

THESE SECURITIES MAY NOT BE SOLD OR OFFERS TO BUY THE SAME BE ACCEPTED UNTIL A PERMIT TO OFFER TO SELL SECURITIES HAS BEEN ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION. THIS PRELIMINARY PROSPECTUS IS SUBJECT TO CHANGE/COMPLETION AND SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.



SECURITIES AND EXCHANGE  
COMMISSION  
SEP 27 2019  
MARKET REGULATION DEPT.  
BY: [Signature]  
TIME: 3:58

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

**OFFER SUPPLEMENT**  
**Up to ₱10.0 Billion Fixed-rate Bonds**  
Third Tranche under its ₱50.0 Billion Securities Program

consisting of:

Series A Bonds: [•] p.a. due 2021

Series B Bonds: [•] p.a. due 2027

Issue Price: 100% of Face Value

Issue Manager



Joint Lead Underwriters and Joint Bookrunners



[Co-Lead Underwriters]

[•]

The date of this Preliminary Offer Supplement is September 27, 2019.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE COVERING ₱50.0 BILLION OF SECURITIES. OF SUCH AMOUNT, ₱8.0 BILLION OF FIXED-RATE BONDS WERE ISSUED ON 06 MAY 2019 AND ₱3.0 BILLION OF FIXED-RATE BONDS ARE EXPECTED TO BE ISSUED ON 30 SEPTEMBER 2019.

THE SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

Ayala Land, Inc. ("ALI," "Ayala Land," the "Issuer" or the "Company") prepared the prospectus dated April 16, 2019 and the prospectus dated September 12, 2019 (the "Prospectus") relating to the offering of debt and other securities as provided by applicable Securities and Exchange Commission ("SEC") rules and regulations effective at the time of issuance (the "Securities") of up to ₱50,000,000,000 to be issued in one or more tranches (each a "Tranche") as authorized by a resolution of the Board of Directors of the Company dated February 27, 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the "Shelf Registration"). For the first tranche of the Securities Program with a principal amount of ₱8,000,000,000, a certificate of permit to offer securities for sale ("SEC Permit") of such bonds was issued on April 22, 2019. The SEC Permit covering the second tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019.

This Offer Supplement (and as the context requires, the term includes the Prospectus) relates to the third tranche of the Securities which is in the form of fixed-rate bonds with a principal amount of up to ₱10,000,000,000 (the "Offer" or the "Fixed-rate Bonds"), and which shall be issued on [November 8, 2019] (the "Issue Date"), or such other date as may be agreed upon by the Issuer, the Issue Manager and the Joint Lead Underwriters and Joint Bookrunners. This Offer Supplement contains the final terms of the Fixed-rate Bonds and must be read in conjunction with the Prospectus. Full information on the Company and this Offer is only available on the basis of the combination of this Offer Supplement, the Prospectus, and all other Securities Agreements. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

The Fixed-rate Bonds shall have a term and fixed interest rate determined prior to issuance. Interest on the Fixed-rate Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrears. Other securities shall be issued as provided by applicable SEC rules and regulations effective at the time of issuance.

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

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

[The Fixed-rate Bonds has been rated [•] by Philippine Rating Services Corporation ("PhilRatings"). The rating is not a recommendation to buy, sell, or hold the Securities, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.]

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

Ayala Land expects to raise gross proceeds of up to ₱50,000,000,000.00 from one or more tranches of the Securities under its Securities Program. For the third tranche of Securities in the form of the Fixed-rate Bonds, the net proceeds are estimated to amount to approximately ₱[9,874,256,875.00], after deducting fees, commissions, and expenses relating to the issuance. Proceeds of the Offer are intended to be used to [partially finance the Company's general corporate requirements and capital expenditure requirements particularly of its leasing business] (see "Use of Proceeds"). The Joint Lead Underwriters shall receive a fee of up to 0.375% on the final aggregate nominal principal amount of the Fixed-rate Bonds.

Within three (3) years following the effectivity date of the registration statement covering the Securities Program, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Securities covered by such registration statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur.

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

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

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

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

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

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

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

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

**AYALA LAND, INC.**

By:

**BERNARD VINCENT O. DY**  
President and Chief Executive Officer

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

Before me, a notary public in and for the city named above, personally appeared Bernard Vincent O. Dy known to me and to me known as the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument. With Passport No. EC8377126 valid until July 22, 2021.

Witness my hand and seal this \_\_\_\_\_ at Makati City.

Doc No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Series of 2019.

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## DEFINITION OF TERMS

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

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

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

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

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

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

**"Banking Day"** or **"Business Day"** shall be used interchangeably to refer to a day, except Saturday and Sunday, on which commercial banks are not required or authorized to close in Makati City, Metro Manila and to complete the clearing and settlement of transactions within the Philippine banking system on such day.

**"BDO Capital"** shall refer to BDO Capital & Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 20<sup>th</sup> Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.

**"BIR"** shall mean Bureau of Internal Revenue.

**"BPI Capital"** shall refer to BPI Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 11<sup>th</sup> Floor, Ayala North Exchange (Tower 1), 6796 Ayala Avenue cor. Salcedo St., Makati City.

**"Bondholders"** shall mean the holders of the Fixed-rate Bonds.

**"BSP"** refers to Bangko Sentral ng Pilipinas.

**"China Bank Capital"** shall refer to China Bank Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 28<sup>th</sup> floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.

**"Co-Lead Underwriters"** shall refer to [•], a corporation duly licensed and authorized to operate in the Philippines, with address at [•].

**"Fixed-rate Bonds"** shall refer to SEC-registered Series A Bonds and Series B Bonds in the aggregate principal amount of up to ₱10,000,000,000.00, which is the third tranche from of the Securities Program to be issued by Ayala Land on the Issue Date.

**"Interest Payment Date"** shall mean [•] for the first Interest Payment Date and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date at which the Fixed-rate Bonds are outstanding; and in the event that any of such Interest Payment Date are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last

## Definition of Terms

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Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

**“Issue Date”** shall mean [November 8, 2019] or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon between the Issuer and the Issue Manager, and the Joint Lead Underwriters and Joint Bookrunners with advice to PDTC and PDEX. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.

**“Issue Manager”** shall refer to BPI Capital.

**“Joint Lead Underwriters and Joint Bookrunners”** shall refer to BDO Capital, BPI Capital, and China Bank Capital being the Joint Lead Underwriters appointed by the Issuer under the Underwriting Agreement.

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

**“Majority Bondholders”** shall mean (i) with respect to matters relating only to the Series A Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series A Bonds; (ii) with respect to matters relating only to the Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series B Bonds; and (iii) with respect to all matters affecting all Fixed-rate Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Fixed-rate Bonds.

**“Master Certificate of Indebtedness”** means the certificate to be issued by Ayala Land to the Trustee evidencing and covering such amount corresponding to the Fixed-rate Bonds, attached as Annex D, which original copy shall be kept by the Trustee and the certified true copy kept by PDTC, as the Registrar and agent of Ayala Land.

**“Maturity Date”** in respect of Series A Bonds, shall mean two (2) years after Issue Date; and in respect of Series B Bonds, shall mean seven and one quarter (7.25) years after Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest to be paid.

**“Offer”** shall mean the offering of Fixed-rate Bonds by the Issuer under the Terms and Conditions as herein contained.

**“Offer Period”** shall refer to the period commencing at 9:00 a.m. on [October 21, 2019] and ending at 5:00 p.m. on [October 31, 2019] or on such other dates as the Issuer and the Joint Lead Underwriters may agree upon.

**“PDEX”** shall refer to the Philippine Dealing & Exchange Corp.

**“PDTC”** shall refer to the Philippine Depository & Trust Corp.

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

**“Pesos,” “P”** and **“Philippine currency”** shall mean the legal currency of the Republic of the Philippines.

**“PFRS”** shall mean Philippine Financial Reporting Standards.

**“Philippines”** shall mean the Republic of the Philippines.

## Definition of Terms

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**“PSE”** shall refer to The Philippine Stock Exchange, Inc.

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

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

**“Registry and Paying Agency Agreement”** means the Registry and Paying Agency Agreement dated [•] between Ayala Land, the Registrar and Paying Agent.

**“Registrar and Paying Agent”** shall mean the Philippine Depository & Trust Corporation.

**“SEC”** means the Philippine Securities and Exchange Commission or its successor agency/ies.

**“SEC Permit”** shall mean the certificate of permit to offer securities for sale issued by the SEC in connection with the Offer.

**“Securities”** shall mean the debt and other securities as provided by applicable SEC rules and regulations effective at the time of issuance up to an aggregate principal amount of ₱50,000,000,000.00, to be issued in one or more Tranches.

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

**“Securities Program”** shall refer to the Securities up to an aggregate amount of ₱50,000,000,000.00 to be issued under the shelf registration statement filed by Ayala Land with and rendered effective by the SEC on April 22, 2019.

**“Series A Bonds”** shall refer to the Fixed-rate Bonds to be issued by the Issuer, having a term beginning the Issue Date and ending two (2) years after the Issue Date, with a fixed interest rate equivalent to [•], and which, together with the Series B Bonds, have an aggregate principal amount of up to ₱10,000,000,000.00.

**“Series B Bonds”** shall refer to the Fixed-rate Bonds to be issued by the Issuer, having a term beginning the Issue Date and ending seven and one quarter (7.25) years after the Issue Date, with a fixed interest rate equivalent to [•], and which, together with the Series A Bonds, have an aggregate principal amount of up to ₱10,000,000,000.00.

**“SRC”** shall mean the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules and regulations.

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

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

**“Terms and Conditions”** shall mean the terms and conditions of the Fixed-rate Bonds as herein contained.

**“Tranche”** shall mean a tranche of Securities issued under the Securities Program.



## Definition of Terms

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**“Trust Indenture”** means the Trust Indenture dated [•] between Ayala Land and the Trustee.

**“Trustee”** shall refer to China Banking Corporation – Trust and Asset Management Group appointed by the Issuer under the Trust Indenture for the third tranche of the Fixed-rate Bonds.

**“Underwriters”** shall refer to the Joint Lead Underwriters and Joint Bookrunners [and Co-Lead Underwriters].

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

## CAPITALIZATION

<i>The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of ALI as of June 30, 2019. This table should be read in conjunction with the more detailed information and audited and unaudited financial statements, including notes thereto, found in the Prospectus. (in ₱ Millions)</i>	As of June 30, 2019 (Unaudited)	Adjustment	Notes	As adjusted for Offer Size of ₱10.00 billion (Upon issuance of the Fixed-rate Bonds)
<b>Current Liabilities</b>				
Short-term Debt	₱23,651			₱23,651
Accounts and other payables	146,844			146,844
Contract Liability – Current	6,296			6,296
Income tax payable	3,546			3,546
Current portion of long-term debt	13,536			13,536
Deposits and other current liabilities	22,480			22,480
Lease Liability	524			524
<b>Total Current Liabilities</b>	<b>216,877</b>			<b>216,877</b>
<b>Non-current Liabilities</b>				
Long-term debt – net of current portion	161,886	12,830	1	174,716
Pension liabilities	1,592			1,592
Deferred tax liabilities – net	6,132			6,132
Deposits and other non-current liabilities	50,383			50,383
Lease Liability	17,795			17,795
Contract Liability – Non-current	8,406			8,406
Deferred Credits	399			399
<b>Total Non-current Liabilities</b>	<b>246,592</b>			<b>259,422</b>
<b>Equity</b>				
Equity attributable to equity holders of Ayala Land, Inc.				
Paid-up capital	62,622			62,622
Retained earnings	143,308			143,308
Stock options outstanding	66			66
Remeasurement loss on defined benefit plans	(183)			(183)
Net unrealized gain on available-for-sale financial assets	(304)			(304)
Cumulative translations adjustments	360			360
Equity reserves	(7,204)			(7,204)
Treasury Stock	(448)			(448)
Non-controlling interests	33,872			33,872
<b>Total Equity</b>	<b>232,089</b>			<b>232,089</b>
<b>Total Capitalization</b>	<b>695,558</b>		<b>2</b>	<b>708,388</b>

**Notes:**

- Adjusted amount as of June 30, 2019 includes the net proceeds (after deduction of fees, commissions, and expenses) of both the ₱3 billion bonds under the second tranche of the Securities, issued September 30, and the upcoming Offer of up to ₱10 billion Bonds under the third tranche of the Securities.
- Total capitalization is the sum of debt and equity

## SUMMARY OF THE OFFER

This Offer Supplement and Offer relates to the Fixed-rate Bonds with a principal amount of up to Ten Billion Pesos (₱10,000,000,000.00). The following summary of the Offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offer Supplement. The Fixed-rate Bonds form part of Ayala Land's ₱50,000,000,000.00 Securities Program. (Please see "Overview of the Securities Program" in the Prospectus).

**Issuer:** Ayala Land, Inc.

**Issue:** Fixed-rate Bonds (the "Fixed-rate Bonds") constituting the direct, unconditional, unsecured and general obligations of the Issuer

**Issue Amount:** Up to ₱10,000,000,000.00

**The Offer** The Fixed-rate Bonds may be issued in up to two (2) series, at the discretion of the Issuer:

- 2-year Series A Bonds due 2021; and/or
- 7.25-year Series B Bonds due 2027.

The Fixed-rate Bonds will be issued from the ₱50,000,000,000.00 Fixed Rate Bonds Shelf Registration Program of the Issuer.

The Issuer has the discretion to allocate the Issue Amount between Series A Bonds and Series B Bonds or may opt to allocate the entire Issue Amount in just one series.

**Issue Manager:** BPI Capital Corporation

**Joint Lead Underwriters and Joint Bookrunners:** BDO Capital & Investment Corporation  
BPI Capital Corporation  
China Bank Capital Corporation

**Offer Period:** The Offer shall commence at 9:00 a.m. on [October 21, 2019] and end at 5:00 p.m. on [October 31, 2019], or on such other date as the Issuer, the Issuer Manager and the Underwriters may agree upon.

**Issue Date:** [November 8, 2019] or such other date as may be agreed upon by the Issuer, the Issuer Manager and the Joint Lead Underwriters and Joint Bookrunners with advice to PDTC and PDEX. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.

**Maturity Date:** Series A Bonds: [November 8, 2021] or two (2) years after the Issue Date;  
Series B Bonds: [February 8, 2027] or seven and one quarter (7.25) years after Issue Date;

provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest to be paid.

Interest Rate: Series A Bonds: [•]% per annum  
Series B Bonds: [•]% per annum

Interest Payment Date: Shall mean [•] for the first Interest Payment Date and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date at which the Fixed-rate Bonds are outstanding, and in the event that any of such Interest Payment Dates are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

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

SERIES A BONDS	
No Call Option	

SERIES B BONDS	
Call Option Dates	Call Option Price
On the 4.25 <sup>th</sup> year from Issue Date	101.50%
On the 5.25 <sup>th</sup> year from Issue Date	101.00%
On the 6.25 <sup>th</sup> year from Issue Date	100.50%

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

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

Issue Rating: The Fixed-rate Bonds are rated [•] by PhilRatings.

### NET PROCEEDS FROM THE OFFER

The net proceeds from the up to ₱10.00 billion Offer is estimated to be up to ₱[9.87] billion after deducting expenses related to the Offer. Said expenses are as follows:

	<b>Total</b>
Estimated proceeds from the sale of the Fixed-rate Bonds	<b>[₱10,000,000,000.00]</b>
Less:	
SEC Registration and Legal Research Fee	[3,093,125.00]
Documentary Stamp Tax	[75,000,000.00]
Underwriting Fee	[37,500,000.00]
Estimated Professional Expenses and Agency fees	[9,000,000.00]
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	[1,000,000.00]
Listing Fee	[150,000.00]
Total Estimated Upfront Expenses	<b>[125,743,125.00]</b>
<b>Estimated net proceeds to Ayala Land</b>	<b>[₱9,874,256,875.00]</b>

A detailed discussion on the proceeds of the Offer appears on the "Use of Proceeds" of this Offer Supplement.

## USE OF PROCEEDS

Following the offer and sale of the Fixed-rate Bonds in the amount of up to ₱10.00 billion, ALI expects that the net proceeds of the Offer shall amount to approximately ₱[9.87] billion after fees, commissions and expenses.

Net proceeds from the Offer, based on an up to ₱10.00 billion Offer amount, are estimated as follows:

	<b>Total</b>
Estimated proceeds from the sale of the Fixed-rate Bonds	<b>[₱10,000,000,000.00]</b>
Less:	
SEC Registration and Legal Research Fee	[3,093,125.00]
Documentary Stamp Tax	[75,000,000.00]
Underwriting Fee	[37,500,000.00]
Estimated Professional Expenses and Agency fees	[9,000,000.00]
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	[1,000,000.00]
Listing Fee	[150,000.00]
Total Estimated Upfront Expenses	<b>[125,743,125.00]</b>
<b>Estimated net proceeds to Ayala Land</b>	<b>[₱9,874,256,875.00]</b>

Aside from the fees enumerated above, the Company will be paying the following estimated annual fees related to the each of the Fixed-rate Bonds:

1. PDEX annual listing maintenance fee of ₱150,000.00; and
2. Annual Rating Monitoring and Agency fees of ₱280,000.00.

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

Net proceeds amounting to approximately ₱[9.87] billion will be used to partially finance the Company's [general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the following capital expenditures of its leasing business:]

## Use of Proceeds

New Projects for Inclusion (P108 Issuance, P9.87B net proceeds)	Company	Launch Date	Total Cost	Actual Spend					Total Spent to Date	POC	To go as of Aug 2019	Planned Use until Q1 2020	Completion
				2015	2016	2017	2018	Aug 2019					
<b>One Ayala Avenue - Makati</b>													
Retail	Ayala Land, Inc.	2016	5.3	-	0.3	0.4	1.0	0.7	2.4	31%	2.9	0.8	2021
BPO	Ayala Land, Inc.	2016	6.4	-	0.0	0.0	1.0	0.5	1.5	31%	4.9	2.0	2021
Hotels	Ayala Land, Inc.	2016	3.4	-	0.0	0.1	0.3	0.2	0.6	11%	2.8	0.5	2023
Transport Hub	Ayala Land, Inc.	2016	2.4	-	0.1	0.1	0.2	0.1	0.5	31%	1.9	0.3	2021
<b>Ayala Triangle Garden 2 - Makati</b>													
Mandarin	AU Triangle Hotel Ventures Inc.	2015	5.8	0.1	0.3	0.3	0.7	0.4	1.8	40%	4.0	1.1	2021
<b>Makati CBD Glorietta &amp; Greenbelt</b>													
Refresh	ALI Commercial Center, Inc. Cavite Commercial Towncenter Inc.	N/A	5.8	-	-	-	0.2	0.3	0.5	51%	5.3	1.9	2021
Vermosa Mall	Inc.	2016	3.4	-	0.1	0.1	0.2	0.2	0.6	36%	2.8	0.8	2020
Seda Nuvali Expansion	Ecosouth Hotel Ventures, Inc.	2018	1.2	-	-	-	0.2	0.1	0.3	67%	0.9	0.9	2020
<b>Land Acquisitions</b>													
Laguna	AKL Properties Inc.	N/A	3.7	-	-	-	1.4	0.8	2.2	N/A	1.5	1.2	N/A
Batangas	Ayala Land, Inc.	N/A	2.6	-	-	-	-	2.2	2.2	N/A	0.4	0.4	N/A
			<b>40.0</b>	<b>0.1</b>	<b>0.8</b>	<b>1.0</b>	<b>5.2</b>	<b>5.5</b>	<b>12.6</b>		<b>27.4</b>	<b>9.9</b>	

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

The completion of the Company's projects will be financed through the net proceeds of the Offer and net cash flows from operations. Costs related to the projects, in general, include various construction-related materials and services. Construction materials are procured in bulk and are paid for by the Company as delivered materials are billed by suppliers. Construction-related services are measured based on percentage of work completed and are billed to and paid by the Company based on such progress billings. The net proceeds from the Offer, which are expected to be fully utilized in 1Q of 2020, will be disbursed accordingly.

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

## **DETERMINATION OF OFFERING PRICE**

The Fixed Rate Bonds shall be issued on a fully-paid basis and at an issue price that is at par.



# PLAN OF DISTRIBUTION FOR THE FIXED-RATE BONDS

## THE FIXED-RATE BONDS OFFER

On March 5, 2019, Ayala Land filed a Registration Statement with the SEC in connection with the offer and sale to the public and such other manner of offering of fixed-rate bonds as may be applicable under the rules and regulations therefor as promulgated by the SEC of up to an aggregate principal amount of ₱50,000,000,000, to be issued in one or more tranches. The fixed-rate bonds of up to ₱10,000,000,000 covered by this Offer Supplement is the third tranche under the ₱50,000,000,000 Securities Program subject of a Shelf Registration that was authorized by a resolution of the Board of Directors of the Company dated February 27, 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the "Shelf Registration"). For the first tranche of the Securities Program with a principal amount of ₱8,000,000,000, the SEC Permit of such bonds was issued on April 22, 2019. The SEC Permit for the second tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the third issuance of the Securities Program, which will be in the form of the Fixed-rate Bonds, will be issued with an aggregate principal amount of up to ₱10,000,000,000.00.

## SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

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

At any time, which may include periods shortly following the completion of the Offer, Ayala Land may initiate subsequent offers of other Securities in various tranches from the balance of the aggregate principal amount of Securities that will remain unissued from the Shelf Registration. Such subsequent offers may be conducted on different terms and tenors involving different issue managers, underwriters or other transaction parties. Ayala Land regularly considers prevailing market conditions and opportunities in relation to such offers that are permitted within the three (3) year effectivity of the Shelf Registration.

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

## THE UNDERWRITERS OF THE FIXED-RATE BONDS OFFER

BDO Capital, BPI Capital, and China Bank Capital, pursuant to an Underwriting Agreement with Ayala Land dated October [•], 2019 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Fixed-rate Bonds at the Issue Price, and have also

## Plan of Distribution – Fixed-rate Bonds

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committed to underwrite in total ₱10,000,000,000 of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

For the Offer of Fixed-rate Bonds, the Joint Lead Underwriters and Joint Bookrunners will receive a fee of up to 0.375% on the underwritten principal amount of the Fixed-rate Bonds issued. Such fee shall be inclusive of underwriting and participation commissions. The amount of the commitments of the Underwriters are as follows:

<b>Underwriter</b>	<b>Commitment</b>
BPI Capital	₱ 5,000,000,000.00
BDO Capital	₱ 2,500,000,000.00
China Bank Capital	₱ 2,500,000,000.00
<b>Total</b>	<b>₱10,000,000,000.00</b>

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

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

Except for BPI Capital, the Underwriters have no direct relations with Ayala Land in terms of ownership by either of their respective major stockholder/s. BPI Capital is a wholly-owned subsidiary of the Bank of the Philippine Islands ("BPI"). Ayala Land and BPI are affiliated companies, each with Ayala Corporation as a major shareholder.

### **SALE AND DISTRIBUTION**

The distribution and sale of the Fixed-rate Bonds shall be undertaken by the Underwriters who shall sell and distribute the Fixed-rate Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Fixed-rate Bonds for their own respective accounts should there be any unsold Fixed-rate Bonds after the offer period.

### **OFFER PERIOD**

The Offer Period shall commence at 9:00 a.m. on [October 21, 2019] and end at 5:00 p.m. on [October 31, 2019] or on such other date as the Issuer and Underwriters may agree upon.

### **APPLICATION TO PURCHASE**

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

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

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

#### **MINIMUM PURCHASE**

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

#### **ALLOTMENT OF THE FIXED-RATE BONDS**

If the Fixed-rate Bonds are insufficient to satisfy all Applications to Purchase, the available Fixed-rate Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer and subject to Ayala Land's right of rejection.

#### **REFUNDS**

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

#### **UNCLAIMED PAYMENTS**

Any payment of interest on, or the principal of the Fixed-rate Bonds which remain unclaimed after the same

shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk.

#### **PURCHASE AND CANCELLATION**

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

#### **SECONDARY MARKET**

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

#### **REGISTRY OF BONDHOLDERS**

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

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

## DESCRIPTION OF THE FIXED-RATE BONDS

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

The issuance of up to **₱50,000,000,000.00** aggregate principal amount of debt and other securities as provided by applicable SEC and regulations effective at the time of issuance (the “Securities”) to be issued in one or more tranches (each, a “Tranche”) was authorized by a resolution of the Board of Directors of Ayala Land dated February 27, 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the “Shelf Registration”). For the first tranche of the Securities Program with a principal amount of **₱8,000,000,000**, the SEC Permit of such bonds was issued on April 22, 2019. The SEC Permit for the second tranche of the Securities Program with a principal amount of **₱3,000,000,000** was issued on September 13, 2019. Pursuant to the confirmation and SEC Permit to be issued by the SEC, the third issuance of the Securities Program, which will be in the form of the Fixed-rate Bonds, will be issued with an aggregate principal amount of up to **₱10,000,000,000.00**.

The Fixed-rate Bonds are constituted by a Trust Indenture executed on October [•], 2019 (the “Trust Indenture”) between the Issuer and China Banking Corporation – Trust and Asset Management Group (the “Trustee”, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture). The description of the terms and conditions of the Fixed-rate Bonds set out below (“Terms and Conditions”) includes summaries of, and is subject to, the detailed provisions of the Trust Indenture and the Registry and Paying Agency Agreement executed on October [•], 2019 (the “Registry and Paying Agency Agreement”) between the Issuer, and the Registrar and Paying Agent.

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

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

### 1. Form, Denomination and Title

#### (a) Form and Denomination

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

#### (b) Title

The beneficial interest to the Fixed-rate Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Fixed-rate Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Fixed-rate Bonds shall

pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Fixed-rate Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) Fixed-rate Bond Rating

[The Fixed-rate Bonds have been rated [•] with a Stable Outlook by PhilRatings on October [•], 2019.] Obligations rated [•] are of the highest quality with minimal credit risk. In coming up with the rating, PhilRatings considered the following factors: (i) continuous growth of the Company's retail presence and market leadership; (ii) significant growth potential given the entry into other related or complementary business ventures; and (iii) improving sales volume, which, however, is offset by rising costs, expenses and finance charges.

PhilRatings' credit ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to Ayala Land and may change the ratings at any time, should circumstances warrant a change. The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant Fixed-rate Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Fixed-rate Bonds with the regular annual reviews.

**2. Transfer of the Fixed-rate Bonds**

(a) Register of Bondholders

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

(b) Transfers; Tax Status

Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented. Transfers taking place in the Register of Bondholders after the Fixed-rate Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when allowed under and are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. Transfers to or from Bondholders claiming the benefit of any tax

## Description of Debt

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treaty which subjects the interest income to a final withholding tax rate other than the final withholding tax categories indicated above shall only be allowed on Interest Payment Dates that fall on a Business Day.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar.

### (c) Registrar

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

Philippine Depository & Trust Corporation  
29<sup>th</sup> Floor BDO Equitable Tower  
Paseo de Roxas, Makati City, Metro Manila

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

### (d) Secondary Trading of the Fixed-rate Bonds

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

## 3. Ranking

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

## 4. Interest

### (a) Interest Payment Dates

The Fixed-rate Bonds bear interest on its principal amount from and including Issue Date at the fixed rate of (i) [•] per annum for Series A Bonds and (ii) [•] per annum for Series B Bonds from the Issue Date, both series payable quarterly in arrears on [•], [•], [•], and [•] of each year while the Fixed-rate Bonds are outstanding (each of which, for purposes of this section is an "Interest Payment Date") commencing on [•], 2020. In the event that any of such Interest Payment Dates are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

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

(b) Interest Accrual

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

(c) Determination of Interest Amount

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

**5. Call Option**

(a) Call Option

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

SERIES A BONDS	
No Call Option	
SERIES B BONDS	
Call Option Dates	Call Option Price
On the 4.25 <sup>th</sup> year from Issue Date	101.50%
On the 5.25 <sup>th</sup> year from Issue Date	101.00%
On the 6.25 <sup>th</sup> year from Issue Date	100.50%

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

(b) Exercise of a Call Option

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

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



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

## 6. Redemption and Purchase

### (a) Final Redemption

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

### (b) Redemption for Taxation Reasons

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

### (c) Purchase and Cancellation

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

### (d) Change in Law or Circumstance

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

- (i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Fixed-rate Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (ii) Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.

- (iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

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

## **7. Payments**

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

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

## **8. Payment of Additional Amounts; Taxation**

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

- (a) The applicable final withholding tax applicable on interest earned on the Fixed-rate Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations promulgated by the BIR as may be in effect from time to time (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following

requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate, as certified by the Corporate Secretary of the Bondholder as being a true copy of the original on file with the Bondholder, which notarized certification indicates that: (a) the exemption certificate is a true copy of the original; (b) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (c) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity; (ii) a duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form as prescribed under BIR Revenue Memorandum Order No. 08-2017 to establish entitlement to benefits under an applicable tax treaty; (iii) a duly notarized undertaking (substantially in the prescribed form by Ayala Land) declaring and warranting that the same Bondholder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include a copy of the duly accomplished CORTT Form and shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- (d) Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.

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

#### **9. Financial Ratios**

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

#### **10. Negative Pledge**

For as long as any of the Fixed-rate Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance

## Description of Debt

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constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "Lien") in favor of any creditor or class of creditors without providing the Bondholders with a Lien, the benefit of which is extended equally and ratably among them to secure the Fixed-rate Bonds; provided however that, this restriction shall not prohibit "Permitted Liens," which are:

- (a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset.
- (b) Any Lien constituted for any obligation or credit facility incurred for the purpose of pursuing any infrastructure project or investment therein, whether such infrastructure project is undertaken by the Issuer itself, by its Affiliates, and/or by the Issuer or its Affiliates with third parties, and whether the same is carried on separately from or integrated with any of the real estate development of the Issuer, or any Lien constituted by the Issuer on its right to receive income or revenues (whether in the form of dividends or otherwise) from infrastructure projects or related investments therein.
- (c) Any Lien created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.
- (d) Any Lien to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.
- (e) Any Lien: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.
- (f) Any Lien in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding ₱5,000,000,000.00.
- (g) Any Lien existing on the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture.
- (h) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the BSP on loans and financial accommodations extended to directors, officers, stockholders and related interests ("DOSRI").

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- (i) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement that has been assigned to such Affiliate by the Issuer.
- (j) The assignment, transfer or conveyance of the Issuer's right to receive any of its income or revenues from receivables arising out of the sale of property held for sale by the Issuer in the ordinary course of business (the "Project Receivables").
- (k) The assignment, transfer or conveyance of the right of the Issuer to receive any income or revenues other than from Project Receivables; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to exceed the ratio of the amount of indebtedness of the Issuer secured by any lien constituted pursuant to this subparagraph (k) to the noncurrent assets of the Issuer (as computed in accordance with Philippine Financial Reporting Standards (PFRS) and based on the most recent audited financial statements of the Issuer) which ratio shall not be more than 0.5:1.
- (l) Any Lien to be constituted on the assets of the Issuer after the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture or any Lien for an aggregate loan accommodation not exceeding the equivalent of 10% of the market value of the consolidated assets of the Issuer as reflected in the latest appraisal report submitted by an independent and reputable appraiser.
- (m) Any Lien constituted over the investment of the Issuer in any of its Affiliates, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Affiliates.
- (n) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement (other than for borrowed money).
- (o) Any title transfer or retention of title arrangement entered into by the Issuer in the normal course of its trading activities on the counterparty's standard or usual terms.
- (p) Any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purpose of securing loan facilities denominated in Philippine Pesos granted by the Issuer in an aggregate principal amount not exceeding the amount of the deposit of the face amount (or value) of that financial instrument.
- (q) Any Lien created over cash deposits or marketable investment securities in favor of a bank or financial institution to secure any borrowed money in connection with a treasury transaction; provided that, the aggregate amount of security does not at any time exceed US\$30,000,000.00 or its equivalent. For this purpose, a "treasury transaction" means any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer's treasury management;
- (r) The assignment, transfer or conveyance by way of Lien (in any case without recourse) of the Issuer's right to receive any income or revenues from any asset of the Issuer not used in the ordinary course of business; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to breach the Debt to Equity Ratio.

## 12. Events of Default

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

(a) Payment Default

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

(b) Representation/Warranty Default

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

(c) Other Default

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

(d) Cross Default

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

(e) Insolvency Default

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

## Description of Debt

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Issuer of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.

(f) Judgment Default

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

(g) Writ and Similar Process Default

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

(h) Closure Default

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

### 13. Notice of Default

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

### 14. Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee, upon the written instructions of the Majority Bondholders and by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the principal of the Fixed-rate Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Fixed-rate Bonds to the contrary notwithstanding.
- (b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders, by written notice to the Issuer and the Trustee may, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to a consequence of default, and the consequences of such declaration, upon such terms, conditions and agreement, if any, as

they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

- (c) At any time after any Event of Default shall have occurred, the Trustee may:
- (i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:
    - (aa) act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Paying Agency and Registry Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Fixed-rate Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Fixed-rate Bonds on behalf of the Trustee; and/or
    - (bb) deliver all evidence of the Fixed-rate Bonds and all sums, documents and records held by them in respect of the Fixed-rate Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and
  - (ii) by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Fixed-rate Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, provision (bb) above and the Issuer's positive covenant to pay principal and interest, net of applicable withholding taxes, on the Fixed-rate Bonds, more particularly set forth in the Trust Indenture, shall cease to have effect.

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

#### **15. Penalty Interest**

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

#### **16. Payment in the Event of Default**

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Fixed-rate Bonds with interest at the rate borne by the Fixed-rate Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any



reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

**17. Application of Payments**

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

**18. Prescription**

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

**19. Remedies**

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

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

**20. Ability to File Suit**

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Fixed-rate Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee, for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being

expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Fixed-rate Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

**21. Waiver of Default by the Bondholders**

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

**22. Trustee; Notices**

(a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture, the Prospectus, and the Offer Supplement and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	China Banking Corporation – Trust and Asset Management Group
Attention:	Susan U. Ferrer – Senior Assistant Vice President
Subject:	Ayala Land Fixed-rate Bonds
Address:	8th Floor, China Bank Building, 8745 Paseo de Roxas corner Villar Street, Makati City
Facsimile:	867-1077

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

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

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

(b) Notice to the Bondholders

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

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

(c) Binding and Conclusive Nature

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

**23. Duties and Responsibilities of the Trustee**

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture. The Trustee shall, in accordance with the terms and conditions of the Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Indenture, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (c) None of the provisions contained in these Terms and Conditions the Prospectus, or the Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

**24. Resignation and Change of Trustee**

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

- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning trustee and one copy to the successor trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six (6) months (the "Bona Fide Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (c) Subject to Section (f) below, a successor trustee must possess all the qualifications required under pertinent laws.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.
- (a) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions of the Fixed-rate Bonds.
- (b) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date"); provided however that, until such successor trustee is qualified and appointed, the resigning Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor trustee promptly upon the appointer thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

**25. Successor Trustee**

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

successor trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

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

## **26. Reports to the Bondholders**

- (a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Fixed-rate Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:
  - (i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
  - (ii) any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Fixed-rate Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10.00%) of the aggregate outstanding principal amount of the Fixed-rate Bonds at such time.
- (c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
  - (i) Trust Indenture
  - (ii) Registry and Paying Agency Agreement
  - (iii) Articles of Incorporation and By-Laws of the Company
  - (iv) Registration Statement of the Company with respect to the Fixed-rate Bonds
  - (v) Opinions of the legal counsel with respect to the Issuer and the Fixed-rate Bonds

## **27. Meetings of the Bondholders**

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

- (a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Fixed-rate Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting

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in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

### (b) Failure of the Trustee to Call a Meeting

In case at any time, the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Fixed-rate Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

### (c) Quorum

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

### (d) Procedure for Meetings

- (i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Fixed-rate Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

### (e) Voting Rights

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

### (f) Voting Requirement

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

(g) **Role of the Trustee in Meetings of the Bondholders**

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

**28. Evidence Supporting the Action of the Bondholders**

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

**29. Non-Reliance**

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

**30. Amendments**

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

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

- (a) reduce the percentage of principal amount of Fixed-rate Bonds outstanding that must consent to an amendment or waiver;
- (b) reduce the rate of or extend the time for payment of interest on the Fixed-rate Bonds;
- (c) reduce the principal of or extend the relevant Maturity Date or vary the relevant Call Option Dates of the Fixed-rate Bonds;

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- (d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Fixed-rate Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (e) reduce the amount payable upon the redemption or repurchase of the Fixed-rate Bonds under the Terms and Conditions or change the time at which the Fixed-rate Bonds may be redeemed;
- (f) make the Fixed-rate Bonds payable in money other than that stated in the Fixed-rate Bonds;
- (g) subordinate the Fixed-rate Bonds to any other obligation of Ayala Land;
- (h) release any security interest that may have been granted in favor of the Bondholders;
- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or
- (j) make any change or waiver of this Condition.

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

### **31. Governing Law**

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

### **32. Venue**

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

### **33. Waiver of Preference**

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

### **34. Certain Defined Terms**

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



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- (a) **Affiliate** means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.
- (b) **Bankruptcy** means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.
- (c) **Current Liabilities** means the aggregate (as of the relevant date of calculation) of all liabilities of the Issuer falling due on demand or within one (1) year, including that portion of Long Term Debt which falls due within one (1) year (but excluding the current portion of any provision for estimated liability for land and property development) and such other liabilities as would be determined as such under the Philippine Financial Reporting Standards.
- (d) **Lien** means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or its Affiliates' obligation.
- (e) **Long Term Debt** means the aggregate (as of the relevant date of calculation) of all those component parts of the liabilities of the Issuer which fall due or whose final payment is due on a date more than one (1) year after the relevant date for calculation, exclusive of reserve for land development and deferred credits, i.e., unearned income and/or unrealized gains.
- (f) **Majority Bondholders** shall mean (i) with respect to matters relating only to the Series A Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series A Bonds; (ii) with respect to matters relating only to the Series B Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series B Bonds; and (iii) with respect to all matters affecting all Fixed-rate Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Fixed-rate Bonds.
- (g) **Total Liabilities** means the aggregate (as of the relevant date for calculation) of Current Liabilities and Long-Term Debt.
- (h) **Total Stockholders' Equity** means the aggregate (as of the relevant date for calculation) of the par value of the outstanding common stock, preferred stock, capital surplus, retained earnings appraisal surplus arising from past appraisal and any further appraisal surplus arising from subsequent independent certified appraisal of the property, plant and

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equipment of the Issuer effected in compliance with the Philippine Financial Reporting Standards, and any reserve for expansion projects, less treasury stocks.

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