laya. Dr. Laya has significant auditing experience and accounting expertise, while Ms. Mantaring is experienced in the insurance business. Mr. Aquino has experience and expertise in the company's financial management systems and business operations.

The committee supports corporate governance through the exercise of checks and balances. It is responsible for tasks relating to internal audit, financial reporting, and independent audit. It has the primary responsibility to conduct and assess the independence, professional qualifications, and competence of the independent auditor, and thereafter recommend the independent auditor's appointment and remuneration to the board. The committee may also recommend the removal of the independent auditor, and ensure a rotation in its engagement.

In 2018, the Audit Committee's achievements included the following:

1. Assisted the Board of Directors in 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, its internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements;
2. Reviewed, approved, and endorsed the corporation's 2018 Audited Financial Statements as prepared by the external auditors Sycip, Gorres, Velayo & Co. (SGV), as well as the quarterly unaudited financial statements;
3. Recommended the re-appointment of SGV as Ayala Land's external auditor for 2018 and their corresponding audit fee structure;

4. Approved and endorsed the revised charter of the Internal Audit Division;
5. Reviewed and approved the overall scope and respective audit plans of the company's Internal Auditors and SGV, and discussed the results of their audits and assessments of the company's internal controls and overall quality of the financial reporting process;
6. Revised and discussed the report of the company's Ethics Committee, and reviewed and discussed updates on legal cases.

Board Risk Oversight Committee

The Board Risk Oversight Committee consists of three members: Mr. Antonino T. Aquino, non-executive director; Dr. Jaime C. Laya, lead independent director; and Ms. Rizalina G. Mantaring, independent director. The chairperson is Ms. Mantaring. All members of the committee possess an adequate understanding of the assessment, management, and mitigation of risks to which the company is or may be exposed.

Notwithstanding the roles and responsibilities of this committee, Ayala Land's management shall be primarily responsible for the development, implementation, and reporting of the company's risk management framework, process, and strategies.

In 2018, the Board Risk Oversight Committee accomplished the following:

1. Assisted the board in its oversight responsibility relating to the effectiveness of Ayala Land's risk management process by ensuring that risk management policies and procedures are in place and by reviewing the company's management framework and processes;
2. Reviewed the results of the annual risk assessment and evaluated the risk assessment report, both of which were accomplished by the Chief Risk Officer;
3. Reviewed and discussed Ayala Land's enterprise-wide risk management program, including its risk management initiatives and activities and the effectiveness of the risk mitigation strategies and action plans; and
4. Discussed the company's progress in the business continuity management and insurance management program.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed of the company's three independent directors, Dr. Jaime C. Laya, Ms. Rizalina G. Mantaring, and Mr. Cesar V. Purisima. The chairman of the committee is Mr. Purisima. On April 18, 2018, Mr. Purisima was elected Chairman of the committee to replace Ms. Ma. Angela E. Ignacio, while Dr. Laya and Ms. Mantaring were elected members to replace Messrs. Fernando Zobel de Ayala and Antonino T. Aquino.

The committee oversees all corporate governance related matters and the nomination and election of the company's directors, among others.

In 2018, the Corporate Governance and Nomination Committee accomplished the following:

1. Put in place a process that 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 bylaws, the Manual of Corporate Governance, and relevant rules and regulations;
2. Reviewed and evaluated the qualifications of key executives prior to movement, promotion, or hiring; and
3. 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 of key officers.

Personnel and Compensation Committee

The Personnel and Compensation Committee is composed of: the Chairman of the Board, Mr. Fernando Zobel de Ayala; Mr. Cesar V. Purisima, independent director; and Ms. Rizalina G. Mantaring, independent director. The committee, chaired by Mr. Purisima, oversees matters in relation to board, management, and overall company remuneration. No member of the Personnel and Compensation Committee may act to fix his own compensation, except to determine the uniform compensation of directors for their services as directors.

PROCESS AND CRITERIA FOR NOMINATIONS TO THE BOARD

The committee observes the following processes and criteria in its nominations to the board:

1. Receive all written nominations submitted by stockholders at least 30 business days before the date of the annual stockholders meeting; and
2. Review and evaluate the qualifications of all those nominated in accordance with the following:
 - Ownership of at least one share of stock of the corporation in his name in the books of the company;
 - A college degree or its equivalent, or adequate competence and understanding of the

fundamentals of doing business or sufficient competence and experience in managing a business to substitute for such formal education;

- Relevant qualification such as previous business experience, membership in good standing in a relevant industry, and membership in business or professional organizations;
- Integrity, probity, diligence, and assiduousness in the performance of his functions;
- Directorships in other companies, taking into account the following:
 - Nature of business of said companies;
 - Number of directorships in other companies; and
 - Age of the director.

- For independent directors, beneficial equity ownership in the company or in related companies, which must not exceed 2%, and term limits under applicable laws, rules, and regulations.

The committee may consider and recommend to the board other qualifications for directors that may be provided by relevant laws or any amendment thereto, including independence criteria or standards for independent directors. The committee may also identify and recommend qualified individuals for nomination and election to the board; for this purpose, the committee may engage professional search firms and other external parties.

In 2018, the Personnel and Compensation Committee carried out the following:

1. Implemented a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers, and other key personnel;
2. Approved and endorsed the 2018 performance bonus budget, the 2019 Executive Stock Ownership Grants, and the 2019 Executive Housing Privilege grants to qualified officers of Ayala Land; and
3. Discussed and noted the ALI Group headcount and salary competitiveness study, and conducted a talent review of key executives per functional area.

Related Party Transactions Review Committee

The committee is composed of the company's three independent directors, Dr. Jaime C. Laya, Ms. Rizalina G. Mantaring and Mr. Cesar V. Purisima. The chairman of the committee is Mr. Purisima. He was elected on April 18, 2018 to replace Ms. Ma. Angela E. Ignacio.

In 2018, the Related Party Transactions Review Committee accomplished the following:

1. Assisted the board in its oversight responsibility relating to the review of all RPTs, except pre-approved RPTs; the formulation, revision and approval of policies on RPTs, and conduct of any investigation required to fulfill its responsibilities on RPTs; and
2. Reviewed, discussed, approved and endorsed the following:
 - Share exchange between Laguna Technopark Inc. and Prime Orion Philippines Inc.;
 - Redevelopment of the head office of Bank of the Philippine Islands;
 - Laguna Technopark Inc.'s acquisition of the 105-hectare property of Ayala Corporation (AC) in Laguindingan, Misamis Oriental;
 - Lease of Ayala Land's properties in Alaminos, Laguna to AC Energy Inc.; and
 - Crans Montana Property Holdings Corp.'s acquisition of a 1,300-sq. meter property of AC in Makati City.

No related party transactions may be classified as financial assistance to any entity. In the last three years, there was no case of non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions.

Sustainability Committee

The Sustainability Committee is composed of three members: Mr. Arturo G. Corpuz, non-executive director; Mr. Bernard Vincent O. Dy, President and CEO; and Dr. Jaime C. Laya, lead independent director. The committee, which oversees the company's sustainability initiatives and practices, is chaired by Mr. Corpuz.

The committee exercises responsibility for environmental, social, and economic topics that are material to the firm. As directed by the committee, the Strategic Land Management Group's corporate sustainability team executes relevant projects and programs. The various SBUs also have their own sustainability leads who are tasked with integrating and implementing sustainability initiatives.

The Sustainability Committee carried out the following in 2018:

1. Exercised oversight of the sustainability initiatives of the firm, formulated policies for its sustainability program, and ensured full company support and alignment with the Ayala Group of Companies' commitment to sustainable development;
2. Discussed and reviewed the results of the 2017 performance of Ayala Land in relation to its sustainability initiatives, particularly the carbon neutrality project and the four focus areas (FFA);
3. Discussed and reviewed the next-level targets for study, and market shaping strategies of the firm; and
4. Discussed, reviewed, and approved new carbon forests, new FFA key results areas, and waste management initiatives.

Board Appointments and Re-election

Stockholders who are entitled to vote at the annual meeting, shall, in accordance with the bylaws and rules of procedure of the annual stockholders meeting, elect the company's directors.

Pursuant to the Corporation Code, all shareholders, including minority shareholders, have the right to nominate candidates to the board. The list of nominees' names, together with their written consent, shall be filed and submitted to the Nomination Committee through the Office of the Corporate Secretary at least 30 business days prior to the date of the annual meeting of stockholders.

AYALA LAND'S SUSTAINABILITY GOVERNANCE STRUCTURE



No person shall be elected nor shall be competent to hold the office of director unless there is at least one share of stock of the company in his name in the books of the company at time of election.

Directors are elected by ballot, following the plurality electoral system. In electing the directors, stockholders may vote such number of shares he owns for as many persons as many votes as the number of directors to be elected; or cumulate said shares as the number of directors to be elected multiplied by the number of the shares owned; or distribute them on the same principle among as many candidates as he may see fit, provided that the total number of votes cast shall not exceed the number of his shares multiplied by the total number of directors to be elected.

The Inspectors of Proxies and Ballots Committee shall tabulate proxies and votes, and the votes tabulated by the committee are validated by an independent auditor. No candidate for the office of director may be a member of this committee.

Inspectors of Proxies and Ballots Committee

The Inspectors of Proxies and Ballots Committee is composed of three individuals empowered to validate proxies and tabulate votes. These individuals are not members of the board, and their term of office is fixed by the board. The board may appoint members to the committee in cases of vacancy.

This committee is chaired by Mr. Solomon M. Hermosura, Corporate Secretary. The other members are Ms. Ma. Divina Y. Lopez, Chief Audit Executive, and Ms. Angelica L. Salvador, Comptroller.

Disclosure of Conflict of Interest

Annually, each director is required to disclose any conflict of interest using the Ayala Land disclosure form. Each independent director submits to the corporate secretary a letter of confirmation stating the he holds no interests affiliated with the company, or in the management of its controlling shareholder, at the time of his election or appointment and/or his re-election as a director. A director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the board. The disclosure notwithstanding, a 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 or her service. The board follows any additional process to preclude such conflict.

No person shall qualify or be eligible for nomination or election to the board if he is engaged in any business that competes with or is antagonistic to that of the company.

Employees in the Ayala Land group are also required to accomplish a business interest and related party disclosure form annually and file the same with their respective human resources division. The forms, as documented by Human Resources, are reviewed by the Internal Audit Division (IAD). The division also conducts audits to ensure compliance with this requirement.

Ayala Land Group Internal Audit

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 Code of Corporate Governance for publicly listed companies.

Ayala Land Group Internal Audit executed its audit activities for 2018 in accordance with the risk-based, process-focused (RBPF) audit approach. This approach is in accordance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and complies with the Code of Corporate Governance for publicly listed companies.

The company continues to improve the internal audit function by benchmarking against best practices. Ayala Land Group Internal Audit uses data analytics as an audit tool in its regular RBPF audits.

It has also implemented information technology audits which may include both IT and general control audits to ensure integrity of data and processes, and IT applications controls audits to ensure complete and accurate data processing.

Ayala Land Group Internal Audit also expanded its advisory services to include the review of key processes and policies and the roll-out of automation programs. In addition, it taps other assurance providers in the company for a more comprehensive assurance process, minimizing duplication of efforts, and identifying and covering assurance gaps.

External Audit, Audit and Audit-related Fees

The principal accountant and external auditor of Ayala Land is the accounting firm of SyCip, Gorres, Velayo and Co. (SGV) with Mr. Michael C. Sabado as the partner-in-charge for the 2018 audit year.

Ayala Land and its various subsidiaries and affiliates paid SGV the following fees in the last two years; non-audit fees paid to SGV did not exceed their audit-related fees.

YEAR	AUDIT & AUDIT-RELATED FEES (IN MILLION PESOS)	OTHER FEES (IN MILLION PESOS)
2018	31.96	9.37*
2017	29.33	13.76*

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

POLICIES AND PRACTICES

Annual Stockholders Meeting (ASM)

Notice of the ASM

The notice of the ASM is sent to stockholders at least 28 days before the meeting. The notice is in English, and contains the agenda, rationale, and explanation for each item that requires stockholders' approval. We ensure that each resolution taken up in the ASM deals with only one agenda item. The results of the votes for all resolutions are disclosed to the public right after the ASM.

The information statement also contains the profile and personal data of all the directors, including those for election or re-election, and the auditors recommended for election. In 2018, the principal accountant and external auditor of the company, SGV, was recommended for re-election at the ASM.

Furthermore, the information statement indicates and explains the dividend policy, including the total amount payable. A proxy form is attached to the notice sent to each stockholder by personal delivery or by mail, postal or electronic, addressed to the physical or e-mail address of the stockholder registered in the books of the company.

Voting Procedure

The rules of conduct and voting procedures are set in the notice of the ASM and copies of the rules are distributed to the stockholders or their proxies present in the meeting. Each stockholder is entitled to one vote per share.

A stockholder may vote manually using the paper ballot provided upon registration. After accomplishing the ballot, the stockholder shall place it in any of the ballot boxes located conveniently in the venue. A stockholder may also vote electronically using any of the computers made available for this purpose in the venue.

Stockholders who are unable to go to the venue of the ASM may vote electronically in absentia on the matters in the agenda upon registration and validation online. For this purpose, the company has set up a website which may be accessed by stockholders to register and vote on matters through remote communication or in absentia. The requirements and procedure for electronic voting in absentia are included in the Notice and the

Definitive Information Statements (Annex "D") which is sent to the stockholders at least 15 business days prior to the date of the meeting.

Both the paper ballot and the electronic voting platform shall indicate the proposed resolutions for consideration by the stockholders. In addition, each proposed resolution is shown on the audio visual screen on stage as it is taken up in the ASM.

Stockholders may cast their votes anytime during the meeting. They may also vote by proxy. The votes received are tabulated by the Inspectors of Proxies and Ballots Committed and validated by the independent auditor.

As the stockholders take up an item in the agenda, the Corporate Secretary reports on the votes received and tabulated. For each of the items, the final tally of votes, to include approving, dissenting, and abstaining votes, are reflected in the minutes of the ASM.

Minutes of the ASM

The minutes of the ASM shall be posted on Ayala Land's IR website (<https://ir.ayalaland.com.ph>) within five days from the ASM. The minutes include the comments and questions raised by stockholders in attendance and the respective answers provided by the board. The minutes also indicate the attendance of directors in the ASM.

Venue of the ASM

The most recent annual stockholders meeting was held at the Grand Ballroom of Fairmont Makati, located in 1 Raffles Drive, Makati Avenue, Makati City, Metro Manila.

Dividend Declaration

Ayala Land declared cash dividends on its common shares last February 20, 2018 and August 18, 2018. This translated to a total of PHP7.5 billion or PHP0.504 per outstanding common share representing a 26% payout ratio on the net income after tax attributable to shareholders in 2018.

The declaration of cash dividends is contingent on the earnings, cash flow, and financial condition of the company. Cash dividends are paid to all stockholders of common shares within 30 days from the date of the declaration.

The declaration of cash dividends is approved by the Board of Directors only. The approval by the stockholders is not required. Special cash dividends are declared

on a case-to-case basis depending on the company's cash level and capital expenditure requirements. On the other hand, property dividends, that may come in the form of additional shares, require board and stockholders' approval. 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

Ayala Land is committed to the highest standards of disclosure, transparency, and fairness in information dissemination. The public is provided with financial and operational information regularly through various structured and unstructured disclosures submitted to regulatory authorities such as the SEC, PSE, and PDEX. Along with periodic reports, we disclose any material information about the company that may have an impact on its valuation, its stock price, and the trading volume of its securities.

All disclosures are immediately posted on our Investor Relations website (<https://ir.ayalaland.com.ph/Disclosures.aspx>). Provided on page 112 is the list of unstructured disclosures and clarifications made by Ayala Land in 2018.

Ownership Structure

In accordance with SEC requirements, the list of beneficial owners of more than 5% of the company's total outstanding stock is disclosed on a quarterly basis. Direct and indirect shareholdings of directors and senior management and the respective changes in shareholdings are disclosed accordingly.

The details of the parent or holding company, subsidiaries, associates, joint ventures and special purpose enterprises or vehicles are also available in the IR website, SEC 17-A and 17-Q reports, SEC 20-IS, Integrated Report, and the Annual Corporate Governance report. No member of the board or management owns 2% or more of the outstanding capital stock of the company.

Fairness Evaluation in Cases of Mergers, Acquisitions, and Takeovers

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

Unstructured Disclosures

- Ayala Land acquires additional stake in MCT Bhd
- Board Attendance for 2017
- Issuance of notice for unconditional mandatory take-over offer to MCT Bhd
- Conclusion of FamilyMart sale transaction
- MCT transfer of shares
- MCT notice of take-over offer dispatch
- Analysts' Briefing Invitation on FY 2017 results
- Press Release on Ayala Land's FY 2017 results
- Notice and Agenda of 2018 Annual Stockholders' Meeting
- Declaration of Cash Dividends
- Results of the Regular Meeting of the Board of Directors on Feb 2018
- Closing of MCT Bhd unconditional mandatory take over offer
- Disclosure on Ayala Land's Audited Financial Statements as of December 31, 2017
- Approval of exchange of shares in Laguna Technopark, Inc. into additional shares in Prime Orion Philippines, Inc.
- Signing of Deed of Absolute Sale with Central Azucarera de Tarlac, Inc.
- Results of the 2018 Annual Stockholders' Meeting
- Results of the 2018 Organizational Meeting of Board of Directors
- Analysts' Briefing Invitation on 1Q 2018 results
- Amended results of the 2018 Organizational Meeting of Board of Directors
- Press Release on Ayala Land's 1Q 2018 results
- ALI enters into a Memorandum of Understanding with Green Square Properties Corporation (GSPC) and Green Circle Properties Resources, Inc.
- Corporate Governance Training Attendance of Officer
- Analysts' Briefing Invitation on 1H 2018 results
- Press Release on Ayala Land's 1H 2018 results
- Results of the Regular Meeting of the Board of Directors on August 2018
- Declaration of Cash Dividends
- Analysts' Briefing Invitation on 9M 2018 results
- Press Release on Ayala Land's 9M 2018 results
- Notice of 2019 Annual Stockholders' Meeting

Clarifications

- Ayala, Eton to invest PHP53 billion in township (BusinessWorld)
- Its Final: Ayala Land loses Las Pinas golf course (The Manila Times Internet Edition)
- ALI spending record PHP110.8 billion this year (philSTAR.net)
- ALI purchase of Central Azucarera de Tarlac assets gets PCC OK (philSTAR.net)
- Ayala Land seeks SEC nod to issues PHP10-billion 10-year bonds (manilastandard.net)
- Ayala Land mulls P5-billion bond issuance (BusinessWorld Online)
- Ayala Land eyes fund-raising in early 2019 (BusinessWorld Online)
- Ayala Land pouring PHP18B for Habini Bay project (BusinessWorld Online)

Anti-Corruption Programs and Procedures

Trading Blackout Policy

Ayala Land has a trading blackout policy that prohibits covered persons, i.e. 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 after they have become aware of undisclosed internal information. This restriction also applies to immediate family members of the aforementioned parties.

The prescribed period covers 10 trading days before and three trading days after the date of disclosure of quarterly and annual financial results.

Outside of the blackout period, directors and identified key officers, within 10 days of the date of their appointment, shall submit their initial statement of ownership of shares in Ayala Land through SEC Form 23-A. Thereafter, they are required to submit any change in their beneficial ownership of shares in Ayala Land through SEC Form 23-B within three business days of the transaction date. These forms are submitted to the PSE, SEC, and PDEx simultaneously.

Related Party Transactions Policy

A related party transactions (RPT) policy is in place to ensure that all related party transactions among Ayala Land Inc., its subsidiaries, affiliates, and other related entities or persons, are at arm's length, are fair, and will inure to the best interest of the company and its subsidiaries or affiliates and their shareholders.

The RPT policy defines related party relationships and transactions, and sets out the guidelines and categories that govern the review, approval, and ratification of said transactions by the Board of Directors or shareholders, to ensure that related party relationships are accounted for and disclosed in accordance with the International Accounting Standards (IAS) 24 and other applicable disclosure requirements. No RPT may be classified as financial assistance to any entity.

The board may, at its option, require that a related party transaction it has approved be also submitted to the stockholders for consideration and ratification.

Whistleblowing Policy

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

All employees, business partners, suppliers, and other stakeholders are encouraged and empowered to report any activity deemed illegal or unethical through Ayala Land's business integrity channels.

These channels may be used by persons covered by the whistleblowing policy, to freely, and without fear of retaliation, directly report suspected fraud, misconduct, and violations of laws, rules, and regulations within Ayala Land to people of authority.

The business integrity channels are overseen by the Ayala Land Ethics Committee, which has a direct reporting line to the Audit Committee. The Ethics Committee is chaired by the head of the human resource division, and is composed of select members of Internal Audit, Risk Management and Ayala Group Legal. It evaluates and promptly resolves concerns reported through the business integrity channels.

Whistleblowers may report, among others, conflicts of interest; misconduct or policy violations; theft, fraud, or misappropriation; falsification of documents; financial reporting concerns; and any act of retaliation taken against persons covered by the policy.

The business integrity channels accept reports made anonymously. The whistleblower may choose the manner by which he or she may be contacted without compromising his or her anonymity. This may include providing an e-mail address or mobile number. If the whistleblower chooses to identify himself, whoever receives the report via the business integrity channel should ask the whistleblower if he is willing to be identified in the course of the investigation.

When the report is substantiated and the investigation completed, the Ethics Committee informs the respondent's human resource department about the report. The HR department concerned will coordinate with the Ethics Committee to address the report appropriately and conduct a full investigation in accordance with applicable Ayala Land policies and procedures.

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

Business Gifts Policy

Ayala Land recognizes the Filipino practice of expressing gratitude by means of giving and receiving gifts. The company, however, limits this practice and the actual value of gifts exchanged within the boundaries of proper and ethical behavior.

A copy of Ayala Land's Business Gifts policy is available on <https://ir.ayalaland.com.ph/corporate-governance/business-gifts-policy/>

Business Integrity Channels Contact Information

The public may report any information relating to illegal or unethical activity or violation of stockholder rights to the whistleblower officer, Ms. Ma. Divina Y. Lopez by e-mailing her at myreport@ayalaland.com.ph. The same information may be also sent through any of the following channels:

1. Face to face meetings
2. Auditor's website: <https://services.punongbayan-araullo.com/extdata/proactive.nsf/goto/aligroup>
3. Text messaging: +63 917 3118510

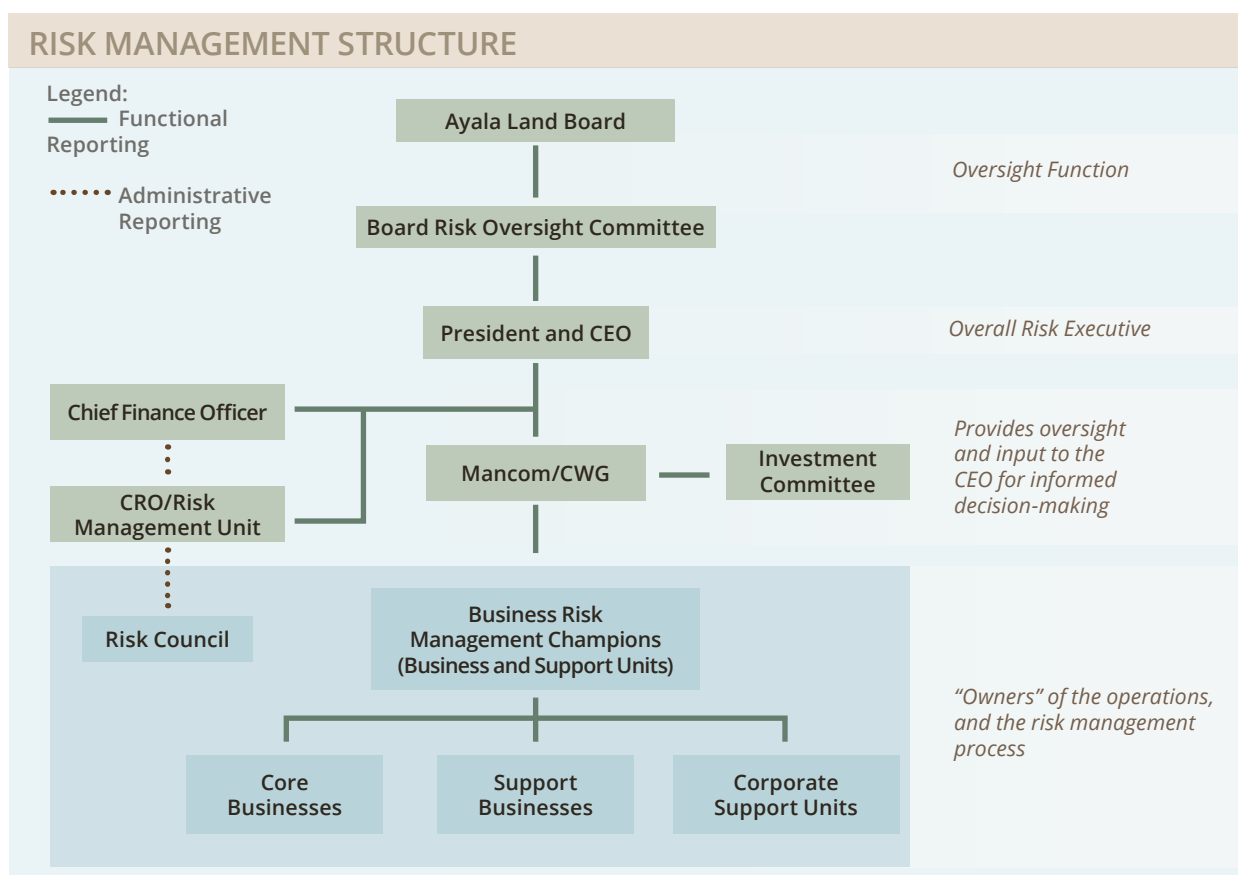
All information on corporate governance is available at <https://ir.ayalaland.com.ph/corporate-governance/>

RISK MANAGEMENT

The Board Risk Oversight Committee ensures 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 2018 to review the results of the risk assessment conducted by the Chief Risk Officer (CRO), as well as to provide insights on current and emerging risks.

As the risk management practice is embedded in all business units and operations, we strive to maintain our desired risk management maturity at the highest level by continuously reviewing our performance and further enhancing our risk control and mitigation measures. Periodic risk reviews done at the business unit level facilitate the regular monitoring of risk behavior and its impact on the business, allowing proactive or timely management consideration and control.



On the other hand, the Risk Council which was formed to enable and facilitate synergy and collaboration across the different groups in risk prioritization and strategy formulation, provided the needed expertise in reviewing the inter-relations of risks and identifying emerging risks, such as increased foreign interest driving the cost of land, limited infrastructure, e-commerce and climate change among others. This approach allows us to see and assess risks specific to SBUs and to the critical support groups. It also allows us to make cross-functional reviews of all identified risks, giving us a broader understanding of the behavior and inter-relationships of our risks for better organizational collaboration and treatment.

The company's expanding portfolio of businesses makes it especially vulnerable to natural events and serious operational disruptions. Thus, to ensure business continuity and protect shareholder and public interest, aside from technical due diligence, we comply with sound engineering practices and regulations that pertain to physical and operational risks, emergency readiness and response, crisis handling, and the continuity of critical services and operations.

We have established risk-transfer programs to mitigate the unacceptable financial impacts of natural calamities and operational exposures at the most cost-efficient levels. By nurturing relationships with partner insurers and risk advisors, we have developed open and automatic risk insurance programs which allow the company to expand its business, launch multiple projects, and operate a vast number of properties and estates without the need to structure and negotiate insurance policies for each and every undertaking.

By structuring our insurance programs in collaboration with partner insurers, we have not only been able to generate cost savings but more importantly validate our risks, address gaps in cover, and effectively manage claims issues inherent in stand-alone and off-the-shelf policies. In this manner, losses incurred from natural occurrences or perils as well as those from operational exposures are properly evaluated, processed, and restituted in a mutually acceptable manner.

In collaboration with the human resources division, we conducted training sessions and programs for risk owners as part of our organizational development and capacity build-up. Sessions on risk management, business continuity, and insurance and claims management were provided to property managers and project and mall management teams for alignment with corporate thrusts and operational efficiencies. A leadership forum on globalization of risks for the company's designated risk officers was also provided to keep the firm abreast of developments and insights on risks which may impact our organization and business.

Enterprise-Wide Risk Management Activities (EWRM)

We implement our EWRM program and enhance organizational collaboration through periodic reviews with the SBUs and key support groups through a "top down, bottom-up" approach. This has enabled us to have full visibility of the wide range of risks that the firm faces both from the perspective of management and from the operational levels, finding commonalities and disparities, and integrating both perspectives to arrive at a holistic view of the company's risk profile.

The Risk Management Process

We facilitated risk review and control assessment sessions with each of our SBUs. The outcomes of these sessions 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 consider and incorporate new and emerging risks, both at the corporate and operating business unit levels.

KEY RISKS AND MITIGATING MEASURES

KEY RISK	RISK DESCRIPTION
Project Execution and Timely Delivery Risk, and Partnership and Alliances Risk	With 26 estates and 221 ongoing construction projects, we continuously experience pressures to deliver in a timely manner, maintain development costs within competitive levels, engage qualified and reliable contractors and suppliers, and ensure that statutory and quality standards are consistently enforced and met in all our projects across the country.
MITIGATING MEASURES	
<p>Improved planning timelines, standardized and streamlined processes to achieve operating efficiencies, increased partnering agreements on critical materials with suppliers, aggregation and advance buying of critical commodities, and continuous external sourcing.</p> <p>Increased partnerships and engagements with triple-A contractors through our construction arm MDC. Increased involvement of the Technical Council and the conduct of joint inspections to enhance and ensure quality work and code compliance.</p> <p>Tapped smaller local contractors registered with the Philippine Contractor's Accreditation Board to expand our contractor base. Proper selection and qualification of vendors, suppliers, and subcontractors through a third-party expert accreditation firm to ensure that our project teams engage only qualified, registered, and capable vendors, suppliers and subcontractors.</p> <p>Improved our self-perform and self-manufacture capability for better quality control as well as enhanced speed in our developments. Created a training and skills development program in collaboration with the proper government agencies to address the lack of skilled manpower in various construction sites.</p> <p>Conducted on-the-spot checks of offices, operations, and audit of records of third-party contractors and vendors for code-related compliance.</p>	

KEY RISK	RISK DESCRIPTION
Government, Political, and Regulatory Risk	The growth of the local real estate industry is largely driven by the country's overall political and economic situation. As we expand into different growth centers, we see an increased need to cultivate good relationships with the local government entities. Local and international political developments may cause volatilities in the market, potentially adversely affecting our business lines and overall operational capabilities and growth plans.
MITIGATING MEASURES	
<p>Complied with regulations and maintained healthy relationships with regulatory agencies and local governments to ensure smooth business operations, and the timely processing of permits to avoid penalties.</p> <p>Worked within acceptable thresholds and timelines, given the large volume of permits renewed periodically. However, we are taking further steps to make permit-related improvements, diligently monitoring renewals and deadlines. We also continually review processes to ensure that permits are processed and released within acceptable timeframes, to prevent project delays or operational disruptions.</p> <p>Liaised and maintained open communication with concerned regulators and implementing offices, ensuring compliance and avoiding sanctions that may adversely affect our operations and business.</p>	

KEY RISK	RISK DESCRIPTION
Risk of Being Marginalized by Competitors (MA 206, 206-1)	<p>We face intense competition in our major business lines.</p> <p>As we expand our land bank and mixed-use developments, competitors similarly undertake aggressive or massive expansion. Competition has grown, with significantly improved capabilities and product quality.</p>
MITIGATING MEASURES	
<p>Undertook 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, product quality enhancement, and timely delivery to ensure customer satisfaction.</p> <p>Complied with the policies of the Philippine Competition Commission (PCC) in relation to anti-competitive behavior such as collusion with potential competitors, monopolistic practices, and price-fixing. No case involving Ayala Land and its businesses has been filed with the PCC.</p>	

KEY RISK	RISK DESCRIPTION
Product and Service Quality and Safety Risk (MA 416)	<p>Ensuring product and service safety, security, and quality is always a challenge, especially given the large number of operating properties and projects under construction. Thus, we consistently emphasize the need for a very high level of diligence and safety and security awareness so that customers and the general public have safe experiences in our shopping centers, managed estates, and properties, including our construction sites.</p>
MITIGATING MEASURES	
<p>Provided adequate training and supervision, and conducted safety inspections of all critical and hazardous activities, including mandatory training on safety and quality for workers before the start of any hazardous work in our operating properties and construction sites.</p> <p>Empowered safety officers to declare work stoppage, even overriding project managers, if they believe safety standards and practices are not being met.</p> <p>Tightened monitoring of all environmental health and safety (EHS) permits and licenses for all projects and engaged MDC to supervise construction projects including those subcontracted to third parties.</p> <p>Promoted adequate and effective proactive maintenance practices and procedures to prevent serious and unscheduled operational losses, such as equipment breakdowns and operational disruptions.</p> <p>Established geographic sub-crisis management teams, aligned with the government's mandatory incident command system, and intensified accident and loss preventive programs through an occupational health and safety committee.</p>	

KEY RISK	RISK DESCRIPTION
Organizational Risk	<p>Employees are our most critical asset, thus organizational development and engagement is a top priority.</p> <p>Personnel attrition due to poaching and the natural tendency to look for other opportunities will always be present.</p>
MITIGATING MEASURES	
<p>Maintained an adequate number of qualified personnel in our organization to meet the demands of our business and to achieve optimal work conditions.</p> <p>Periodically conducted organizational climate surveys to determine levels of employee engagement and address areas of concern, empowered people, and created opportunities for professional development.</p> <p>Employed strategies such as succession planning, cross-posting, streamlining of organizational structure and operations, and employee retention programs.</p>	

KEY RISK	RISK DESCRIPTION
Environmental Risks (MA 304, 307, 411, 412, 413, 304-1, 307-1, 411-1, 412-1, 413-2, 416-1)	Given the country's geographic location, we acknowledge that natural disasters in the form of earthquakes and volcanic eruptions threaten our properties and projects. We also have to contend with typhoons and other extreme weather conditions brought about by climate change.
MITIGATING MEASURES	
<p>Conducted technical due diligence and environmental scanning, e.g. for fault lines and possible flooding, in all our properties and adjacent areas.</p> <p>Required strict compliance with applicable codes, rules and regulations, e.g. building and fire codes, implemented by national and local government units. Our regulatory compliance group ensures that permits and licenses are updated, keeps track of new regulations, and educates project leads and onsite officers on regulatory matters. To date, no significant fine related to violations of environmental regulations, has been imposed on Ayala Land.</p> <p>Established 24/7 operation centers throughout the country to monitor and track weather situations, facilitating readiness, early mitigation, and quick response to disasters, whether natural or man-made.</p> <p>Conserved and protected indigenous biodiversity, and identified native flora and fauna, integrating our findings into the business model, development plan, and operations. Our operations currently cover 4,870 hectares of land* with high biodiversity value.</p> <p>Reviewed the company's major business lines to strengthen business resiliency, determining the most critical business activities and the potential business impact should these activities be interrupted. This information is critical in drawing up timeframes and resources required to resume business activities.</p> <p>Put insurance programs in place to ensure cost recovery for physical damages and business interruption losses brought about by disasters on our operating properties and construction projects.</p> <p>Undertook comprehensive monitoring and proper treatment of non-financial risks. Continuously monitored environmental, social, and governance (ESG) risks. To date, Ayala Land is the only Philippine firm listed in the RobecoSAM Sustainability Yearbook.</p> <p>Conducted legal research on the rights of the legitimate claimants, including indigenous people, in our acquisition and development of land, ensuring that social concerns are addressed.</p>	

KEY RISK	RISK DESCRIPTION
Company Fraud Risk (205-1)	As a leading company in the industry, dealings with vendors and contractors may expose us to incidents of fraud.
MITIGATING MEASURES	
<p>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. 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 conduct.</p> <p>Promoted fairness, objectivity and transparency in dealing with project vendors, contractors, and partners, through bidding committees that are chaired by non-procurement and non-project personnel.</p> <p>Through the Internal Audit Division, implemented a Whistleblowing Policy and Business Integrity Channel to allow confidential reporting of fraud and improper dealings.</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
Cyber Risk	The threat of cyber attacks has intensified, given our heavy dependence on technology and IT infrastructure.
MITIGATING MEASURES	
<p>Invested and deployed technological and administrative solutions to address unauthorized access, control, and manipulation of data and critical information stored in our IT systems and infrastructure.</p> <p>Conducted penetration testing, and developed and cascaded information on security-related policies to the entire organization.</p> <p>Kept abreast of the latest technology solutions and developments in collaboration with specialist firms and industry partners.</p>	

KEY RISK	RISK DESCRIPTION
Financial Risk	With P110 billion of capital expenditures in 2018 and a steady increase in project launches, it is critical that we have adequate funding capacity to support growth in the years to come.
MITIGATING MEASURES	
<p>Established a three-layered approach to liquidity through the prudent management of cash, money market placements and high-quality and marketable securities; a ready program for the sale of receivables; and the maintenance of ample short-term revolving facilities from both local and foreign banks. Employed scenario analysis and contingency planning to proactively manage our liquidity position.</p> <p>Set counter-party bank limits for our cash and investable funds to ensure that these are invested only with counter-parties of the highest credit standing. A counter-party bank's credit worthiness is determined through an internal rating system that measures liquidity, capital adequacy, and total asset size. We also seek information from available international credit ratings.</p> <p>Maintained ample short-term revolving facilities and obtained long-term debt funding on a timely basis and at optimal terms and conditions. Actively monitored and managed the mix of short- and long-term, fixed and floating rate, and local and foreign currency borrowings within predetermined limits prescribed by management to mitigate exposure to refinancing, interest rate, and currency risks. Ensured 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>Continuously monitored our contingent liability level to be able to complete our committed projects even during a financial downturn. Our financial covenants stipulate a maximum gross debt-to-equity ratio of 3:1; to date, our gross debt-to-equity ratio is 0.85:1.</p>	

2018 Awards

Nikkei Asian Review

Ranked 42nd, Top Philippine company in the
Top 100 Asia300 Power Performance

ASEAN Corporate Governance; ASEAN Capital Markets Forum

Among the Top 50 ASEAN Publicly Listed Companies
(Top 31-50)

Frost and Sullivan

Philippine Property Development Company
of the Year

Asiamoney

Most Outstanding Company in the Real Estate Sector

Philippine Dealing System (PDS)

Named Issuer of the Year 2018
Most active issuer after listing on the PDEX
Pioneer Issuer in the Enrolled Securities
Program of the PDEX

The Asset Asian Awards

Best Bond Deals – Southeast Asia

Institutional Investor Magazine

Top spots in All-Asia Team Survey 2018
Most Honored Company in the Philippines
Best Investor Relations Company of the Year
Best Chief Finance Officer of the Year
2nd Best ESG and SRI Metrics
2nd Best Corporate Governance
3rd Best Analyst days

IR Magazine

Best in Sector: Real Estate, Southeast Asia
Best in Country: Philippines
Best in Financial Reporting
Best IR Website

Nominated in categories

Best Overall Investor Relations (Large Cap)
Best Investor Relations Officer (Large Cap)
Best ESG Communications

FinanceAsia

2nd Best in Investor Relations
4th Most Committed to Corporate Governance
5th Best in Corporate Social Responsibility
8th Best Managed Company

Economic Dividends for Gender Equality (EDGE)

First real estate company in the world to receive a
certification for gender equality

The Stevies

Bronze, Management Team of the Year 2018:
Taking the Lead in Sustainability
Bronze, Video Award–Corporate Overview:
With Every Step

International Association of Business

Communicators (IABC) Philippines Quill Awards

Top Award for Communication Skills:
Reshaping with Ayala Land 2017 Corporate Video
Award of Excellence: Reshaping with Ayala Land
2017 Corporate Video
Award of Excellence: Ayala Land Social Media
Campaign on Local Economic Development
Award of Merit: Ayala Land Groundbreakers
Magazine

Public Relations Society of the Philippines (PRSP) 53rd Anvil Awards

Silver, PR Tools-Publications: ALI's Groundbreakers
2017 "Winning Hearts and Minds"
Silver, PT Tools-Multimedia: Reshaping with Ayala
Land 2017 Corporate Video

Lamudi

Best Developer of the Year (Luzon): Ayala Land

City of Makati

Outstanding Corporate Citizen Award Hall of Fame

SUBSIDIARY AWARDS

International Property Awards

5-stars, Best Office Development Philippines:
The Stiles Enterprise Plaza (Alveo)
Award Winner, Residential High-rise Development
Philippines: Portico (Alveo)

International Council of Shopping Centers (ICSC)

Gold Award for Cause-Related Marketing:
TienDa sa Ayala Malls (AyalaMalls)

The Stevies

Gold, Marketing Campaign of the Year–Real Estate:
Avida Land Choose to Move Campaign
Gold, Website Award–Real Estate: Avidaland.com
Bronze, Publication Award –Best House Organ for
Customers: Avida Living

Lamudi

Best Premium Condo of the Year (Vismin):
Solinea (Alveo Land)
Best Premium Condo of the Year for Trust and
Reputation of Developer
(Luzon): Asten Towers (Avida Land)
Best Affordable Condo of the Year (Vismin):
Steps Mandaue (Amaia Land)

International Association of Business Communicators (IABC) Philippines Quill Awards

Award of Merit: Avida Land
#ChoosetoMove Digiserye Campaign

Public Relations Society of the Philippines (PRSP) 53rd Anvil Awards

Gold, PR Tools-Online Video/Social Media Tools:
Ayala Malls Community Video
Silver, Public Relations Programs Directed at Specific
Stakeholders-External: Ayala Malls Play
Silver, Public Relations Programs Directed at Specific
Stakeholders-Business to Business Relations,
Merchants Recognition Ayala Malls Merchant
Awards
Silver, PR Tools-Exhibits and Special Events:
Rekindling Neighborly Values Through Avida
Grand Neighbor Day

Conde Nast Traveler

One of Resorts in the World (El Nido Resorts)
Gold List: Favorite Hotels in the World (El Nido Resorts)
Editors' Picks: Favorite Beach Resorts for 2
consecutive years (El Nido Resorts)

Green Destinations

Global Top 100 Sustainable Destinations
(Lio Tourism Estate)

World Travel Awards

Philippine Leading Hotel Group (Seda Hotels)

CMO Asia and World CSR Day

Philippines Best Brand Award (Seda Hotels)

Asia Leaders Award

Hospitality Company of the Year (Seda Hotels)

Smart Travel Asia

Top 25 Best Business Hotels in Asia (Fairmont)
Top 10 Best Business Hotels in Southeast Asia
(Raffles)



(From left) Ayala Land Human Resources and Public Affairs Group Head Atty. Eliezer C. Tanlapco and Ayala Land President and CEO Bernard Vincent O. Dy, receive the EDGE Assess Certification for gender equality from Australian Ambassador to the Philippines Amanda Gorely at New World Hotel, Makati City in March 2018.



Mark Parlade, PR Director of Stratworks, Jeff Tarayao, IABC Auditor, present a Quill to Ayala Land representatives, (from left) Suzette Naval, Ayala Land Corporate Communications Manager; Cathy Bengzon, Ayala Land Head of Corporate Marketing; Sharon Vital, Ayala Land Marketing Manager; and Andrea Lague, Ayala Land Associate Manager for Digital Corporate Branding held at the Marriott Grand Ball Room in Pasay City in July 2018.



Numerous awards and citations have, through the years, confirmed Ayala Land's culture of leadership and excellence.

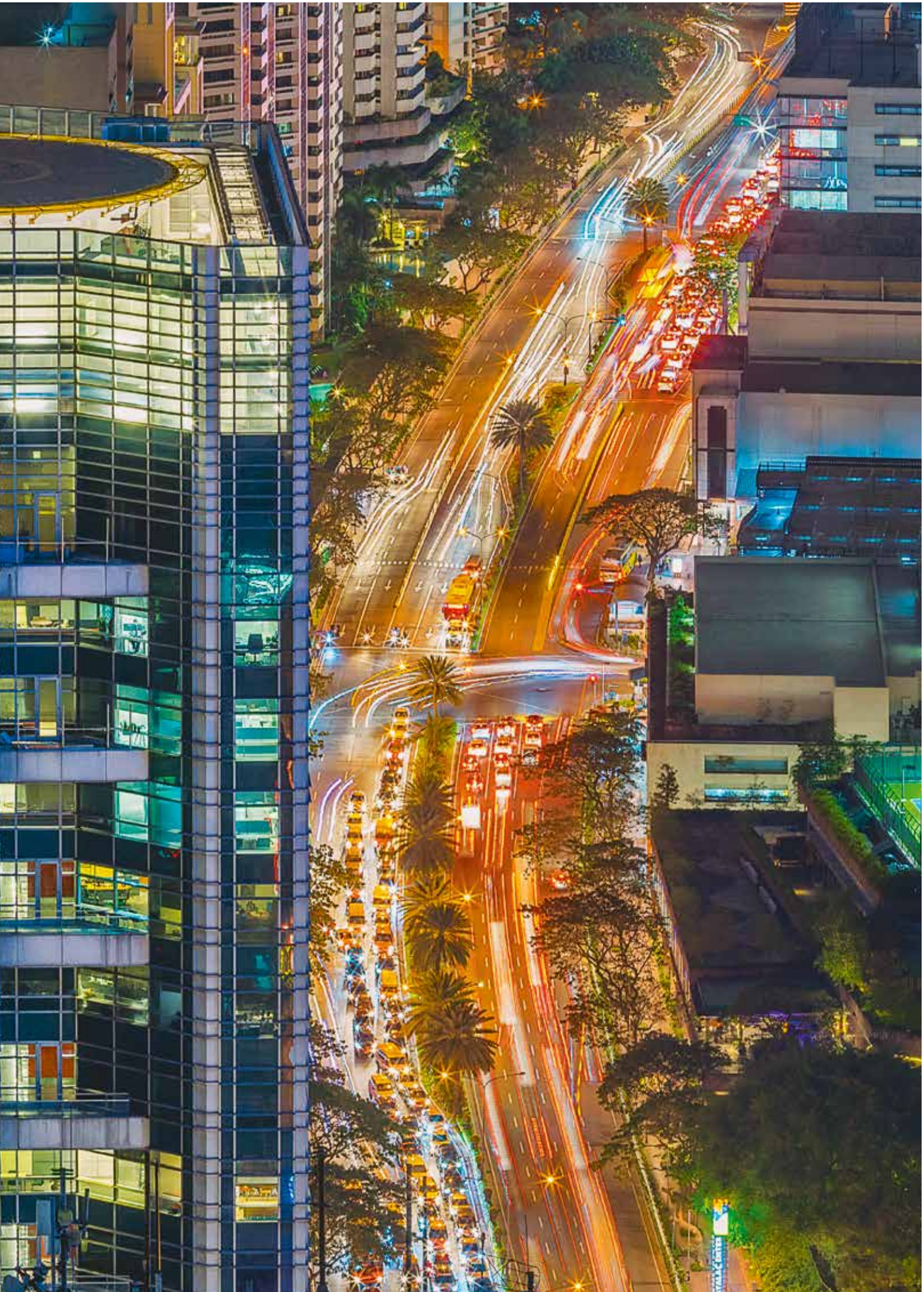


Ayala Land is recognized as one of the Top 50 publicly listed companies in ASEAN, and one of the Top 10 publicly listed companies in the Philippines for corporate governance during the Second ASEAN Corporate Governance Awards Ceremony held at the Kuala Lumpur Convention Center in Malaysia in November 2018. In the photo, ALI President and CEO Bernard Vincent O. Dy receives the award from Malaysia Deputy Finance Minister, Datuk Ir Amiruddin Hamzah joined (from left) by Emilio Benito Aquino, Chairman, Securities and Exchange Commission, Philippines; Datuk Syed Zaid Albar, Chairman, Securities Commission, Malaysia; Rapee Sucharitakul, Secretary-General, Securities and Exchange Commission, Thailand; and Tan Sri Dato Seri Dr. Sulaiman Mahbob, Chairman, Minority Shareholders Watchdog Group, Malaysia.



FINANCIAL REVIEW

Tower One and Exchange Plaza looks over the bustling Ayala Avenue, the main artery of the Makati Central Business District.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of 2018 Operations

2018 was another year of robust growth for Ayala Land, Inc. (ALI or “the Company”), posting total revenues of PHP166.25 billion and net income of PHP29.24 billion, for a solid top line and bottomline growth of 17% and 16%, respectively.

The strong performance of property development and commercial leasing, supported by the full consolidation of Malaysia-based subsidiary MCT Bhd, boosted revenues from Real Estate by 17% to PHP155.96 billion.

Earnings before interest and taxes (EBIT) margin improved by a quarter percentage point, to 30.37% from 30.11% in 2017.

Business Segments

Property Development. This segment includes the sale of residential lots and units, office spaces, commercial and industrial lots, and the operations of MCT Bhd. Total revenues from Property Development grew by 18%, to PHP113.36 billion from PHP96.39 billion previous year.

Residential. Driven by new bookings and project completions, revenues from the sale of Ayala Land residential lots and units and from MCT Bhd's operations reached PHP94.63 billion, an 18% growth from previous year's PHP79.90 billion.

Revenues generated by **AyalaLand Premier (ALP)** rose by 6% to PHP28.00 billion from PHP26.50 billion previous year, due to bookings from The Courtyards in Veramosa, Cavite and The Alcoves in Cebu Business Park and higher completion of The Suites at the Bonifacio Global City, Taguig, Metro Manila.

Alveo posted slightly higher revenues at PHP26.29 billion from previous year's PHP26.17 billion. The increase is attributed to bookings from Orea Place Tower 1 at Vertis North, Quezon City, Metro Manila and Travertine Tower at Portico, Pasig City, Metro Manila, and higher completion at The Residences at Evo City in Kawit, Cavite.

Bookings from Avida Towers Sola Tower 2 at Vertis North; Altura Tower 2 at South Park District, Muntinlupa City, Metro Manila; Asten Tower 3 at Makati City; and higher completion of Sola Tower 1 at Vertis North fueled Avida's 16% revenue growth to PHP24.22 billion from previous year's PHP20.84 billion.

Amaia posted a 20% improvement in revenues, to PHP7.36 billion from PHP5.74 billion, as a result of bookings and higher completion of Amaia Skies Shaw Tower 1 in Mandaluyong City, Metro Manila; Amaia Skies Cubao Tower 2 in Quezon City; Amaia Scapes General Trias in Cavite; and Amaia Steps Nuvali, Laguna. Meanwhile, bookings from **BellaVita's** projects in Pililia, Rizal; Cabanatuan East, Nueva Ecija; and Iloilo almost doubled its revenues to PHP1.15 billion from PHP652 million previous year.

Overall, the average GP (gross profit) of Ayala Land's vertical projects improved to 34% from 30% due to higher margins from Alveo's High Park Tower 2, Orea Place Tower 1 and Avida's Sola Tower 2 in Vertis North and Avida's project in Southpark District, Altura Tower 2. On the other hand, the average GP of horizontal projects decreased to 44% from 47% due to the lower contribution of higher margin projects.

MCT Bhd recognized revenues of PHP7.60 billion from sales and completion progress of its projects in Cybersouth, an integrated development in Southern Klang Valley, and Lakefront, a residential project in Cyberjaya.

Office for Sale. Higher bookings from One Vertis Plaza in Vertis North and The Stiles East Enterprise Plaza in Circuit Makati and higher completion progress of Park Triangle Corporate Plaza in BGC and the Alveo Financial Tower in Makati CBD hiked revenues from the sale of office spaces by 16%, to PHP11.00 billion from PHP9.45 billion previous year. However, the lack of higher margin inventory resulted in a lower GP margin of 33% from 37% the previous year.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots grew by 10% to PHP7.73 billion from PHP7.04 billion, driven by commercial lot sales in the Vis-Min estates and in Evo City, Cavite, and industrial lot sales in Alviera, Pampanga and in the Cavite Technopark. The sale of commercial lots in Arca South, Alviera, Evo City and Lio and of industrial lots in Alviera and Cavite Technopark moved the GP margin of this segment upwards to 50% from previous year's 40%.

Strong demand from both local and overseas Filipinos fueled a full-year 16% increase in sales reservations, reaching PHP141.9 billion from previous year's PHP121.96 billion. In the fourth quarter alone, reservation sales grew by 21% to PHP33.8 billion. On the other hand, net booked sales reached PHP110.8 billion, a 14% increase from previous year's PHP96.9 billion, with the fourth quarter number growing by 9% to PHP32.7 billion.

In 2018, Ayala Land launched PHP139.4-billion worth of residential and office-for-sale projects.

Commercial Leasing. This segment covers the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing amounted to PHP34.91 billion, 17% higher than PHP29.94 billion posted a year ago.

Shopping Centers. The contribution of Greenbelt and Glorietta in Makati City and the improved performance of newly opened malls in Quezon City, such as UP Town Center, Ayala Malls Cloverleaf and Vertis North, and in Pasig City, namely Ayala Malls Feliz and The 30th boosted the segment's revenues by 13% to PHP19.91 billion from PHP17.66 billion. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin was maintained at 66%.

The average monthly lease rate was at PHP1,073 per sq. meter, while same mall rental grew by 6%. The average occupancy rate for all malls was 89%, while the occupancy rate of stable malls was higher at 95%.

The Company opened three new malls in 2018—Circuit Mall in Makati with 52,000 sq. meters of gross leasable area (GLA), Capitol Central Mall in Bacolod with 74,000 sq. meters, and One Bonifacio High Street in Taguig with 23,000 sq. meters—bringing the shopping centers' year-end GLA to 1.90 million sq. meters.

Offices. Revenues from office leasing rose by 29% to PHP8.61 billion from PHP6.66 billion due to the stabilized occupancy of new offices such as Vertis Corporate Center in Quezon City, Circuit Corporate Center in Makati City, and The 30th Corporate Center in Pasig City. Office leasing EBITDA margin was sustained at 91%.

The monthly lease rate for offices averaged PHP755 per sq. meter. The average occupancy rate for all offices was 91%, while the occupancy rate of stable offices was 96%. The Company completed four new offices in 2018—Bacolod Capitol Corporate Center with

11,000-sq. meters GLA, Vertis North Corporate Center 3 with 38,000 sq. meters, Ayala North Exchange HQ Tower with 20,000 sq. meters and another 22,000 sq. meters in its BPO Tower—bringing the offices' year-end GLA to 1.11 million sq. meters.

Hotels and Resorts. Full-year operations of Seda Vertis North, Seda Capitol Central Bacolod and the recently renovated Apulit Island Resort in El Nido, Palawan coupled with the improved performance of our B&B's nudged revenues from our hotels and resorts higher by 14%, to reach PHP6.39 billion from previous year's P5.62 billion. Average revenue-per-available-room (REVPAR) of all hotels and resorts slightly decreased by 1% to PHP3,531 and PHP7,989 a night, respectively. Meanwhile, REVPAR of stable hotels increased by 6% to PHP4,369 a night; that of stable resorts increased by 12% to PHP10,896. EBITDA margin of this segment improved to 29% from 28% previous year.

The average room rate a night of all hotels was PHP5,020, while that of stable hotels was PHP5,593. Meanwhile, the average room rate a night of all resorts was PHP12,593, while that of stable resorts was PHP17,035. The average occupancy rates of all hotels and resorts were at 70% and 63%, respectively, while those of stable hotels and stable resorts were at 78% and 64%, respectively.

A total of 390 rooms were added to the portfolio—Seda Capitol Central, 108; Seda Lio, 118; Circuit Residences, 80; Lio Dormitel, 42; Huni Sicogon, 19; Drift Hostel Sicogon, 16; and Sicogon Dormitel, 7—bringing the total number of rooms in operation to 2,973 by end-2018.

The hotels and resorts business operates 660 hotel rooms under its international brand segment—312 for Fairmont Hotel and Raffles Residences, and

348 for Holiday Inn & Suites, both located in Ayala Center, Makati CBD. Our homegrown Seda Hotels operates 1,828 rooms—Atria, Iloilo, 152; BGC, Taguig, 179; Centrio, Cagayan de Oro, 150; Abreeza, Davao, 186; Nuvali, Santa Rosa, Laguna, 150; Vertis North, Quezon City, 438; Capitol Central, Bacolod, 154; Lio, Palawan, 118; and Ayala Center Cebu, 301. El Nido Resorts operates 193 rooms in its four island resorts (Pangulasian, Lagen, Miniloc and Apulit), and Lio Tourism Estate currently has 144 rooms under its Bed and Breakfast (B&B) category and Dormitel offerings. Lastly, the Sicogon Tourism Estate in Iloilo currently operates 68 B&B rooms.

Services. This segment is composed of the Company's construction business through Makati Development Corporation (MDC); property management, through Ayala Property Management Corporation (APMC), power services, through Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy); and airline services firm AirSWIFT, for the hotels and resorts business. Total revenues of this segment rose by 5% to PHP76.72 billion from PHP72.81 billion previous year.

Construction. The increased order book of projects from the Ayala Land group resulted in a corresponding increase in construction revenues, reaching PHP71.16 billion, 5% more than previous year's PHP68.00 billion.

Property Management and Others. APMC, the power services companies, and AirSWIFT together posted revenues of PHP5.30 billion, a slight 2% decrease from the year-ago figure of PHP5.41 billion due to reduced rates of retail electricity supply contracts.

Blended EBITDA margins of the Services business slightly declined to 9% from 10%.

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

The full consolidation of MCT Bhd into Ayala Land resulted in a 13% decrease in equity in net earnings of associates and JVs, to PHP750 million from previous year's PHP866 million. Meanwhile, interest income, interest on real estate sales, and investment income increased by 31% to PHP8.00 billion from PHP6.09 billion previous year due to higher interest income from money market placements and accretion on installment sales. Other income reached PHP1.54 billion, 31% lower year-on-year.

Project and Capital Expenditures

Ayala Land spent PHP110.1 billion in capital expenditures to support the aggressive completion of new projects, 41% of which was spent on residential projects; 23% on commercial projects; 15%, land acquisition; 12%, development of estates; and 9%, on investments.

Financial Condition

Ayala Land's balance sheet solidly positions the Company to pursue its growth plans.

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at PHP27.56 billion, resulting in a current ratio of 1.26:1.

Total borrowings amounted to PHP187.10 billion, translating to a debt-to-equity ratio of 0.85:1 and a net debt-to-equity ratio of 0.72:1.

Return on equity as of December 31, 2018 was at 16.5%.

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.

The Company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created in 2018.

	END-DECEMBER 2018	END-DECEMBER 2017
Current ratio ¹	1.26:1	1.30:1
Debt-to-Equity ratio ²	0.85:1	0.91:1
Net Debt-to-Equity ratio ³	0.72:1	0.77:1
Profitability Ratios:		
Return on assets ⁴	5.35%	5.07%
Return on equity ⁵	16.52%	16.09%
Asset to Equity Ratio ⁶	3.04:1	2.99:1
Interest Rate Coverage Ratio ⁷	6.1	6.0

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

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	3/4	75%

- We recommended to the Board of Directors the re-appointment of SGV & Co. as independent external auditor for 2019, 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, 2018, with the Company's management and SGV & Co. These activities were performed in the following context:
 - That management has the primary responsibility for the financial statements and the reporting process.
 - That SGV & Co. is responsible for expressing an opinion on the conformity of the Company's consolidated audited financial statements with Philippine Financial Reporting Standards.

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

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements as of and for the year ended December 31, 2018 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

February 14, 2019



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, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal controls as management determines are 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 a 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 27 2019 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Doc. No. 229 :
 Page No. 47 :
 Book No. X :
 Series of 2019.




MARIA PAULA G. ROMERO-BAUTISTA
 Notary Public - Makati City
 Appt. No. 153 until December 31, 2019
 Roll of Attorneys No. 58335
 IBP No. 059414 - 01/09/19 - Makati City
 PTR No. 7341730ME - 01/08/19 - Makati City
 MCLE Compliance No. VI - 0009490 - 06/20/2018

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 1200
 Tel. No. (632) 908-3111 Fax No. (632) 848-5336 Website: www.ayalaland.com.ph

27th Floor Tower One and Exchange Plaza
 Ayala Triangle, Ayala Avenue
 Makati City, Philippines

Ayala Land, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2018 and 2017
and Years Ended December 31, 2018,
2017 and 2016

and

Independent Auditor's Report





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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 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.



Adoption of PFRS 15, Revenue from Contracts with Customers

Effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, using the modified retrospective approach. The adoption of PFRS 15 is significant to our audit because this involves application of significant judgment and estimation in the following areas: (1) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (2) assessment of the probability that the entity will collect the consideration from the buyer; (3) application of the output method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

The Group identifies the contract that meets all the criteria required under PFRS 15 for a valid revenue contract. In the absence of a signed contract to sell, the Group identifies alternative documentation that are enforceable and that contains each party's rights regarding the real estate property to be transferred, the payment terms and the contract's commercial substance.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion method in amortizing sales commission consistent with the Group's revenue recognition policy.

The adoption of PFRS 15 as at January 1, 2018 resulted to reclassification of receivables and customers' deposit to contract assets and contract liabilities amounting to ₱73.9 billion and ₱18.1 billion, respectively. The disclosures related to the adoption of PFRS 15 are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process, including the process of implementing the new revenue recognition standard. We reviewed the PFRS 15 adoption papers and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis.



For the identification of the alternative documentation for sale of real estate property (in the absence of a signed contract to sell) that would meet the requirements of PFRS 15, our audit procedures include, among others, involvement of our internal specialist in reviewing the Group's legal basis regarding the enforceability of the alternative documentation against previous court decisions, buyers' behavior and industry practices.

For the buyers' equity, 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.

In determining real estate revenue and cost of sales, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) under the output method. We performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the stage of completion of the major activities of the project construction.

For the real estate inventories and cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

We test computed the transition adjustments and evaluated the disclosures made in the consolidated financial statements on the adoption of PFRS 15.

Adoption of PFRS 9, Financial Instruments

On January 1, 2018, the Group adopted Philippine Financial Reporting Standards (PFRS) 9, *Financial Instruments*. PFRS 9, which replaced PAS 39, *Financial Instruments: Recognition and Measurement*, provides revised principles for classifying financial assets and introduces a forward-looking expected credit loss model to assess impairment on debt financial assets not measured at fair value through profit or loss and loan commitments and financial guarantee contracts. The Group adopted the modified retrospective approach in adopting PFRS 9.

1. Classification and Measurement of Financial Assets

As at January 1, 2018 (the transition date), the Group classified its financial assets based on its business models for managing these financial assets and the contractual cash flow characteristics of the financial assets. This resulted to transition adjustments that increased retained earnings and noncontrolling interest by ₱358.6 million and ₱205.4 million, respectively, and decreased other comprehensive income by ₱564.0 million. Thereafter, the financial assets were accounted for based on the transition date classification, while newly originated or acquired financial assets were also classified based on the PFRS 9 classification criteria.



The Group's application of the PFRS 9 classification criteria is significant to our audit as the classification determines how financial assets are measured and accounted for in the financial statements.

The disclosures in relation to the adoption of the PFRS 9 classification criteria are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's contracts review process to establish the contractual cash flow characteristics of debt financial assets, including the identification of standard and non-standard contracts, and reviewed the assessment made by management by inspecting underlying contracts on a sample basis. We obtained the approved business models for the Group's portfolios of financial assets. For significant portfolios, we assessed the frequency and relative amount of sales in the past, understood how the business performance is measured and evaluated performance measurement reports.

We test computed the transition adjustments and evaluated the disclosures on the adoption of the PFRS 9 classification criteria made in the consolidated financial statements.

2. Expected Credit Loss (ECL)

The Group's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment and estimation. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining what comprises default; determining assumptions to be used in the ECL model such as the expected life of the residential and office development receivables and timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECL.

Refer to Note 2 to the consolidated financial statements for the disclosures in relation to the adoption of the PFRS 9 ECL model.

Audit Response

We obtained an understanding of the approved methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money and, the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (c) compared the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and write-offs; (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information; and (f) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we checked the data used in the ECL models, such as the historical analysis of defaults, and recovery data, by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.



We recalculated impairment provisions on a sample basis. We evaluated the disclosures made in the consolidated financial statements on allowance for credit losses using the ECL model.

Accounting for business acquisition

In January 2018, Ayala Land, Inc. through its wholly owned subsidiary, Regent Wise Investments, Ltd. acquired additional 39.4% of MCT Berhad (MCT) for a total consideration of ₱5.98 billion, thereby obtaining control over MCT. The previously held interest in MCT was revalued based on the acquisition date fair value which resulted to a remeasurement loss of ₱1.8 billion. The negative goodwill recognized based on the final purchase price allocation performed was ₱1.9 billion. We consider the accounting for this acquisition as a key audit matter because it required a significant amount of management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining their fair values, specifically the acquired inventories, property and equipment and investment properties.

Further details of the acquisition made by the Group and the purchase price allocation are disclosed in Note 25 to the consolidated financial statements.

Audit Response

We reviewed the purchase agreement covering the acquisition, the consideration paid and the final purchase price allocation. We reviewed the identification of MCT's underlying assets and liabilities based on our understanding of MCT's business and management's explanations on the rationale for the acquisition. We assessed the competence, capabilities and objectivity of the external appraiser who valued the inventories, property and equipment and investment properties by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in evaluating the methodologies and assumptions used in arriving at the fair values of the real estate properties. We compared the key assumptions used such as the list prices and adjustment factors by reference to relevant market data.

Consolidation Process

The consolidated financial statements of the Group represents the consolidation of the financial statements of Ayala Land, Inc. and its various direct and indirect subsidiaries. We consider the Group's consolidation process as a key audit matter because of the complexity arising from the numerous component entities within the Group requiring layers of consolidation, voluminous intercompany transactions that require elimination and deferral, 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 profit or recoveries from intercompany transactions and balances, amortization/depreciation/reversal of fair value adjustments arising from business combinations, the currency translation adjustments, 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, 2018, 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, 2018 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 Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

A handwritten signature in black ink, reading 'Michael C. Sabado', is enclosed in a thin black rectangular border.

Michael C. Sabado

Partner

CPA Certificate No. 89336

SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021

PTR No. 7332607, January 3, 2019, Makati City

February 27, 2019

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

	December 31	
	2018	2017 (As restated - see Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2, 4 and 30)	P23,996,570	P20,998,089
Short-term investments (Notes 2, 5 and 30)	3,085,373	4,739,734
Financial assets at fair value through profit or loss (Notes 2, 6 and 30)	476,245	540,606
Accounts and notes receivable (Notes 2, 7 and 30)	78,245,866	75,917,344
Contract assets (Notes 2, 15 and 30)	48,473,011	-
Inventories (Notes 2 and 8)	104,371,611	90,845,608
Other current assets (Notes 2 and 9)	44,181,222	47,810,900
Total Current Assets	302,829,898	240,852,281
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 2, 7 and 30)	3,367,890	44,522,898
Noncurrent contract assets (Notes 2, 15 and 30)	35,437,047	-
Financial assets at fair value through other comprehensive income (Notes 2, 10 and 30)	1,495,795	-
Available-for-sale financial assets (Notes 2, 10 and 30)	-	1,475,241
Investments in associates and joint ventures (Note 11)	23,389,752	26,800,823
Investment properties (Note 12)	225,005,910	200,239,815
Property and equipment (Note 13)	35,749,200	28,524,088
Deferred tax assets - net (Note 24)	13,040,993	10,648,013
Other noncurrent assets (Notes 14 and 27)	28,503,997	20,929,175
Total Noncurrent Assets	365,990,584	333,140,053
	P668,820,482	P573,992,334
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 17 and 30)	P14,386,717	P17,644,350
Accounts and other payables (Notes 16 and 30)	171,999,422	137,683,859
Contract liabilities (Note 15)	21,874,681	-
Income tax payable	2,588,669	978,433
Current portion of long-term debt (Notes 17 and 30)	23,265,173	6,572,775
Deposits and other current liabilities (Note 18)	6,669,865	21,743,820
Total Current Liabilities	240,784,527	184,623,237
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 30)	149,446,949	150,168,631
Pension liabilities (Note 27)	1,550,198	1,535,671
Contract liabilities - net of current portion (Note 15)	8,630,235	-
Deferred tax liabilities - net (Note 24)	5,894,705	3,543,791
Deposits and other noncurrent liabilities (Notes 19 and 30)	42,292,671	41,857,646
Total Noncurrent Liabilities	207,814,758	197,105,739
Total Liabilities	448,599,285	381,728,976

(Forward)

	December 31	
	2018	2017 (As restated - see Note 2)
Equity (Note 20)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	₱62,350,964	₱61,948,711
Retained earnings (Note 2)	132,090,020	109,976,450
Stock options outstanding (Note 29)	65,462	99,064
Remeasurement loss on defined benefit plans (Note 27)	(219,782)	(160,015)
Fair value reserve of financial assets at FVOCI (Note 10)	(454,138)	40,530
Cumulative translation adjustments	868,271	1,001,986
Equity reserves (Note 1)	(7,400,945)	(6,152,115)
	187,299,852	166,754,611
Non-controlling interests (Note 20)	32,921,345	25,508,747
Total Equity	220,221,197	192,263,358
	₱668,820,482	₱573,992,334

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		
	2018	2017	2016
REVENUE (Note 21)			
Real estate sales (Notes 21 and 31)	₱155,954,816	₱133,097,831	₱117,700,488
Interest income from real estate sales (Note 7)	7,042,078	5,409,944	5,010,993
Equity in net earnings of associates and joint ventures (Notes 11 and 21)	749,924	865,566	554,414
	163,746,818	139,373,341	123,265,895
Interest and investment income (Notes 6, 22 and 26)	958,236	675,051	702,964
Other income (Notes 22 and 25)	1,540,717	2,248,559	659,936
	2,498,953	2,923,610	1,362,900
	166,245,771	142,296,951	124,628,795
COSTS AND EXPENSES			
Real estate sales (Note 23)	101,079,130	87,921,064	76,566,404
General and administrative expenses (Notes 23, 27 and 29)	9,101,328	7,274,845	7,031,350
Interest and other financing charges (Note 23)	9,594,003	7,914,326	7,314,387
Other expenses (Note 23)	1,270,281	1,196,076	1,053,207
	121,044,742	104,306,311	91,965,348
INCOME BEFORE INCOME TAX	45,201,029	37,990,640	32,663,447
PROVISION FOR INCOME TAX (Note 24)			
Current	13,390,637	11,959,895	10,070,055
Deferred	(1,406,197)	(2,134,914)	(1,838,393)
	11,984,440	9,824,981	8,231,662
NET INCOME	₱33,216,589	₱28,165,659	₱24,431,785
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 28)	₱29,240,880	₱25,304,965	₱20,908,011
Non-controlling interests	3,975,709	2,860,694	3,523,774
	₱33,216,589	₱28,165,659	₱24,431,785
Earnings Per Share (Note 28)			
Net income attributable to equity holders of Ayala Land, Inc.:			
Basic and diluted	₱1.98	₱1.71	₱1.43

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Years Ended December 31		
	2018	2017	2016
Net income	P33,216,589	P28,165,659	P24,431,785
Other comprehensive income (loss)			
<i>Item that may be reclassified to profit or loss in subsequent years:</i>			
Cumulative translation adjustment	451,195	1,001,986	–
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Fair value reserve of financial assets at FVOCI (Note 10)	71,938	(3,064)	124,932
Remeasurement gain (loss) on pension liabilities (Note 27)	(85,381)	281,290	107,956
Income tax effect	25,614	(84,387)	(32,387)
	463,366	1,195,825	200,501
Total comprehensive income	P33,679,955	P29,361,484	P24,632,286
Total comprehensive income attributable to:			
Equity holders of Ayala Land, Inc.	P29,701,636	P26,500,790	P21,107,974
Non-controlling interests	3,978,319	2,860,694	3,524,312
	P33,679,955	P29,361,484	P24,632,286

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 (Note 27)	Remeasurement Gain (Loss) on Defined Plans (Note 27)	Fair value reserve of financial assets at FVOCI (Note 20)	Cumulative Translation Adjustments (Note 20)	Equity Reserves (Note 20)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2018, as previously reported	₱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
Effect of adoption of new accounting standards (Note 2)	-	-	-	-	358,605	-	-	(663,997)	-	-	-	206,392	-
Balances at January 1, 2018, as restated	16,031,596	47,454,241	(1,537,126)	8,000,000	102,335,055	99,064	(160,015)	(523,467)	1,001,986	(6,152,115)	166,549,219	25,714,139	192,263,358
Net income	-	-	-	-	29,240,890	-	-	-	-	-	29,240,890	3,975,709	33,216,589
Other comprehensive income (loss)	-	-	-	-	-	-	(59,767)	69,329	451,195	-	460,757	2,609	463,366
Total comprehensive income	-	-	-	-	29,240,890	-	(59,767)	69,329	451,195	-	29,701,637	3,978,318	33,679,955
Cost of stock options	-	132,121	-	-	-	(33,602)	-	-	-	-	98,519	-	-
Collection of subscription receivable	-	-	270,132	-	-	-	-	-	-	-	270,132	-	270,132
Stock options exercised	9,934	399,628	(409,562)	-	-	-	-	-	(584,910)	-	-	-	-
Acquisition of control on previously held interest	-	-	-	-	-	-	-	-	-	-	(584,910)	4,773,524	4,188,614
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(1,248,830)	(1,248,830)	(608,596)	(1,756,426)
Cash dividends declared	-	-	-	-	(7,485,915)	-	-	-	-	(7,485,915)	(7,485,915)	(1,035,040)	(8,520,955)
As of December 31, 2018	₱16,041,530	₱47,985,990	₱1,676,556	₱8,000,000	₱124,090,020	₱65,462	₱219,782	₱454,138	₱669,271	₱7,400,945	₱187,299,852	₱32,321,345	₱220,221,197
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	-	-
Stock options exercised	12,265	381,242	(393,507)	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(586,010)	(586,010)	(1,247,563)	(1,833,573)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	(134,102)	(134,102)	408,138	274,036
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(387,883)	(8,229,801)
Cash dividends declared	-	-	-	-	(7,127,070)	-	-	-	-	-	(7,127,070)	-	-
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	₱166,549,219	₱25,508,747	₱192,263,358

Attributable to equity holders of Ayala Land, Inc.

	Remeasurement									
	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	Benefit Plans (Note 27)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 20)	Equity Reserves (Note 20)
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	₱133,730,704	₱16,094,707
Net income	-	-	-	-	20,908,011	-	-	-	20,908,011	3,523,774
Other comprehensive income	-	-	-	-	-	-	75,569	-	-	538
Total comprehensive income	-	-	-	-	20,908,011	-	75,569	-	-	538
Collection of subscription receivable	-	-	180,338	-	-	-	-	124,394	21,107,974	3,524,312
Appropriation	-	-	-	2,000,000	(2,000,000)	-	-	-	180,338	-
Cash dividends declared	-	-	-	-	(7,061,217)	-	-	-	-	-
Cost of stock options	-	198,445	-	-	-	9,869	-	-	(7,061,217)	(1,559,064)
Stock options exercised	17,051	512,380	(418,492)	-	-	(110,939)	-	-	208,334	-
Acquisition on non-controlling interest	-	-	-	-	-	-	-	-	-	-
Net increase in non-controlling interest	-	-	-	-	-	-	-	-	(461,038)	(745,746)
As of December 31, 2016	₱16,019,331	₱46,928,521	₱1,385,682	₱8,000,000	₱83,796,555	₱89,697	₱356,918	₱43,594	₱147,705,095	₱24,976,092
									₱5,432,003	₱172,683,187

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2018	2017 (As restated – see Note 2)	2016 (As restated – see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P45,201,029	P37,990,640	P32,663,447
Adjustments for:			
Interest and other financing charges (Note 23)	9,594,003	7,914,326	7,314,387
Depreciation and amortization (Notes 12, 13, 14 and 23)	6,318,929	5,179,792	5,874,560
Dividends received from investees (Note 11)	331,461	621,579	232,950
Provision for impairment losses (Note 23)	146,974	572,001	412,259
Cost of share-based payments (Note 29)	98,519	153,845	208,335
Unrealized gain on financial assets at fair value through profit or loss (Note 22)	(4,633)	(13,119)	(2,422)
Realized gain on financial assets at fair value through profit or loss (Note 22)	–	(15,860)	(6,305)
Gain on sale of available-for-sale investments	–	(25,713)	–
Gain on sale of investment in associates and jointly controlled entities	(588)	–	–
Gain on sale of property and equipment (Note 22)	(46,570)	(69,566)	(37,447)
Gain on business combination (Note 22)	(59,475)	–	(188,086)
Equity in net earnings of associates and joint ventures (Note 11)	(749,924)	(865,566)	(554,414)
Interest income	(7,952,628)	(5,987,681)	(5,695,312)
Operating income before changes in working capital	52,877,097	45,454,678	40,221,952
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable – trade	(83,557,042)	(10,671,714)	(14,135,347)
Inventories (Note 8)	12,136,508	11,551,710	(10,652,706)
Other current assets (Note 9)	3,629,678	(7,952,463)	(1,406,487)
Increase (decrease) in:			
Accounts and other payables	25,998,377	(7,008,035)	26,451,366
Deposits and other current liabilities (Note 18)	15,430,961	6,155,797	3,976,821
Pension liabilities (Note 27)	(45,240)	233,734	(3,646)
Cash generated from operations	26,470,339	37,763,707	44,451,953
Interest received	7,940,610	5,963,687	5,661,647
Income tax paid	(12,832,593)	(11,899,324)	(8,859,232)
Interest paid	(9,810,439)	(7,594,485)	(7,566,031)
Net cash provided by operating activities	11,767,917	24,233,585	33,688,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short-term investments	2,519,341	126,605	171,694
Sale/redemption of financial assets at FVTPL	71,690	3,408,555	2,948,650
Sale of investments in FVOCI (Note 10)	51,384	159,074	562
Disposal of property and equipment (Note 13)	3,744,743	622,957	280,775
Disposal of investment properties (Note 12)	1,722,933	165	550,255
Disposal of investments in associates and jointly controlled entities	83,957	196,654	–

(Forward)

	Years Ended December 31		
	2018	2017 (As restated – see Note 2)	2016 (As restated – see Note 2)
Additions to:			
Short-term investments	(P865,006)	(P4,658,694)	(P214,744)
Financial assets at fair value through profit or loss	(2,696)	(1,955,642)	(2,760,693)
Available-for-sale financial assets (Note 10)	–	(226,494)	(837,168)
Investments in associates and joint ventures (Note 11)	(3,724,958)	(1,073,319)	(7,142,335)
Investment properties (Note 12)	(32,803,016)	(30,846,466)	(35,508,154)
Property and equipment (Note 13)	(2,842,787)	(2,326,115)	(3,721,845)
Net decrease (increase) in:			
Accounts and notes receivable – nontrade (Note 7)	41,657,193	(718,287)	(10,712,931)
Other noncurrent assets (Note 14)	(7,906,689)	3,384,920	(3,502,623)
Net decrease in cash from business combination (Note 25)	(4,684,335)	–	(105,381)
Net cash used in investing activities	(2,978,246)	(33,906,087)	(60,553,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 17)	128,994,834	157,564,449	51,937,179
Payments of short and long-term debt (Note 17)	(119,970,061)	(142,980,030)	(23,131,953)
Increase (decrease) in deposits and other noncurrent liabilities	(5,584,237)	5,217,509	7,353,729
Acquisition of non-controlling interest (Note 20)	(1,758,426)	(1,559,537)	(1,209,784)
Proceeds from capital stock subscriptions (Note 20)	270,132	242,063	180,338
Dividends paid to non-controlling interests	(1,035,040)	(1,102,731)	(1,559,064)
Dividends paid to equity holders of Ayala Land, Inc. (Note 20)	(7,181,498)	(7,193,183)	(6,983,060)
Increase (decrease) in non-controlling interests	–	(387,883)	2,095,156
Net cash provided by (used in) financing activities	(6,264,296)	9,800,657	28,682,541
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,525,375	128,155	1,816,940
EFFECT OF CHANGES IN FOREIGN CURRENCY	473,106	(34,396)	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,998,089	20,904,330	19,087,390
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P23,996,570	P20,998,089	P20,904,330

See accompanying Notes to Consolidated Financial Statements.

For a complete copy of Ayala Land's Audited Financial Statements including its notes, please see <https://ir.ayalaland.com.ph/wp-content/uploads/2019/03/ALI-FY-2018-Audited-Financial-Statements-2019-03-01.pdf>

GRI REFERENCES





A bioswale at Ayala Malls Circuit serves as a miniature wetland, protecting the estate from the impact of floods and runoff, among others.

GRI

REFERENCES

TABLE A: BOUNDARY OF CONSUMPTION DATA			
Number of Properties/Projects Covered	2018	2017	2016
Malls	47	44	35
Offices	42	34	29
Residential	135	131	44
Car Parks	27	9	29
Estate	20	13	11
District Cooling System	7	5	5
Construction	248	174*	130
Hotels	10	9**	8
Resorts	10	6	4
Total	546	425	295

* Excludes 70 properties

** Excludes Cebu City Marriott Hotel

TABLE B: ELECTRICITY CONSUMPTION			
WHOLE-BUILDING ELECTRICITY CONSUMPTION (302-1, 302-2)			
in kwh	2018	2017	2016
Malls*	465,419,803	398,264,458	336,132,137
Offices*	233,134,097	228,688,681	235,315,363
Residential*	30,301,578	34,895,090	23,325,362
Car Parks	3,407,632	1,791,645	7,798,564
Estate	2,921,078	5,995,984	4,402,190
District Cooling System	71,276,440	46,869,085	54,946,709
Construction	42,587,469	32,748,420	34,899,269
Hotels	38,351,464	35,261,929	31,930,520
Resorts	180,224	na	na
Total	887,579,784	784,515,292	728,750,114
2018 ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (302-2)			
	UNIT	2018	2017
Electricity	kwh	482,003,903	410,507,701
LPG (By volume)	GJ	80,697	3,419,143**

* Averages were computed for properties with unavailable 4th quarter data

** Included consumption for connected facilities to Glorietta

TABLE C: FUEL CONSUMPTION			
FUEL CONSUMPTION - STATIONARY (302-1, 302-2)			
(in gigajoules)	2018	2017	2016
Diesel	247,970	219,610	135,000
Regular Gasoline	14,777	83,000	69,000
LPG	2,013	420,130	353,130
FUEL CONSUMPTION - MOBILE (302-1)			
(in gigajoules)	2018	2017	2016
Diesel (L)	163,517	58,046	96,030
Unleaded (L)	8,611	6,440	5,678
Gasoline (L)	15	97.3	110.5

TABLE D: WATER CONSUMPTION (303-1)			
in cubic meter	2018	2017	2016
Malls	6,084,565	5,749,802	5,042,734
Offices	2,587,337	2,150,160	1,580,934
Residential	1,441,748	2,384,517	1,242,724
Car Parks	95,059	73,973	62,866
Estate	489,603	814,588	285,414
District Cooling System	233,669	361,256	330,157
Construction	3,379,158	965,762	868,314
Hotels	382,476	283,893	356,435
Resort	112,921	84,333	65,287
Total	14,806,536	12,868,284	9,834,865

TABLE E: HAZARDOUS WASTE GENERATION (306-2)						
Hazardous	D406 ULAB (TON)	I101 OIL (LITERS)	M506 WEEE (TON)	D407 CFL (TON)	I102 Used Oil (L)	I105 Water/Oil Mixture (L)
Malls	2.33	2,829	0.06	0.45		
Offices	6.14	9,916	0.38	6.97		
Residential	1.35	5,669	1.01	8.12		
Car Parks	0.09	267		0.03		
Estate	0.01	36	0.20	0.48		
Construction		61,490				1,900
Hotels	0.07	174	0.00	0.36		
Resorts	1.62	7,142	0.70		4,645	
Additional pieces	2,150 pcs	84 pcs	4.40	52.63		

CFL - Compact Fluorescent Lightbulb
WEEE - Waste Electrical and Electronic
ULAB - Used Lead Acid Batteries

TABLE F: 2018 SUMMARY OF GHG EMISSIONS (t-CO ₂ e)		
Scope	Location-Based	Market-Based
Scope 1	31,388	31,388
Scope 2	242,276	350,103
Gross Scope 1-2	273,664	381,491
Renewable Energy Shift Reductions	na	(24,101)
Carbon Forest Offset	na	(68,133)
Net Scope 1-2	273,664	214,759
Scope 3	295,756	471,680
Gross Scope 1-3	569,420	853,171
Net Scope 1-3	569,420	686,440

TABLE G: GHG EMISSIONS BY CATEGORY AND SCOPE (t-CO ₂ e)*											
2018 GHG Emissions	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	1,231	59,801	80,175	141,208	1,231	88,608	118,300	208,139	40,013		168,126
Malls	1,831	89,198	192,744	283,773	1,831	150,967	327,030	479,828	44,629		435,199
Hotels	1,340	18,811	4,546	24,698	1,340	24,265	8,060	33,666	-		33,666
Resorts	7,249	108	-	7,357	7,249	108	-	7,357	-		7,357
MDC	19,033	25,569	-	44,602	19,033	25,569	-	44,602	-		44,602
Estate	86	1,765	-	1,851	86	1,765	-	1,851	-		1,851
Car Parks	2	2,037	-	2,039	2	2,037	-	2,039	-		2,039
DCS	-	44,986	-	44,986	-	56,782	-	56,782	-		56,782
RBG	616	-	18,291	18,907	616	-	18,291	18,907	-		18,907
Total	31,388	242,276	295,756	569,420	31,388	350,103	471,680	853,171	(84,642)	(82,090)	686,440
Carbon-Neutrality Scope (Office, Malls, Hotels)	4,402	167,810	277,466	449,678	4,402	263,841	453,390	721,633	(84,642)	(82,090)	554,901

* For 2016 and onwards, ALI segregated emission data from common areas in our malls and offices which comprise majority of Scope 2 emissions. Common areas include shared facilities in the building such as hallways, carparks, and cinemas. Leased areas are 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 based from the Philippine Department of Energy's 2015-2017 National Grid Emission Factor (NGEF) calculations. Market-based emission factors are provided by 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.

GRI CONTENT INDEX

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STATEMENT OF MANAGEMENT RESPONSIBILITY
Ayala Land's 2018 Integrated Report

The management of Ayala Land, Inc. applied their collective mind in the preparation of Ayala Land's 2018 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.



Bernard Vincent O. Dy
President and CEO



Augusto D. Bengzon
Chief Finance Officer
and Compliance Officer

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL Business Assurance Philippines Branch ("DNV GL"), part of DNV GL Group has been commissioned by the management of Ayala Land Inc. ("ALI", SEC Identification Number:152747) to undertake independent assurance of sustainability/non-financial disclosures in ALI's 2018 Integrated Report (the "Report") in its printed format for the year ended 31st December 2018. The intended users of this Assurance Statement are the management of the Company.

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with GRI Reporting Content and Quality Principles. The verification engagement was carried out from February 2019 to April 2019.

We understand that the reported financial data and related information are based on statutory disclosures, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'limited level' of assurance based on DNV GL VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the sustainability management, performance, and reporting practices of ALI's associated companies, suppliers, contractors, and any third-parties 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.

Responsibilities of the Management of Ayala Land Inc. and of the Assurance Provider

The Board of Ayala Land Inc. has sole responsibility for the preparation of the Report and is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. ALI has stated that this report was based on the <IR> framework and has adopted general disclosures and selected

performance indicators for disclosures related to identified material topics from Global Reporting Initiative's Standard 2016.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material misstatements. 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. DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included limited level of verification of Sustainability performance disclosures for identified material topics of ALI as identified under reporting boundary in "About the Report Section". Our verification applies a ±5% uncertainty threshold towards errors and omissions.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed assurance at Head office and selected sites of the ALI. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;
- Review of approach to materiality determination and stakeholder engagement and recent outputs although DNV GL did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the reporting framework adopted by ALI;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters

for sampled entities, and findings were discussed with Corporate Sustainability Team;

- Planned site visits based on identified material topics as well as geographical and divisional spread. During site visits, data proofing and site level material issues were discussed;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate level; and
- The reporting topic boundary is based on the materiality assessment covering the operations of various businesses under Ayala Land Inc.

The procedures performed in a limited assurance engagement vary in nature and timing, and are shorter in extent than for a reasonable 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 reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the work undertaken, we provide a limited level of assurance over non-financial disclosure presented in ALI's 2018 Integrated Report and nothing has come to our attention to suggest that the Report does not properly describe the sustainability performance of identified material topics based on reporting requirements of the International <IR> Framework ("<IR> Framework").

Without affecting our assurance opinion, we also provide the following observations. We have evaluated the Report's adherence to the following Principles:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

Nothing has come to our attention to suggest that the stakeholder engagement process is not fairly established to identify key stakeholders (property buyers, brokers and sellers business partners, suppliers and service providers, government, investors and shareholders, analyst, creditors and suppliers,

customers, local communities, employees, etc.), engagement modes, their sustainability challenges and concerns considering the range of operations of ALI in line with the requirements of <IR> framework.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The key material topics including process of materiality was reviewed by DNV GL as part of verification and nothing has come to our attention to suggest that the ALI has not applied <IR> Materiality Principles to arrive at key material topics for the business nor has missed out key material issues related to its operations in Philippines.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report discloses how ALI's businesses engage with identified stakeholders through various channels of engagement and processes to identify and address their key concerns based on material topics including linkages to sustainable development goals. Further, the Report has also fairly disclosed the strategies, approach, and challenges considering the overall sustainability context and external environment of its business within the identified reporting boundary. The Report could further bring out the long and medium term targets related to identified material topic, its linkages to Capitals, and key changes in identified Capitals based on <IR> framework.

Reliability and Accuracy

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified through onsite and offsite verification, i.e. at ALI office, sampled sites, and those resulting out of desk reviews, were found to be identifiable and traceable to the source and nothing came to our attention to suggest that reported data have not been properly collated and consolidated, nor that the assumptions used were inappropriate. Some of the data inaccuracies identified during the verification process at sampled locations were found to be attributable to interpretation and aggregation errors, and the errors have been communicated for correction and corrected upon.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

Nothing has come to our attention to suggest that the Report has not fairly attempted to disclose the sustainability disclosures based on <IR> framework covering identified scope and boundary for the reporting period including ALI's governance, risks and opportunities, disclosure on strategy, approach to value creation, and related performance indicators within the identified reporting boundary for the year 2018.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

Nothing has come to our attention to suggest that the Report does not bring out disclosures related to sustainability issues and performances in a neutral tone, in terms of content and presentation related to the challenges faced across the sites of operations in Philippines during the reporting period. It is suggested that future Reports explicitly bring out sustainability challenges at various geographical locations of operations.

Statement of Competence and Independence

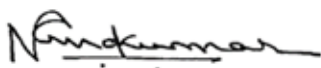

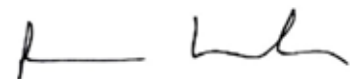
DNV GL applies its own management standards and compliance policies for quality control, in accordance with

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 Conduct during the assurance engagement and maintain independence wherever 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 any statement or datum included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

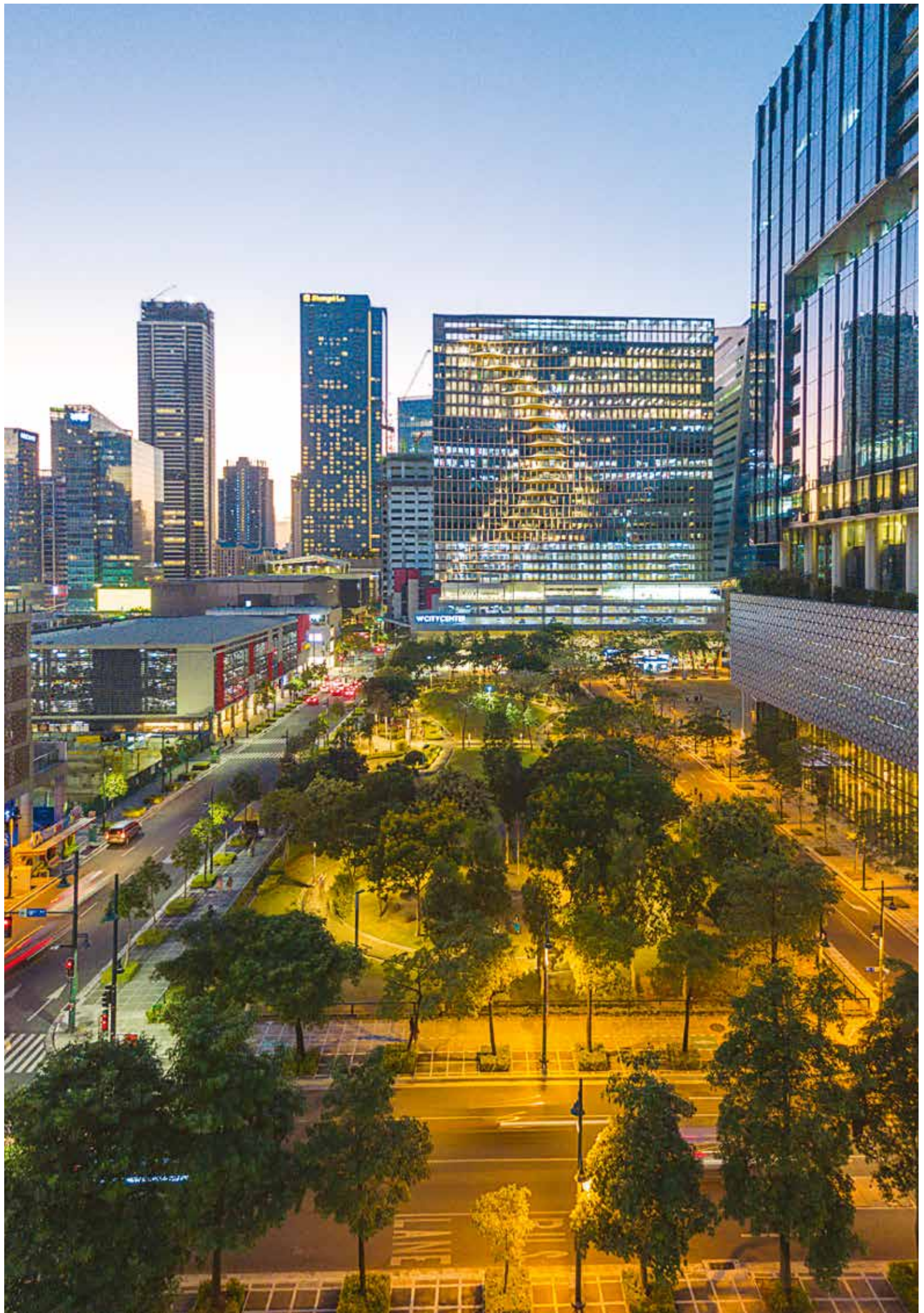
DNV GL has provided assurance to Ayala Corp., Globe Telecom, Inc, Bank of Philippine Islands, and Manila Water. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV GL did not provide any services to ALI in 2018 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL Business Assurance AS Philippines Branch

		
Vadakepatth Nandkumar Lead Verifier, Head - Sustainability Operations, DNV GL – Business Assurance India Private Limited.	Heng Chwin Mak Operations Manager – South East Asia DNV GL Technology Centre. Singapore 118227	Prasun Kundu Assurance Reviewer, DNV GL – Business Assurance India Private Limited.

4th April 2019, Manila, Philippines

DNV GL Business Assurance AS Philippines Branch is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com



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Corporate Website: www.ayalaland.com.ph
Investor Relations Website: ir.ayalaland.com.ph

STAKEHOLDER INQUIRIES

For inquiries or concerns from analysts, institutional investors, the financial community, customers, and the general public, please contact:

Customer, Media and General Inquiries:
inquiry@ayalaland.com.ph

Investor Communications:
investorrelations@ayalaland.com.ph

Corporate Governance:
corporatesecretary@ayalaland.com.ph

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificates, please contact:

BPI Stock Transfer Agency
3F Buendia Center
372 Senator Gil Puyat Ave.
Makati City, Philippines
Tel +63(2) 580 4693 to 95
Email: stocktransferoffice@bpi.com.ph

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CO-CREATING SUSTAINABLE **COMMUNITIES**

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