SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

31F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

September 30, 2019

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2019**

2. Commission Identification Number **152747**

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

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

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

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

7. Address of issuer's principal office and postal code:
   31F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226

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

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

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

As of September 30, 2019

Title of each class	Number of shares issued and outstanding
Common shares	**14,745,334,847**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
₱107,627,530,000.00

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

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

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

	September 2019 Unaudited	December 2018 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (note 4)	**₱19,795**	₱23,997
Short-term investments (note 5)	**964**	3,085
Financial assets at fair value through profit or loss (note 6)	**538**	476
Accounts and notes receivable (note 7)	**99,378**	78,246
Contract Assets	**-**	48,473
Inventories (note 8)	**95,271**	104,372
Other current assets (note 9)	**55,028**	44,181
Total Current Assets	**270,974**	302,830
Noncurrent Assets		
Noncurrent accounts and notes receivable	**29,107**	3,368
Contract Assets – Non current	**-**	35,437
Financial assets at fair value through other comprehensive income	**1,586**	1,496
Investment in bonds	**2,161**	-
Investments in associates and joint ventures (note 10)	**25,132**	23,390
Investment properties – net	**249,925**	225,005
Right of Use Assets	**-**	-
Property and equipment – net	**40,260**	35,749
Deferred tax assets - net	**11,939**	13,041
Other noncurrent assets (note 11)	**50,819**	28,504
Total Noncurrent Assets	**410,929**	365,990
Total Assets	**₱681,903**	₱668,820
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (note 12)	**₱25,009**	₱14,387
Accounts and other payables (note 13)	**152,326**	171,999
Contract Liability – Current	**-**	21,875
Income tax payable	**2,909**	2,588
Current portion of long-term debt (note 12)	**14,847**	23,265
Deposits and other current liabilities (note 14)	**12,578**	6,670
Lease Liability	**-**	-
Total Current Liabilities	**207,669**	240,784
Non-Current Liabilities		
Long-term debt - net of current portion (note 12)	**161,186**	149,447
Pension liabilities	**1,569**	1,550
Deferred tax liabilities - net	**5,174**	5,895
Deposits and other non-current liabilities (note 15)	**63,948**	41,867
Lease Liability	**-**	-
Contract Liability – Non-current	**-**	8,630
Deferred Credits	**3,563**	426
Total Non-Current Liabilities	**235,440**	207,815
Total Liabilities	**443,109**	448,599
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**62,709**	62,351
Retained earnings	**150,508**	132,090
Stock options outstanding	**65**	66
Remeasurement loss on defined benefit plans	**(178)**	(220)
Net unrealized gain on available-for-sale financial assets	**(351)**	(454)
Cumulative translations adjustments	**323**	868
Equity reserves (note 16)	**(7,752)**	(7,401)
Treasury Stock	**(448)**	-
	204,876	187,300
Non-controlling interests	**33,918**	32,921
Total Equity	**238,794**	220,221
Total Liabilities and Equity	**₱681,903**	₱668,820

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2019 Unaudited		2018 Unaudited	
	July 1 to September 30	**January 1 to September 30**	**July 1 to September 30**	**January 1 to September 30**
REVENUE				
Real estate	**₱34,765**	**₱113,362**	₱37,247	₱113,088
Interest and Investment Income	**3,108**	**6,868**	1,912	4,989
Equity in net earnings of associates and joint ventures	**138**	**704**	198	608
Other income	**429**	**723**	(66)	996
	38,440	**121,657**	39,291	119,681
COSTS AND EXPENSES				
Real estate	**21,042**	**69,951**	24,583	73,120
General and administrative expenses	**1,744**	**6,173**	1,669	5,951
Interest and other financing charges	**3,370**	**8,873**	1,840	7,099
Other charges	**293**	**839**	15	700
	26,449	**85,836**	28,107	86,870
INCOME BEFORE INCOME TAX	**11,991**	**35,821**	11,184	32,811
PROVISION FOR INCOME TAX				
Current	**2,233**	**8,841**	3,533	9,798
Deferred	**989**	**696**	(521)	(982)
	3,222	**9,537**	3,012	8,816
NET INCOME	**₱8,769**	**₱26,284**	₱8,172	₱23,995
Net income attributable to:				
Equity holders of Ayala Land, Inc.	**₱8,053**	**₱23,210**	₱7,232	₱20,770
Non-controlling interests	**716**	**3,074**	940	3,225
	₱8,769	**₱26,284**	₱8,172	₱23,995
Earnings Per Share				
Basic	**₱0.54**	**₱1.57**	₱0.49	₱1.41
Diluted	**0.54**	**1.57**	0.49	1.41

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	2019 Unaudited		2018 Unaudited	
	July 1 to September 30	**January 1 to September 30**	**July 1 to September 30**	**January 1 to September 30**
NET INCOME	**₱8,769**	**₱26,284**	₱8,172	₱23,995
Other comprehensive income/loss				
Net unrealized gain (loss) on available-for-sale financial assets	**(41)**	**145**	(149)	(90)
Total comprehensive income for the period	**₱8,728**	**₱26,429**	₱8,023	₱23,905
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	**₱8,012**	**₱23,355**	₱7,083	₱20,680
Non-controlling interests	**716**	**3,074**	940	3,225
	₱8,278	**₱26,429**	₱8,023	₱23,905

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.													
	Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Appropriated Retained Earnings	Unappropriated Retained Earnings	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined Benefit Plans	Net Unrealized Gain (Loss) on Availablefor-Sale Financial Assets	Cumulative Translation Adjustments	Equity Reserves	Total	Non-Controlling Interests	Treasury Shares	Total Equity
As of January 1, 2019	**16,041,530**	**47,985,990**	**(1,676,556)**	**8,000,000**	**124,090,020**	**65,462**	**(219,782)**	**(454,138)**	**868,271**	**(7,400,945)**	**187,299,852**	**32,921,345**	**-**	**220,221,197**
Net income					23,209,997						23,209,997	3,073,815	-	26,283,812
IFRS 16- Leases					(901,115)						(901,115)			(901,115)
Other comprehensive income (loss)					-		41,532	103,218	(545,569)		(400,819)			(400,819)
Total comprehensive income	**16,041,530**	**47,985,990**	**(1,676,556)**	**8,000,000**	**146,398,902**	**65,462**	**(178,250)**	**(350,920)**	**322,702**	**(7,400,945)**	**209,207,915**	**35,995,160**	**-**	**245,203,075**
Cost of stock options	-										-			-
Collection of subscription receivable		-	256,637								256,637			256,637
Stock options exercised	10,454	446,612	(457,066)								-			-
Reacquisition of shares											-		(448,102)	(448,102)
Acqusition of control on previously held interest											-			-
Acquisition of non-controlling interest										**(351,470)**	(351,470)			(351,470)
Increase in non-controlling interest											-	(2,076,547)	-	(2,076,547)
Net change in non-controlling interest										-	-	-	-	-
											-			-
IFRS 2 - Adjustment on share-based payment		101,315									101,315			101,315
Cash dividends declared					(3,890,410)						(3,890,410)	-	-	(3,890,410)
As of September 30, 2019	**16,051,984**	**48,533,917**	**(1,876,985)**	**8,000,000**	**142,508,492**	**65,462**	**(178,250)**	**(350,920)**	**322,702**	**(7,752,415)**	**205,323,987**	**33,918,613**	**(448,102)**	**238,794,498**
As of January 1, 2018, as previously reported														
Effect of adoption of new accounting standards														
Balance as of January 1, 2018, as restated	**16,031,596**	**47,454,241**	**(1,537,126)**	**8,000,000**	**101,976,450**	**99,064**	**(160,015)**	**40,530**	**1,001,986**	**(6,152,115)**	**166,754,611**	**25,508,747**	**-**	**192,263,358**
Net income					20,769,696						20,769,696	3,225,578	-	23,995,274
Other comprehensive income (loss)						-	(9,922)	(80,907)	483,533		392,704			392,704
Total comprehensive income	**16,031,596**	**47,454,241**	**(1,537,126)**	**8,000,000**	**122,746,146**	**99,064**	**(169,937)**	**(40,377)**	**1,485,519**	**(6,152,115)**	**187,917,011**	**28,734,325**		**216,651,336**
Cost of stock options	9,934	466,713	(409,561)								67,086			67,086
Collection of subscription receivable		-	236,803								236,803			236,803
Stock options exercised						1,421					1,421			1,421
Acqusition of control on previously held interest														
Acquisition of non-controlling interest											-			-
Increase in non-controlling interest											-	1,908,181		1,908,181
Net change in non-controlling interest										(5,052,658)	(5,052,658)			(5,052,658)
Cash dividends declared					(7,485,915)						(7,485,915)	(69,732)		(7,555,647)
As of September 30, 2018	**16,041,530**	**47,920,954**	**(1,709,884)**	**8,000,000**	**115,260,231**	**100,485**	**(169,937)**	**(40,377)**	**1,485,519**	**(11,204,773)**	**175,683,748**	**30,572,774**	**-**	**206,256,522**

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	September 2019 Unaudited	September 2018 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱35,821**	₱32,811
Adjustments for:		
Depreciation and amortization	**6,862**	5,501
Interest and other charges - net of amount capitalized	**9,703**	7,800
Equity in net earnings of investees	**(6,868)**	(608)
Interest and other income	**(704)**	(4,989)
Unrealized gain on financial assets	**103**	(81)
Provision for doubtful accounts	**9**	5
Operating income before changes in working capital	**44,926**	40,439
Decrease (increase) in:		
Accounts and notes receivable – trade	**(52,768)**	1,181
Real estate inventories	**9,101**	(23,504)
Other current assets	**37,626**	(2,340)
Increase (decrease) in:		
Accounts and other payables	**(21,896)**	9,474
Pension liabilities	**60**	10
Other current liabilities	**(15,967)**	(2,532)
Cash generated from operations	**1,082**	22,728
Interest received	**6,897**	4,985
Income tax paid	**(7,349)**	(8,574)
Interest paid - net of amount capitalized	**(9,348)**	(7,432)
Net cash provided by (used in) operating activities	**₱(8,718)**	₱11,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Investments	**₱(30,786)**	₱3,650
Property and equipment	**(9,105)**	(7,323)
Acquisition of subsidiary, net of cash acquired	**-**	(885)
Short term investments	**2,060**	(4,916)
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	**5,858**	(8,551)
Other assets	**14,182**	(6,253)
Net cash provided by (used in) investing activities	**₱(17,791)**	₱(24,278)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**₱37,424**	₱19,616
Payments of short-term / long-term loans	**(23,481)**	(9,093)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	**15,868**	8,585
Minority interest in consolidated subsidiaries	**(1,871)**	1,908
Proceeds from capital stock subscriptions	**358**	305
Movements due to IFRS 16 - Leases	**(901)**	-
Purchase of treasury shares	**(448)**	484
Other Comprehensive Income	**(546)**	-
Dividends paid to non-controlling interest	**(206)**	(70)
Dividends paid to equity holders of Ayala Land, Inc.	**(3,890)**	(7,486)
Net cash provided by (used in) financing activities	**₱22,307**	₱14,249
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**₱(4,202)**	₱1,678
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**23,997**	20,998
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱19,795**	₱22,676

AYALA LAND, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Ayala Land, Inc. (the Company) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines. The Company's parent is Ayala Corporation (AC). AC is a publicly-listed company, 47.28%-owned by Mermac, Inc., 6.02%-owned by Mitsubishi Corporation (MC) and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Company and its Subsidiaries (the Group) are incorporated to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property; to acquire, purchase, hold, manage, develop and sell subdivision lots, with or without buildings or improvements; to erect, construct, alter, manage, operate, lease, in whole or in part, buildings and tenements of the Group or of other persons; and to engage or act as real estate broker. The Group is also involved in hotels and resorts operations.

The consolidated financial statements represent the consolidation of the financial statements of Ayala Land, Inc. (ALI) and the following domestic and foreign owned subsidiaries:

	Sep 2019*	Dec 2018*
Real Estate:		
Alveo Land Corporation (Alveo)	**100%**	**100%**
Serendra, Inc.	**39**	**39**
Solinea, Inc. (Solinea)	**65**	**65**
BGSouth Properties, Inc. (BGS)	**50**	**50**
Portico Land Corp. (Portico)	**60**	**60**
Serendra, Inc.	**28**	**28**
Amorsedia Development Corporation	**100**	**100**
OLC Development Corporation and Subsidiary	**100**	**100**
HLC Development Corporation	**100**	**100**
Allysonia International Ltd.	**100**	**100**
Avida Land Corporation (Avida)	**100**	**100**
Buklod Bahayan Realty and Development Corp.	**100**	**100**
Avida Sales Corp. and Subsidiaries	**100**	**100**
Amicassa Process Solutions, Inc.	**100**	**100**
Avencosouth Corp. (Avencosouth)	**70**	**70**
BGNorth Properties, Inc. (BGN)	**50**	**50**
Amaia Land Co. (Amaia)	**100**	**100**
Amaia Southern Properties, Inc. (ASPI)	**65**	**65**
AyalaLand Premier, Inc.	**100**	**100**
Ayala Land International Sales, Inc. (ALISI)	**100**	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**	**100**
Ayala Land International (Singapore) Pte. Ltd.	**100**	**100**
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**	**100**
Ayala Land International Marketing SRL (ALIM SRL)	**100**	**100**
Ayala Land International Marketing London	**100**	**100**
Ayala Land Sales, Inc.	**100**	**100**
Southportal Properties, Inc.	**65**	**65**
Buendia Landholdings, Inc.	**100**	**100**
Crans Montana Holdings, Inc.	**100**	**100**
Crimson Field Enterprises, Inc.	**100**	**100**
Ecoholdings Company, Inc. (ECI)	**100**	**100**
NorthBeacon Commercial Corporation NBCC)	**100**	**100**

Red Creek Properties, Inc.	**100**	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	**100**
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated)	**100**	**100**
Westview Commercial Ventures Corp. (Westview) (formerly Crestview E-Office Corporation)	**100**	**100**
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	**100**	**100**
Hillsford Property Corporation (HPC)	**100**	**100**
Primavera Towncentre, Inc. (PTI)	**100**	**100**
Summerhill E-Office Corporation (Summerhill)	**100**	**100**
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	**100**
Subic Bay Town Centre, Inc.	**100**	**100**
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**	**100**
AyalaLand Real Estate Investments Inc.	**100**	**100**
AyalaLand Advisory Broadway Inc.	**100**	**100**
AyalaLand Development (Canada) Inc.	**100**	**100**
AyalaLand OpenAsia Holdings PTE, Limited	**100**	**100**
Blue Horizons Holdings PTE, Limited	**100**	**100**
Modular Construction Technology (MCT) Bhd.	**66**	**66**
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**	**100**
Arvo Commercial Corporation (Arvo)	**100**	**100**
BellaVita Land Corporation (BellaVita)	**100**	**100**
Nuevo Centro, Inc. (Nuevo Centro)	**54**	**54**
Alviera Country Club, Inc.**	**50**	**50**
Cavite Commercial Town Center, Inc.	**100**	**100**
One Dela Rosa Property Development, Inc.	**100**	**100**
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	**100**	**100**
First Gateway Real Estate Corp.	**100**	**100**
Glensworth Development, Inc. (Glensworth)	**100**	**100**
UP North Property Holdings, Inc.	**100**	**100**
ALO Prime Realty Corporation	**100**	**100**
Makati Cornerstone Leasing Corp.	**100**	**100**
Arca South Commercial Ventures Corp.	**100**	**100**
Capitol Central Commercial Ventures Corp.	**100**	**100**
Bay City Commercial Ventures Corp.	**100**	**100**
Aurora Properties Incorporated	**80**	**80**
Soltea Commercial Corp.	**16**	**16**
Vesta Property Holdings, Inc.	**78**	**70**
Altaraza Prime Realty Corporation	**100**	**100**
Prow Holdings Inc	**55**	**55**
Station Square East Commercial Corporation (SSECC)	**69**	**69**
Next Urban Alliance Development Corp.	**100**	**100**
Accendo Commercial Corp. (Accendo)	**67**	**67**
Avencosouth Corp.	**20**	**20**
Aviana Development Corporation	**7**	**7**
Aviana Development Corporation	**50**	**50**
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	**70**
Ceci Realty, Inc. (Ceci)	**60**	**60**
Soltea Commercial Corp.	**12**	**12**
Soltea Commercial Corp.	**60**	**60**
CMPI Holdings, Inc.	**60**	**60**
CMPI Land, Inc.	**36**	**36**
ALI-CII Development Corporation (ALI-CII)	**50**	**50**
Roxas Land Corporation (RLC)	**50**	**50**
Adauge Commercial Corporation (Adauge)	**60**	**60**
Ayalaland Estates, Inc. (formerly Southgateway Development Corp.)	**100**	**100**
Ayalaland MetroNorth, Inc. (AMNI)	**100**	**100**
Verde Golf Development Corporation	**100**	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**73**	**73**
BGWest Properties, Inc. (BGW)	**50**	**50**
Lagdigan Land Corporation	**60**	**60**
Central Block Developers, Inc.	**45**	**45**

Cebu Holdings, Inc. (CHI)	**71**	**70**
Cebu Leisure Company, Inc.	**71**	**70**
CBP Theatre Management Inc.	**71**	**70**
Taft Punta Engaño Property Inc. (TPEPI)	**39**	**39**
Cebu Insular Hotel Company, Inc. (CIHCI)	**26**	**26**
Solinea, Inc.	**25**	**25**
Amaia Southern Properties, Inc. (ASPI)	**25**	**25**
Southportal Properties, Inc.	**25**	**25**
Central Block Developers, Inc***	**39**	**39**
Asian I-Office Properties, Inc. (AIOPI)	**71**	**70**
Alabang Commercial Corporation (ACC)	**50**	**50**
South Innovative Theater Management (SITMI)	**50**	**50**
ALI Commercial Center Inc.	**100**	**100**
AMC Japan Concepts, Inc.	**75**	**75**
AyalaLand Logistics Holdings Corp. (formerly Prime Orion Philippines Inc.)	**71**	**67**
FLT Prime Insurance Corp.	**56**	**55**
Orion Solutions, Inc	**71**	**70**
Orion I Holdings Philippines, Inc.	**71**	**70**
OE Holdings, Inc.	**71**	**70**
Orion Land Inc.	**71**	**70**
Lepanto Ceramics, Inc.	**71**	**70**
Laguna Technopark, Inc. (LTI)	**68**	**66**
Ecozone Power Management, Inc.	**68**	**66**
Unity Realty & Development Corp.	**71**	**-**
Ayalaland Malls Synergies, Inc.	**100**	**100**
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**	**100**
AyalaLand Malls Vismin, Inc.	**100**	**100**
AyalaLand Malls NorthEast, Inc.	**100**	**100**
Construction:		
Makati Development Corporation (MDC)	**100**	**100**
MDC Subic, Inc.	**100**	**100**
MDC Build Plus, Inc.	**100**	**100**
MDC Conqrete, Inc. (MCI)	**100**	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**	**100**
MDBI Construction Corp. (formerly MDC Triangle)	**67**	**67**
Hotels and Resorts:		
Ayala Hotels, Inc. (AHI)	**50**	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**80**	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**	**80**
Asian Conservation Company Limited and Subsidiary	**100**	**100**
Enjay Hotels, Inc. (Enjay)	**100**	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**	**63**
Bonifacio Hotel Ventures, Inc.	**100**	**100**
Southcrest Hotel Ventures, Inc.	**67**	**67**
Northgate Hotel Ventures, Inc.	**70**	**70**
North Triangle Hotel Ventures, Inc.	**100**	**100**
Ecosouth Hotel Ventures, Inc.	**100**	**100**
Sentera Hotel Ventures Inc.	**100**	**100**
Econorth Resorts Ventures, Inc.	**100**	**100**
ALI Triangle Hotel Ventures, Inc.	**100**	**100**
Circuit Makati Hotel Ventures, Inc.	**100**	**100**
Capitol Centre Hotel Ventures, Inc.	**100**	**100**
Arca South Hotel Ventures, Inc.	**100**	**100**
Sicogon Town Hotel, Inc.	**100**	**100**
Bay Area Hotel Ventures, Inc.	**100**	**100**
Makati North Hotel Ventures, Inc.	**100**	**100**
One Makati Hotel Ventures, Inc.	**100**	**100**
Sicogon Island Tourism Estate, Corp.	**100**	**100**

Asiatown Hotel Ventures, Inc.	**100**	**100**
One Makati Residential Ventures, Inc.	**100**	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**20**	**20**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**20**	**20**
Ten Knots Phils., Inc. (TKPI)	**60**	**60**
Bacuit Bay Development Corporation	**60**	**60**
Lio Resort Ventures Inc.	**60**	**60**
North Liberty Resort Ventures Inc.	**60**	**60**
Paragua Eco-Resort Ventures Inc.	**60**	**60**
Lio Tourism Estate Management Corp.	**60**	**60**
Ten Knots Development, Corp. (TKDC)	**60**	**60**
Chirica Resorts Corp.	**60**	**60**
Kingfisher Capital Resources Corp.	**60**	**60**
Pangalusian Island Resort Corporation	**60**	**60**
Property Management:		
Ayala Property Management Corporation (APMC)	**100**	**100**
Prime Support Services, Inc.	**100**	**100**
Ayala Theatres Management, Inc. and Subsidiaries	**100**	**100**
DirectPower Services, Inc. (DirectPower)	**100**	**100**
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	**100**
Entertainment:		
Five Star Cinema, Inc.	**100**	**100**
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	**50**
Others:		
ALInet.com, Inc. (ALInet)	**100**	**100**
First Longfield Investments Limited (First Longfield) (Hongkong company)	**100**	**100**
Green Horizons Holdings Limited	**100**	**100**
PCM Formosa Company Limited	**50**	**50**
Esta Galleria, Inc.	**50**	**50**
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	**100**
AyalaLand Club Management, Inc.	**100**	**100**
ALI Capital Corp. (formerly Varejo Corp.)	**100**	**100**
Integrated Eco-resort Inc.	**100**	**100**
Island Transvoyager, Inc.	**100**	**100**
Arca South Integrated Terminal, Inc.	**100**	**100**
Whiteknight Holdings, Inc. (WHI)	**100**	**100**
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	**100**	**100**
Anvaya Cove Beach and Nature Club, Inc.**	**73**	**73**
Anvaya Cove Golf and Sports Club, Inc.**	**76**	**76**

**Includes the Ayala Land group's percentage and effective ownership*
*** Consolidated in compliance with Philippine Interpretations Committee (PIC) Q&A 2016-02 PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity*
**** includes CPVD interest in CBDI*

AC owns the other 50.0% of AHI. The Company exercises control over AHI. Likewise, the Company, through its 50.0% effective ownership and by virtue of a management contract or shareholders' agreement, exercises control over the operations and management of ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP. Accordingly, the accounts of AHI, ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP are consolidated to the accounts of the Company.

Changes in the group structure in 2019

AyalaLand Logistics Holdings, Corp (formerly Prime Orion Philippines, Inc.) and Laguna Technopark, Inc.

On February 4, 2019, The Executive Committee of Ayala Land, Inc. (ALI) approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 8,051 common shares, with a total value of P800 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in Prime Orion Philippines, Inc. (POPI), equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI.

On May 10, 2019, Prime Orion Philippines, Inc., changed its corporate name to Ayalaland Logistics Holdings Corp. (ALLHC).

On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of P800 million.

On September 9, 2019, Orion Land, Inc. sold through a special block sale, 215,090,031 common shares of ALLHC to its affiliate, Avida Land Corporation for a total consideration of P628,062,891.00. On September 27, 2019, ALI acquired the 215,090,031 common shares of ALLHC from Avida Land Corp. through a special block sale at P2.92/share for a total consideration of P628,062,891.00. As a result of the transaction, ALI's effective ownership in ALLHC increased to 71.68%.

San Lazaro BPO Complex Joint Venture

On September 24, 2019, ALI sold to Manila Jockey Club, Inc. (MJC) its rights, titles and interest in Vertex One Building, located at Felix Huertas Road, Sta. Cruz, Manila, consisting of office units with an aggregate area of 13,517 sqm and 206 appurtenant parking spaces, resulting in MJC owning 100% of Vertex One for a total consideration of P511,653,100.00.

2. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2018 annual audited consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements, as of, and for the year ended December 31, 2018.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Land, Inc. (herein referred to as "the Company) and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Group's functional currency, and rounded to the nearest thousands (₱000) except when otherwise indicated.

On November 5, 2019, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of December 31, 2018 and September 30, 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect the return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable return from the involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from the other contractual arrangements, and
- The Groups' voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statements of financial position, separately from the Company's equity. Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity,
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss, and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the previous Group's annual financial statements for the year ended December 31, 2018, except for the adoption of the following new standards and amended PFRS which became effective in January 1, 2019.

- PIC letter to the Real Estate Industry dated September 27, 2019 in relation to the PFRS 15 implementation issues and other accounting issuances affecting the real estate industry.
  RE: Conclusion of PIC Q&A 2018-12D

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which resulted in the recording of contract asset in 2018 representing the difference between the consideration received from the customer and the transferred goods or services to a customer. However, given the case facts presented to the PIC, the definition of contract asset does not apply as the Group's right to consideration is unconditional and only requires passage of time as set in the agreed payment term.

  In 2019 and based on the recent PIC letter to the real estate industry, the Group records the difference between the consideration received from the customer and the transferred goods or services to a customer as unbilled receivable under PFRS 9.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  This amendment has no impact to the Group.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  The impact of the adoption resulted into the following:

Right of use asset	₱12,440,087,557
Lease Liability	₱16,427,605,269
Retained Earnings adjustment beginning January 1, 2019	₱ 901,115,165

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group. Therefore, no impact to the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures.*

This amendment has no impact to the Group.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of September 30, 2019 and December 31, 2018.

- *Annual Improvements to PFRSs* 2015 – 2017 Cycle

  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

    An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

    This amendment has no impact to the Group.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Cash and Cash Equivalents

This account consists of the following:

(in million pesos)	**September 30, 2019 (Unaudited)**	**December 31, 2018 (Audited)**
Cash on Hand	₱62	₱57
Cash in Banks	13,228	14,461
Cash Equivalents	6,505	9,478
TOTAL	**₱19,795**	**₱23,997**

Cash in banks earn interest based on the respective bank deposit rates. Cash equivalents are short term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest based on the respective short-term investment rates.

There is no restriction on the Group's cash balances as of September 30, 2019 and December 31, 2018.

5. Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates.

The annual interest rates of the short-term investments are as follows:

	September 30, 2019 (Unaudited)	**December 31, 2018 (Audited)**
Philippine Peso	1.125% to 3.00%	1.8% to 2.9%
US Dollar	2.375% to 3.375%	2.2% to 3.3%

6. Financial Assets at FVPL

This account consists of the following:

(in million pesos)	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Investment in Arch Capital Fund	₱412	₱391
Investment in Unit Investment Trust Fund (UITF)	126	86
TOTAL	**₱538**	**₱476**

Investment in ARCH Capital Fund pertains to monetary interest in a fund in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers.

The Group invests in money market Unit Investment Trust Funds (UITF) which aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments and with no minimum holding period requirement.

7. Accounts and Notes Receivables

The account consists of:

(in million pesos)	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade:		
Residential and office development	₱87,117	₱36,430
Shopping centers	3,307	2,686
Construction contracts	1,443	1,873
Corporate business	2,093	4,886
Management fees	115	86
Others	3,835	3,102
Advances to other companies	17,635	19,824
Accrued receivables	7,481	6,803
Receivables from related parties (Note 18)	5,512	5,683
Receivables from employees	992	1,113
	129,530	82,486
Less allowance for impairment losses	1,045	872
	128,485	81,614
Less noncurrent portion	29,107	3,368
	₱99,378	**₱78,246**

The classes of trade receivables of the Group are as follows:

- Residential and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments
- Construction contracts - pertain to receivables from third party construction projects
- Shopping centers - pertain to lease receivables from retail spaces
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group's employees which are collectible through salary deduction, are interest-bearing and payable on various maturity dates.

The Group entered into agreements with BPI Asset Management and Trust Corporation in 2018 and for the assignment of interest-bearing employee receivables amounting to ₱11.3 million. The transactions were without recourse and did not result to any gain or loss.

The Group sold real estate receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, totaling to ₱9,977 million for 9 months of 2019 and ₱12,867 million in 2018. These were sold at discount with total proceeds of ₱9,282 million and ₱12,042 million, respectively. The Group recognized loss on sale, under "Other Charges" amounting to ₱695 million and ₱825 million in 9 months of 2019 and 2018, respectively.

As of September 30, 2019, (unaudited) aging analysis of past due but not impaired trade receivables presented per class, follow:

		Past Due but not impaired							
September 30, 2019 (in millions)	**Neither Past Due nor Impaired**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**	**Individually Impaired**	**Total**
Trade	**₱83,480**	**₱1,915**	**₱1,145**	**₱1,105**	**₱1,369**	**₱8,504**	**₱14,038**	**₱392**	**₱97,910**
Residential	75,933	1,642	826	748	1,119	6,849	11,184	-	87,117
Shopping centers	1,327	148	190	284	211	999	1,832	148	3,307
Construction contracts	1,278	52	5	3	1	78	139	26	1,443
Corporate business	1,340	27	68	54	23	426	598	155	2,093
Management Fees	42	-	11	9	3	37	60	13	115
Others	3,560	46	45	7	12	115	225	50	3,835
Advances to Other Companies	**11,387**	**649**	**66**	**117**	**137**	**5,039**	**6,008**	**240**	**17,635**
Accrued Receivables	**6,384**	**90**	**9**	**2**	**4**	**992**	**1,097**	**-**	**7,481**
Related Parties	**3,529**	**886**	**375**	**366**	**10**	**346**	**1,983**	**-**	**5,512**
Receivables from employees	**872**	**2**	**2**	**3**	**4**	**109**	**120**	**-**	**992**
Total	**₱105,652**	**₱3,542**	**₱1,597**	**₱1,593**	**₱1,524**	**₱14,990**	**₱23,246**	**₱632**	**₱129,530**

8. Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

NRV is the estimated selling price in the ordinary course of business based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.

9. Other Current Assets

This account consists of:

(in thousand pesos)	As of Sep 30, 2019	As of Dec 31, 2018
Value-added input tax	**₱15,041,679**	₱13,763,265
Prepaid expenses	**25,315,798**	12,574,213
Advances to contractors	**9,086,852**	11,400,879
Creditable withholding taxes	**4,623,747**	3,586,572
Materials, parts and supplies – at cost	**791,490**	659,363
Others	**168,575**	2,196,930
Total	**₱ 55,028,141**	**₱44,181,222**

Value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods.

Prepaid expenses consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Advances to contractors represents prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

Materials, parts and supplies pertain to inventories to be used in the construction and maintenance of projects.

Others include deferred charges and letters of credit. Deferred charges pertain to project-related costs already paid but not yet consumed in the actual construction activities.

10. Investment in Associates and Joint Ventures

Details of the group's investments in associates and joint ventures and the related percentages of ownership are shown below:

	Percentages of Ownership		**Carrying Amounts**	
(in thousand pesos)	**As of Sep 30 2019**	**As of Dec 31 2018**	**As of Sep 30 2019**	**As of Dec 31 2018**
Joint Ventures:				
Emerging City Holdings, Inc. (ECHI)	50%	50%	3,983,495	3,911,350
Berkshires Holdings, Inc. (BHI)	50%	50%	1,964,639	1,933,313
Cebu District Property Enterprise, Inc. (CDPEI)	35%	35%	1,448,436	1,464,432
Alveo-Federal Land Communities, Inc.	50%	50%	844,527	789,078
ALI-ETON Property Development Corporation	50%	50%	3,253,921	2,108,668
AyaGold Retailers, Inc. (AyaGold)	50%	50%	164,516	160,484
BYMCW, Inc.	31%	31%	55,500	55,500
SIAL Specialty Retailers, Inc. (SIAL Specialty)	50%	50%	31,744	26,462
AKL Properties, Inc.	50%	50%	2,274,081	1,942,621
			14,020,860	**12,391,910**
Associates:				
OCLP Holdings, Inc. (OHI)	21%	21%	8,459,602	8,090,085
Bonifacio Land Corp. (BLC)	10%	10%	1,443,604	1,427,555
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	564,963	793,945
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	479,315	470,118
Mercado General Hospital, Inc. (MGHI)	40%	40%	114,386	178,044
Lagoon Development Corporation	30%	30%	48,926	38,095
			11,110,795	**10,997,842**
Total			**25,131,655**	**23,389,752**

Sial CVS Retailers, Inc.

On Jan 11, 2018**,** SIAL CVS Retailers, Inc., FamilyMart Co., Ltd., and ITOCHU Corporation have concluded the transaction to sell 100% of the outstanding shares of Philippine FamilyMart CVS, Inc. (PFM) to P-H-O-E-N-I-X Petroleum Philippines, Inc. (PNX), further to a Memorandum of Agreement (MOA) entered into by the parties last October 30, 2017.

Financial information of the associates with material interest:

OCLP Holdings, Inc. (OHI)

OHI owns 99.5% interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses. In 2016, ALI acquired a 21.1% stake in OHI consistent with its thrust of expanding its operations to other areas within and outside of Metro Manila through partnerships. The acquisition was made possible via the purchase of shares from existing OHI shareholders and this was recorded under "Investments in associates and joint ventures" account.
Below is the summarized financial information for OHI:

(in thousand pesos) **OCLP Holdings, Inc.**	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Current assets	22,256,659	18,303,587
Noncurrent assets	17,545,469	16,354,455
Current liabilities	11,865,536	8,827,937
Noncurrent liabilities	18,984,153	18,713,282
Equity	8,952,438	7,116,823
Proportion of Group's ownership	21.0%	21.1%
Group's share in identifiable net assets	1,880,012	1,501,650
Carrying amount of the investment	8,459,602	8,090,085
Fair value adjustments	6,579,590	6,588,435
Negative Goodwill	-	148,046
Dividends received	-	27,308
Revenue	8,030,405	9,278,509
Cost and expenses	(6,186,140)	(7,467,724)
Net income (continuing operations)	1,844,265	1,810,785
Group's share in net income for the year	387,296	382,076
Total comprehensive income	1,844,265	1,810,785
Group's share in total comprehensive income for the year	387,296	382,076

Bonifacio Land Corporation (BLC)

The Group has 10% interest in BLC, which is involved in the purchase, subscription or otherwise disposal of real and personal properties. Bonifacio Land Corp. is a private company incorporated on October 20, 1994 and there is no quoted market price available for its shares. Its registered office and principal place of business is Taguig, Philippines.

Below is the summarized financial information of BLC:

(in thousand pesos) **Bonifacio Land Corporation**	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Current assets	4,433,300	5,036,409
Noncurrent assets	38,048,680	37,539,401
Current liabilities	3,901,259	3,798,971
Noncurrent liabilities	6,600,163	6,558,980
Equity	31,980,559	32,217,859
Less: noncontrolling interest	14,362,206	14,491,952
Equity attributable to Parent Company	17,618,352	17,725,907
Proportion of Group's ownership	10.1%	10.1%
Group's share in identifiable net assets	1,779,454	1,790,317
Carrying amount of the investment	1,443,604	1,427,555
Negative Goodwill	(335,850)	(362,762)
Dividends received	-	70,731

Revenue	4,231,063	4,925,102
Cost and expenses	(2,311,383)	(2,906,515)
Net income (continuing operations)	1,919,680	2,018,587
Net income attributable to minority interest	(907,008)	(944,922)
Net income attributable to parent	1,012,673	1,073,665
Group's share in net income for the year	102,325	108,440
Total comprehensive income attributable to parent	1,012,673	1,073,665
Group's share in total comprehensive income for the year	102,325	108,440

Aggregate financial information on associates with immaterial interest:

Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others

(in thousand pesos) **Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI, others**	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Carrying amount	1,207,590	1,480,203
Share in net income (loss) from continuing operations	(182,418)	(88,321)
Share in total comprehensive income (loss)	(182,418)	(88,321)

Emerging City Holdings, Inc. (ECHI)

The Group has 50% interest in ECHI, which serves as The Group's corporate vehicle in the acquisition of a controlling stake in Bonifacio Land Corp./ Fort Bonifacio Development Corp. (FBDC) through Columbus Holdings, Inc. in 2003. FBDC continues to sell commercial lots and condominium units and leases out retail and office spaces in Bonifacio Global City. Below is the summarized financial information of ECHI:

(in thousand pesos) **Emerging City Holdings, Inc.**	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Current assets	11,069,961	10,420,615
Noncurrent assets	32,240,235	32,372,361
Current liabilities	3,393,507	3,285,205
Noncurrent liabilities	7,379,328	7,479,522
Equity	32,537,360	32,028,249
Less: minority interest	23,868,720	22,464,296
Equity	8,668,641	9,563,953
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,334,320	4,781,976
Carrying amount of the investment	3,983,495	3,911,350
Fair value adjustments	350,825	870,626
Dividends received	-	200,000

Revenue	4,233,608	5,315,083
Cost and expenses	(2,316,731)	(3,112,379)
Net income (continuing operations)	1,916,877	2,202,704
Net income attributable to minority interest	(1,395,376)	(1,405,934)
Net income attributable to parent	521,501	796,770
Group's share in net income for the year	260,751	398,385
Total comprehensive income attributable to parent	523,347	798,535
Group's share in total comprehensive income for the year	261,673	399,267

AKL Properties, Inc.

AKL Properties, Inc. is a 50:50 joint venture between Ayala Land, Inc. and Royal Asia Land, Inc., and is organized primarily for future mixed-use development in South Luzon area. Below is the summarized financial information for AKL:

(in thousand pesos) **AKL Properties, Inc.**	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Current assets	823,360	141,844
Noncurrent assets	3,724,840	3,765,838
Current liabilities	39	22,439
Noncurrent liabilities	-	-
Equity	4,548,162	3,885,243
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	2,274,081	1,942,621
Carrying amount of the investment	2,274,081	1,942,621
Fair value adjustments	-	-
Negative Goodwill	-	-
Dividends received	-	-
Revenue	149	255
Cost and expenses	(6,605)	4,807
Net income (continuing operations)	(6,456)	5,063
Group's share in net income for the year	(3,228)	2,531
Total comprehensive income attributable to parent	(6,456)	5,063
Group's share in total comprehensive income for the year	(3,228)	2,531

BHI, CDPEI, Alveo-Federal, ALI-Eton, SIAL Specialty, AyaGold and BYMCW, Inc

(in thousand pesos) **BHI, CDPEI, Alveo-Federal, ALI-Eton, SIAL Specialty, AyaGold and BYMCW, Inc**	**As of Sep 30 2019**	**As of Dec 31 2018**
Carrying amount	7,763,283	6,537,938
Share in net income (loss) from continuing operations	165,607	174,892
Share in total comprehensive income (loss)	165,607	174,892

11. Other noncurrent assets

This account consists of:

(in thousand pesos)	**As of Sep 30, 2019**	**As of Dec 31, 2018**
Advances to contractors	**₱9,756,313**	₱9,355,940
Prepaid expenses	**15,050,210**	9,026,562
Leasehold rights	**3,649,062**	4,079,828
Deferred input VAT	**1,027,927**	3,025,078
Deposits - others	**2,372,851**	2,134,677
Net pension assets	**87,170**	62,065
Development rights	**-**	49,157
Others	**18,875,237**	770,690
Total	**₱50,818,770**	₱28,503,997

Advances to contractors represents prepayments for the construction of investment properties and property and equipment.

Prepaid expenses consist of project costs incurred for unlaunched projects of the Group, advance rental payments, noncurrent prepaid management fees, commissions and advertising and promotions.

Leasehold rights consist of the following:

- Through the acquisition of POPI, ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR).

- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.

- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.

Movements during the period are as follows:

(in thousand pesos)	**Sep 30, 2019**	**Dec 31, 2018**
Balance at beginning of year	₱4,079,828	₱4,463,862
Amortization	(430,766)	(384,034)
Balance at the end of the period	₱3,649,062	₱4,079,828

Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods

Deposits - others pertain to various utility deposits and security deposits for leases.

Development rights pertain to the saleable and non-saleable development rights acquired by the parent company. The non-saleable portion is allocated to the gross floor area of a structure in a particular lot that can be developed in the future. The development rights are capitalized as additional cost of the structure once the development commences.

Others pertain to prepayments for expenses that is amortized for more than one year.

12. Short-Term and Long-Term Debt

The short-term debt of P25,009 million and P14,387 million as of September 30, 2019 and December 31, 2018, respectively. In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of P14,960.2 million and P14,298.8 million as of September 30, 2019 and December 31, 2018 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Peso-denominated short-term loans had a weighted average cost of 5.246% and 5.01% per annum for the nine-month period ending September 30, 2019 and for the year ending December 31, 2018, respectively.

Long-term debt consists of:

(in thousand pesos)	**September 30, 2019**	**December 31, 2018**
Company:		
Bonds:		
Due 2019	₱2,977,530	₱12,332,530
Due 2020	4,000,000	4,000,000
Due 2022	12,650,000	12,650,000
Due 2023	15,000,000	15,000,000
Due 2024	18,000,000	15,000,000
Due 2025	15,000,000	15,000,000
Due 2026	16,000,000	8,000,000
Due 2027	7,000,000	7,000,000
Due 2028	10,000,000	10,000,000
Due 2033	2,000,000	2,000,000
Short-dated notes	-	7,100,000
Fixed Rate Corporate Notes (FXCNs)	5,722,500	5,770,000
PHP-denominated long-term loan	42,015,656	29,465,677
	150,365,686	143,318,207

Subsidiaries:		
Bonds		
Due 2021	₱5,000,000	₱5,0000,000
Bank Loans – Philippine Peso	20,132,637	20,350,585
FXCNs	1,359,375	1,387,500
	26,492,012	30.123,671
	176,857,698	173,441,878
Less: Unamortized Transaction Costs	824,490	729,756
	176,033,208	172,712,122
Less: Current Portion	14,847,294	23,265,173
	161,185,914	**149,446,949**

Philippine Peso 7-year Bonds due 2026
On September 30, 2019, the company issued and listed on the Philippine Dealing & Exchange Corp. (PDEx) a P3,000.0 million bond due September 2024 with a coupon of 4.758% p.a. The Bond was assigned an issue credit rating of PRS AAA with a Stable Outlook, by the Philippine Rating Services Corp., the highest grade indicating minimal credit risk. The issuance represents the second tranche of the Company's new P50,000.0 million, three-year debt securities program, approved by the Securities and Exchange Commission (SEC) in April 2019.

Philippine Peso 7-year Bonds due 2026
On May 6, 2019, the company issued and listed on the PDEx a P8,000.0 million bond due May 2026 with a coupon of 6.369% p.a. The Bond was assigned an issue credit rating of PRS AAA with a Stable Outlook, by the Philippine Rating Services Corp., the highest grade indicating minimal credit risk. The issuance represents the first tranche of the Company's new P50,000.0 million, three-year debt securities program, approved by the Securities and Exchange Commission (SEC) in April 2019.

Philippine Peso 5-year Bonds due 2023
On October 5, 2018, the company issued and listed on the PDEx. a P8,000.0 million bond due October 2023 with a coupon of 7.0239% p.a. The Bond was assigned an issue credit rating of PRS AAA with a Stable Outlook, by the Philippine Rating Services Corp., the highest grade indicating minimal credit risk. The issuance represents the final tranche of the Company's P50,000.0 million, three-year debt securities program, approved by the Securities and Exchange Commission (SEC) in March 2016. Seven investment banks comprised the Joint Lead Underwriters and Joint Bookrunners of the issuance, the largest syndicate of underwriters assembled by the Company since 2014.

Philippine Peso 10-year Bonds due 2028
On April 27, 2018, the company issued and listed on the PDEx a P10,000.0 million bond due April 2028 with a coupon rate of 5.9203% p.a. for the initial five-year period of the ten-year term of the bond. The coupon rate will reprice on April 27, 2023, the fifth anniversary of the Issue Date, at the higher of (a) 5.9203% or (b) the prevailing 5-year benchmark plus 75 bps which shall apply to all interest payments thereafter. The Bond was assigned an issue credit rating of PRS AAA, with a Stable Outlook, by Philratings, the highest investment grade indicating minimal credit risk. The issuance is the fifth tranche of the Fixed Rate Bond series of the Company's P50,000.0 million Debt Securities Program as approved by the Securities and Exchange Commission (SEC) in March 2016.

Philippine Peso 15-month Notes due 2019
In November 2017, the Company issued and listed on the PDEx a ₱3,100.0 million Corporate Note. This Note issue is the second SEC-registration exempt transaction of the Company under Section 10.1(I) of the Securities Regulation Code (SRC) and in reliance upon Sections 10.1.3 and 10.1.4 of the Implementing Rules and Regulations of the SRC. Similar to the Company's prior Notes issuance in July, these Notes were offered exclusively to Qualified Institutional Buyers as defined under 10.1(l) of the SRC. The Notes carried a fixed interest rate of 3.25% p.a. and matured in February 2019.

Philippine Peso 21-month Note due 2019
In July 2017, the Company issued and listed on the PDEx a ₱4,300.0 million Corporate Note. This Note issue is an SEC-registration exempt transaction under Section 10.1(l) of the Securities Regulation Code (SRC) and Section 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC. Thus, the Note was offered on a limited basis to juridical persons or entities who, at the point of offer or sale, were Qualified Buyers. The Notes bear a fixed interest rate of 2.75% p.a. The Corporate Notes matured in April 2019.

Philippine Peso 10-year Fixed Rate Bonds due 2027
In May 2017, the Company issued a total of ₱7,000.0 million bonds due 2027 at a fixed rate equivalent to 5.2624% p.a. The Bonds have been rated PRS Aaa by PhilRatings, which is considered the highest quality with minimal credit risk. The bond issue is the fourth tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

Philippine Peso 7-year Fixed Rate Bonds due 2023
In October 2016, the Company issued a total of ₱7,000.0 million bonds due 2023 at a fixed rate equivalent to 3.8915% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong. The bond issue is the third tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

Philippine Peso Homestarter Bond due 2019
In October 2016, the Company issued at an aggregate principal amount of ₱3,000.0 million of bonds representing the first tranche of the Homestarter Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016. The bonds have a term of three (3) years from the issue date, and bear interest on its principal amount at a fixed rate of 3.00% p.a. Interest is payable semi-annually or on the date of effectivity of an Early Downpayment Application, as may be applicable, less the amount of any applicable withholding taxes. The bond was the first Homestarter Bond listed on the PDEx.

Philippine Peso 9.5-year Fixed Rate Bonds due 2025
In April 2016, the Company issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong. The bond issue is the second tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

Philippine Peso 10-year Fixed Rate Bonds due 2026
In March 2016, a registration statement filed by the Company covering the ₱50 Billion Debt Securities Program was rendered effective by the SEC. Under which, the Company issued the first tranche of Fixed Rate Bond series amounting to ₱8,000.0 million due 2026 at a rate equivalent to 4.85% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2025
In April 2014, the Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.625% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.625% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.000% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 10-year and 6-month Bonds due 2024
In July 2013, the company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 10-year Note due 2022
In December 2012, the Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.50%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond, due 2019, at a fixed rate equivalent to 5.625% p.a. and a ₱5,650.0 million bond, due 2022, at a fixed rate equivalent to 6.000% p.a. The Philippine Rating Services Corporation ("PhilRatings") assigned a PRS AAA rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS AAA is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Company issued ₱10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.62% to 7.50% p.a. depending on the term of the notes. The Company prepaid ₱ 1.95 billion of notes due in 2016 on January 19, 2013. In 2014, the Company paid ₱50.8 million for the matured portion of the loan.

Peso-denominated Long-term Loans
In March and April 2019, the Company executed and drew in two tranches a ₱13,000.0 million long-term facility. The loan which was drawn at ₱6,500.0 each, carries a fixed interest rate of 6.2720% and 6.3070%, respectively.

In March 2018, the Company executed and drew in one lump sum a ₱5,000.0 million long-term facility. The loan has a fixed interest rate of 6.9062% for 10 years inclusive of Gross Receipt Tax (GRT).

In March 2017, the Company executed a ₱10,000.0 million long-term facility and had an initial drawdown of ₱5,000.0 billion. The loan has a fixed interest rate of 4.949% for 10 years inclusive of GRT. The balance of ₱5,000.0 billion was drawn in April 2017.

In August to September 2015, the Company assumed an aggregate of ₱15,442.3 million various long-term facilities of some Subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.725% p.a. and terms ranging from 4.4 years to 10.5 years. In March 2016, the Company additionally assumed from ALI Makati Hotel Property, Inc. US$30.0 million in long-term loans from the Bank of the Philippine Islands. The loan carried a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR) and is repriceable quarterly. The loan was prepaid in December 2018.

Subsidiaries

The subsidiaries' loans will mature on various dates up to 2028. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R2 or and fixed interest rates ranging from 4.5000% to 6.4447% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a or (iii) the average of the BSP Overnight Deposit Rate and Term Deposit Facility Rate with a term closed to the 90-day interest period. The total outstanding balance of the subsidiaries' loans as of September 30, 2019 and December 31, 2018 amounted to ₱23,921.4 million and ₱21,738.1 million.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In September 2014, Cebu Holdings, Inc. issued a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.32% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of September 30, 2019 and December 31, 2018.

13. Accounts and Other Payables

The accounts and other payables as of September 30, 2019 is broken down as follows:

Accounts and other payables (in million pesos)	**As of September 30, 2019**	**As of December 31, 2018**
Accounts payable	**₱79,571**	₱101,055
Taxes payable	**19,135**	20,101
Accrued project costs	**16,578**	18,072
Accrued salaries & employee benefits	**5,897**	6,026
Accrued professional & management fees	**4,044**	4,667
Liability for purchased land	**8,521**	2,545
Accrued utilities	**2,600**	2,436
Interest payable	**2,242**	1,887
Accrued repairs and maintenance	**2,029**	2,668
Accrued rentals	**1,393**	871
Accrued advertising and promotions	**1,289**	1,266
Payable to related parties	**960**	702
Dividends payable	**377**	665
Retention payable	**4,156**	4,373
DRP obligation	**274**	236
Other accrued expenses	**3,260**	4,429
Total	**₱152,326**	**₱171,999**

14. Deposits and other current liabilities

This account consists of:

(in thousand pesos)	**Sep 30, 2019**	**Dec 31, 2018**
Security deposits	**₱774,227**	₱5,544,289
Deferred income	**10,189,023**	-
Others	**1,614,400**	1,125,576
Total	**₱12,577,650**	₱6,669,865

Security deposits are equivalent to three (3) to six (6) months' rent of tenants with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts.

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition.

Other current liabilities mostly pertain to estimated liability on property development and unearned income.

15. Deposits and other non-current liabilities

This consists of:

(in thousand pesos)	**Sep 30, 2019**	**Dec 31, 2018**
Deposits	**₱31,296,352**	₱18,844,346
Contract payable	**-**	7,264,642
Liability for purchased land	**3,280,660**	6,019,262
Retentions payable	**5,839,466**	5,722,577
Deferred Output VAT	**-**	1,923,754
DRP obligation	**3,417,467**	1,001,146
Subscriptions payable	**498,175**	498,175
Others liabilities	**19,615,729**	1,018,769
Total	**₱63,947,849**	₱42,292,671

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties. Security deposits are equivalent to three (3) to six (6) months' rent of long-term tenants with non-cancellable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and transfer taxes. Payments made by the Group for the processing of title are charged to this account.

Contractors payable represents estimated liability on property development.

Retentions payable pertains to the amount withheld by the Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired during the year. These are normally payable in quarterly or annual installment payments within three (3) or five (5) years.

DRP obligation pertains to the liability arising from the assignment agreement between NTDCC and MRTDC of the latter's development rights (see Note 36). In consideration of the lease, the Company will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Company's commercial center business.

The Group's subscription payable pertains to ALLHC's investment in Cyber Bay.

Other liabilities include nontrade payables, accrued payables and warranty payables.

16. Equity

Treasury Shares

On March 5, 2019, pursuant to its share buyback program as disclosed last August 12, 2008, Ayala Land, Inc. purchased 10,372,746 common shares at a price of P43.20/share for a total consideration of P448,10,627.20. As a result of the transaction, total outstanding shares decreased to 14,724,508,335.

Declaration of Cash Dividends

On February 27, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.26 per outstanding common share**.** The cash dividend was paid on March 29, 2019 to stockholders of common shares as of record date March 13, 2019.

On May 24, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.00474786 per outstanding preferred share. The cash dividend was paid on June 21, 2019 to stockholders of preferred shares as of record date June 7, 2019.

On October 31, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.26 per outstanding common share. The second-half regular cash dividends, together with the first-half cash dividends is equivalent to an annual dividend payout ratio of 26% of prior years' earnings. The cash dividend will be paid on November 29, 2019 to stockholders of common shares as of record date November 15, 2019.

Employee Stock Ownership Plan

On February 27, 2019, the Board of Directors approved the grant to qualified executives, stock options pursuant to the company's Employee Stock Ownership Plan (the "Plan"), covering up to 14,430,750 common shares at a subscription price of P44.49 per share equivalent to the average closing price of ALI common shares at the Philippine Stock Exchange for 30 consecutive trading days ending February 26, 2019.

On April 30, 2019, 152 stock option grantees subscribed to 10,073,389 common shares at P44.49 per share and became effective on the same day. As a result of the subscription of the 152 stock option grantees, the number of ALI outstanding common shares increased to 14,734,581,724.

AyalaLand Logistics Holdings, Corp. formerly Prime Orion Philippines, Inc.

On February 4, 2019, The Executive Committee of Ayala Land, Inc. (ALI) approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 8,051 common shares, with a total value of P800 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in Prime Orion Philippines, Inc. (POPI), equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI.

On May 10, 2019, Prime Orion Philippines, Inc., changed its corporate name to Ayalaland Logistics Holdings Corp. (ALLHC).

On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of P800 million.

On September 9, 2019, Orion Land, Inc. sold through a special block sale, 215,090,031 common shares of ALLHC to its affiliate, Avida Land Corporation for a total consideration of P628,062,891.00. On September 27, 2019, ALI acquired the 215,090,031 common shares of ALLHC from Avida Land Corp.

through a special block sale at P2.92/share for a total consideration of P628,062,891.00. As a result of the transaction, ALI's effective ownership in ALLHC increased to 71.68%.

17. Business Combinations and Acquisition of Non-Controlling Interests

Acquisition of Non-Controlling Interest

AyalaLand Logistics Holdings, Corp. (ALLHC) formerly Prime Orion Philippines, Inc. (POPI) and Laguna Technopark, Inc. (LTI)

In January 2018, ALI purchased additional 202,774,547 shares of POPI from Genez Investment Corporation for P497.7 million increasing the Company's ownership to 67%.

In February 2017, ALI purchased additional 631,000 common shares of POPI from BPI Securities Corporation for P1.26 million. ALI's interest remains at 51% of the total POPI's outstanding capital stock.

In June 2017, Orion Land, Inc. (OLI), a subsidiary of POPI, acquired 512,480,671 common shares equivalent to 11.69% ownership at P2.45 share amounting to P1,255.58 million. The acquisition of shares by OLI was treated as an acquisition of non-controlling interest resulting to a debit-to-equity reserves of P405.18 million.

On February 4, 2019, The Executive Committee of Ayala Land, Inc. (ALI) approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 8,051 common shares, with a total value of P800 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in Prime Orion Philippines, Inc. (POPI), equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI.

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Business Combination

MCT Bhd

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions.

On January 5, 2018, the transfer of shares was completed, increasing the Company's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the Board of Directors of MCT, to acquire all remaining shares of the company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement.

The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. (Malaysian time) 19 February 2018. Owners of 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%. Total consideration paid is P5.98 billion

On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, the current ownership stake of ALI in MCT is 66.25%.

Subsequently, the Group remeasured its previously held interest in MCT based on its acquisition-date fair value which resulted to a remeasurement loss of P1.79 billion.

The Group finalized the purchase price allocation of its acquisition of MCT through business combination in December 2018. The final purchase price allocation resulted in gain from bargain purchase of P1.85 billion.

The net gain of P60 million from the acquisition is presented under 'Other income' account in the consolidated statements of income.

The following are the fair values of the identifiable assets and liabilities assumed.

ASSETS	**in Php thousands**
Cash	₱1,078,224
Trade and other receivables	2,833,560
Inventories	13,620,873
Investment properties	5,712,635
Property, plant and equipment	4,599,423
Other non-current assets	69,222
Total Assets	₱27,913,937
LIABILITIES	
Accounts and other payables	₱5,506,336
Borrowings	2,752,114
Tax liabilities	128,551
Other payables	2,287,772
Total Liabilities	₱10,674,773
Net Assets	17,239,175
Total net assets acquired to date	12,465,640
Carrying cost	(10,611,567)
Net negative goodwill	₱1,854,073

The fair value of the trade and other receivables approximate their carrying amounts since these are short-term in nature. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

From January 8 to December 31, 2018, the Group's share in MCT's revenue and net income amounted to P7.6 billion and P1.3 billion.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties

In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following provide the total amount of transactions that have been entered into with related party for the relevant financial year:

a. Transactions with BPI, an associate of AC

As of September 30, 2019, and December 31, 2018, the Group maintains current and savings account, money market placements and short/long-term debt payable with BPI broken down as follows:

(in million pesos)	**September 30, 2019 Unaudited**	December 31, 2018 Audited
Cash in bank	₱4,861	₱4,106
Cash equivalents	1,973	3,312
Marketable Securities	115	1,616
Short-term debt	6,287	4,476
Long-term debt	9,629	9,697

b. Outstanding balances from/to related parties

	Receivables from Related Parties		**Payables to Related Parties**	
In million pesos	**September 2019**	**December 2018**	**September 2019**	**December 2018**
Ayala Corp. & Other Related Parties				
Ayala Corporation	₱138	₱140	₱286	₱136
Globe Telecom, Inc.	140	150	6	3
Bank of the Philippine Islands	165	132	44	44
Columbus	-	-	267	267
Others	420	212	46	39
	₱863	**₱634**	**₱649**	**₱489**
ALI – Associates				
ALI ETON Property Development Corp.	₱2,834	₱2,191	₱4	₱-
Fort Bonifacio Development Corp.	1,288	2,419	-	-
Alveo-Federal Land Communities, Inc.	334	360	1	-
Cebu District Property Enterprise, Inc.	183	75	-	-
Lagoon Development Corporation	10	3	93	-
Bonifacio Land Corp.	-	1	213	213
Berkshires Holdings Inc.	-	-	-	-
Emerging City Holdings, Inc.	-	-	-	-
Ortigas & Co. Ltd. Partnership	-	-	-	-
	₱4,649	**₱5,049**	**₱311**	**₱213**
Total	**₱5,512**	**₱5,683**	**₱960**	**₱702**

c. Revenues and expenses from/to related parties

In million pesos	Revenues from Related Parties September 2019	Revenues from Related Parties September 2018	Expenses to Related Parties September 2019	Expenses to Related Parties September 2018
Ayala Corp. & Other Related Parties				
Ayala Corporation	₱21	₱24	₱3	₱-
Ayala Aviation	-	-	3	4
Bank of the Philippine Islands	307	225	213	189
BPI Capital Corp.	-	-	4	-
Globe Telecom, Inc.	138	127	39	33
Manila Water Philippines Ventures, Inc.	119	32	71	27
Michigan Holdings, Inc.	81	-	-	-
Manila Water Company, Inc.	46	2	287	163
Innove Communications	5	5	49	34
Integrated Microelectronics, Inc.	1	-	-	-
Laguna AAA Waterworks Corp.	1	1	8	4
Ayala Group Counselors Corporation	-	-	124	46
BPI Family Savings Bank	-	-	174	206
HCX Technology Partners, Inc.	-	-	22	6
G-Exchange, Inc.	-	-	28	12
ISUZU Automotive Dealership, Inc.	-	-	7	13
BPI MS Insurance Corp.	-	-	-	1
Manila Water Total Solutions Corp	-	-	8	4
Northwestern Eco-Developers Inc.	-	-	2	-
	₱719	**₱416**	**₱1,042**	**₱742**
ALI - Associates				
Fort Bonifacio Development Corp.	₱1,248	₱991	₱141	₱192
ALI ETON Property Development Corp.	1,261	112	-	530
Alveo-Federal Land Communities, Inc.	187	157	28	12
Lagoon Development Corporation	36	14	2	1
Cebu District Property Enterprise, Inc.	29	237	-	2
	₱2,761	**₱1,511**	**₱171**	**₱737**
Total	**₱3,480**	**₱1,927**	**₱1,213**	**₱1,479**

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of derivative financial instruments, if any, is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies as of September 30, 2019.

Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult for the Group to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

Credit risk

The Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio.

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies is more than the amount of foreign currency-denominated debt.

Equity price risk

Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Groups financial assets and liabilities recognized as of September 30, 2019 and December 31, 2018.

The methods and assumptions used by the Group is estimating the fair value of the financial instruments are as follows:

Cash & Cash equivalents, short term investments and current receivables, accounts and other payables, current payables and short-term debt- Carrying amounts approximate fair values due to relatively short-term maturities of these financial instruments.

Financial assets at FVPL- UITF - These are investments in fund. Fair value is based on the net asset value as of reporting dates.

Noncurrent accounts and notes receivables- The fair values of residential accounts and notes receivable from employees, are based on the discounted value of future cash flow using the applicable rates for similar types of instruments. The discount rates used ranged from 2.88% to 5.10% as of September 30, 2019 and December 31, 2018.

AFS quoted equity securities- Fair values are based on the quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair values cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - the fair value of noncurrent unquoted instruments (long term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 0.66% to 5.25% and 4.42% to 6.09% as of September 30, 2019 and December 31, 2018 respectively. The fair value of non-current unquoted debt instruments with floating rates as estimated using the discounted cash flow- last pricing method.

20. Fair Value Hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1. Quoted (unadjusted prices) in actives markets for identical assets and liabilities

Level 2. Other techniques for which all inputs which have significant effect of the recorded fair value are observable, either directly or indirectly.

Level 3. Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The company categorizes trade receivable, investment in bonds classified as loans and receivables, receivables from employees, long term debt and deposits and other non-current liabilities under level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the un-observable input and the effect of changes to this is that the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories in September 30, 2019 and December 31, 2018.

	September 30, 2019		December 31, 2018	
(in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Asset at FVPL	₱538	₱538	₱476	₱476
Financial Asset at FVOCI				
Unquoted equity securities	248	248	522	522
Quoted equity securities	1,338	1,338	974	974
Total	₱2,124	₱2,124	₱1,972	₱1,972
Loans and Receivables				
Trade residential and office development	₱96,590	₱99,025	₱-	₱-
Receivables from employees	992	992	-	-
Total	₱97,582	₱100,018	₱-	₱-
Financial assets at amortized cost				
Trade residential and office development	₱-	₱-	₱-	₱-
Receivables from employees	-	-	1,113	₱1,120
Total	₱-	₱-	₱1,113	₱1,120
Other Financial Liabilities				
Long-term debt	₱176,033	₱176,771	₱172,712	₱155,719
Deposits and other noncurrent liabilities	31,296	31,296	39,607	38,194
Total	**₱207,330**	**₱208,068**	₱212,319	₱193,913

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of September 30, 2019 and December 31, 2018:

(in millions) **September 30, 2019**	**Date of valuation**	**Total**	**Quoted prices in Active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant observable inputs (Level 3)**
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	Sep 30, 2019	₱126	₱-	₱126	₱-
Investment in Arch Capital Fund	Sep 30, 2019	412	-	-	412
		₱538	₱-	₱126	₱412
Financial assets at fair value through other comprehensive income					
Quoted	Sep 30, 2019	₱1,338	₱1,338	₱-	₱-
Unquoted	Sep 30, 2019	248	-	-	248
		1,586	1,338	-	248
Total		**₱2,124**	**₱1,338**	**₱126**	**₱660**

(in millions) **December 31, 2018**	**Date of valuation**	**Total**	**Quoted prices in Active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant observable inputs (Level 3)**
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	Dec 31, 2018	₱86	₱-	₱86	₱-
Investment in Arch Capital Fund	Dec 31, 2018	391	-	-	391
		₱476	₱-	₱86	₱391
Financial assets at fair value through other comprehensive income					
Quoted	Dec 31, 2018	₱974	₱974	₱-	₱-
Unquoted	Dec 31, 2018	522	-	-	522
		1,496	974	-	522
Total		**₱1,972**	**₱974**	**₱86**	**₱913**

A reconciliation of the beginning and closing balances of Level 3 financial assets at fair value through other comprehensive income are summarized below.

(in millions)	**September 2019**	**December 2018**
At the beginning of period	₱582	₱524
Additions	-	58
Disposals/redemptions	(334)	-
Recognized in statement of income	-	-
At end of the period	₱248	₱582

21. Statement of Cash Flows

Disclose here the roll forward of liabilities under financing activities (PAS 7 disclosures on cash flows)

(in millions)	**2018**	**Cash Flows**	**Non-Cash Changes** **Acquisition**	**FOREX Movement**	**Fair value Changes**	**2019**
Long-term debt-net of current portion	₱149,447	11,739	-	-	-	161,186
Current Portion of Long-term debt	23,265	(8,418)	-	-	-	14,847
Short-term debt	14,387	10,622	-	-	-	25,009
Dividends Payable	665	(288)	-	-	-	377
Deposits & Other noncurrent liabilities	62,612	(18,738)	-	-	-	43,874
Total liabilities from financing activities	**₱250,376**	**(5,083)**	**-**	**-**	**-**	**₱245,293**

22. Segment information

The industry segments where the Group and its associates and joint ventures operate are as follows:

- Property Development - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture and the sale of office condominiums, and commercial and industrial lots

- International Business– operations of MCT Bhd, Ayala Land's consolidated subsidiary in Malaysia; also included under Property Development revenues in the Management's Discussion and Analysis Section

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

- Offices - development and lease of office buildings and the development and lease of factory building

- Hotels and Resorts - development and management of hotels and resorts, lease of land to hotel tenants

- Construction - land development and construction of the Group and third-party projects

- Property management - facilities management of the Group and third-party projects including its power service companies Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), Philippine Integrated Energy Solutions, Inc. (PhilEnergy), and air transport company AirSWIFT which serves the requirements of ALI's resorts business.

- Others - other income from investment activities and sale of noncore assets.

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

YTD September 2019	Property Development	International Business	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustment	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	74,948	4,196	15,015	7,209	5,400	2,541	4,053	-	-	113,362
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Equity in net earnings of Investees	497	-	11	-	-	-	-	196	-	704
Total Revenues	**75,445**	**4,196**	**15,026**	**7,209**	**5,400**	**2,541**	**4,053**	**196**	**-**	**114,066**
Operating Expenses	56,140	3,831	5,999	2,408	4,250	(443)	4,456	(517)	-	76,124
Operating Profit	**19,305**	**365**	**9,027**	**4,801**	**1,150**	**2,984**	**(403)**	**713**	**-**	**37,942**
Interest income	-		-	-	-	-	-	-	-	6,868
Interest expense	-		-	-	-	-	-	-	-	(8,873)
Other income (expense)	-		-	-	-	-	-	-	-	723
Other charges	-		-	-	-	-	-	-	-	(839)
Provision for income tax	-		-	-	-	-	-	-	-	(9,537)
Net Income	-		-	-	-	-	-	-	-	26,284
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-		-	-	-	-	-	-	-	23,210
Minority interests	-		-	-	-	-	-	-	-	3,074
										26,284
Other information										
Segment assets	490,299	21,046	196,106	103,267	72,905	51,684	6,803	92,985	(390,263)	644,832
Investment in associates and jointly										
controlled entities	24,627	-	49	-	-	56	196	204	-	25,132
Deferred tax assets	3,654	-	616	87	369	66	31	1,508	5,608	11,939
Total assets	**518,580**	**21,046**	**196,771**	**103,354**	**73,274**	**51,806**	**7,030**	**94,697**	**(384,655)**	**681,903**
Segment liabilities	211,472	9,529	127,655	51,831	57,498	41,831	3,179	73,105	(138,165)	437,935
Deferred tax liabilities	1,738	-	255	98	9	4	8	19	3,043	5,174
Total liabilities	**213,210**	**9,529**	**127,910**	**51,929**	**57,507**	**41,835**	**3,187**	**73,124**	**(135,122)**	**443,109**
Segment additions to										
Property & Equipment	347	1,711	326	11	1,916	1,357	40	5	-	5,713
Investment properties	13,333	1,752	15,237	2,021	206	-	-	-	-	32,549
Depreciation and amortization	270	60	2,080	1,186	667	1,828	124	647	-	6,862

YTD September 2018	Property Development	International Business	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	77,579	5,511	13,570	5,712	4,601	2,054	4,061	-	-	113,088
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Equity in net earnings of Investees	456	-	11	-	-	-	-	141	-	608
Total Revenues	**78,035**	**5,511**	**13,581**	**5,712**	**4,601**	**2,054**	**4,061**	**141**	**-**	**113,696**
Operating Expenses	58,296	4,734	6,523	1,552	3,928	(706)	4,239	504	-	79,070
Operating Profit	**19,739**	**777**	**7,058**	**4,160**	**673**	**2,760**	**(178)**	**(363)**	**-**	**34,626**
Interest income	-	-	-	-	-	-	-	-	-	4,989
Interest expense	-	-	-	-	-	-	-	-	-	(7,099)
Other income (expense)	-	-	-	-	-	-	-	-	-	996
Other charges	-	-	-	-	-	-	-	-	-	(700)
Provision for income tax	-	-	-	-	-	-	-	-	-	(8,816)
Net Income	-	-	-	-	-	-	-	-	-	**23,996**
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	20,770
Minority interests	-	-	-	-	-	-	-	-	-	3,226
										23,996
Other information										
Segment assets	472,347	20,662	148,518	81,781	57,023	53,579	7,168	52,754	(322,297)	571,535
Investment in associates and jointly										
controlled entities	14,112	-	7,984	209	148	55	-	-	-	22,508
Deferred tax assets	2,516	-	335	130	363	43	41	2,799	6,109	12,336
Total assets	**488,975**	**20,662**	**156,837**	**82,120**	**57,534**	**53,677**	**7,227**	**55,553**	**(316,188)**	**606,397**
Segment liabilities	229,460	9,231	92,466	41,812	42,222	44,886	3,555	44,558	(111,686)	396,504
Deferred tax liabilities	1,599	98	244	63	9	12	12	16	1,584	3,637
Total liabilities	**231,059**	**9,329**	**92,710**	**41,875**	**42,231**	**44,898**	**3,567**	**44,574**	**(110,102)**	**400,141**
Segment additions to										
Property & Equipment	148	1,635	517	22	699	1,166	32	116	-	4,335
Investment properties	134	5,730	13,731	4,642	3,148	400	-	-	-	27,785
Depreciation and amortization	253	86	2,254	980	496	1,113	215	104	-	5,501

23. Long-term Commitments and Contingencies

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business including a case related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. In the opinion of management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. Accordingly, no provision for any liability has been made in the consolidated financial statements.

Disclosures required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, were not provided as it may prejudice the Group's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

24. Events after the Reporting Date

Declaration of 2nd Half Regular Cash Dividends

On October 31, 2019, the Board of Directors of Ayala Land during its regular meeting, approved the declaration of cash dividends of P0.26 per outstanding common share. The second-half regular cash dividends, together with the first-half cash dividends is equivalent to an annual dividend payout ratio of 26% of prior years' earnings. The cash dividend will be paid on November 29, 2019 to stockholders of common shares as of record date November 15, 2019.

Listing of P10-billion fixed-rate, dual-tenor bond due 2021 and 2027

On November 6, 2019, Ayala Land, Inc. (ALI), listed on the PDEx a P10-billion, fixed-rate, dual-tenor bond due 2021 and 2027, representing the third tranche of Ayala Land's new P50-billion shelf registration program with the Securities and Exchange Commission. The issue size of the Series-A 2-year bond is P9-billion with a coupon rate of 4.2463% while the Series-B 7.25-year bond is P1-billion with a coupon rate of 4.9899%. BPI Capital Corporation is the issue manager and acted as a joint lead underwriter and bookrunner together with BDO Capital & Investment Corporation and China Bank Capital Corporation.

Item 2. Management's Discussion and Analysis on the Results of Operation and Financial Condition

Review of 9M 2019 operations vs 9M 2018

Ayala Land, Inc. (ALI or "the Company") maintained its double-digit bottom line growth trajectory in the first nine months of 2019, advancing 12% to a net income after tax (attributable to equity holders of ALI) of P23.21 billion from 20.77 billion in the same period in 2018.

Total revenues increased by 2% to P121.66 billion. This was mainly driven by real estate revenues which stood at P113.36 billion, supported by office, and commercial and industrial lot sales, further boosted by the improving performance of new leasing assets.

Projects launched in the 3rd quarter of 2019 amounted to P37.77 billion, bringing the total to P57.27 billion for the first nine months of 2019. Meanwhile, malls and offices expanded its gross leasable area (GLA) further to 2.1 million and 1.2 million square meters, respectively, with the opening of Ayala Malls Manila Bay and its BPO Tower.

Lastly, capital expenditures reached P78.19 billion to support residential and leasing asset buildup.

Business Segments

The details of the performance of each business segment are discussed as follows:

Property Development: This includes the sale of residential lots and units, office spaces and commercial and industrial lots in the Philippines and operations of MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia.

Revenues from Property Development amounted to P79.15 billion, a 5% dip from the previous period, mainly as the residential segment declined due to the lower contribution of Ayala Land Premier and ALVEO. This offset office-for-sale revenues which grew 55% to P10.61 billion and commercial and industrial lots which increased 16% to P6.49 billion.

Residential: Revenues from the sale of residential lots and units and MCT BHd's operations reached P62.05 billion, 12% lower than P70.62 billion last year.

Ayala Land Premier (ALP) registered revenues of P17.32 billion, 15% lower than P20.30 billion last year due to full sell out of The Courtyards at Vermosa, Cavite and lower incremental POC from The Suites at BGC, Taguig and Arbor Lanes Tower 2 at Arca South, Taguig as projects are nearing completion.

Alveo recorded revenues of P13.57 billion, a 39% dip compared to P22.12 billion last year primarily driven by the full sell out of Ardia at Vermosa, Cavite in 2018 and lower incremental POC of Verve Residences 1 & 2 at BGC, Taguig and Veranda Phases 1 & 2 at Arca South, Taguig as projects are already nearing completion

Avida posted revenues of P20.63 billion, 23% higher than P16.78 billion last year due to new bookings from Avida Towers Vireo Tower 1 at Arca South, Taguig and Avida Towers Sola Tower 2 at Vertis North, Quezon City and higher bookings and project completion from Avida Northdale Settings at Alviera, Pampanga.

Amaia generated revenues of P5.51 billion, 9% higher than P5.06 billion last year as a result of higher bookings and completion from Amaia Steps Capitol Central in Bacolod, Amaia Steps Nuvali and Amaia Steps Nuvali Parkway in Laguna.

BellaVita meanwhile reached revenues of P822 million, slightly lower from P851 million in the previous year.

The average GP (Gross Profit) margin of horizontal residential projects of 43% was maintained. Meanwhile, vertical projects improved to 39% from 37% due to higher margins from ALP's Alcoves in Cebu, and West Gallery Place at BGC, ALVEO's Orean Place Tower 1 at Vertis North, and Avida's Intima Tower 1 and Prime Taft Tower 3, both in Manila, and Sola Tower 2 at Vertis North.

Meanwhile, **MCT Bhd** generated P4.20 billion. This is 24% lower than P5.51 billion last year due to the full sell out of its projects in CyberSouth in Klang Valley, Malaysia.

Office for Sale. Revenues from the sale of office spaces continued to accelerate, growing 55% to P10.61 billion, due to completion progress and new bookings from Alveo Financial Tower, High Street South, and Park Triangle Corporate Plazas. The average GP margin of offices for sale increased to 39% from 35% due to the improved margins of High Street South Corporate Plaza Tower 2, ALVEO Park Triangle Towers at BGC, Stiles East at Circuit Makati and One Vertis Plaza at Vertis North.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots grew 16%, contributing P6.49 billion from lot sales in Altaraza, Vermosa, Nuvali and Evo City. Gross profit margins from Commercial and Industrial lots increased significantly to 60% from 44% due to higher margins of commercial lots sold in Altaraza, Evo City, Nuvali and Alviera.

Sales reservations remained steady at P108.51 billion. ALVEO and Avida fueled the growth in sales reservations but was offset by ALP which did not have sufficient project launches during the period. Local Filipinos continue to drive demand at 70% of the total. This was supplemented by sales from Overseas Filipinos which accounted for 14% total and grew 19% year-on-year. Sales from other nationalities amounted to 16% of the total but declined by 18% compared to the previous period. Sales to mainland Chinese buyers declined by 24%, resulting in a lower 41% share on international buyers or 6.5% of total sales reservations.

To date, Ayala Land launched P57.27 billion worth of projects. In the 3rd quarter alone, we launched 17 projects worth P37.77 billion, building on the launches in the 1st half of 2019.

Commercial Leasing. This involves the operation of shopping centers, office buildings and hotels and resorts. Total revenues from commercial leasing jumped 16% to P27.62 billion.

Shopping Centers. Revenues from shopping grew 11% to P15.02 billion, supported by same mall revenue growth of 10% given the increased contribution of new malls such as Ayala Malls Feliz, Circuit Makati, and Capitol Central. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin registered at 67%, 2 basis points higher than the previous period, as a result of higher occupancy of Ayala Malls Vertis North, Feliz, Circuit Makati, Marikina and Cloverleaf. The average occupancy rate for all malls is at 89% while the occupancy rate of stable malls is at 94%. The total Shopping Centers GLA stands at 2.08 million square meters with the addition of 161 thousand sqm from the opening of Ayala Malls Manila Bay last September 2019.

Offices. Revenues from office leasing surged 26%, reaching P7.21 billion as new offices in Ayala North Exchange, Vertis North, and Circuit Makati continue to improve performance. Office Leasing EBITDA margin registered at 90%. The average occupancy rate for all offices is at 95% and 96% for stable offices. Total office leasing GLA is at 1.15 million square meters, with 19 thousand square meters added from the completion of Manila Bay BPO Tower last September 2019.

Hotels and Resorts. Revenues from Hotels and Resorts revenues moved up 17% to P5.40 billion on strong patronage of Seda Ayala Center Cebu and Lio. Overall EBITDA margin increased to 32% from 29% due to higher occupancy and REVPAR of Seda Ayala Center Cebu and Lio. The average occupancy rate remains at healthy levels - hotels registered at 69% and 62% for resorts, 78% for stable hotels and 62% for stable resorts. The hotels and resorts have a total of 3,618 rooms with the addition of 90 rooms in Seda BGC and 38 rooms at Seda Residences Ayala North Exchange as of September 2019.

To date, the hotels and resorts business operates 660 hotel rooms from its international brand segment: Fairmont Hotel and Raffles Residences (312) and Holiday Inn & Suites (348), both in Ayala Center, Makati CBD. We now have 10 Seda Hotels, operating 2,238 rooms: Atria, Iloilo (152), BGC, Taguig (411), Centrio, Cagayan de Oro (150), Abreeza, Davao (186), Nuvali, Santa Rosa, Laguna (150), Vertis North, Quezon City (438), Capitol Central, Bacolod (154) Lio, Palawan (153), Ayala Center Cebu (301), Seda Residences Ayala North Exchange (143) and Circuit Corporate Residences (255). Meanwhile, El Nido Resorts operates 193 rooms from its four island resorts: Pangulasian, Lagen, Miniloc and Apulit, and Lio Tourism Estate currently has 194 rooms under its Bed and Breakfast (B&B) and Dormitel offerings and Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

Services. This is composed mainly of the construction business represented by Makati Development Corporation (MDC), property management, represented by Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy). Total revenues amounted to P6.59 billion, 8% higher than last year.

Construction. MDC posted net construction revenues of P2.54 billion, an increase of 24%, reflecting higher revenues from external contracts.

Property Management. APMC and power services companies registered revenues of P4.05 billion.

Blended EBITDA margins of the services business slightly improved to 10% from 9%.

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

Equity in net earnings of associates and JVs contributed P704.02 million, 16% higher than the previous period, mainly as Ortigas Holdings performed extremely well, contributing P380.77 million, a growth of 80%, reflecting the strong momentum of its property sales and leasing operations. This is combined with higher earnings of FBDC companies mainly as a result of the healthy performance of its leasing assets in BGC (One Bonifacio High Street and Corporate Plaza Retail).

Interest and investment income, which includes interest income on real estate sales and accretion, amounted to P6.87 billion, a 38% increase despite lower interest income from short-term investments.

Meanwhile, other income (composed mainly of marketing and management fees from our joint ventures, among others) amounted to P722.56 million, 27% lower than the higher base in 2018 due to the one-time sale transaction of assets by MCT Bhd.

Expenses

Total expenses stood at P85.84 billion, slightly lower than last year's P86.87 billion as real estate expenses decreased by 4% to P69.95 billion.

GAE (General and Administrative Expenses) totaled P6.17 billion, a 4% increase from the first nine months of 2018 as we controlled the increase of overhead costs. This enabled us to register a GAE ratio of 5.1% and improve our EBIT margin further to 33.7% from 31.1%.

Interest expense, financing and other charges stood at P9.71 billion, 24% higher, due to the increased outstanding debt and accompanying financing expenses.

Project and Capital Expenditure

Ayala Land spent a total of P78.19 billion in capital expenditures as of September 2019. 42% was spent on residential projects, 22% on commercial leasing projects, 17% for land acquisition, 11% for estate development and 8% for other investments.

Financial Condition

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

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P21.30 billion as of end September 2019, resulting in a current ratio of 1.30:1.

Total borrowings registered at P201.04 billion which translated to a debt-to-equity ratio of 0.84:1 and a net debt-to-equity ratio of 0.75:1.

Return on Equity registered at 15.8% as of September 30, 2019.

	End-September 2019	*End-December 2018*
Current ratio [1]	1.31:1	1.26:1
Debt-to-equity ratio [2]	0.84:1	0.85:1
Net debt-to-equity ratio [3]	0.75:1	0.72:1
Profitability Ratios:		
Return on assets [4]	5.19%	5.35%
Return on equity [5]	15.78%	16.52%
Asset to Equity ratio [6]	2.86:1	3.04:1
Interest Rate Coverage Ratio [7]	6.30	5.67

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity
3 Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)
4 Annualized Net income / average total assets
5 Annualized Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
6 Total Assets /Total stockholders' equity
7 EBITDA/Interest expense

There are no events that will trigger direct or contingent financial obligations that are material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2019.

Causes for any material changes (+/- 5% or more) in the financial statements

Income Statement items **– September 2019 versus September 2018**

Interest income from real estate sales and interest & investment income higher by 38% due to higher yield from residential business.

Equity in net earnings of associates and joint ventures grew by 16% mainly coming from increased performance of OHI's property sales, malls and offices and FBDC companies.

Other Income lower by 27% due to recognition of one-time gain on sale of MCT BHd's subsidiaries (One City Properties SDN BHD and Ecity Hotel SDN BHD) in 2018.

Interest and other financing charges and other charges grew by 24% mainly due to higher loan balance and higher interest rate.

Provision for income tax increased by 8% due to higher taxable income mainly coming from real estate.

Balance Sheet items – September 2019 versus December 2018

Cash and cash equivalents lower by 18% primarily due to expected cash outflow for capital expenditures (property development, mall operations and land acquisitions).

Short-term investments went down by 69% mainly coming from matured money market placements of Alveo Land Corp., Makati Development Corp., Ayala Hotels Inc., and Regent Wise Investments Limited.

Real estate Inventories lower by 9% mainly due to timing difference in project launches.

Other current assets higher by 24% due to increase in prepayment expenses related to projects.

Non-current Accounts and Notes Receivable lower by 44% primarily due to collection of Accounts Receivable.

Investment properties up by 11% attributable to capital expenditures of Ayala Malls Manila Bay and its BPO tower.

Other noncurrent assets grew by 63% mainly due to bookings of right of use assets in compliance with the PFRS 16.

Short-term debt grew by 74% due to increase in Group’s short-term requirements.

Account and other payables lower by 13% due to payments of payables to vendors and suppliers in 2019.

Income tax payable up by 12% due to higher taxable income primarily from real estate.

Current portion of long-term debt lower by 36% due to bond and loan payments made by Ayala Land Inc., partially offset by incremental debt (bonds and loans) of Avida Land Corp. and Alveo Land Corp.

Deposit and other current liabilities dropped by 45% primarily due to lower customer deposits from various residential projects.

Long-term debt up by 8% mainly from additional long-term debt availments of Ayala Land Inc., partially offset by long-term debt payments of Avida Land Corp., Alveo Land Corp. and AyalaLand Hotels and Resort Corp.

Deposit and other noncurrent liabilities increased by 60% due to PFRS 16 recognition of lease liability

PART II - OTHER INFORMATION

Item 3. Developments as of September 30, 2019

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (as of Sept 30, 2019)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala	Vice Chairman
	Bernard Vincent O. Dy	President & CEO
	Antonino T. Aquino	Non-Executive Director
	Delfin L. Lazaro	Non-Executive Director
	Arturo G. Corpuz	Non-Executive Director
	Jaime C. Laya	Lead Independent Director
	Rizalina G. Mantaring	Independent Director
	Cesar V. Purisima	Independent Director

C. Performance of the corporation or result/progress of operations

Please see unaudited consolidated financial statements and management's discussion on results of operations.

D. Declaration of dividends

<u>P0.26 cash dividend per outstanding common share</u>
Declaration date: February 27, 2019
Record date: March 13, 2019
Payment date: March 29, 2019

<u>P0.00474786 cash dividend per outstanding preferred share</u>
Declaration date: May 24, 2019
Record date: June 7, 2019
Payment date: June 21, 2019

<u>P0.26 cash dividend per outstanding common share</u>
Declaration date: October 31, 2019
Record date: November 15, 2019
Payment date: November 29, 2019

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements

Please refer to the discussion in the changes in group structure in 2019.

F. Offering of rights, granting of Stock Options and corresponding plans therefore

ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. As of September 30, 2019, stock options outstanding* are as follows:

ESOP	None
ESOWN	112,962,454 shares

**outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None
H. Other information, material events or happenings that may have affected or may affect market price of security	None
I. Transferring of assets, except in normal course of business	None

Item 4. Other Notes to 9M 2019 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Item 2: Management's Discussion on Results of Operations and Analysis.
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (note 10).

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

Board Approval of second-half regular cash dividends

On October 31, 2019, the Board of Directors of Ayala Land during its regular meeting, approved the declaration of cash dividends of P0.26 per outstanding common share. The second-half regular cash dividends, together with the first-half cash dividends is equivalent to an annual dividend payout ratio of 26% of prior years' earnings. The cash dividend will be paid on November 29, 2019 to stockholders of common shares as of record date November 15, 2019.

Listing of P10-billion fixed-rate, dual-tenor bond due 2021 and 2027

On November 6, 2019, Ayala Land, Inc. (ALI), listed on the Philippine Dealing and Exchange Corp. (PDEx) a P10-billion, fixed-rate, dual-tenor bond due 2021 and 2027, representing the third tranche of Ayala Land's new P50-billion shelf registration program with the Securities and Exchange Commission. The issue size of the Series-A 2-year bond is P9-billion with a coupon rate of 4.2463% while the Series-B 7.25-year bond is P1-billion with a coupon rate of 4.9899%. BPI Capital Corporation is the issue manager and acted as a joint lead underwriter and bookrunner together with BDO Capital & Investment Corporation and China Bank Capital Corporation.

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

None

O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

None

P. Other material events or transactions during the interim period

Sale of Vertex One Office

On September 24, 2019, Ayala Land, Inc. (ALI) sold to Manila Jockey Club, Inc. (MJC) its rights, titles and interest in Vertex One Building (Vertex One), consisting of office units with an aggregate area of 13,517 sqm and 2016 appurtenant parking spaces, resulting in MJC owning 100% of Vertex One for a total consideration of P511,653,100.00.

Acquisition of ALLHC shares from Avida Land Corp.

On September 27, 2019, Ayala Land, Inc. (ALI) acquired 215,090,031 common shares of AyalaLand Logistics Holdings Corp. (ALLHC) from Avida Land Corp. through a special block sale at P2.92/share for a total consideration of P628,062,891.00. As a result of the transaction, ALI's effective ownership in ALLHC increased to 71.68%.

Listing of P3-billion fixed-rate, bond due 2024

On September 30, 2019, Ayala Land, Inc. (ALI) listed on the Philippine Dealing Exchange Corp. (PDEx) P3 billion fixed-rate bonds due 2024 with a coupon rate of 4.758%, the second tranche under ALI's second P50 billion debt securities program. The bonds are priced at 35 bps, the lowest spread since PDEx started in 2008 for a five-year corporate bond. China Bank Capital was the Sole Lead Underwriter and Sole Bookrunner while BDO Capital & Investment Corporation and BPI Capital Corporation were the selling agents.

Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None
R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general purpose and expected sources of funds	For the year 2019, Ayala Land's consolidated budget for project and capital expenditures amount to P130.4 billion of which P78.2 billion has been disbursed as of September 30, 2019. The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one, or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had material effect on the financial condition or results of operations	ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year, with higher sales experienced in the fourth quarter of every year from shopping centers due to holiday spending. The Company's development operations are dependent on Market conditions and the timing of project launches depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

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

	End-September 2019	End-December 2018
Current ratio [1]	1.31:1	1.26:1
Debt-to-equity ratio [2]	0.84:1	0.85:1
Net debt-to-equity ratio [3]	0.75:1	0.72:1
Profitability Ratios:		
Return on assets [4]	5.19%	5.35%
Return on equity [5]	15.78%	16.52%
Asset to Equity ratio [6]	2.86:1	3:04:1
Interest Rate Coverage Ratio [7]	6.30	5.67

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity
3 Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)
4 Annualized Net income / average total assets
5 Annualized Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
6 Total Assets /Total stockholders' equity
7 EBITDA/Interest expense

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **AYALA LAND, INC.**

By:

AUGUSTO D. BENGZON
Senior Vice-President
CFO, Treasurer and Chief Compliance Officer

Date: November 13, 2019