



AyalaLand 2019 Integrated Report

A commitment to enrich lives
for a more progressive future

Bonifacio
High Street





Digitalization and Creating Longer-Term Value

Digitalization has been utilized by Ayala Land to enhance its mission of delivering quality products and services and building long-term value for its customers, shareholders, and stakeholders.

In the last five years, Ayala Land has increasingly taken steps to reap the benefits of digitalization for our customers and stakeholders, internal and external, alike. Within the organization, it has implemented a cloud-first strategy for our enterprise network, generating cost and time savings and a faster adoption rate.

Moreover, digitalization combined with a cloud-first strategy has reduced our IT carbon footprint by freeing up our on-premise data center and reducing the use of manual forms. As a real estate company, digitalization has only served to boost the emphasis Ayala Land puts on implementing sustainability principles in our projects and activities.

In 2019, we launched three digital platforms to enhance the Ayala Land customer experience. Self-service portal My Account enables buyers to conveniently manage their properties without having to go through sales agents and customer care specialists. @HOME is an online platform that residential owners can use to more easily conduct day-to-day tasks, like reserving amenities, requesting a service, and getting billing statements. Lastly, Z!ng gives mall-goers more than the usual shopping rewards, providing them with three hours of free WiFi while in our malls on top of the special rewards available only to users of the app.

Indeed, digitalization is taking place at a rapid pace, and Ayala Land is more than ready to engage with our customers in this increasingly digital world.

About this Report

Ayala Land's integrated report is released to the public on the same day as the SEC17-A annual report in April every year.

This report, released on April 15, 2020, was prepared in accordance with the International Integrated Reporting <IR> framework, developed by the International Integrated Reporting Council, using Global Reporting Initiative (GRI) Standards. The financial and non-financial information cover Ayala Land's operations for the calendar period ending December 31, 2019.

Except for employee data, the sustainability information on the operations of MCT Bhd., QualiMed, and Merkado Supermarket is not included in this report. The specific boundary and business units to which certain performance indicators are most material and applicable are specified in the GRI Content Index, consistent with the topic boundaries reported in previous periods.

Corporate governance practices cited in this report are based on metrics defined by the ASEAN Corporate Governance Scorecard.

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

This report may be downloaded at <https://ir.ayalaland.com.ph>. In case of questions regarding this report or its contents, contact Ayala Land Investor Communications and Compliance Division at investorrelations@ayalaland.com.ph.

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About the Company

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

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

With 12,192 hectares in our land bank, 29 estates, and presence in 57 growth centers across the country, we offer a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and strategic investments. Construction and property management services are led by our subsidiaries Makati Development Corporation and Ayala Property Management Corporation, respectively.

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

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

OUR VISION

Enhancing land, enriching lives for more people

OUR VALUES

Leadership

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

Integrity

We do the right thing.

Vision

We build with the future in mind.

Excellence

We give our best in all that we do.

Malasakit (Compassion)

We care enough to go the extra mile.

OUR OPERATING PRINCIPLES

We Build a Strong Brand.

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

We Empower Our People.

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

We Make Things Simple and Easy.

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

We Create Value for the Community.

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

We are Stewards of the Business.

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

Business Lines

ESTATE DEVELOPMENT

Established Estates

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

Metro Manila

Circuit Makati (21 ha), Makati City; 2012
South Park District (6.6 ha), Muntinlupa City; 2012
Vertis North (29 ha), Quezon City; 2012
Arca South (74 ha), Taguig City; 2014
Cloverleaf (11 ha), Quezon City; 2015
Parklinks (35 ha), Quezon City and Pasig City; 2018
The Junction Place (11 ha), Quezon City; 2019

Luzon

Altaraza (109 ha), San Jose del Monte City, Bulacan; 2014
Alviera (1,800 ha), Porac, Pampanga; 2014
Vermosa (700 ha), Imus City and Dasmariñas City, Cavite; 2015
Evo City (236 ha), Kawit, Cavite; 2017
ALVEO Broadfield (120 ha), Binan, Laguna; 2019
Cresendo (290 ha), Tarlac City, Tarlac; 2019

Visayas and Mindanao

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

Tourism Estates

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

Industrial Estates

Laguna Technopark (472 ha), Sta. Rosa City and Biñan City, Laguna; 1989
Cavite Technopark (166 ha), Naic, Cavite; 2015

SERVICE BUSINESSES

Construction and Property Management

Makati Development Corporation
Ayala Property Management Corporation

Power Services

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

Airline Services

AirSWIFT

PROPERTY DEVELOPMENT

Residential

AyalaLand Premier (Luxury)
ALVEO (Upscale)
Avida (Middle Income)
Amaia (Entry Level)
BellaVita (Socialized)

Office for Sale

AyalaLand Premier, ALVEO, Avida

Commercial Lots

Alviera, Porac, Pampanga
Arca South, Taguig City, Metro Manila
Evo City, Kawit, Cavite
NUVALI, Sta. Rosa City, Laguna
Westborough Town Center and Park Square, Silang, Cavite
ALVEO Broadfield, Biñan, Laguna

Industrial Lots

Alviera, Porac, Pampanga
Laguna Technopark, Sta. Rosa City and Biñan City, Laguna
Cavite Technopark, Naic, Cavite

COMMERCIAL LEASING

Shopping Centers

2.12M sqm GLA | 32 malls, 63 amenity retail

Offices

1.17M sqm GLA | 61 BPO, 7 HQ-type

Hotels

Branded, 660 rooms; Holiday Inn, Fairmont, Raffles
Seda hotels, 2,367 rooms; Abreeza, Atria Park, Bonifacio Global City,
Capitol Central, Centrio, NUVALI, Vertis North
AyalaCenter Cebu, Lio, Seda Residences Makati

Resorts, 423 rooms

El Nido, Lio B&B's, Sicogon B&B's

New Leasing Formats

Clock In (co-working space)

Makati Stock Exchange, 107 seats; BGC Technology Center, 227
seats; Bonifacio High Street, 174 seats; Vertis North, 185 seats;
The 30th, 262 seats; Ayala North Exchange, 357 seats;
Lio, 23 seats; Alabang Town Center, 69 seats

The Flats (co-living space)

Amorsolo, Makati, 728 beds; 5th Avenue, BGC, 1,316 beds

Factory Buildings and Warehouses

Lepanto, 85,000 sqm GLA, Laguna Technopark, 56,739 sqm GLA
Cavite Technopark, 12,604 sqm GLA, Tutuban, 1,098 sqm GLA
Alviera Industrial Park, 19,412 sqm GLA

STRATEGIC INVESTMENTS

AyalaLand Logistics Holdings Corp., 71.7% owned
Cebu Holdings, Inc., 71.7% owned
MCT Berhad, 66.3% owned
Merkado, 50.0% owned
Qualimed, 40.0% owned
Ortigas Land Corp., 21.0% owned



Performance Highlights

	2019	2018	2017
Statement of Income (in thousand pesos)			
Total Revenues	168,793,712	166,245,771	142,296,951
EBITDA*	64,911,706	54,383,928	46,195,839
Net Income (attributable to equity holders of Ayala Land, Inc.)	33,188,399	29,240,880	25,304,965
Statement of Financial Position (in thousand pesos)			
Cash and Cash Equivalents**	21,515,627	27,588,188	25,820,801
Total Assets	713,923,278	668,820,482	573,992,334
Total Borrowings	211,096,881	187,098,839	174,385,756
Stockholders' Equity	242,705,568	220,221,197	192,263,358
Statement of Cashflows (in thousand pesos)			
Net cashflow provided by Operating Activities	36,012,239	11,767,917	24,233,585
Net cash used in Investing Activities	(42,572,063)	(2,978,246)	(33,906,087)
Net Cash provided by Financing Activities	3,753,175	(6,264,296)	9,800,657
Capital Expenditures (in billions pesos)	108.72	110.14	91.38
Financial Ratios			
Current Ratio	1.30	1.26	1.30
Debt-to-equity ratio***	0.87	0.85	0.91
Net debt-to-equity ratio***	0.78	0.72	0.77
Return on Equity (Average Equity)	16.7%	16.5%	16.1%
Return on Assets (Average Assets)	5.4%	5.3%	5.1%
Stock Information			
Market Capitalization (in billion pesos)	670	598	657
Stock Price (in pesos)	45.50	40.60	44.60
Earnings per Share (in pesos)	2.25	1.98	1.71
Operational Highlights			
Sales Reservations (in billion pesos)	145.87	141.90	121.96
Malls GLA (in thousand sq. meters)	2,119	1,906	1,805
Offices GLA (in thousand sq. meters)	1,165	1,112	1,021
Hotels and Resorts (number of rooms)	3,705	2,973	2,583
Sustainability Highlights			
ECONOMIC VALUE DISTRIBUTION (in million pesos) (201-1, 204-1)			
Economic value generated (Total Revenue)	168,794	166,246	142,297
Economic value distributed	128,291	133,116	114,752
Payments to suppliers/contractors	83,453	93,798	81,552
Payments to employees	6,767	6,486	4,969
Payments to providers of capital	19,921	17,080	15,041
Payments to governments	18,096	15,676	13,147
Payments to communities	54	76	43
Economic value retained	40,503	33,130	27,545
ENVIRONMENTAL AND SOCIAL INDICATORS			
Net GHG Emissions - Commercial Properties ^c	77,976	101,551	156,204
GHG Intensity - Malls and Offices (kg-CO2e/sqm GLA) ^{ac}	145.19	230.29	286.38
Jobs Generated	492,598	249,620	205,386
UN SDG CONTRIBUTION			
Affordable Units Launched ^b	5,787	2,927	622

* Earnings before Interest, Taxes, Depreciation and Amortization

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

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

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

^a kg-CO2e: kilogram of carbon dioxide equivalent divided by square meters of GLA

^b Ayala Land's Contribution to UN SDGs and the Ayala Sustainability Blueprint

^c 2017 and 2018 figures restated following changes in boundary

Chairman's Message

Through the years, Ayala Land has remained both resilient and resolute in its singular goal of enhancing land and enriching the lives of more Filipinos. This was demonstrated in 2019 as we built and invested in more projects across the country.

The Philippine economy grew 5.9% in 2019, slightly slower than the previous years. However, fundamental growth drivers such as BPO revenues and overseas Filipino remittances remained strong. From its peak in 2018, inflation rates stabilized and remained within government targets. This allowed the Bangko Sentral ng Pilipinas to cut both the benchmark rates and reserve requirements to spur growth in the country. We also saw a boost in the government's infrastructure spending. It grew by 8% to exceed the PHP1-trillion mark for the first time.

Ayala Land continued to benefit from this positive momentum. Our net income grew by 13% to PHP33.2 billion in 2019. We continued to allocate significant resources to contribute to the development of new growth centers, helping to promote growth and progress to more people across the country.

We continued to be optimistic about the domestic environment and spent PHP108.7 billion in capital expenditure during the year. This is equivalent to 64% of our revenues amounting to PHP168.8 billion, to create and develop new projects, particularly in the residential and leasing segments.

Ayala Land continued to develop large-scale masterplanned mixed-use estates, helping spur growth and progress in many communities. To date, Ayala Land has a total of 29 estates located in different parts of the country. In these growth hubs, we provide living and recreational options for the communities that we serve—homes, office towers, malls, and industrial parks.



FERNANDO ZOBEL DE AYALA

In 2019, Ayala Land established three new estates—two in Luzon and one in the heart of Metro Manila. This is in line with our commitment to develop new growth areas and revitalize established districts.

The 120-hectare ALVEO Broadfield in Biñan, Laguna will produce 80 hectares for commercial activity and 40 hectares for residential projects. The 290-hectare Cresendo in Tarlac City, on the other hand, will enhance the province's push to become a new metropolis with affordable living and lifestyle options. Over 80% of Cresendo will be devoted to residential areas and open spaces.

Chairman's Message

We continued to allocate significant resources to contribute to the development of new growth centers, helping to promote growth and progress to more people across the country.

Meanwhile, the 11-hectare The Junction Place in Quezon City will expand Ayala Land's footprint in Metro Manila.

We have always aspired to provide Filipinos with high-quality living, working, and recreational options. In 2019, we launched 48 new projects worth PHP158.9 billion, the equivalent of close to 95% of our gross revenues.

Furthermore, we will continue Ayala Land's efforts to protect the environment, which is an integral and core aspect of our business model. We reduced emissions from our commercial properties by 72%, keeping us on track with our carbon-neutrality target by 2022.

In addition, we doubled the number of our green building portfolio to 10 LEED-certified buildings as of end-2019. Finally, we opened two processing facilities in Arca South and Lio Palawan to convert plastic waste in our properties into inputs for eco-bricks and eco-pavers to be used in our developments.

In closing, I would like to thank the management and staff of Ayala Land for their dedication and hard work. I am proud of their high engagement in the many communities that we serve, providing opportunities for employment, livelihood, and productivity while ensuring their health and safety.

I would like to especially thank our President and CEO Bobby Dy, whose leadership has sustained Ayala Land's position as a dominant player in the Philippine property industry. Finally, I thank our Board of Directors for their guidance and our many stakeholders for your continued trust and support to Ayala Land.

The publication of this message comes at a time when the world is facing enormous economic, health, and social challenges brought about by the COVID-19 pandemic. Ayala Land is doing everything it can to support its employees and reaching out to help some of the most vulnerable communities in our country.

Notwithstanding the challenges the world and our country are facing today, we remain optimistic of the long-term prospects as we continue to develop, innovate, and build for our many stakeholders.

A handwritten signature in black ink, reading "Fernando Zobel de Ayala". The signature is fluid and cursive, with the first name "Fernando" being the most prominent.

FERNANDO ZOBEL DE AYALA
Chairman

President's Report

Our commitment to advance the country's development goals is best demonstrated in our investments across the various business lines. With these investments, we build sustainable communities and create products and services that enable more Filipinos to partake in the benefits of economic growth and social progress.

In 2019, we continued to live up to this commitment as our investments translated into further expansion of our core businesses. We achieved revenues of PHP168.8 billion, 2% higher than a year ago. Back-ended residential product launches and nearly completed projects sold out in previous years accounted for the significantly slower revenue growth. However, strong leasing revenues and commercial lot sales coupled with tight cost management fueled our net income to PHP33.2 billion, 13% higher than a year ago. The strong leasing growth is a result of our strategy rolled out six years ago to invest heavily in commercial assets and we saw many of these completions now bearing fruit. All these resulted in a return on equity (ROE) of 16.7%, the highest in the Philippine property sector.

Since the rollout of our 2020-40 plan in 2014, I am pleased with how our organization has responded to the challenge and delivered significant growth over this period. From a net income of PHP11.7 billion in 2013, we have been able to increase our bottom line at a compounded annual growth rate (CAGR) of 19% by the end of 2019. The net income from property development increased at a CAGR of 17%, lifted by consistent demand for our residential products as reservation sales grew at an annual average of 8%. Meanwhile, net income from commercial leasing advanced at a CAGR of 25% as our malls' gross leasable area (GLA) increased by 68% to 2.12 million sq. meters, offices' GLA doubled to 1.17 million sq. meters, and the number of hotel and resorts rooms increased by 85% to 3,705 rooms.

This consistent strong growth has allowed us to disburse PHP7.7 billion in dividends in 2019, 3% higher than previous year. Notwithstanding our achievements and strong cash flows, we ensured the stability of our balance sheet through prudent cash management and optimal capital deployment. With this, we ended 2019 with a net debt-to-equity ratio of 0.78:1, affirming our Triple-A credit rating.



BERNARD VINCENT O. DY

These results were made possible as the Philippine economy paved the way for steady progress. The country benefitted from lower inflation and interest rates, a strong peso, robust household consumption, and a growing middle class. These macroeconomic factors have provided for an environment that is supportive of growth, enabling us to sustain our momentum and fulfill our vision of “enhancing land, enriching lives for more people.” We best demonstrate this through our investments in estate development, residential projects, commercial leasing, and other property-related businesses. In 2019, we spent a total of PHP108.7 billion in capital expenditures.

President's Report

As I look back over the last decade, it gives me tremendous pride knowing that our company has undergone an unprecedented period of growth, expanding our product lines and services to benefit more Filipinos, enhance their quality of life, and help bring economic activity to various growth centers in our country.

We introduced three new mixed-use estates, further venturing into more locations—the 120-hectare ALVEO Broadfield in Biñan, Laguna; the 11-hectare The Junction Place in Quezon City; and the 290-hectare Cresendo in Tarlac City.

Broadfield is a mixed-use commercial development located close to Laguna Technopark and adjacent to De La Salle University Canlubang. It is poised to benefit from the completion of the Cavite-Laguna Expressway (CALAX) and the planned Cavite-Tagaytay-Batangas Expressway. Meanwhile, The Junction Place is a pocket urban development located on Quirino Highway near Tandang Sora Avenue which will host an Amaia neighborhood. We see this strengthening our footprint in Quezon City, following the success of Vertis North and Cloverleaf. Lastly, Cresendo is our first estate in Tarlac province and will feature a 30-hectare downtown area, a 32-hectare industrial park, a school by Don Bosco Technical Institute, and an Avida community.

We are investing a total of PHP35 billion for the buildup of these estates over the next few years to spur commercial activity, promote job generation, and foster community development. With these three planned mixed-use projects, Ayala Land will have 29 estates nationwide, cementing its place as the largest mixed-use developer in the Philippines.

To ensure adequate inventory across all market segments we serve and to continue the buildup in our various communities, we launched PHP158.9-billion worth of projects for sale during the year. Eighty-five percent (85%) of the launches were accounted for by residential products, with the balance composed of office units, commercial lots, and industrial land for sale. I am also pleased with our progress in addressing the broader housing market served by Avida, Amaia, and BellaVita. In total, they delivered 11,476 units in 2019, a compounded annual growth rate of 28% over the last five years.

In commercial leasing, we opened new malls and retail spaces, capitalizing on strong local consumption. These are Ayala North Exchange Retail in Makati City, Ayala Malls Central Bloc in Cebu, and our biggest mall to date, Ayala Malls Manila Bay in Parañaque. Altogether, these account for 213,000 sq. meters of GLA. To meet the demand requirements from various office locators, we completed Ayala North Exchange

BPO, Manila Bay BPO, and Central Bloc Corporate Center 1 in Cebu, offering 70,000 sq. meters in total GLA. In addition, we opened 774 new rooms in our various hotels and resorts such as Seda Residences Makati; Seda BGC expansion; Seda Lio in Palawan, Huni in Lio, Palawan; and Circuit Corporate Residences in Makati.

In other leasing formats, Clock In, our co-working space provider catering to entrepreneurs, startups, freelancers, and flexible-space users, tripled its capacity to 1,404 seats by opening five new branches—in Vertis North, The 30th, Ayala North Exchange, Alabang Town Center, and Lio. Meanwhile, The Flats, our co-living space offering, opened a new branch in BGC. Together with its first branch in Amorsolo, Makati, The Flats now has 2,044 beds to serve young office professionals who require accessible and affordable housing within the CBDs. We also expanded our standard factory buildings and warehouses, now totaling 175,000 sq. meters of GLA. This is managed and operated by our listed subsidiary, AyalaLand Logistics Holdings, Corp. (ALLHC), accommodating demand for light manufacturing facilities and storage requirements from various industries.

Our ability to execute on these investments would not have been possible without our construction arm, Makati Development Corporation (MDC). I am proud to share that MDC celebrated its 45th anniversary in 2019. MDC managed 193 ongoing projects and completed 44 projects as it continued to improve its safety, quality, and timely delivery performance. It has also significantly increased its design-and-build engagements and has started to gear up for prefabricated, prefinished volumetric construction. With its nine local training facilities accredited by the Technical Education and Skills Development Authority (TESDA), MDC produced 5,139 graduates in 2019, bringing its total to 29,845 graduates since the inception of the program in 2015.

Complementing MDC is Ayala Property Management Corporation (APMC). APMC conducted 13,260 emergency response team drills and 192 night drills, and rolled out a centralized fire detection alarm monitoring system to ensure the safety of residents and tenants. Through these efforts, APMC achieved a “zero major fire incident” record across its 256 managed properties. APMC received an overall satisfaction rating of 89.1% in 2019 from a survey of 5,786 respondents. Both MDC and APMC ensure that we are able to fulfill our customer commitments and maintain the quality of our completed projects over time.

I am also glad to report on the performance of our strategic investments—ALLHC, Ortigas Land, and MCT Bhd. Through ALLHC, we were able to build further on our position as the largest industrial estate developer in the country. In 2019, it launched the 105-hectare Laguindingan Technopark in Misamis Oriental. This brought our total number of industrial estates to five, adding to our portfolio of 29 mixed-use estates. Ortigas Land, on the other hand, launched new projects such

President's Report

as The Galleon in Ortigas Center and Empress in Capitol Commons and opened a new wing in its Estancia Mall. Meanwhile, MCT Bhd is preparing the launch of new projects in Petaling Jaya and Subang Jaya after the strong sellout of its projects in 2019.

2019 was a year of significant investments and business activity for our company. As we continue to build projects and communities, we remain steadfast in our commitment to integrate sustainability in our day-to-day operations. Three years ago, we embarked on our ambitious plan to offset the carbon footprint of all our commercial assets by the year 2022. I am pleased to report that as of end-2019 we have already offset 72% of our carbon emissions through a deliberate shift of 16 properties to renewable energy and allocating 586 hectares of our landbank to become protected forests.

We also rolled out new programs for waste management with the launch of our first eco hub in Arca South to drive segregation and improve waste reduction. In 2019, the facility was able to collect 32,000 kgs of plastic and converted the sub particles into construction materials to be used in our developments. A second hub in Lio, Palawan was also introduced in the last quarter of the year.

Indeed, we realized significant achievements and progress across multiple fronts in 2019. But as I write this note, the world is going through the biggest crisis of our generation, a global pandemic brought about by COVID-19. An overwhelming majority of business activity stopped overnight and the entire Luzon region was placed under an enhanced community quarantine, with major cities in Visayas and Mindanao anticipated to follow within a short period of time. Filipinos' movements were restricted to help control the spread of the virus and our operations were brought to a standstill, with the exception of our BPO offices and hotels that continue to operate on a limited basis to accommodate current business needs.

Today, we cannot ascertain the effect this crisis would have on our business. We do know, however, that this will have a major impact on the short term and our performance for the year 2020, with high likelihood of a spillover into 2021. We are now in the process of adjusting our plans to ensure that we adapt quickly to this new reality and remain resilient throughout this crisis. In the midst of this situation, what gives me comfort is knowing that our balance sheet remains robust and I am confident that this strength would enable us to weather this storm.

As I look back over the last decade, it gives me tremendous pride knowing that our company has undergone an unprecedented period of growth, expanding our product lines and services to benefit more Filipinos, enhance their quality of life, and help bring economic activity to various growth centers in our country. As we enter this new decade and a new chapter, we will start by creating a plan to adapt to the unprecedented disruption resulting from the COVID-19 crisis.

As I close this report, let me take this opportunity to thank all my colleagues at Ayala Land. All our company's achievements would not have been possible without your hard work, dedication, and commitment. For this I am truly grateful. I am also confident that this same team will allow us to overcome the challenges brought about by the pandemic and that we will bounce back stronger and more united as a company, "one despite the distance."

To our Board of Directors, I would like to express my gratitude for your continued engagement, providing the guidance and wisdom that has allowed our company to achieve market leadership and thrive all these years.

Finally, to you, our shareholders and stakeholders, your unwavering support and belief in Ayala Land is what inspires us to be of service to the Filipino people. Thank you for standing by us as we continue our journey to enhance land and enrich lives for more Filipinos.

A stylized, handwritten signature in black ink, consisting of several loops and a long, sweeping horizontal stroke at the end.

BERNARD VINCENT O. DY
President and CEO

CFO's Report

Our strong balance sheet enables us to execute on our investment and sustainability plans so that we can continually create value for our stakeholders. It provides us with the competitive advantage to withstand economic headwinds and ensure long-term growth.

We continued to strengthen our financial position in 2019 as we reached revenues of PHP168.8 billion, driven by office, and commercial and industrial lot sales, and the higher contribution of new leasing assets. With a growing revenue base, healthy product and operating margins, and strict cost management, our net income after tax of PHP33.2 billion was 13% higher than the prior year. We sustained a general and administrative expense (GAE) ratio of 5.5% and achieved earnings-before-interest-depreciation-and-amortization (EBITDA) and net-income-after-tax (NIAT) margins of 38.5% and 19.7%, respectively. Our return-on-equity (ROE) is an industry-leading 16.7%.

In 2019, we spent P108.7 billion in capital expenditures for our investments and project commitments. We launched 48 property developments worth PHP158.7 billion, another all-time high as we ramped up inventory to service demand for our products. We opened new commercial leasing assets, closing the year with a bigger portfolio—malls and offices with total gross leasing space of 2.12 million and 1.17 million square meters respectively, and hotel and resorts with 3,705 rooms.

We are successfully executing on our strategy to increase our recurring income as it now comprises 34% of our bottom line. Over the past 10 years, net income generated by our leasing assets has grown at a compounded annual growth rate (CAGR) of 23%.

These results build on our aggressive growth plan which we inceptioned in 2009—the “5-10-15” plan, a bold and pioneering move for Ayala Land back then. With its success, we launched the “2020-40” plan in 2014 which will be concluded in the coming year. In the last decade, we have invested a total of PHP768 billion in capital expenditures. This unprecedented level of investments has translated to a NIAT growth of 23% per annum in the last 10 years, and seen our share



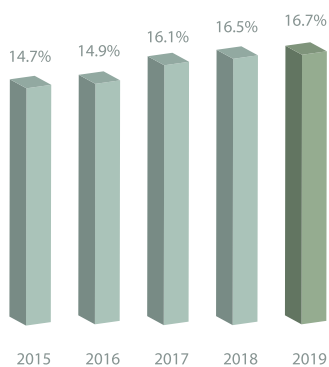
AUGUSTO D. BENGZON

price record a 15% CAGR versus the Philippine Stock Exchange Index's 10%. These achievements we were able to accomplish given a supportive Philippine macroeconomic environment that remained resilient amidst uncertainty and volatility in global and regional markets.

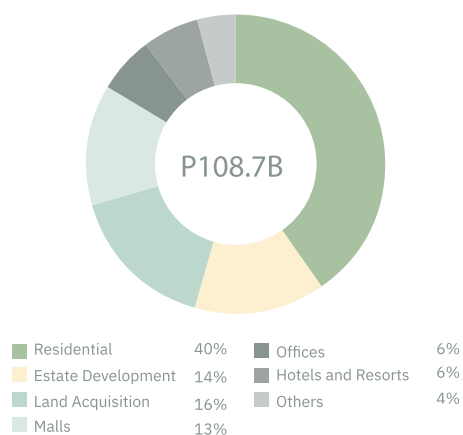
We have successfully financed our investments by utilizing internally generated funds, supplemented by debt from banks and the domestic capital markets. In 2019, we took advantage of the lower interest rate environment as the Bangko Sentral ng Pilipinas cut its benchmark rates by a total of 75 basis points. We tapped the debt capital market thrice during the year—in May, with an PHP8-billion

CFO's Report

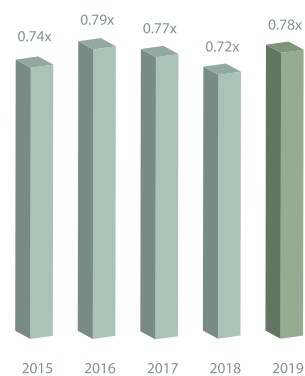
RETURN ON EQUITY



CAPITAL EXPENDITURE



NET DEBT-TO-EQUITY RATIO



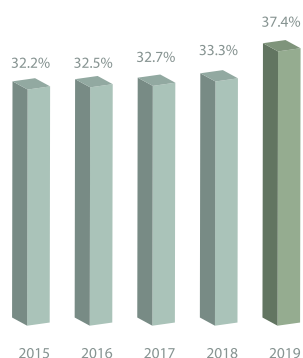
DEBT PROFILE

Maturity	
91%	Long Term
9%	Short Term

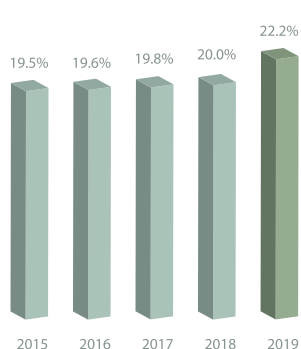
Interest Rate	
90%	Fixed
10%	Floating

Currency	
97%	Local
3%	Foreign

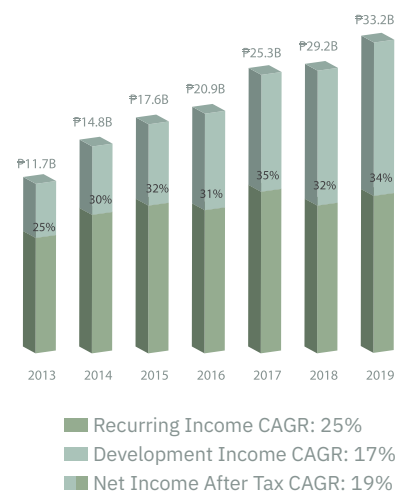
EBIT MARGIN (EARNINGS BEFORE INTEREST AND TAXES)



NIAT MARGIN (NET INCOME AFTER TAX)



NET INCOME CONTRIBUTION (IN BILLION PESOS)



bond due in 2026, in September with PHP3 billion due in 2024, and in November amounting to PHP10 billion due in 2021 and 2027. This allowed us to continue with our policy of extending the tenor of our debt and spreading out our maturities to effectively manage refinancing risk. We also executed a total of PHP31 billion in bilateral bank loans to refinance maturing and expensive debt. We continued to actively manage our debt portfolio as we locked in 90% with fixed rates, with 91% contracted on a long-term basis, and only 3% denominated in foreign currency. Notwithstanding the incremental debt incurred during the year, we maintained a net debt-to-equity ratio of 0.78:1.

As part of a disciplined capital management program, we paid out PHP7.7 billion in cash dividends, representing 26% of our net income in 2018. In addition, we bought back the equivalent of PHP1.1-billion worth of Ayala Land shares in March and November, as we saw the Company's shares reach discounted levels compared to its intrinsic value. While local macroeconomic factors remained favorable, the stock market experienced heightened volatility due to global trade uncertainties and the accompanying political rhetoric.

We provided more granularity on our land bank so that analysts and institutional investors are able to value it more appropriately. We recognize that our land bank comprises a majority of Ayala Land's net asset value (NAV) as it is the primary input to our business model and is considered a critical component to our growth strategy. In 2019, our land bank totaled 12,192 hectares. This ensures a steady pipeline of land with which to launch new estates, residential and commercial projects for sale, and commercial leasing assets over the medium to long term. As a result of this exercise, we saw sell-side analysts and institutional shareholders adjust their respective valuations of Ayala Land, reflected in higher NAV estimates and target prices.

To promote a culture of value creation within the company, and to further the alignment between management and shareholders, we expanded the scope of our employee stock ownership program to allow a greater number of qualified managers to become co-owners of the business. As of end-2019, there were 193 participants in the program, compared to 176 in 2018.

Across our various Strategic Business Units (SBUs), we have also deployed 17 CFOs who are tasked to be growth enablers and risk mitigators in their respective companies. We see this as an important strategy for the business as it provides the CFOs with hands-on training and a holistic perspective of the Ayala Land Group. We believe that cross-posting provides each of them with the well-rounded experience and outlook required to take on bigger roles and responsibilities within the group. Collectively, this strategy builds on institutional memory and ensures business continuity and consistent strategy implementation for the long term.

Consistent with our Enterprise Wide Risk Management (EWRM) program, we conducted a periodic identification, tracking, and review of risks affecting each strategic business unit (SBU) and critical support groups. The Board Risk Oversight Committee continued to provide guidance on the overall management of the company's risks. The Risk Council, for its part, provided the needed cross-functional review of all the identified risks which is key to understanding risk inter-relationships. In 2019, there were a total of 31 identified key risks affecting our operations, varying from project execution and the timely delivery of residential developments to environmental as well as emerging risks. Aside from having key controls in place, we have risk-transfer programs to provide the SBUs with the flexibility and means to further mitigate the financial impact of natural calamities and operational exposures. Moreover, in collaboration with partner-insurers, we have established automatic insurance programs to allow the SBUs to continue their expansion plans without the need to structure individual insurance policies for each undertaking.

To improve our service to internal and external stakeholders, we made further inroads in our digitalization journey. In 2019, we embarked on 111 digital initiatives of which 59 were completed. A major part of our digitalization strategy involves the use of robotics to automate our processes. This resulted in significant operational efficiencies. With about 3,400 information technology-related service requests per month, automation eliminated a total of 776 manual hours monthly. Meanwhile, the Residential Business Group (RBG) was able to save 20 hours of manual processing per person every month, equivalent to a total of 460 manhour savings. We also launched three digital platforms for our customers—our Residential Business Group's My Account portal, Ayala Property Management Corporation's @HOME app, and the Ayala Malls' ZIng app. We share with you the specific features of these initiatives on pages 46 to 47 of this report. With all these digital initiatives, we aim to serve our internal and external customers more efficiently and effectively which should translate to higher engagement. And to further strengthen our cybersecurity defenses, we completed the incident management process with our Managed Security Operations Center with dashboard reporting and alerts handling. The dashboard analytics contains a detailed breakdown and analysis of alerts which will allow us to improve on and customize our cybersecurity program in the coming years.

Aprisa Business Process Solutions, Inc., our wholly-owned business process outsourcing (BPO) provider, effected 1.6 million transactions, 200,00 more than the prior year, covering payments, billings, procurement, bookkeeping, and financial reporting. Amicassa, our captive BPO providing documentation support for our residential business, processed and released 15,266 titles, an increase of 14% from 2018. Continuing process enhancements and digitization initiatives enabled both Amicassa and Aprisa to accommodate higher transaction counts without increasing their respective manpower complements.

We participated in 17 foreign and local conferences, hosted 110 one-on-one meetings, and organized 38 site tours for our institutional shareholders. We interacted with a total of 220 firms, represented by 418 individuals. Ayala Land was recognized by IR Magazine as one of the Top 50 companies globally for investor relations and among the top 5 companies in the finance and real estate category. In addition, IR Magazine conferred our 2018 Integrated Report with the Best Annual Report in Southeast Asia award (large cap category). We are honored and grateful for the continuing support of the investor and analyst community.

I am also pleased to share with you that we were once more recognized for our high standards in Corporate Governance. The Institute of Corporate Directors awarded us with the four-arrow recognition, the highest distinction given to a Philippine company in 2019, for outstanding performance according to the benchmarks established by the ASEAN Corporate Governance Scorecard. We were one of only six companies to receive such a citation. This would not have been possible if not for the commitment and support of our Board of Directors and our employees, all of whom impassionedly live by Ayala Land's guiding principles and values.

As we finalize this integrated report, the Company is one with the rest of the country and its citizens, working hard to mitigate the effects of a global pandemic not only on our business and organization but more importantly on the individuals, households, and communities that we reach through our activities and developments.

To our shareholders, the Company's strong financial position and highly engaged employees will provide us the wherewithal to confront the external headwinds in the coming years.

To our stakeholders, rest assured that your Board of Directors together with the management and staff of Ayala Land will never waver and remain committed to the core values that have seen this Company overcome the many challenges it has faced in its 31 years of existence, and will be facing in the years to come.



AUGUSTO D. BENGZON
Chief Finance Officer, Treasurer,
and Chief Compliance Officer



Business Review





Estate Development

Ayala Land launched three new estates in 2019, enhancing its presence further in Metro Manila, Southern Luzon, and Central Luzon. These new developments will build on the established and emerging estates across the country, hastening local economic growth for more Filipinos.

New Estates Launched in 2019

ALVEO Broadfield

Launched in October 2019, the ALVEO-branded Broadfield is a 120-hectare mixed-use development in South Luzon's thriving residential, leisure, industrial, and manufacturing center. Just four kilometers away from NUVALI, Broadfield is easily accessible from the South Luzon Expressway (SLEX) through Governor's Drive and Sta. Rosa-Tagaytay Road, from the Cavite-Laguna Expressway (CALAX), and from the planned Cavite-Tagaytay-Batangas Expressway. Eighty hectares of Broadfield is dedicated to mixed-use and commercial spaces, while 40 hectares is allotted for residential communities, Venido and Aveia. This estate is also adjacent to the De La Salle University Laguna Campus. The total investment for the project is PHP8.5 billion.

The Junction Place

The Junction Place is an 11-hectare pocket urban development located in Novaliches, Quezon City, launched in October 2019. It is envisioned as a sustainable area for commerce, recreation, and leisure in one of the city's busiest areas. The estate will be anchored by an Amaia development which will cater to the emerging economic segment. The Junction Place will also have a community center and a WalterMart shopping center. The total investment for the project is PHP8 billion, of which PHP500 million will be allocated for land development including the construction of a four-lane road connecting Quirino Highway and Tandang Sora Avenue. In addition, a transport hub and UV Express terminal will be built to boost the estate's connectivity to other areas of Metro Manila.

Cresendo

Cresendo was launched in November 2019. Ayala Land's first estate in the province of Tarlac, it will feature a 30-hectare downtown area to complement the city's current commercial center. The 290-hectare estate is only three kilometers away from the Luisita exit of the Subic-Clark-Tarlac Expressway (SCTEX), six kilometers away from the MacArthur highway, and 15 kilometers away from Clark New City. It will host a 32-hectare industrial park, a school by Don Bosco Technical Institute and an Avida community. Total investment for the project is PHP18 billion.

Emerging and Established Estates

METRO MANILA

Makati Central Business District

The revitalization of the Makati Central Business District (CBD) is rapidly advancing with the progress on several strategic developments.

Ayala North Exchange was fully opened in September 2019. It is a mixed-use commercial complex hosting a two-tower office facility catering to company headquarters and BPO tenants, the first serviced apartment offering under the Seda brand, and a retail podium.

Flagship mixed-use developments Ayala Triangle Tower Two and the new Mandarin Hotel will offer new areas of convergence at the Ayala Triangle Gardens, the heart of the CBD, once they open.

The construction of One Ayala is in full swing. The mixed-use commercial development with an intermodal transport hub, located on Ayala Avenue corner EDSA, will offer improved pedestrian and transport connectivity at the CBD's gateway.

Greenbelt and Glorietta malls are undergoing a PHP5.8-billion redevelopment to keep pace with the fast-changing consumer landscape. This covers 36,000 sq. meters GLA in Glorietta, including the relaunch of the

Food Choices food court which opened in July 2019. Simultaneously, 7,000 sq. meters GLA in Greenbelt across wings 3, 4 and 5 are undergoing a refresh. All redevelopment works in Greenbelt and Glorietta are expected to be completed by 2021.

Bonifacio Global City

Solidifying Bonifacio Global City's position as a premier center for business and finance is the launch of the unified trading floor of Philippine Stock Exchange at the PSE Tower on 5th Avenue corner 28th Street, with trading starting in February 2019.

BGC also saw the opening of The Flats in January 2019, a co-living development on 5th Avenue, providing "BGCitizens" an affordable rental accommodation. Retail options at BGC have also become more diverse with the entry of international, first-in-the-country stores—US burger chain Shake Shack at Central Square; Ministry of Crab in Shangri-La at the Fort; New York City's Magnolia Bakery (billed as M Bakery); and Hong Kong's Elephant Grounds. The Zara brand of the Inditex group also opened in BGC. The Food District, a new food court concept located at the basement of One Bonifacio High Street, was also opened to the public.

Circuit Makati

The 22-hectare Circuit Makati, planned to become the entertainment and culture district of Makati City, is being improved with the installation of a sculpture by Reg Yuson in Circuit Lane, and the opening of the Circuit Performing Arts Theater later in 2020. Turnover of ALVEO's Solstice Tower 1, which started in 2018, is ongoing while turnover of Tower 2 is expected to commence in 2020.

Arca South

The buildup of the 74-hectare Arca South in Taguig City is on track. Rising in the estate are Ayala Malls Arca South, Arca South Corporate Center office towers, and residential towers by ALP, ALVEO, and Avida. Turnover of phase one residential units in Arbor Lanes and Towers One Union Place started in mid-2018 and The Veranda in December 2019. Commercial developments are also underway, including the Tryne Enterprise Plaza

Business Review

by ALVEO, Z2 Tower by AVA, Savya Financial Center by Artha Land, Fifty Six Central by Daiichi Properties, and the already operational Makati Development Corporation headquarters. Arca South's Eco Hub has also opened, collecting some over 32,000 kg of plastic waste to date, reprocessed into eco-bricks for Ayala Land projects.

Vertis North

Ayala Malls and Seda Vertis North have spurred commercial activity in the areas around Vertis North, located in Quezon City's North Triangle. All three towers of Avida Towers Vita have been turned over to buyers. Turnover of units in ALVEO High Park Tower 1 started in late 2019, while High Park Tower 2 is set for completion and turnover in 2020. Construction is in full swing for residential projects Olean Place by ALVEO and Avida Towers Sola 1 and 2 as well as One Vertis Plaza, the first premium office for sale at Vertis North. Excavation works for Vertis North BPO Towers 4 and 5 are also set to begin in 2020.

Cloverleaf

At Cloverleaf in Balintawak, Quezon City, turnover of units in Avida Tower 1 started in the fourth quarter of 2019. Avida Tower 2 and ALVEO's Sentrove Tower 1 were launched. Phase 2 of Ayala Malls Cloverleaf, which will be connected to the Manila Light Rail Transit's Balintawak Station, is scheduled to launch in 2020.

Parklinks

At Parklinks, a partnership with Eton Properties, the brisk residential sales of ALP's North Tower paved the way for the launching of the South Tower in 2019. ALVEO also launched its first residential development, The Lattice, in the estate. Straddling Pasig City and Quezon City, Parklinks will feature an iconic bridge that will connect the two cities over the Marikina River, offering a new route for motorists and easing vehicular traffic in the eastern and northeastern portions of Metro Manila. The new bridge is set to be completed in early 2021. Ayala Malls Parklinks, which broke ground in December 2018, is set to be completed in 2023, creating a new lifestyle destination in the area. Parklinks will be accessible via C5 Road in Quezon City and Amang Rodriguez Avenue in Pasig City.

LUZON

NUVALI

At NUVALI, the country's first and largest eco-city development, the expansion of Seda is in full swing, adding 206 rooms upon completion later in 2020. Another shopping option was added with the opening of Landmark department store and supermarket in July 2019. International school Everest Academy Nuvali welcomed its first batch of students in September. The campus has three school buildings, and separate structures for a church, sports complex, library, and other facilities.

Alviera

At Alviera in Pampanga, construction is in progress for ALVEO's Greenways and Avida Northdale Settings while turnover of phase one residential units of Avida and ALVEO started in the first quarter of 2018. The Alviera Country Club has officially opened its doors to members, catering to social and corporate activities of the community. Meanwhile, construction at the La Salle Botanical Gardens has started, with completion of the first phase set for later in 2020. Phase one of the Alviera industrial park is now operational, while construction of phase two has been completed and is being readied for turnover later in 2020. Alviera will also host campuses of Holy Angel University, a renowned Pampanga-based university, and Miriam College, two institutions of higher learning that will offer students from around the region with more high-quality education options.

Altaraza

Altaraza Town Center in San Jose del Monte, Bulacan, marked 2019 with the groundbreaking of WalterMart Altaraza in December. The retail development, which will house WalterMart Supermarket, W Department Store, and Abenson Appliance Center, is set to open in the last quarter of 2021. In July, STI Academic Center also opened its nine-storey school in the estate, currently serving 1,224 senior high school and tertiary students.

Vermosa

At Vermosa in Imus and Dasmariñas, Cavite, ALP and ALVEO launched new phases of The Courtyards and Ardia, respectively. Amaia launched its first town house project in the first quarter of 2019. ALVEO has targeted to turn over phase one units of Ardia later in 2020. Several locators, including McDonald's and Starbucks, started operations in 2019. Meanwhile, a Petron gas station is set to open this March. The Vermosa Sports Hub became part of the 30th Southeast Asian Games, hosting water hockey events in December 2019.

VISAYAS AND MINDANAO

Cebu Park District

At the Cebu Park District, Ayala Malls Central Bloc and Central Bloc Corporate Center 1 opened at the combined CBP-CITP cluster, Cebu City's main business district. The fifth tower of Avida Towers Riala was also launched in December 2019.

Atria Park District

In Iloilo City, the fourth tower of Avida Towers Atria was launched at the Atria Park District to cater to the growing demand for residential products from the emerging middle-income segment.

Abreeza

In Davao City, ALVEO launched the fifth tower of Patio Suites 2 in Abreeza Estate while Avida launched the second tower of Avida Towers Abreeza.

Azuela Cove

In Azuela Cove, the third tower of ALP in the estate, The Parkshore, was launched in October. Construction of a Gaisano supermarket is ongoing. Azuela Cove, billed as "Davao's prime waterside lifestyle district," also hosted the ALVEO Ironman 70.3, which was recently awarded the best Ironman 70.3 Race in Asia.

Habini Bay

In Laguindingan, Misamis Oriental, Laguna Technopark Inc., Habini Bay's first anchor locator, launched operations.

Island Tourism Estates

At Lio, Palawan, 1.42 hectares of commercial lots have been sold, with total sales value of PHP385 million. Huni Lio, a 50-room hotel was opened in the estate to add more affordable accommodation options for tourists and guests, bringing the total number of rooms in Lio to 305 hotel rooms, including Seda Lio Resort.

In September, an eco-forest trail with a view deck 82 meters above sea level was opened, offering guests more opportunities to be immersed in nature. In December, the Lio Community Market was completed, offering 12 retail spaces with 560 sq. meters of total leasable area. As part of the improvements for the Lio Airport in El Nido, the Lio runway was equipped with airfield lights and night landing equipment.

With the launch of three new estates, the number of large-scale, integrated, mixed-use developments have reached a total of 29. This is composed of five established estates, and 24 emerging estates—seven in Metro Manila, three in Central Luzon, three in Calabarzon, six in Visayas, three in Mindanao, and two tourism estates.

NEW ESTATES

BROADFIELD
Biñan, Laguna

THE JUNCTION PLACE
Quezon City, Metro Manila

CRESENDO
Tarlac City, Tarlac

- 1 ALVEO's 120-hectare Broadfield is set to become an emerging commercial district in Southern Luzon.
- 2 The 290-hectare Cresendo, Ayala Land's first estate in the Tarlac province, will feature a downtown area which will complement Tarlac City's current commercial center.
- 3 Enriching the entertainment offerings at Circuit Makati, the 1,500-seater Circuit Performing Arts Theater will host world-class Filipino talent in music and the performing arts.
- 4 The 11-hectare urban pocket development, The Junction Place, will connect two main thoroughfares in Quezon City.
- 5 The Alviera Country Club anchors the 1,800-hectare Alviera estate in Porac, Pampanga.
- 6 Cebu's premier CBD, the Cebu Park District, is being invigorated with the opening of new commercial leasing assets such as Ayala Malls Central Bloc and Central Bloc Corporate Center 1.







Property Development

The property development business generated PHP109.7 billion in revenues from the sale of lots and units under the five residential brands, supported by sales of office units and commercial and industrial lots. It also includes revenues from MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia. Property development comprised 69% of Ayala Land's real estate revenues in 2019.

AyalaLand Premier

AyalaLand Premier (ALP), the leading brand in the residential luxury segment, launched a total of PHP44.5-billion worth of projects. These include Ayala Greenfield Estates Phase 8C in Laguna, Andacillo Phase 1 and 2 in NUVALI, Parklinks South Tower in Quezon City, The Parkshore at Azuela Cove in Davao City, and Gardencourt Residences 1 and 2 in Arca South, Taguig.

ALP's revenues for the year reached PHP24.5 billion, driven by contributions from new projects and construction progress of Park Central South Tower in Makati City, One Vertis Plaza in Vertis North, and West Gallery Place in BGC. It completed three projects and turned over 1,614 units to customers in 2019.

ALVEO

ALVEO launched 11 projects in 2019 with a total value of PHP75.0 billion, an all-time high for the brand as it continued to be leaders in the upscale segment. These projects include The Residences at Evo City Phase 2 in Cavite, The Orian Place Tower 2 in Vertis North, Parkford Residences and Mergent Residences both in Makati City, and The Lattice in Pasig City, and commercial lots in Broadfield.

It posted PHP19.0 billion in revenues mainly from Orian Place Tower 2 in Vertis North, and The Greenways at Alvia. It completed eight projects and turned over 3,461 units to its customers.

The upscale brand garnered 23 commendations and awards from both local and international award-giving bodies, including special recognitions for Corporate Social Responsibility and Sustainable Development from the Philippine Property Awards, Best Real Estate Brand in the Philippines from Global Brands Magazine, and Best Real Estate Company from the International Business Magazine Awards.

Avida

Avida launched 10 new projects worth PHP24.1 billion, serving the housing needs of the middle-income market. These projects include Aldea Grove Estates in Pampanga; Avida Towers Vireo Tower 3 in Arca South; Avida Towers Abreeza Tower 2; Avida Towers Ardane in Southpark District; and Two Antonio in Makati.

Its revenues rose by 13% to PHP27.4 billion in 2019, driven by construction progress of Avida Towers Sola 2 in Vertis North and new bookings and construction progress of Avida Verra Settings Phase 1 in Vermosa and Avida Towers Vireo Tower 1 in Arca South. It completed six projects and turned over 5,853 units to customers.

Amaia

Amaia, a key player in the affordable segment, launched nine residential projects valued at PHP14.6 billion. These include two new projects, Amaia Series Vermosa and Amaia Scapes Rizal, and the expansion of seven existing projects, including Amaia Steps Sucat in Parañaque, Amaia Steps Alabang, Amaia Skies Shaw in Mandaluyong, and Amaia Skies Avenida in Manila.

Its total revenues reached PHP7.4 billion driven by contributions from Amaia Steps Alabang Delicia, Amaia Steps Capitol Central South in Bacolod, and Amaia Steps Nuvali Parkway. Amaia completed eight projects and turned over 4,526 units to buyers. To ensure a steady pipeline of projects in the coming years, Amaia acquired land in 11 locations nationwide.

BellaVita

BellaVita, our socialized housing brand, started a new project in Naga City, Camarines Sur and a sequel to its subdivision in Alaminos, Laguna. It also launched additional units in its existing projects in Lian and Rosario in Batangas, Pila in Laguna, and in Iloilo. These projects are worth PHP823 million.

Total revenues grew by 4% to PHP1.2 billion contributed by projects in Alaminos and Pila, Laguna and Iloilo. A total of 1,097 units were turned over in 2019.

Office for Sale

ALVEO led the growth in revenues from the sale of office units in 2019. Revenues grew by 12% to P12.3 billion from its projects such as High Street South Corporate Plaza 2, Park Triangle Tower, One Vertis Plaza, and Park Triangle Corporate Plaza. Capitalizing on its strong brand, ALVEO launched the Cerca Enterprise Plaza in Alabang composed of 343 units with a total value of PHP8.3 billion.

Commercial and Industrial Lots for Sale

Sales of commercial lots in key estates such as Altaraza, Vermosa, NUVALI, and Broadfield propelled revenues of this segment by 63% to PHP9.3 billion.

The launch of the Broadfield estate by ALVEO in 2019 will provide the pipeline for growth in commercial lot sales, building on current offerings in existing estates such as Altaraza, Arca South, Vermosa and NUVALI. Broadfield allocated a total of 80 hectares for commercial use. The first phase covers 36.6 hectares, including the first tranche of 35 commercial lots which were offered to the public in October 2019.

Note: The discussion on MCT Bhd is made available on page 43 of this report under the section Strategic Investments.

Ayala Land launched
PHP158.9-billion worth
of property development
projects in 2019.

2019 Property Development Launches

AyalaLand Premier
PHP 44.5b

ALVEO
PHP 75.0b

Avida
PHP 24.1b

Amaia
PHP 14.6b

BellaVita
PHP 0.8b



- 1 AyalaLand Premier's North and South Towers at Parklinks overlooks the iconic bridge connecting Quezon City and Pasig City.
- 2 Parkford Suites by ALVEO, located just in front of the Legazpi Active Park, provides another residential option at the Makati CBD.
- 3 The ramp-up of Arca South continues with the launch of the third tower of Avida Towers Vireo in Taguig City.
- 4 Amaia Series Vermosa is the first affordable townhouse residential development in the 700-hectare Vermosa Estate.
- 5 Situated in Baranggay Pacol, BellaVita Naga has a total area of 14.8 hectares.





Commercial Leasing

The commercial leasing business, consisting of operations of shopping centers, office buildings, and hotels and resorts, posted PHP39.3 billion in revenues on increased contribution of new leasing assets. Commercial leasing accounted for 25% of real estate revenues. The leasing portfolio continued to expand with malls and offices totaling 2.1 million and 1.2 million sq. meters of GLA, respectively, and hotels and resorts with 3,705 rooms.

Shopping Centers

The shopping centers segment, represented by Ayala Malls, posted revenues of PHP22.0 billion, 11% higher than previous year, on growth coming from newly opened malls such as Ayala Malls Feliz, Ayala Malls Capitol Central, and Ayala Malls Circuit Makati. Same-mall revenue growth registered at 8%.

Ayala Malls opened a record 213,000 sq. meters of GLA, with the launch of Ayala Malls Manila Bay (161,000 sq. meters), Ayala Malls Central Bloc in Cebu (44,000 sq. meters), and Ayala North Exchange Retail (8,000 sq. meters). As of end-2019, total GLA of the malls business was 2.12 million sq. meters.

Offices

Office leasing under Ayala Land Offices (ALO) posted revenues of PHP9.7 billion, 12% higher than previous year's PHP8.6 billion, owing to newly opened offices, Ayala North Exchange, Capitol Central, and Circuit Makati.

The completion of phase two of the Ayala North Exchange BPO Tower, Central Bloc Corporate Center 1 in Cebu, and the Bay Area Corporate Center in Parañaque added 70,000 sq. meters of GLA, bringing the total office portfolio to 1.17 million sq. meters by end-2019. It also signed over 157,000 sq. meters of new office transactions, locking in new leases for the next five years.

About 251,000 sq. meters of GLA under planning and construction in 2019 are compliant with the Philippine Green Building Code, five buildings are LEED-certified, and 25 buildings have shifted to renewable energy sources.

ALO is the country's biggest office developer, promoting job creation in Metro Manila, Cebu, Bacolod, Davao, and Cagayan de Oro. Ideally located in mixed-use developments, ALO's buildings house over 270 local and multinational companies generating some 360,000 jobs for Filipinos across the country.

Hotels and Resorts

Revenues from hotels and resorts grew by 19% to PHP7.6 billion on strong patronage of Seda Ayala Center Cebu and Seda Lio. A total of 774 hotel and resort rooms were opened to the public with the completion of new properties, led by Seda Residences Makati, Ayala Land's first Seda-branded serviced apartment; the expansion of Seda BGC; the opening of Huni Lio in Palawan; and additional rooms at Seda Lio and Circuit Corporate Residences. This brings the total number of rooms to 3,705, allowing the business to take advantage of the growing number of foreign and local tourists and business travelers.

The hotels and resorts group received various awards and recognitions in 2019. Most notable of these include the Philippines' Leading Hotel group award for the 6th consecutive year for Seda Hotels and Asia's Responsible Tourism Award for El Nido Resorts, both from the World Travel Awards, and Philippines Guesthouse of the Year for El Nido Resorts from the Travel and Hospitality Awards.

Emerging Leasing Formats

Co-Living Space (The Flats)

The Flats Amorsolo and The Flats BGC offer affordable co-living options for people working in the two major business districts in the metro, Makati CBD and BGC, respectively, offering a total of 2,044 beds. Marking their first year of operations, The Flats Amorsolo and The Flats BGC posted end-2019 occupancy rates at 96% and 72%, respectively.

With two more projects being developed in Metro Manila and another two in key locations in Cebu, The Flats will continue to address the growing shelter needs of the workforce with conveniently located, budget-friendly, and quality living options.

Co-Working Space (Clock In)

ALO's Clock In, which offers flexible, co-working, and serviced office facilities for start-up, small, and mid-sized enterprises, expanded its presence to eight locations with 1,404 seats. It opened five new facilities in Quezon City; Pasig; Makati; Alabang, Muntinlupa; and Lio, Palawan.

SFBs and Warehouses (ALLHC)

Standard factory buildings (SFBs) and warehouses for lease are operated and managed by listed subsidiary Ayalaland Logistics Holdings Corp. (ALLHC). Its portfolio increased by 28% in 2019 to 175,000 sq. meters with the expansion of Laguna Technopark and Alviera Industrial Park, catering to various industries.

In 2019, Ayala Land opened 213,000 sq. meters of GLA for malls, 70,000 sq. meters for offices, and 774 hotel and resort rooms.

Total Commercial Leasing Portfolio

MALLS GLA

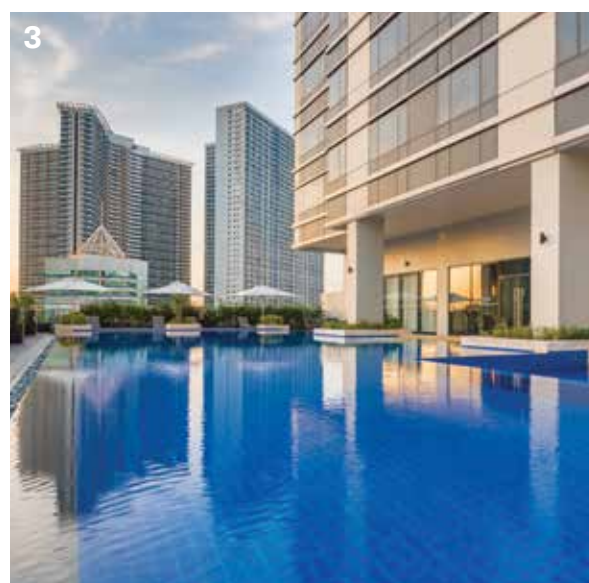
2.12m

OFFICES GLA

1.17m

HOTELS AND
RESORTS ROOMS

3,705



- 1 With over 161,000 sq. meters of gross leasable area, Ayala Malls Manila Bay is our biggest mall to date.
- 2 The 500-store Ayala Malls Central Bloc, our second mall in Cebu province, is envisioned to be a refreshing and hip hangout within Cebu Park District.
- 3 Seda Residences Makati is our first serviced-apartment offering under the Seda brand.
- 4 The mixed-use commercial center Ayala North Exchange anchors the northern section of Ayala Avenue.
- 5 The second tower of Seda BGC was opened in 2019 adding 342 new rooms, a ballroom, and a 220-seater Misto restaurant.
- 6 Huni Lio adds a new boutique bed and breakfast offering to Lio Estate offering 50 rooms to its guests.





Service Businesses

The services segment, consisting of construction, property management, power distribution and air transport, posted P8.8 billion in revenues. This was mainly driven by higher revenues from the external contracts of Makati Development Corporation (MDC). The services business comprises 6% of real estate revenues.

Construction

On its 45th anniversary, Ayala Land's construction arm, MDC, and its subsidiaries posted consolidated gross revenues of PHP65 billion. MDC managed 466 projects, with 86 in pre-construction, 193 in construction, and 187 in post-construction. It also handled 39 design-and-build projects. It delivered 44 projects in 2019—30 residential projects (24,712 condominium units, lots, and house and lots), three hotels, three malls, two office buildings, five estate land development projects, and one country club.

Adhering to its execution principles of safety, quality, timely delivery, cost efficiency and sustainability, MDC registered 188.5 million man-hours across projects under different stages of construction. It achieved a 97.7% acceptance rate at first inspection for units turned over to owners and a 91.5% zero defects rate for units within their respective defects liability period. MDC continued to grow

its network of partner suppliers and subcontractors to better manage capacity and cost. It implemented various sustainability initiatives aligned with the focus areas and in support of the goals set by Ayala Land.

MDC and three of its subsidiaries each received an Excellence Award from TUV NORD for passing their respective certification audits for ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety).

Property Management

APMC reached revenues of PHP2 billion in 2019. It managed a total of 256 accounts, 14 more than the 242 during the previous year, as it successfully closed additional contracts. With more accounts under its portfolio, APMC strived to sustain its service quality at satisfactory levels for both customers and principals. It passed the 2019 ISO surveillance audit (ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007) with zero non-conformity. It also received an Award of Honor from Department of Labor and Employment for achieving 4,994,701 “safe man-hours without lost time accident” from January 2014 to August 2019.

APMC garnered three ASEAN Energy Awards (Overall Winner under Energy Management in Buildings and Industries Category for Small and Medium Building, 2nd Runner Up under Energy Efficiency New and Existing Buildings Category, and 2nd Runner Up under Energy Efficiency Tropical Buildings Category) and 40 awards during the Safety Organization of the Philippines, Inc.’s National Fire Brigade Competition.

Power Distribution

Direct Power Services, Inc. (DPSI), Ecozone Power Management Inc. (EPMI), and Philippine Integrated Energy Solution Inc. (PhilEnergy) supply power to commercial leasing assets and the tenants of industrial parks. Total revenues in 2019 reached PHP2.3 billion. Altogether, these companies served 91 customers in Metro Manila, Calabarzon, Pampanga, Cebu, Cagayan de Oro, and Davao, providing 1,199 GW of electricity. DPSI served 44 customers, delivering 498,167 MW; EPMI, 44 customers, 643,359 MW; and PhilEnergy, five customers, 57,285 MW.

Airline

AirSWIFT has a fleet composed of two 42- and two 72-seater ATR series planes. Total revenues grew by 18% to reach PHP 1.7 billion as passengers flown increased by 19% to 321,000 in 2019. It recorded a net income of PHP80 million, a turnaround from the net loss of PHP93 million in 2018 driven by increased passenger count and operation efficiencies. AirSWIFT offers flights to tourists and passengers going to Cebu, Boracay, Coron and El Nido. In March 2019, AirSWIFT added an El Nido-Tagbilaran route to its list of destinations.



- 1 Regular fire drills are done by APMC to ensure the safety of its managed properties.
- 2 AirSWIFT's fleet comprises two 42- and two 72 seater ATR planes.
- 3 Our power service companies provide power to our commercial leasing assets and industrial park tenants.



Strategic Investments

Ayala Land's strategic investments build on its core businesses and take advantage of ancillary growth opportunities. In 2019, these businesses contributed a total of PHP2.4 billion to Ayala Land's net income.

AyalaLand Logistics Holdings Corporation (ALLHC)

ALLHC, which until its launch in May 2019 was known as Prime Orion Philippines, Inc., posted consolidated revenues of PHP5.3 billion, 58% higher than previous year's PHP3.4 billion, on the top-line strength of its industrial park and continued improvement of leasing revenues. The company registered net income after taxes of PHP641 million versus PHP555 million in the previous year.

Notable among ALLHC's achievements in 2019 were the launch of the 105-hectare Laguindingan Technopark in Misamis Oriental in April; the acquisition of Unity Realty & Development Corporation (URDC) in July, facilitating the development of the 192-hectare Pampanga Technopark located in land owned by URDC in Mabalacat, Pampanga; and groundbreaking by Laguna Technopark, Inc. for the 12,000-sq. meter expansion of SFBs in Alviera Industrial Park.

In the Tutuban Center, 49 storage units converted from the former Orion Hotel covering about 1,000 sq. meters were fully leased out.

Total industrial parks' gross area reached approximately 934 hectares—166, Cavite Technopark; 471, Laguna Technopark; 105, Laguindingan Technopark; and 192, Pampanga Technopark. Total leasing GLA is about 273,000 sq. meters—175,000, SFBs and warehouses; 44,000, Tutuban Center; 42,000, South Park Center; 12,000, South Park BPO. ALLHC is 71.7% owned by Ayala Land, Inc.

Cebu Holdings, Inc. (CHI)

Total revenues of Cebu Holdings, Inc. (CHI) grew by 30% in 2019, reaching PHP4.8 billion, primarily driven by sales of residential lots and condominium units.

At Central Bloc in Cebu, a two-hectare "superblock" development by CHI in partnership with parent Ayala Land,

CHI launched Ayala Malls Central Bloc, opening up 44,000 sq. meters of GLA, and The Central Bloc Corporate Center 1 office tower, providing would-be locators with 30,309 sq. meters GLA. Retail GLA was also increased with the opening of 7,760 sq. meters at Ayala Center Cebu. Central Bloc will also soon host another BPO office tower and a Seda hotel. CHI has also acquired development permits for planned projects in Cebu City's South Road Properties, opening up more opportunities in the southern section of the city. CHI is 71.1% owned by Ayala Land.

MCT Bhd

In 2019, MCT Bhd recognized consolidated revenues of PHP6.7 billion from sales and completion progress of projects in Cybersouth, MCT's first estate covering about 169 hectares (417 acres) at Southern Klang Valley, and Lakefront, a residential development at Cyberjaya, Malaysia's multimedia super corridor.

Following the successful completion of two land acquisitions in 2018, MCT Bhd is now positioned to serve the affordable and upper-middle segments at strategic locations spread across Subang Jaya, Cyberjaya, and Petaling Jaya. MCT handed over a total of 3,990 residential properties and commercial units since establishing its partnership with Ayala Land—948 units of landed homes at Cybersouth; 2,122 residential and commercial units within our Cyberjaya development, Lakefront (692), Skypark Cyberjaya (898), and The Place Cyberjaya (532); and 920 residential and commercial units at One City Subang Jaya.

Today, almost 4,000 families reside in MCT's projects, with another 3,000 units to be completed in 2020. New projects are also set to launch across all the existing estates, including the land parcels acquired in 2018 that are located at Petaling Jaya and Subang Jaya.

Under the Malaysian government's PR1MA socialized housing program, MCT successfully sold out 1,932 units of socialized housing in Cyberjaya. The MCT project, considered as one of the biggest developments under the PR1MA program, will be completed and turned over to their owners later in 2020. MCT is 66.3% owned by Ayala Land.

Merkado

In 2019, average daily sales of Mercado Supermarket reached PHP1.3 billion. It has two operating stores, both located in Quezon City, at the Ayala Malls UP Town Center and Vertis North. Mercado is a 50-50 joint venture of Ayala Land with Puregold.

Ortigas Land Corp.

Ortigas Land Corp. (formerly OCLP Holdings, Inc.) grew its net income by 29% to PHP2.3 billion in 2019 from the previous year's PHP1.8 billion. It launched its second office-for-sale project, Offices at The Galleon, located on ADB Avenue in Ortigas Center. It achieved sales of PHP8.2 billion, 56% of its total sales value, on its launch date. This was followed by the launch of Empress at Capitol Commons, the fourth residential tower in what is fast becoming a new lifestyle center in Metro Manila. Most of Ortigas Land's ongoing residential projects are over 80% taken up, with key projects Royalton, Connor, and various Circulo Verde projects sold out by end-2019.

Ortigas Land expanded its leasing portfolio with the opening of Estancia East Wing, strengthening its mall offerings with new retail concepts. Aside from offering a wider range of shopping, dining, and wellness options, the new wing hosts a department store and six cinemas, which include two specialty theaters called The Screening Room, with a total capacity of 524 seats. Occupancy and lease-out rates continue to improve across all Ortigas Malls and Ortigas Offices. Ortigas Land is 21.0% owned by Ayala Land.

Qualimed

Qualimed posted total revenues of PHP1.7 billion, a 20% increase from the year-ago level. QualiMed operates four hospitals, five clinics and two ambulatory facilities, including the Dr. Daniel Mercado Medical Center (DMMC) in Tanauan, Batangas; QualiMed Iloilo; Qualimed Altarazza in San Jose Del Monte, Bulacan; and QualiMed Sta. Rosa in Laguna.

Qualimed's 400-bed network has 124 clinics fully supported by 99 medical doctors, 124 registered nurses, and 1,500 affiliated doctors. Its clinic management programs covered 24 companies from previous year's 15. Qualimed, a joint venture with the Mercado group of hospitals, is 40% owned by Ayala Land.

Strategic investments contributed PHP2.4 billion to Ayala Land's bottom line.

Ayala Land Ownership

ALLHC

71.7%

CHI

71.1%

MCT Bhd.

66.3%

Merkado

50.0%

Qualimed

40.0%

Ortigas Land Corp.

21.0%



- 1 ALLHC has five industrial parks and over 175,000 sq. meters of warehousing space. The Laguna Industrial Park is shown here.
- 2 CHI's Cebu Park District was further enhanced with the opening of the 2-hectare superblock development, Central Bloc.
- 3 Lakefront in Cyberjaya, a residential development by MCT Bhd, caters to Malaysia's middle-income segment.
- 4 Mercado Supermarket serves the needs of its customers with its two branches in Quezon City.
- 5 Ortigas Land Corp. recently opened the east wing of its Estancia Mall in Pasig City.
- 6 Located in Atria Park District, QualiMed Iloilo has 100 beds to serve the needs of patients in the area and the region.



Ayala Land's Digitalization Journey: Serving customers and stakeholders in an online world



The trusted Ayala Land brand has been the work of over 30 years of carefully nurturing customer and stakeholder relationships. In recent years, it has taken deliberate efforts to ramp up operations, products, and services to keep up with the increasingly digital and online environments of the people it serves.

In 2016, Ayala Land started to implement a cloud-first strategy, achieving business efficiencies and cost savings contributing to the overall benefit of our customers. It streamlined all office communication and collaboration with the migration to the cloud-based Microsoft Office 365, generating PHP62 million in savings on software licenses and servers. Moreover, the process automation initiatives made us nimbler as an organization, with approvals and routing of forms across the group now being done online.

In 2017, with a focus on digitizing core enterprise resource planning (ERP) systems, the company refreshed its SAP system to S/4HANA, resulting in a 73% reduction of our database footprint, from 1.2TB to 321GB. As a result, the statement of account (SOA) generation of the malls group, which used to take three days, now only takes a matter of minutes. We also moved the hosting of our SAP to Amazon Web Services, affording the company greater scalability and availability as data requirements increase over time.

In 2018, the company migrated the AMICASSA system to Salesforce.com, another cloud-based platform, affording a 360-view of buyers' account status, resulting in further improved processing time and better customer servicing. Eighty-four percent of the reservation process has now been automated. This covers processes from pre-reservation to the release of titles to buyers.

As of end-2019, 100% of all our enterprise applications have been moved to the cloud. We also started adopting robotics process automation (RPA) for some activities.

Process-wise, the company has achieved significant operational efficiencies from automating processes with the use of RPA technology. With about 3,400 IT service requests a month, RPA has eliminated a total of 776 manual hours monthly. Meanwhile, the Residential Business Group was able to free up 20 hours of manual processing per person every month.

Also in 2019, the company launched three digital platforms—My Account, @HOME, and Z!ng—all designed to enhance the customer experience in and around Ayala Land properties.

My Account is a self-service portal that enables buyers to manage their properties without having to go through sales agents and customer care specialists. This platform allows buyers to monitor the status of their documentary checklists, official receipts, and requests, and calendar appointments, such as when to pick up their titles and schedule property turnover. For those who wish to speak with customer care specialists, My Account offers a live chat feature.

APMC's @HOME offers residential owners the convenience of reserving amenities in their property, request a service, receive e-mails and parcels, and get billing statements and reminder letters online. It also enables linking online payment channels to the owner's account, allowing them to pay their utility bills and dues with convenience. The owner may also receive announcements, latest circulars, and relevant news through @HOME.

Lastly, Ayala Malls launched Z!ng, a rewards app that may be used when shopping in Ayala Malls. Furthermore, it provides customers with schedules of mall events and three hours of free WiFi. Z!ng may be downloaded from the App Store and Google Play.



Board of Directors



(From left)

Rizalina G. Mantaring – Independent Director

Cesar V. Purisima – Independent Director

Jaime C. Laya – Lead Independent Director

Bernard Vincent O. Dy – President and CEO

Fernando Zobel de Ayala – Chairman



(From left)

Jaime Augusto Zobel de Ayala – Vice Chairman

Antonino T. Aquino – Non-executive Director

Arturo G. Corpuz – Non-executive Director

Delfin L. Lazaro – Non-executive Director

Board of Directors

FERNANDO ZOBEL DE AYALA

Chairman

Filipino, 59, has served as Chairman of the Board of ALI since April 1999. He holds the following positions in publicly listed companies: President and Chief Operating Officer of Ayala Corporation; Chairman of Manila Water Company, Inc. and AC Energy Philippines, Inc.; Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.; and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., ALI Eton Property Development Corporation, Liontide Holdings, Inc., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice-Chairman of AC Industrial Technology Holdings, Inc., Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., AKL Properties Inc., AC Ventures Holding Corp. and Bonifacio Art Foundation, Inc.; Director of LiveIt Investments Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Board for INSEAD Business School and Georgetown University; Member of the International Advisory Board of Tikehau Capital and of the Hispanic Society Museum and Library; Vice Chairman of the Philippine-Singapore Business Council; Member of World Presidents' Organization and Chief Executives Organization; Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. He graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

JAIME AUGUSTO ZOBEL DE AYALA

Vice Chairman

Filipino, 60, Director of Ayala Corporation since May 1987. He has been the Chairman and CEO of Ayala Corporation since April 2006. He holds the following positions in publicly listed companies: Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands; and Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc., and AC Energy Philippines, Inc. He is also the Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy, Inc., Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd. Outside the Ayala group, he is a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He sits on the board of the Singapore Management University and on various advisory boards of Harvard University, including the Global Advisory Council, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is Chairman Emeritus of the Asia Business Council, a member of the Global Board of Adviser of the Council on Foreign Relations, and Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships. Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Republic of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He graduated with B.A. in Economics (*cum laude*) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

BERNARD VINCENT O. DY

President and CEO

Filipino, 56, has led Ayala Land, Inc. as President and Chief Executive Officer since April 7, 2014. Prior to this post, he was the Head of Residential Business, Commercial Business and Corporate Marketing and Sales. He is also the Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corporation, Amaia Land Corporation; Ayala Land Commercial REIT, Inc., BellaVita Land Corporation, Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corporation; Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., and Nuevocentro, Inc. Mr. Dy also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc. He is also President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation, and Accendo Commercial Corporation. Mr. Dy also serves as Director of Ayala Land Logistics Holdings Corp., Cebu Holdings, Inc., MCT Bhd of Malaysia, Avida Land Corporation, Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., Ayala Land Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation, and AKL Properties, Inc. Mr. Dy is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. He has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as its Vice Chairman since 2017. He earned a bachelor's degree in Business Administration from the University of Notre Dame in 1985. He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

JAIME C. LAYA

Lead Independent Director

Filipino, 80, has served as an Independent Director of ALI since April 2010 and as its Lead Independent Director since April 2017. He is member of the Board of Directors of publicly listed companies, being Independent Director of GMA Network, Inc., GMA Holdings, Inc. and Manila Water Company, Inc. and Regular Director of Philippine Trust Company (Philtrust Bank). His other significant positions are President of Philtrust Bank, Independent Director of Philippine AXA Life Insurance Co., Inc. and of Charter Ping An Insurance Corporation; and Trustee of the Cultural Center of the Philippines, St. Paul's University-Quezon City, Ayala Foundation, Inc., Escuela Taller de Filipinas Foundation, Inc., Fundación Santiago, Makati Sports Club, and other non-profit, non-stock corporations. He graduated *magna cum laude* from University of the Philippines in 1957 with a degree in B.S.B.A. (Accounting) and completed his M.S. in Industrial Management at Georgia Institute of Technology in 1960 and his Ph.D. in Financial Management at Stanford University in 1967. He has served as Minister of the Budget, Minister of Education, Culture and Sports, Governor of the Central Bank of the Philippines, Chairman of the National Commission for Culture and the Arts, and Professor and Dean of Business Administration of the University of the Philippines.

Board of Directors

RIZALINA G. MANTARING

Independent Director

Filipino, 60, has served as an Independent Director of ALI since April 2014. Concurrently, she also holds the following positions: Director, Sun Life Grepa Financial, Inc.; and Independent Director of First Philippine Holdings Corp. Inc., PHINMA Corp. Inc., FEU Alabang, East Asia Computer Center Inc., Roosevelt College Inc., and Microventures Foundation Inc. She is also a member of the Boards of Trustees of the Makati Business Club and of Philippine Business for Education. She is a recipient of the Asia Talent Management Award in the Asia Business Leaders Award organized by the global business news network CNBC. She has also been recognized by the International Association of Business Communicators (Philippines) with the CEO Excel award. She was named by Moneysense Magazine as one of the 12 Most Influential People in Personal Finance, was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering, and was 2019 PAX awardee of St. Scholastica's College Manila, the highest award given by the school to outstanding alumni. She holds a BS Electrical Engineering degree from the University of the Philippines where she graduated with honors in 1982. She obtained her MS degree in Computer Science from the State University of New York at Albany in 1993.

CESAR V. PURISIMA

Independent Director

Filipino, 59 was appointed as an Independent Director of ALI in April 18, 2018. He is an Asia Fellow at the Milken Institute, a global non-profit, non-partisan think tank. He is a founding partner at IKLAS Capital, a pan-ASEAN private equity platform. He is a member of the board of AIA Group Limited, Word Wildlife Fund-Philippines, Inc. and De La Salle University. He is an Independent Director of Universal Robina Corporation, a publicly listed company. He is a Member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation and of the International Advisory Council in the Philippines of Singapore Management University. He served the Philippine Government as a Secretary of Finance and the Chair of Economic Development Cluster of the President's Cabinet from July 2010 to June 2016. He briefly served as Finance Secretary in 2005 and Trade and Industry Secretary from 2004 to 2005. Additionally, he was a member of the Monetary Board of the Philippines Central Bank, and the Governor for the Philippines at the Asian Development Bank and the World Bank. He served as Alternate Governor for the Philippines at the International Monetary Fund and Chairman of the Land Bank of the Philippines. While he was Finance Secretary, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to his stints in Government, he was the Chairman and Country Managing Partner of the Philippines' largest professional services firm SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. He was conferred the Chevalier dans l'Ordre National de la Légion d'Honneur (Knight of the National Order of the Legion of Honour) by the President of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the President of the Republic of the Philippines in 2016 and the Chevalier de l'Ordre national du Mérite (Knight of the National Order of Merit) by the President of the French Republic in 2001. He is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. He obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979. He earned his Master of Business Administration degree from Kellogg School of Management, Northwestern University, Illinois in 1983. He was named Doctor of Humanities *honoris causa* by the Angeles University Foundation of the Philippines in 2012.

ANTONINO T. AQUINO

Non-Executive Director

Filipino, 72, has served as Director of ALI since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1998. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. He has served the Ayala group in various capacities for 38 years. Currently, he is a Board member of Nuevocentro, Inc., Anvaya Beach & Nature Club, and Mano Amiga Academy, Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He was named Co-Management Man of the Year 2009 by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of Philippine American Life and General Insurance Company (Philam Life). He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

ARTURO G. CORPUZ

Non-Executive Director

Filipino, 64, has served as a Director of ALI since April 2016. He was a member of the Management Committee of ALI from 2008 to December 31, 2016. He is also a member of the Board of Ceci Realty, Inc., Aurora Properties, Inc., Vesta Properties Holdings, Inc., Nuevocentro, Inc., Next Urban Alliance Development Corp. and Alviera Country Club, Inc. He is a former President of the Philippine Economic Society and a Fellow of the Foundation for Economic Freedom and the Philippine Institute of Environmental Planning. Mr. Corpuz received his bachelor's degree in Architecture from the University of the Philippines in 1977 and his master's and doctoral degrees in urban and regional planning from Cornell University in 1984 and 1989.

DELFIN L. LAZARO

Non-Executive Director

Filipino, 73, has served as a member of the Board of ALI since May 1996. He is a Director of publicly listed companies namely, Ayala Corporation, Integrated Micro-Electronics, Inc. Manila Water Company, Inc., Globe Telecom, Inc. His other significant positions are Chairman of Atlas Fertilizer & Chemicals, Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; and Director of AYC Holdings, Inc. Ltd., AC International Finance, Ltd., Purefoods International, Ltd., AC Industrial Technology Holdings. Inv., Probe Productions, Inc. He obtained his bachelor of science degree in Metallurgical Engineering at the University of the Philippines in 1967 and completed his MBA (with distinction) at Harvard Graduate School of Business in 1971.

Management Committee



(From left)

Dante M. Abando – President and CEO, Makati Development Corporation

Eliezer C. Tanlapco – Group Head, Human Resources and Public Affairs

Jose Emmanuel H. Jalandoni – Group Head, Commercial Business

Anna Ma. Margarita B. Dy – Group Head, Strategic Land Bank Management; Group Head, Visayas – Mindanao; Head, Corporate Marketing; Head, Urban and Regional Planning



Bernard Vincent O. Dy – President and CEO

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

Jaime E. Ysmael – President and CEO, Ortigas Land Corp.

Robert S. Lao – Group Head, Residential Business; Head, Central Land Acquisition

Senior Leaders



(From left)

Angelica L. Salvador – Controller, Ayala Land Inc., President Aprisa Business Process Solutions, Inc.

Joseph Carmichael Z. Jugo – Managing Director, Ayala Land Premier

Jennylle S. Tupaz – Head, Ayala Malls

Javier D. Hernandez – President, Ten Knots Development Corporation

Manuel A. Blas II – Estate Head, Makati and BGC (As of 1 Mar 2020: Division Group Head – Special PD Projects and Corporate Support, Estates)

Carol T. Mills – Head, Ayala Land Offices

Michael Alexis C. Legaspi – President and CEO, AyalaLand Hotels and Resorts Corporation, Chairman, Ten Knots Development Corporation

Christopher B. Maglanoc – President, Avida Land Corp.



Ginaflor C. Oris – Chief Finance Officer, Makati Development Corporation

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

Rodelito J. Ocampo – Group Head, Construction Operations, Makati Development Corporation; President, MDC BuildPlus
(As of 01 Jan 2020: Head, Construction Operations Group 1, Makati Development Corporation; President, MDC BuildPlus, Inc.)

Aniceto V. Bisnar, Jr. – President, Cebu Holdings, Inc.; Chief Operating Officer, Visayas – Mindanao Group

Rowena M. Tomeldan – President, AyalaLand Logistics Holdings Corp.

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

Romeo T. Menpin – Group Head, Construction Methods and Solutions, Makati Development Corporation



Business Model

Ayala Land develops large-scale, integrated, mixed-use estates that serve as platforms for growth, providing suitable locations for various residential and commercial leasing products.

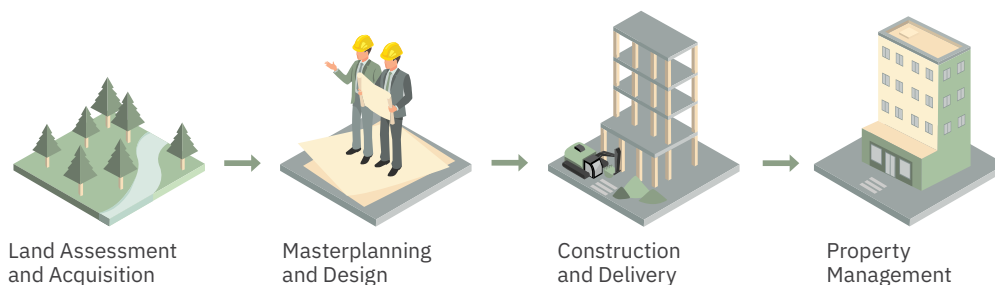
These estates maximize synergies among product lines, enabling us to deliver greater value to customers and stakeholders across our development activities, from land assessment and acquisition, master-planning and design, to construction and delivery, and property management.

Each of the masterplans, including those of island tourism estates, is thoughtfully and carefully developed according to a unique value proposition that optimizes the estate's location, natural terrain, and potential contribution to the community. In planning the estates, Ayala Land adheres to four sustainability focus areas—site resilience, pedestrian

mobility and transit connectivity, resource efficiency, and local economic development.

We identify and allot the appropriate residential and commercial leasing products to each estate considering existing market conditions. We have five residential products to serve the entire socioeconomic spectrum—luxury, upscale, middle-income, entry-level, and socialized. These products are matched with the estate's market and demographic profile and complemented by suitable commercial leasing products, such as shopping centers, offices, and hotels and resorts.

Ayala Land's Project Development Framework



Land banking initiatives are a critical aspect of our business model, being one of the drivers of our estates' growth and sustainability. We identify locations that will not only expand our footprint but also exhibit potential for economic growth for the community at large.

By end-2019, Ayala Land has established 29 estates across the Philippines, is present in 57 growth centers across the country, and has secured 12,192 hectares of land bank.

Most of Ayala Land's developments today are located in Metro Manila and Central and Southern Luzon, three areas which collectively account for two-thirds of the country's GDP. These locations are supplemented by developments in highly urbanized and key cities in the Visayas and Mindanao.

The complete list of Ayala Land's estates and business lines may be found on page 5 of this report.

Growth Strategy

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

This plan is a result of our recognition of the need to have a more stable platform for growth. Historically, Ayala Land's business was concentrated in property development, which is cyclical in nature and more susceptible to market externalities, such as geopolitical tensions, climate change, abrupt spikes in interest and foreign exchange rates, and changes in the regulatory environment.

Thus, to strengthen our position and resilience, we have since increased investments in the commercial leasing segment, in the process growing recurring income and generating more sustainable cash flow.

Reckoning from end-2013 figures, the leasable space of our malls has increased by 68% to 2.12 million sq. meters, while 517,000 sq. meters is under construction. Our office portfolio has more than doubled to 1.17 million sq. meters, with an additional 358,000 sq. meters for delivery. On the other hand, the number of hotel and resort rooms reached 3,705 by year-end, 85% higher; 2,311 rooms are currently being constructed.

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

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

Our strategies not only drive revenues, but also generate employment and business opportunities for local communities, create spaces for healthy interaction and recreation, as well as provide access to transport and mobility options, in line with the implementation of our four sustainability focus areas and strengthened governance practices.

Brand, Business Model, Bench

We have identified three major pillars in implementing our strategies—Brand, Business Model, and Bench.

Brand

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

Business Model

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

Bench

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

External Environment

Ayala Land regularly assesses the current business environment and ensures its operations are calibrated accordingly.

External Factor	Impact on Philippine Property Sector
The Philippine Economy <ul style="list-style-type: none"> • GDP. The country's gross domestic product (GDP) grew by 5.9% in 2019, slower than its average of 6.3% over the past five years due to the delayed approval of the government's budget. • 2019 Budget. The approval of the 2019 budget was only passed in April 2019. This cost the economy approximately P90 billion, equivalent to 0.9% GDP growth. • Gross International Reserves. Gross international reserves (GIR) stood at an all-time high of US\$87.9 billion, equivalent to 7.5 months of import cover. 	<ul style="list-style-type: none"> • A strong domestic economy is a key indicator of the health of the real estate sector, providing a leading indicator of demand. • Sustained growth of the country provides confidence for both developers and customers to continue investing in the industry.
Inflation and Interest Rates <ul style="list-style-type: none"> • Inflation. Inflation was successfully controlled, down from 5.2% in 2018 to 2.5% in 2019, well within the government's target range of 2-4%. • Interest Rates. The Bangko Sentral ng Pilipinas lowered interest rates three times in 2019 for a total of 75 bps, bringing the benchmark rate to 4.00% as inflation remained within manageable levels. 	<ul style="list-style-type: none"> • A lower interest-rate environment provides corporates with access to cheaper debt capital to fund their respective growth plans. • In addition, the continued affordability of long-term, fixed-rate mortgages will support the affordability of residential products especially for the affordable to middle-income segments.
Social and Demographics <ul style="list-style-type: none"> • Household Consumption. Domestic consumption continues to drive the Philippine economy, contributing 68.4% of GDP. • Population. According to the latest national census (2015), the Philippines had a total population of 100.98 million, 83.2% of whom were between 18 and 59 years old, with a median age of 24.2 years. • GDP per capita. GDP per capita at current prices as of 2019 was estimated at USD3,319, up 7%. • Unemployment. Unemployment rate was at 5.1% as of end-2019. Labor force participation was estimated at 61.3%. 	<ul style="list-style-type: none"> • Strong domestic consumption will fuel sales in malls and shopping centers and drive domestic tourism, which will benefit our hotels and resorts business. • A young, mobile, and tech-savvy working population will be supportive of the demand in the property sector. • With rising per capita income and improving employment levels, the demand for residential products, malls, hotels and resorts, and office space will continue to grow.
Remittances <ul style="list-style-type: none"> • Overseas Filipinos brought in cumulative cash remittances amounting to USD30.1 billion in 2019, up 4% from the previous year. 	<ul style="list-style-type: none"> • Cash remittances provide consumers with additional purchasing power, driving household consumption which in turn feeds into shopping, tourism, and vehicle and home purchases.
Tourism <ul style="list-style-type: none"> • Tourism revenues accounted for 5% of GDP at PHP450 billion. • International Tourism. International tourist arrivals reached 8.3 million, up 15% from 2018, exceeding the government's target of 8.2 million for the year. International tourism growth was led by travelers from South Korea, China, and the United States. • Domestic Tourism. Domestic tourism remained strong with over 111 million travelers as of 2019. 	<ul style="list-style-type: none"> • Increased public spending on air transport connectivity and capacity, and aggressive marketing and promotional campaigns are expected to foster the growth of the country's tourism sector. • Increased foreign and domestic tourism will drive higher occupancy levels at hotels and resorts across the country.

External Factor	Impact on Philippine Property Sector
<p>Infrastructure Program</p> <ul style="list-style-type: none"> • Budget and Spending. The Philippine government, through its Build, Build, Build program, is targeting to spend nearly PHP8.0 trillion on 75 big-ticket infrastructure projects from 2017 to 2022. Infrastructure spending reached PHP1.04 trillion, up 8% year-on-year and above the government's budget of PHP1.03 trillion. • Projects. In 2019, the National Economic Development Authority (NEDA) increased the number of infrastructure projects to 100 from the original 75. 28 projects currently under construction, four under detailed engineering and three under procurement. Fifty-six (56) projects are set to be completed by 2022, of which 12 will be delivered in 2020. 	<ul style="list-style-type: none"> • The increased rollout of infrastructure projects is seen to expand and accelerate development across various regions in the country. • Developments outside Metro Manila open opportunities for economic growth, creating wealth for more Filipinos, spurring higher incomes, and creating strong markets for property developers.
<p>Tax Reform</p> <ul style="list-style-type: none"> • To address the funding requirements of its aggressive infrastructure plan, the Philippine government passed the first package of its Tax Reform for Acceleration and Inclusion (TRAIN) program. Package 1 is expected to provide the government with an additional PHP970 billion in cumulative income by 2022. 	<ul style="list-style-type: none"> • The reduction of personal income taxes will increase the purchasing power for a majority of Filipinos.
<p>POGOs</p> <ul style="list-style-type: none"> • Background. In 2016, the Philippine Amusement and Gaming Corporation started to issue licenses to offshore gaming operators, allowing them and their service providers to legally operate in the country. These so-called Philippine offshore gaming operators (POGOs), which are mostly from China, now take up 1.3 million sq. meters of office space equivalent to 11% of the industry total. • Risks. Since August 2019, reports of the Chinese government cracking down on POGO operations have surfaced together with concerns by the national government due to alleged tax evasion and money laundering activities. Ayala Land has maintained a conservative stance on POGO, limiting its exposure to only 10% of total office GLA. As of end-2019, total GLA leased to POGO was only at 9%. 	<ul style="list-style-type: none"> • POGO operations have buoyed the demand for office space. However, the sustainability of its business operations remain a key risk to office land lords.
<p>Natural Calamities</p> <ul style="list-style-type: none"> • The Philippines is an archipelagic country in the southwestern Pacific Ocean, bounded by the Philippine Sea, the West Philippine Sea, and the Celebes Sea. It is situated on the Pacific Ring of Fire. In 2019, various earthquakes hit the country, most notably in Davao del Sur, causing structural damage to residential projects. 	<ul style="list-style-type: none"> • Natural calamities will adversely impact demand for property development projects in affected areas in the short to medium term, as buyers will prioritize basic goods and services.

External Environment

Outlook

The Philippine economy and the macroeconomic environment provide the support for Ayala Land's business lines to grow. Steady GDP growth, contributions from BPO revenues, overseas Filipino remittances, and tourism receipts drive economic activity and the development of the Philippine property sector.

The Board and Management of Ayala Land also recognize the opportunities stemming from a growing middle class, with 60% of the population seen to belong to the 15- to 65-year-old working segment by year 2040. Furthermore, rising per capita income coupled with the availability of long-term fixed rate mortgages will continue to make residential products affordable for more Filipinos. The continued buildup of infrastructure projects will also foster connectivity and spur urbanization across the country. These factors favor the future prospects of the company's long-term growth and provide management with the confidence to carry on its growth plans.

However, the organization is also cognizant of external factors and risks that affect the execution of its plans. These factors include the US-China Trade war, price of oil, climate change, and natural calamities. They negatively impact the stock market, interest rates, customer perception, and demand for property and consumption.

In the latter part of 2019, a series of earthquakes happened in Davao del Sur. This affected the demand for residential products in the province. Likewise, the year 2020 imposed a lot of challenges for the business and the property sector. The January eruption of the Taal Volcano has affected demand for projects in South Luzon. Immediately following this is the COVID-19 pandemic. These are seen to impact the broader Philippine economy with the National Economic Development Authority (NEDA) estimating a 0.5-1.0 percentage points slowdown of GDP growth. More specifically, the coronavirus disease will limit the growth

of the tourism sector, decreasing patronage of our hotels and resorts business. It will also negatively impact foot traffic in shopping centers as convergence in public and even private areas is restricted by government.

The impacts of climate change such as sea level rise and extreme weather events continue to increase in the half-decade 2015-2019, the warmest five-year period on record, according to the World Meteorological Organization (WMO). With the Philippines having the highest risk of climate hazards according to the Global Peace Index 2019, undertaking climate mitigation and adaptation strategies and investing in low carbon development are highly material to Ayala Land.

Looking ahead to 2020, the organization is taking on a more cautious stance to growth. Ayala Land's growth plans have always been anchored on the performance of the Philippine economy and its macroeconomic drivers. However, during risk events, the board and management calibrate these strategies accordingly to adapt to market conditions while prioritizing help to communities, service to customers, protection of the workforce, and the survival of the company. To do so, cash management and cost-mitigating initiatives are heightened to ensure a strong balance sheet at all times. Moreover, capital expenditures and project launches are calibrated as necessary. These adjustments allow the company to capitalize on growth opportunities when the environment becomes more favorable, in the process protecting long-term value for shareholders.



How We Create Value

Capitals

NATURAL

Strategic Land Bank

INTELLECTUAL

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

MANUFACTURED

Diversified product lines

Business Process

LAND BANKING

We secure land in strategically located sites in key growth centers and ecologically important areas through acquisitions and joint ventures for conservation, and immediate and long-term development.

We consider its natural and existing ecosystems to ensure best use.

ESTATE DEVELOPMENT

We masterplan land to come up with estates that integrate the product lines to create sustainable and vibrant communities.

We ensure that we employ the principles of site resilience and pedestrian-transit connectivity in the masterplanning process.

PROPERTY DEVELOPMENT AND COMMERCIAL LEASING

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

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

Outputs

Total of 12,192 hectares of developable land bank; 84% in Luzon, 16% in Visayas and Mindanao

Protected 586 ha of carbon forests

Planted 32,520 new native trees in our carbon forests with the assistance of 68 community workers and 4,177 volunteers in 2019

Recorded additional 17,460 native trees in estates and residential developments

Conducted more than 50 sessions on environmental protection and conservation for 2,280 employees, guests and external stakeholders in El Nido

Added 3 more estates in 2019: Broadfield, Laguna; The Junction Place, Quezon City and Cresendo, Tarlac. Total of 29 estates across the country

Retained 418 ha of deliberately planned permeable spaces in operating estates and residential developments

Re-planned sidewalks and added 9 urban patios in Makati CBD

Total of 25 P2P routes with terminals located in our malls and estates

Completed and turned over 16,551 residential units from different brands

Completed 3 new shopping centers equivalent to 213,000 sqm of GLA for a total of 2.12M sqm

Completed 3 new office buildings equivalent to 70,000 sqm of GLA for a total of 1.17M sqm

Added 774 hotel and resort rooms for a total of 3,705 rooms

Achieved LEED certification for 8 office buildings and 2 hotels

Total 175,000 sqm of GLA for standard factory buildings and warehouses

Total of 2,044 beds in co-living spaces
Total 1,404 seats in co-working spaces

Shifted 48 buildings with 313,167 mWh consumption to clean energy sources

Undertook energy efficiency initiatives to save 9.6 million kwh

Outcomes

Conserved an estimated 80,345 tCO2e of forest carbon

Protected 57 IUCN red-list species in our developments

Released more than 7,000 turtles in El Nido since 2009

Provided households and workforce in our estates with opportunities for social interaction in a healthy environment

Improved pedestrian experience of 1.9M passengers daily, on average

Improved transit connectivity for 21,850 commuters daily, on average

Potentially benefitted 66,204 people through new residential spaces

Provided quality retail experiences to an average of 1.2M mall visitors daily

Accommodated businesses in malls and offices that employed more than 440,000 workers

Reduced our net GHG emissions by 121,951 t-CO2e due to clean energy shifts

Saved P68.6 million from energy efficiency measures

Contribution to the UN SDGs



HUMAN

Empowered organization

SOCIAL

Highly trusted brand

FINANCIAL

Strong balance sheet

CONSTRUCTION AND PROPERTY MANAGEMENT

Through the diverse talents of our businesses units that prioritize local hiring, we develop projects implemented by our construction company, Makati Development Corporation.

We manage completed properties through in-house operations teams and our property management company, Ayala Property Management Corporation. This ensures quality throughout the project cycle.

CORPORATE SUPPORT

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

STRATEGIC INVESTMENTS

We hold investments in companies that complement our core businesses like AyalaLand Logistics Holdings, Corp., Cebu Holdings, Inc., MCT Bhd in Malaysia, and other ventures in healthcare and retail.

Employed a total workforce of 6,180 direct employees and 44,384 support staff

Provided 204,755 hours of training to all ALI employees

Produced 5,139 skills training graduates from MDC's TESDA program across 9 training centers

Ensured that 87% of APMC service providers are locally hired

Undertook programs, projects and activities that resulted in the following awards:

Best Overall Company – Sustainable Business Awards

Asia CEO Awards – CSR Company of the Year

4-arrow awardee for Corporate Governance, one of only 6 companies to receive the award

Best Philippine Property Developer - Euromoney

Most Outstanding Company in the Real Estate Sector – Asiamoney

Net income of P33.2 billion, up 13%

P146B of sales reservations, up 3%

Industry leading ROE of 16.7%

Net D/E of 0.78x

5.2% average cost of debt

PHP108.7B capital expenditure in 2019

Generated more than 50,000 jobs from our direct employees and service providers

Achieved an employee engagement score of 90% for 2019

Achieved ALI Group customer satisfaction rating of 89%

Generated media value of PHP1.18 billion

Attained a residential property buyer zero punchlist turnover rating of 97.7%

3-year total shareholder return of 47%

AAA credit rating from PhilRatings

ING-FINEX CFO of the Year

Most Honored Company in the Philippines, Best CFO, 2nd Best IR Program – Institutional Investor Magazine

Asia's Best CFO – Corporate Treasurer Awards

Shortlisted in the Global Top 50 for Investor Relations Excellence – IR Magazine





Sustainability Four Focus Areas

As we manage our businesses, we continue to identify important issues and topics reflecting the economic, environmental, and social impacts that are of interest to our stakeholders, aligned with and supportive of the United Nations Sustainable Development Goals (SDGs).

The results of our previous materiality assessments identifying sustainability focus areas remain relevant today. Of the areas identified, these are the recurring concerns: vulnerability to the effects of climate change and natural disasters, need for pedestrian mobility in urban areas; continuing loss of natural resources; and socio-economic imbalances. These insights were then cross-referenced with the results of customer surveys, secondary information, and media reports, and then discussed and validated at the Board-level Sustainability Committee.

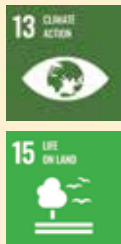
The process resulted in the determination of four focus areas or principles that address the above-mentioned national and global sustainability concerns. These focus areas are site resilience, pedestrian mobility and transit connectivity, resource efficiency, and local economic development. In line with the United Nations Sustainable Development Goals (SDGs), these focus areas serve as general guides to our development activities and operations to mitigate sustainability risks and provide value to the business, environment, and society. We continue to refine the goals and metrics of each focus area and identify new strategies to further integrate sustainability into the business.

Four Focus Areas and the UN Sustainable Development Goals

Overall, Ayala Land's vision of enhancing land and enriching lives for more people aligns with SDG 11, "Sustainable Cities and Communities," aiming to "make cities and human settlements inclusive, safe, resilient, and sustainable." As a champion of SDG 11, Ayala Land also contributes to the Ayala Sustainability Blueprint, the Ayala Group's master plan to provide meaningful impact to the UN SDGs. Aside from SDG 11, each of our focus area is mapped according to relevant SDGs.



Ayala Land's Sustainability Four Focus Areas and UN Sustainable Development Goals (SDGs)



Site Resilience

Extreme weather events, rising sea levels, and other hazards associated with climate change can undermine our real estate products and businesses. We strengthen our sites to enable them to quickly recover from environmental stress by undertaking technical due diligence to screen for geohazards, providing space for refuge and rainwater absorption, and using native trees to enhance biodiversity and ecosystems services. This focus area is aligned with SDGs 13, 14, and 15.



Pedestrian Mobility and Transit Connectivity

Mobility and connectivity are central to our masterplans, ensuring that people are provided with alternatives to using motor vehicles in our estates. We provide abundant opportunities for walking and commuting by creating pedestrian-only areas and walkways, providing transit stops and terminals in estates and malls, and maintaining connectivity even during construction. This focus area is aligned with SDGs 3 and 9.



Resource Efficiency

Energy, water, and materials such as steel and cement make up the bulk of resources used in property development. To address the continuing loss of natural resources, we use them judiciously and efficiently, reducing our materials consumption and GHG emissions. We implement energy and water conservation programs and undertake waste diversion schemes. Furthermore, we are committed to make our commercial properties carbon-neutral by 2022. This focus area is aligned with SDGs 6 and 12.



Local Economic Development

As we build large-scale, integrated, and mixed-use estates across the country, we generate employment and business opportunities at each step of the development cycle. We contribute to nation building and create value for the community and the business by investing in training in the places we develop and operate, prioritizing local hiring in areas we develop, and allocating spaces for homegrown businesses in our malls. This focus area is aligned with SDGs 1, 8, and 10.

Sustainability Four Focus Areas

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

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

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



Ayala Land employees participate in assisted natural regeneration activities at our carbon forest in Alaminos, Laguna.

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

GRI STANDARDS-AYALA LAND'S SUSTAINABILITY FOUR FOCUS AREAS												
	Site Resilience			Pedestrian and Transit Connectivity		Resource Efficiency				Local Economic Development		
	Environmental Compliance (Due Diligence)	Provide space for refuge and rainwater absorption; (Water resources/ soil, safety)	Use/protect native plants and trees	Provide pedestrian-only areas and walkways	Provide transit stops and terminals	Construction materials use	Implement energy and water conservation programs	Implement waste management programs	Monitor and reduce GHG emissions	Invest in human capital in communities where we locate	Prioritize local hiring	Allocate space for homegrown businesses
	GRI											
BUSINESS UNITS	307	303	304	416	203	204, 301	302, 303	306	305	401, 404, 411	203, 413	202, 203
Corporate												
Estate Development												
Property Development												
Horizontal Projects												
AyalaLand Premier												
ALVEO												
Avida												
Amaia												
BellaVita												
Vertical Projects												
Leasing Operations												
Malls												
Office												
Hotels												
Resorts												
Services												
Construction												
Property Management												

Highly material
 Moderately material
 Least material



Environmental Stewardship

We continue to meet environmental protection guidelines and make steady progress on targets pegged for our properties and estates.

Highlights in 2019 include a larger green building portfolio, expanded transit connectivity between estates, and near-carbon neutrality of commercial leasing properties through continuous sourcing of clean energy and reforestation programs.

Site Resilience

Permeable spaces are maintained where appropriate in our developments for rainwater absorption. We also use native trees to enhance biodiversity in urban and peri-urban areas. Permeable spaces are areas with surfaces that allow water to pass through and go into the soil recharging the water table and filtering out pollutants. Fifteen percent (15%) of the gross land area in 112 residential projects and 18 estates, equivalent to 418 hectares, is maintained as permeable space.

We recorded additional 17,460 trees in 12 estates and 112 residential projects, bringing the total native tree inventory to 86,361. We continue to ensure that native trees comprise at least 80% of all trees in our emerging and new estates.

Annual biodiversity monitoring systems record and minimize development and operational impacts in our tourism developments. In 2019, a total of 57 IUCN red-list species were monitored and protected, five species

more than in 2018. Nest protection and hatchling management efforts in El Nido resulted in more than 7,000 sea turtles released since 2009.

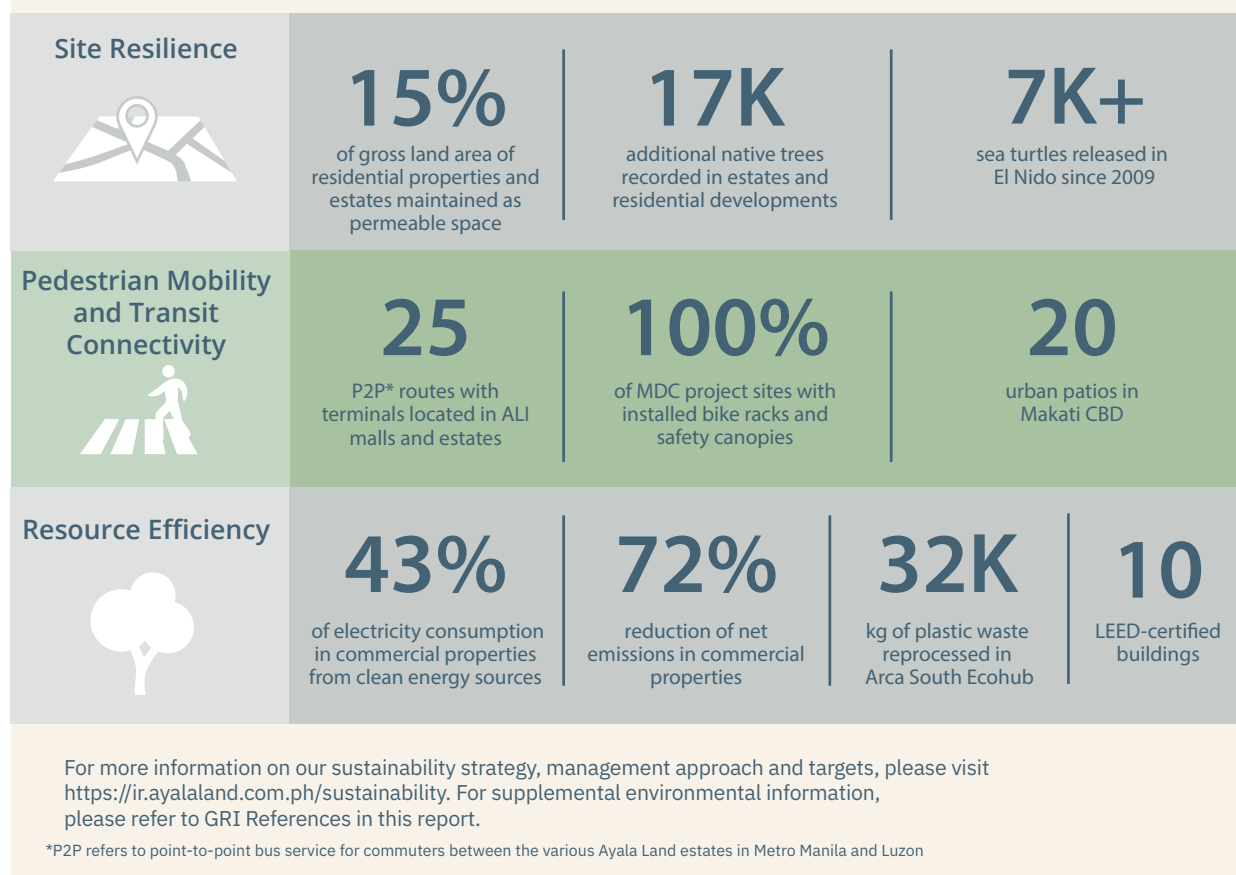
The Be G.R.E.E.N. program on environmental education in El Nido continues to be extended to guests, schools, and external organizations, with more than 50 sessions for 2,280 persons held in 2019.

Pedestrian Mobility and Transit Connectivity

Measures aimed at improving commuter and pedestrian experience in our developments continue to be implemented.

We enhanced commuter access for Premium Point-to-Point (P2P) buses by allocating P2P terminals in our malls and estates. To date, there are 25 P2P bus routes with terminals in Ayala Land malls and estates, serving

2019 HIGHLIGHTS



an average of 21,850 passengers daily. Routes with the highest daily average count are the TriNoma-Sta. Maria, Bulacan; Market! Market!-Alabang Town Center; and Greenbelt-Alabang Town Center routes, conveying people from peri-urban areas to key business areas.

	2017	2018	2019
P2P routes with terminals located in Ayala Land malls and estates	10	19	25
Average daily passengers	7,670	14,593	21,850

In BGC, one of our busiest estates, five units were added to the fleet of shuttle buses going around the area, increasing average ridership to 13 million passengers daily. BGC's bike lane network was also expanded, with five kilometers added in 2019.

Transit connectivity and pedestrian mobility is maintained even during construction activities in our projects and estates. Bike racks, to encourage workers to use non-motorized transport, and safety canopies for pedestrians are installed in all MDC project sites.

In the Makati CBD, there are now 20 urban patios, from the previous year's 11, covering a total of 1,000 sq. meters. To enhance pedestrian experience and engagement, art murals and seating areas have been set up in various open spaces. Live busker performances are also featured regularly at the Dela Rosa elevated walkway and some pedestrian underpasses.

Environmental Stewardship

Resource Efficiency

We undertake various initiatives and measures to promote the conscious consumption of materials, energy, and water, maximizing waste diversion and reducing our carbon footprint.

Materials Consumption

We continue to repurpose by-products. Fly ash generated by concrete batching plants is used as cement substitute in the production of concrete. Rebar and hard plastic scraps are sent to recyclers. Because of the variable material requirements during the different construction phases, the increased number of projects under construction in 2019 led to lower cement consumption (10%) and higher steel and rebar consumption (14%).

Energy Consumption

At the planning and construction stages, much attention is given to avoiding or reducing energy consumption while maintaining a level of comfort in our developments. At the operational stage, investments in efficient equipment are made and operations are continually adjusted to conserve energy.

Total electricity consumption in 2019 increased by 11%, mainly due to our larger commercial leasing portfolio. However, through continuous energy measures, consumption in common areas in malls and offices was reduced by 9.6 million kWh, equivalent to PHP68.6 million in savings. This led to a decrease in energy intensity (kWh used per sq. meter of gross common areas or GCA) in the common areas of malls and offices by 2% and 3%, respectively.

Consequently, whole building energy intensity expressed as kWh per sq. meter of gross floor area for malls and hotels, and airconditioned space for offices decreased by 3% in malls and by 15% in offices, and increased by 1% in hotels.

Water Consumption

In March 2019, water supply in Metro Manila reached critically low levels, adversely affecting most households and businesses in the metropolis.

To address the resulting water interruptions, we reduced water consumption in common areas by temporarily closing restrooms in low-traffic areas in our malls, replaced faucets with more efficient fixtures, and released informational and educational materials such as reminder signages, memos, and circulars in our properties. As a result, water intensity in our malls, offices and hotels decreased by 1%, 5% and 8%, respectively. Compared with 2018 levels, water consumption in established properties decreased by 288,000 cu. meters, resulting in PHP25.7 million in savings.

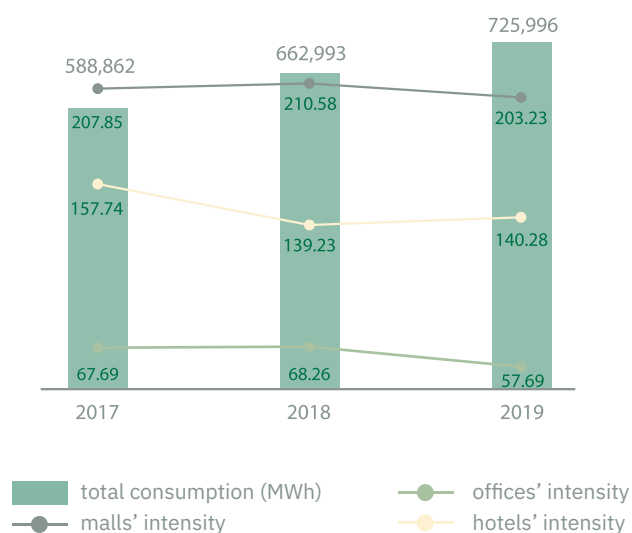
Materials consumed (Tonnes)	2017	2018	2019
Cement	355,876	277,718	249,660
Rebars/Steel	165,625	171,756	196,031

Electricity consumed (MWh)	2017	2018	2019
Commercial Properties	588,862	662,993	725,996
Construction	32,748	42,587	42,932
Residential Properties	34,895	30,302	56,821
Other Projects	54,657	77,605	89,109

Notes:

- Commercial properties include malls, offices, hotels and resorts.
- Residential properties include common area consumption of horizontal and vertical developments.
- Other projects include estates, carparks, district cooling systems, and airline operations.
- For properties and projects with unavailable data on certain months, consumption was estimated based on previous month.
- 2017 and 2018 figures restated following changes in boundary.

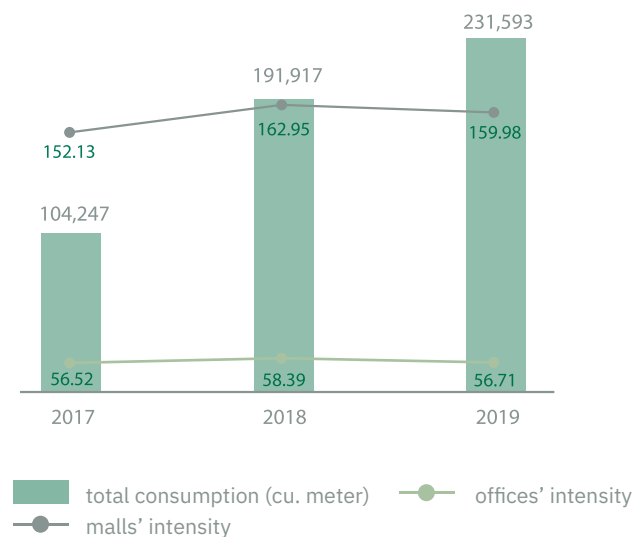
Whole Building Electricity Usage - Commercial Properties



Notes:

- Electricity intensity is measured as kWh per square meter of gross floor area for malls and hotels, and kWh per airconditioned space for offices.
- 2017 and 2018 figures restated following changes in boundary.

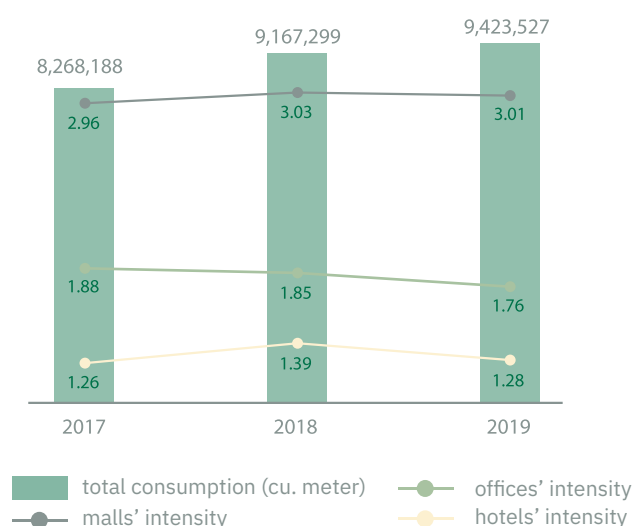
Common Area Electricity Usage – Malls and Offices



Notes:

- Electricity intensity is measured as kWh per square meter of gross common area.
- 2017 and 2018 figures restated following changes in boundary.

Whole Building Water Usage - Commercial Properties



Notes:

- Water intensity is measured as cubic meter per square meter of gross floor area.
- 2017 and 2018 figures restated following changes in boundary.

Environmental Stewardship

Total Water Usage (cu. meters)	2017	2018	2019
Commercial Properties	8,268,188	9,167,299	9,423,527
Construction	965,762	3,379,158	944,626
Residential Properties	2,384,517	1,441,748	1,636,698
Other Projects	1,249,817	818,331	295,718

Notes:

- Commercial properties include malls, offices, hotels and resorts.
- Residential properties include horizontal and vertical developments.
- Other projects include estates, carparks, district cooling systems, and airline operations.
- For properties and projects with unavailable data on certain months, consumption was estimated based on previous month.

Green Buildings

We doubled our green building portfolio to 275,000 sq. meters GLA for offices and 43,000 sq. meters GFA for hotels. As of end-2019, we had 10 LEED-certified buildings, three of which received LEED-Gold Certification. These three are Bonifacio Stopover, SEDA Vertis North, and MDC Corporate Center, accounting for 45,0000 sq. meters.

LEED-Certified Building	LEED Certification
Bonifacio Stopover	Gold
MDC Corporate Center	Gold
SEDA Vertis North	Gold
One Evotech	Silver
SEDA NUVALI	Silver
High Street South Corporate Plaza 1	Certified
High Street South Corporate Plaza 2	Certified
Vertis Corporate Center 1	Certified
Vertis Corporate Center 2	Certified
Vertis Corporate Center 3	Certified

Carbon Neutrality

Our commercial properties are on track to achieving net-zero carbon emissions by 2022 using a two-pronged approach—the use of clean energy and the protection and enhancement of forest carbon stock in selected properties.

Clean Energy

To reduce emissions, power purchase agreements that enable buildings to shift to clean energy sources are undertaken. In 2019, 16 more buildings shifted to renewable energy, for a total of 48 buildings utilizing clean energy sources. As a result, we reduced our total emissions by 121,951 t-CO₂e. Consequently, emissions intensity for malls and offices were reduced by 35% and 32%, respectively. The share of clean energy in the commercial properties' total energy mix has increased to 43% from 34% in 2018.

Emissions Intensity			
	2017	2018	2019
Malls (in kg-CO ₂ e/sq. meter GLA)	330	290	187
Offices (in kg-CO ₂ e/sq. meter GLA)	206	115	78
Hotels (in kg-CO ₂ e/sq. meter GFA)	142	119	123

Note:

- 2017 and 2018 figures restated following changes in boundary.

Energy mix of commercial properties			
	2017	2018	2019
Clean energy share	12%	34%	43%
Non-clean energy share	88%	66%	57%

Carbon Forests

Reforestation through assisted natural regeneration (ANR) and intensive native tree planting is carried out, increasing the carbon stock in our 586 hectares of carbon forests, or carbon sinks. In addition to tree planting, ANR involves removing competing vegetation,

and rescuing and nurturing trees to accelerate forest recovery. As a result of these efforts, our carbon stock reached an estimated 80,345 t-CO₂e in 2019.

Our carbon forests also serve as sites where local community partners, employees and volunteers learn about and actively participate in climate action and ecosystem restoration.

Carbon forests (in hectares)	
Alaminos	133
Cebu	124
Davao	50
Lio	80
NUVALI*	120
Sicogon	80

*Replaced Amprigon Hill in 2019

In 2019, 35,620 native trees were planted, bringing the total to 77,677 since we started in 2018. A total of 5,626 volunteers—Ayala Land and Ayala Group employees, students and employees of other companies—have participated in our ANR efforts since 2018. In 2019 alone, 4,177 participated in these activities.

With clean energy shifts and carbon forest stock enhancement, net emissions of our commercial properties were reduced by 72% in 2019 from 62% in 2018.

Circular Waste Systems

In 2019, we focused on implementing and strengthening new waste management initiatives to establish a circular waste system in our workplaces and properties. As opposed to waste being disposed and sent to landfills under the traditional linear model, the circular economy model eliminates waste by continually using materials in one way or another. Aside from regular recyclable materials, plastic discards and food waste are collected and sent to alternative destinations where they can be reprocessed and turned into valuable products.

We have partnered Bulacan-based Green Antz Builders, which manufactures pavers, bricks, and casts using cement and plastic waste, to build our flagship plastic processing facility located in Arca South. Launched in March 2019, the Arca South Ecohub has since received 31,885 kg of clean and dried plastic waste from our properties and the public. We also opened our second ecohub last October 2019 in Lio estate in El Nido, Palawan to process plastic waste generated within the estate and nearby communities. Eco-bricks and eco-pavers made from these plastics are now being used in the Makati CBD, BGC, Lio and non-ALI projects.

Seventeen (17) Ayala Land properties, 18 groups, and more than 700 individuals have so far sent their plastic discards to the ecohub.

Food waste generated in some of our developments are now being processed into compost to be used for landscaping in our estates. In 2019, 14,918 kg of food waste were collected across our properties.

We also work to influence the waste behavior of our own people and the general public. Collection booths for clean and dry plastics have been established in some of our estates, enabling our properties, neighboring communities and the public to divert their plastic discards from the landfill. We have also participated in events, such as educational lectures, to promote proper waste management among school children in Metro Manila, together with the Philippine Educational Theater Association (PETA).

In 2019, total waste generated decreased by 7% compared with 2018 levels, and waste sent to landfill decreased by 14%. Given strengthened efforts to complete the waste cycle, waste diverted from landfill which now includes recyclables, plastics processed and food composted, and diverted from landfills and sent to recyclers increased by 39%, from 6.1 million kilos and 191,000 cu. meters to 7.9 million kilos and 833,000 cu. meters respectively.

Environmental Stewardship

Total Waste Generation (in kg)	2017	2018	2019
Sent to Landfill			
Residual	16,867,042	25,866,862	20,948,380
Food	10,466,598	8,749,166	10,592,719
Compostable	4,542,029	6,597,675	4,033,040
Diverted from Landfill			
Sent to Recyclers	4,899,175	6,137,887	7,894,200
Plastics Processed*			31,885
Food Composted			14,918

*Plastics were sent to Arca South Ecohub and used in the making of construction materials such as eco-bricks, eco-casts, and eco-pavers.

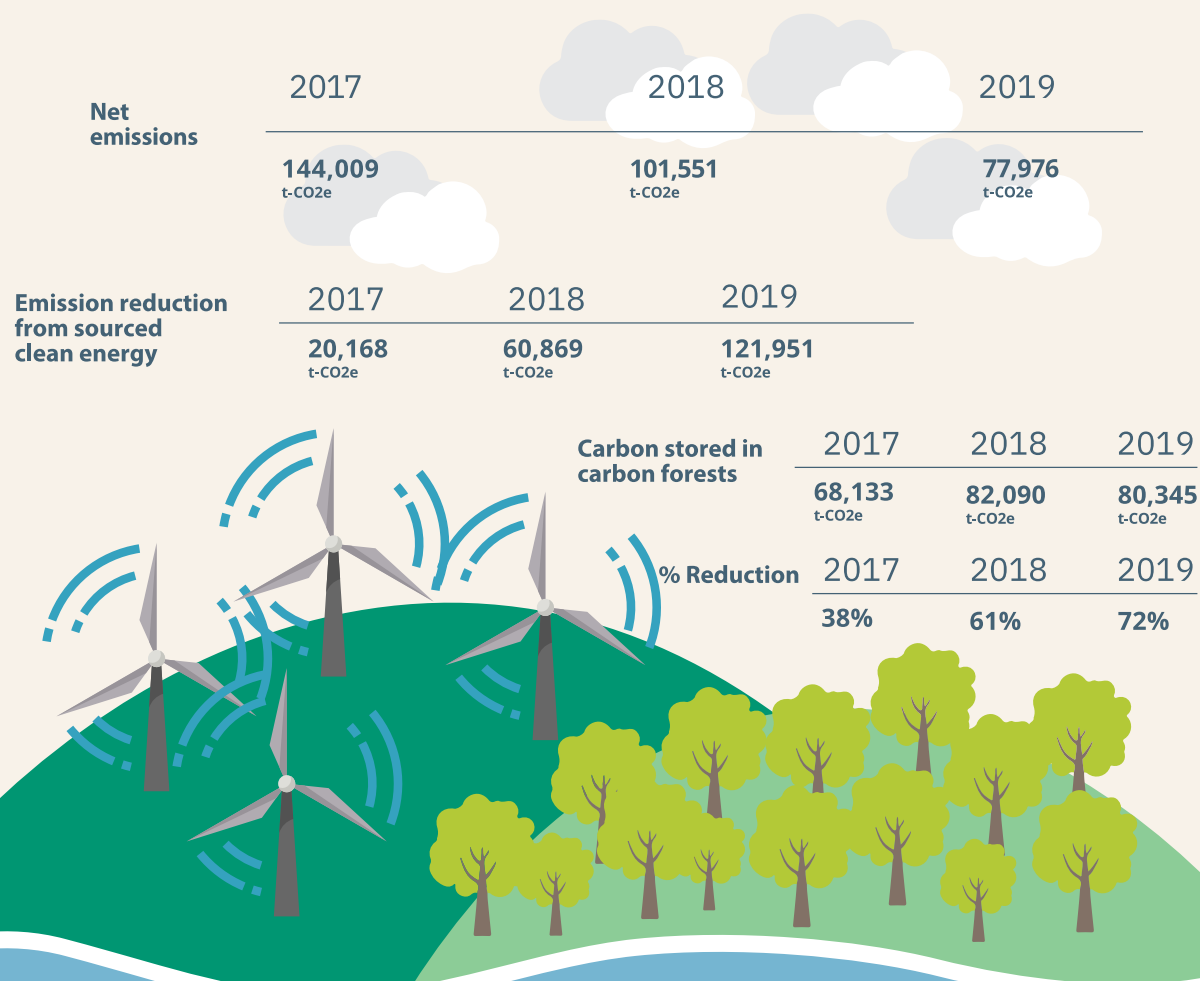
Construction Waste Generation (in cu. meters)	2017	2018	2019
Sent to Landfill	644,280	608,452	397,874
Diverted from Landfill and Sent to Recyclers	194,240	190,664	832,729



In our Arca South Ecohub facility, plastic discards generated from ALI developments are mixed with cement and other inputs to create construction materials such as eco-bricks, eco-pavers, and eco-casts.

CARBON NEUTRALITY

We announced an ambitious target of achieving carbon neutrality for our commercial properties by year 2022 through increasing our reliance on clean energy and offsetting our greenhouse gas (GHG) emissions with carbon forests. As of 2019, we have already cut our net emissions by 72%, equivalent to 202,296 t-CO₂e.






RECORDED IUCN RED-LIST SPECIES

IUCN Red List Category	2018	2019
Critically Endangered	2	2
Endangered	7	7
Near Threatened	18	20
Vulnerable	25	28
Total	52	57


Note: 2017 and 2018 carbon neutrality figures restated following changes in boundary

2019 Environmental Performance Summary





SITE RESILIENCE

Strategy		Performance
	Permeable Spaces Allocation of vegetated and porous surfaces to allow water to be absorbed and mitigate the effects of flooding	15% of gross land area of estates and residential properties maintained as permeable space
	Native Trees Use of native trees to protect Philippine biodiversity and allow easier recovery from disturbances in the environment	Additional 17,460 trees recorded in estates and residential projects
	Biodiversity Assessments in estates with significant biodiversity value to identify native flora and fauna Creation of appropriate development plans and programs to conserve and protect indigenous biodiversity	Additional 5 IUCN red-list species recorded in tourism developments More than 7,000 turtles released in El Nido since 2009

PEDESTRIAN MOBILITY AND TRANSIT CONNECTIVITY

Strategy		Performance
	Pedestrian Mobility And Transit Connectivity Continuous enhancements of pedestrian experience, safety, and mobility	5 additional P2P bus routes located in ALI malls and estates 9 urban patios added in the Makati CBD Safety canopies provided in 100% of MDC project sites Bike racks installed in 100% of MDC project sites

RESOURCE EFFICIENCY

Strategy	Performance
 <p>Energy and Water</p> <p>Energy and water efficiency initiatives such as equipment replacements and operational adjustments to ensure optimal operations</p>	<p>9.6 million kWh reduction in common area consumption in malls and offices, resulting in PHP68.6 million pesos in savings</p> <p>Reduction of energy intensity by 3% and 15% in malls and offices, respectively</p> <p>288,000-cu. meter reduction in common area water consumption in commercial properties, resulting in PHP25.7 million savings</p> <p>Reduction of water intensity by 1%, 5% and 8% in malls, offices, and hotels, respectively</p>
 <p>Materials and Waste</p> <p>Strict segregation at source across ALI properties and projects</p> <p>Utilization and repurposing of by-products generated during construction</p> <p>Recycling, reusing, and reprocessing of various waste types</p> <p>R&D and market studies to close the waste loop and ensure circularity in materials and waste systems</p>	<p>68% of materials used in construction recycled</p> <p>20% of total waste generated across Ayala Land properties and projects recycled</p> <p>31,885 kg of plastic waste reprocessed into construction materials</p> <p>14,918 kg of food waste composted</p>
 <p>Emissions and Carbon Neutrality</p> <p>Shifting buildings to clean energy sources through power purchase agreements</p> <p>Allocating portions of landbank as carbon forests</p> <p>Protection and restoration of forests</p>	<p>Additional 16 buildings shifted to RE source</p> <p>43% of commercial properties' kWh consumption in RE</p> <p>586 hectares of carbon forest maintained and enhanced</p> <p>Additional 35,620 native trees planted across forest sites</p> <p>72% reduction in commercial properties' net emissions</p>
 <p>Green Buildings</p> <p>Expansion of green building portfolio through LEED and other equivalent certifications</p>	<p>10 LEED-certified buildings</p>



Social Engagement

We actively engage our stakeholders to help us deliver on our commitment of enhancing land and enriching lives.

Property Buyers

We continuously sharpen our customer focus and improve our service levels to ensure that our products safeguard our buyers' health, safety, and security at all times. Customer surveys are conducted regularly to generate feedback on client servicing, processing of documents, unit turnover, and overall living experience in our properties. Feedback on our products is also generated through customer service representatives, the Ayala Land website, and social media.

Client servicing teams handle the turnover of properties to buyers and technical associates from the brands' client services group attend to buyers' post-construction concerns.

At the frontline, queries from property buyers are addressed by sellers, who regularly attend training sessions and briefings on our projects and processes.

Amicassa Process Solutions, Inc., a unit dedicated to providing sales administration support, processed the release of 15,266 titles to property buyers in 2019, a 14% increase from 2018.

Brokers and Sellers

Brokers and sellers are our key sales channel. They are equipped with the required information about the company, brands, and technical specifications and terms of projects to adequately market projects to buyers and locators. Periodic training and sales activities strengthen their capabilities, and social gatherings and team building activities foster team spirit. Incentives are awarded to outstanding sales performers.

By end-2019, Ayala Land's five brands combined had 4,183 sellers and worked with 4,029 brokers.

	Sellers	Brokers
ALP	419	980
ALVEO	905	398
Avida	1,020	1,437
Amaia	1,013	1,112
BellaVita	826	102

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

■ Constant and close engagement ■ Occasional and as needed

In 2019, ALP conducted 47 sales training sessions attended by 435 trainees and 15 engagement activities for the in-house sales channel (ALP Summit, quarterly awarding event, monthly activities) attended by 715 participants. It also conducted 44 accreditation and engagement activities for the broker channel, increasing the number of accredited and activated brokers for the Visayas-Mindanao area.

ALVEO held 23 engagement activities, including general assemblies and awards events, with its brokers and sellers. It also conducted 15 sales rallies and 24 training sessions.

Avida held 167 training sessions attended by 1,902 participants, and conducted general and quarterly sales assemblies, sales kick-off events, and an annual awards event.

Amaia held a sales summit for its sales leaders and conducted 42 enhancement training sessions for sellers.

BellaVita intensified need-based training programs for sellers and brokers. Passing rate in these programs improved to 96.50% from 88% the previous year.

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

We communicate and seek feedback from the end-users of our products and services—residents, shoppers, tenant employees, tourists, and hotel guests—through regular satisfaction surveys, loyalty and appreciation programs, e-newsletters, and social media posts.

Seda's overall guest satisfaction rating in 2019 was 87%, compared to 84% the previous year, with the highest ratings in "service" and "people." On the other hand, El Nido and Lio attained guest satisfaction ratings of 95% and 90%, respectively.

Social Engagement

Employees and Workers

Our workplaces support and facilitate employees' individual and group endeavors. Within the Ayala Land group, Ayala Land Parent has an employees' union.

Employee Engagement Programs

Regular town halls, quarterly updates, performance feedback, and grievance mechanisms ensure that open communication lines between Ayala Land management and employees are maintained at all times.

Based on the company's latest biennial employee engagement survey (2019), the Ayala Land group's employee engagement score is 90%, with employee empowerment scoring consistently high across the Ayala Land group. Operating efficiency, working relationships, and communication remain as the company's strengths. Areas identified to offer opportunities for further employee engagement are discussed in focus group discussions and addressed through action plans.

Our employee engagement programs in 2019 included participation in the Ayala group-wide JZA Cup athletic event, gatherings to celebrate Ayala Land's 31st anniversary, and "Passion Fest," a two-day bazaar featuring employees' hobbies and interests.

Contribution to Local Economic Development

As of end-2019, Ayala Land group's total headcount was 6,180, comprising 3,195 female and 2,985 male. Together with support staff, the group employed 50,264.

There were 1,326 new hires, 49% women, and 51% men. By age, 68% were below 30 years old while 32% were 30 and above. By region, 88% were from Luzon; 10% from the Visayas; and 2%, Mindanao. Attrition rate has consistently decreased through the years, to 12.55% in 2019 from 13.57% in 2016.

	2016	2017	2018	2019
Direct Employees	4,369	5,040	5,358	6,180
Support Staff	54,241	53,774	54,369	44,384
Total	58,610	58,814	59,727	50,564

Employee attrition rate

2016	2017	2018	2019
13.57%	12.99%	12.69%	12.55%

In 2019, local hires accounted for 87% of APMC's workforce. Local hires in El Nido Resorts and Lio Tourism Estate were at 88% and 95%, respectively.

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

Health and Safety

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

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

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

The company gym was opened in Tower One and Exchange Plaza in 2019. The ALI Fitness Club, which was also formed in 2019, counted 171 members by end-2019.

We also started the ALI Wellness campaign, a holistic program that promotes physical and mental health, nutrition, and volunteerism initiatives of our employees. Campaign activities include mental health awareness forums, financial wellness seminars, physical therapy sessions, talks on nutrition, wellness fairs, group unwinding activities, and so-called Footloose Fridays.

Employees are encouraged to wear rubber shoes every Friday to be able to reach 10,000 steps even while at work.

In every MDC project, a safety committee with workers representation monitors the implementation of health and safety practices in the build site.

Construction workers are required to use personal protective equipment including safety glasses, work gloves, and safety harnesses with dual lanyard and safety belt shock absorber attached to a suitable lifeline for those working in high places.

All MDC sites have detailed emergency preparedness and response plans that include regular drills for fire, earthquakes, and other identified emergency situations. All designs strictly undergo peer review prior to approval. Proactive safety initiatives include conducting “Safety Management By Walking Around” demonstrating strong safety leadership, pre-activity training on safety focusing on work methodology and hazard control, requirement of an approved work permit for all nominated high-risk activities, and inspection of all form works by the inspectorate team prior to concrete pouring.

We continually adopt measures to ensure safety in construction sites, concentrating on improving monitoring systems and compliance reporting on safety initiatives and standard requirements. In the case of recorded incidents, investigations are conducted to identify the root cause and implement new controls and action plans to prevent similar incidents in the future.

In 2019, MDC recorded a safety performance of 0.24 TDIR (total disabling injury rate) for 188.1 million total man-hours through continuing emphasis on safety culture. Fifteen construction projects were awarded with Perfect Safety Record by the Safety Organization of the Philippines (SOPH), while two projects were awarded the Certificate of Recognition by the Department of Labor and Employment for 7 million and 4 million safe man-hours, respectively.

MDC Safety Performance*	2017	2018	2019
TDIR	0.10	0.10	0.24
Fatalities	2	5	3
Permanent Disabling Injury/Illness	0	1	3
Lost Time Injury/Illness	7	13	39**

* Numbers report on safety performance of construction projects. No safety incidents were recorded in operating properties.

** Initiatives to improve the accuracy of the reporting process led to the increase in recorded lost time injury/illness in 2019.

APMC-managed properties reported no major fire incident in 2019, thanks to safety programs, proactive personnel readiness, and fire protection system reliability. APMC conducted a total of 13,260 weekly emergency response team drills and 192 night-drills across all managed properties. It also spearheaded safety and crowd control in the December 2019 SEA Games events hosted at the Vermosa Sports Complex, all Christmas Light and Water Show areas, and the New Year’s countdown at BGC.

Training and Development

We recognize the importance of our employees’ continuous professional development. In 2019, Ayala Land and its subsidiaries conducted a total of 204,755 training hours. Average training hours increased to 38.61 from 27.49 for men, and 28.01 from 22.97 for women.

Social Engagement

Training hours according to gender (2019)			
		Male	Female
Gender count		2,985	3,195
Total training hours		115,265	89,490
Average training hours		38.61	28.01
Average training hours vs total population			33.13
Training hours according to gender (2017-2019)			
	2017	2018	2019
Total training hours	132,337	134,683	204,755
Average training hours	26.26	25.14	33.13
Average training hours - Male	28.36	27.49	38.61
Average training hours - Female	24.25	22.97	28.01
Training hours according to position (2019)			
	Total Training Hours	Total Number of Employees	Average Training Hours
Senior Management (MTF-UP)	201	25	8.02
Middle Management (MTA-MTE)	50,429	1,223	41.23
Rank and File	154,125	4,932	31.25
Total	204,755	6,180	33.13

Capacity building continues to be a focus of learning and development programs, with level-based training programs producing 136 graduates in 2019. The Associates' Forum and Leaders' Forum were once again held, tackling leadership, coaching, company culture, values, new urbanism, the trust economy, and other topics relevant to the organization and business.

Training opportunities and custom-fit courses are offered through the Individual Development Plan (IDP), aimed at increasing employees' skill sets to perform at optimum levels. The IDP modules cover business and technical knowledge, skills building, values, ethics, and corporate governance.

A total of 20 functional training programs across functions and organizations was held. One batch of the on-boarding program was attended by 38 new hires across the group, functions, and job levels. "Kapihan"

(coffee talks) were also held to promote a coaching culture within the organization, further enabling leaders to increase engagement and drive performance.

Regular employees with at least three years of continuous service can apply for a study leave, i.e., extended leave days to support formal or continuing education, subject to management approval.

MDC developed in-house skills training modules to enhance the competencies of the construction workforce, supervisors, and engineers on new construction methodologies, construction components, materials, and products, while maintaining partnerships with the Technical Education and Skills Development Authority (TESDA), Construction Manpower Development Foundation, and Philippine Constructors Association. It has also collaborated with international vocational schools like TVET UK and Japan's Tone Numata Techno Academy.

We established nine TESDA-accredited training centers throughout the country, while construction of the MDC Academy for Construction Excellence in San Felix, Batangas is now in full swing. The world-class technological-vocational school will house modern simulators for equipment skills testing. Programs offered in the training centers include electrical installation and maintenance, masonry, kitchen cabinet installation, carpentry, tile setting, scaffold erection, sealant application, painting, shielded metal arc welding, pre-cast installation, plumbing, reinforced steel works and skim coating for construction trades, heavy equipment operation operation/truck-mounted crane and tower crane operation, and gondola operation for equipment support.

In 2019, MDC training centers produced more than 5,000 graduates, bringing the total number of graduates to 29,845.

MDC-TESDA Graduates					
2015	2016	2017	2018	2019	Total
5,620	8,513	5,267	5,306	5,139	29, 845

MDC maintained 41 TESDA-accredited trainers, 13 of whom are also TESDA-accredited assessors.

Compensation and Rewards

Ayala Land provides compensation and benefits mandated by national labor laws and its own performance incentives program. We reject any form of forced and compulsory labor.

All regular employees receive life insurance, in-patient and out-patient health coverage, disability and invalidity coverage, retirement benefits, and medical allowances. Our contractual employees are provided with health insurance coverage and are entitled to service incentive leaves and overtime pay.

Ayala Land has an employee compensation and rewards policy that helps propel business performance. In particular, the Employee Stock Ownership (ESOWN) plan gives select employees the opportunity to participate in the growth of the company and instill a sense of personal accountability for the company's growth.

The company also provides variable pay such as the performance-based cash bonus that is directly linked to an individual's key deliverables established at the start of the year.

Diversity and Equal Opportunity

Ayala Land recognizes the importance of diversity and equal opportunities in the workplace. Women account for 52.7% of the company's employees.

The company implements government-mandated leaves on paternity and maternity following the Expanded Maternity Law. It has also established the ALI Wellness program, which promotes and looks after the mental health, physical health, and nutrition of parent-employees. This program has resulted in improved return-to-work rates in 2019, at 100% and 92% for men and women employees, respectively.

Return-to-work rates				
	2016	2017	2018	2019
Men	82%	98%	99%	100%
Women	88%	90%	88%	92%

Parental leaves (2019)			
	Employees entitled to parental leave	Employees who went on parental leave	Employees who returned to work
Men	2,985	78	78
Women	3,195	124	114

Ethical Behavior

Ayala Land has always upheld high standards of accountability and ethics, as enshrined in the company's code of ethics.

Open dialogue between employees and management has been the bedrock of the company's strong and sound organizational partnership in pursuit of company objectives.

The company regards employees with utmost respect and professionalism. It counts on them to deliver their best in the workplace without threat of penalty, sanctions, and loss of rights and privileges.

Social Engagement

Ayala Land's nondiscrimination policy is published in the company intranet, OurPlace, for easy reference of all employees. It encourages any discriminatory practice to be reported to Human Resource. In 2019, there was no report of such discrimination.

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

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

Under our Whistleblowing Policy, any individual or entity that becomes aware of or suspects any irregularity or misconduct involving Ayala Land employees, brokers, sellers, business partners, suppliers, and service providers may report such behavior to Ayala Land management through secure channels. In 2019, there was no recorded significant incident of such illegal or unethical behavior.

For more information on the Whistle Blowing Policy, see page 109 of this report.

Business Partners, Suppliers, and Service Providers

Recognizing the rights of all business partners, suppliers, and service providers, Ayala Land strives to maintain long-term and mutually beneficial relationships through impartial dealings and adherence to the highest level of moral and ethical conduct.

The company provides vendors and trade partners with equal opportunities and promotes fair and open competition by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness.

Suppliers are accredited upon their full compliance with the company's standards and requirements, with preference for those who practice environmental responsibility, consistent with our "greening the supply chain" campaign. We require suppliers to accomplish a

"Green Metrics" form to verify their environmental and social practices, which include programs on managing environmental impacts and sustainability reporting. As much as possible, materials and supplies are sourced locally.

Our Vendors' Code of Ethics is regularly updated to enhance sustainable development provisions as well as to conform to the ISO guidelines for Sustainable Procurement 20400:2017.

To ensure that business partners, suppliers, and service providers strictly comply with company policies to prevent fraudulent activities, the Internal Audit Division conducts vendor audits in accordance with the provisions of the Vendor's Code of Ethics. This code may be viewed at <https://www.ayalaland.com.ph/vendor-qualification/>. In 2019, 18 vendor audits were initiated and are currently in various stages of resolution.

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

As of end-2019, we had a total of 2,932 vendors, including 701 accredited in the year.

Accredited vendors	
Accredited in 2019	701
Yearend total	2,932
Engaged during the year	60%
Vendors in civil, structural, architectural categories	40%

Creditors

Ayala Land acknowledges the rights of our creditors and is committed to honoring its contracted financial obligations and any financial covenant they may contain. Creditors have access to readily available information about Ayala Land for them to adequately assess the company's credit standing. There have been no loans or payments defaulted to creditors.

Shareholders and Analysts

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

We comply with all the disclosure and transparency rules of the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Dealing & Exchange Corporation (PDEX), ensuring all relevant information are publicly available.

Shareholders' Right to Participate in Decisions Concerning Fundamental Corporate Changes

Shareholders have the right to participate in decisions concerning fundamental corporate changes, such as, but not limited to, amendments to Ayala Land's articles of incorporation and bylaws, issuances of additional shares, transfer of all or a substantial portion of the company's assets, approval of remuneration-related matters, nomination of candidates for the board, and election of directors through voting.

Shareholders' Voting Rights

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

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

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

Shareholders are given the right to approve remuneration-related matters of the company's nonexecutive and independent directors during general meetings, whether regular or special. The last increase in remuneration of nonexecutive and independent directors, consisting of annual retainer fee and per diem for board and committee meetings, was approved in 2011.

Noncontrolling or minority shareholders have the right to nominate candidates to the Board of Directors. For more information on the Voting Procedures, see pages 106 to 107 of this report.

Analysts' Quarterly Briefings, Investor Meetings, Roadshows and Conferences

Ayala Land conducts quarterly briefings for both equity and credit analysts, and communicates directly with institutional and individual investors through one-on-one meetings, conference calls, and written communications such as e-mail.

Analysts and investors who are unable to physically attend quarterly briefings are invited to participate through a teleconference facility. A podcast of the quarterly briefing is also made available in the IR website.

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

In 2019, we hosted 110 meetings and conference calls with investors and sell-side analysts. We also hosted 38 site visits to our properties to give investors and analysts a better appreciation of Ayala Land's business model.

Ayala Land representatives participated in 17 local and foreign investor conferences, attending a total of 147 meetings across Asia, Europe, and the United States. During these conferences, we engaged 220 firms, represented by 418 individuals. Our President and CEO and Chief Finance Officer participated in 81 and 78 meetings, respectively.

Communities and Non-Government Organizations

All our projects undergo regular impact assessments throughout the project cycle to address the concerns of affected communities and local government. We deliberately engage the communities during the early stages of our projects to understand and deliver the appropriate social programs.

Our presence across the country provides communities with opportunities for employment, livelihood, productivity, and basic health services. We conduct

Social Engagement

training programs for the communities so that their available workforce can seek employment within our projects or even use their newly learned skills in other workplaces.

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

Alviera is working to serve the indigenous community in Porac, Pampanga through school building projects. It has turned over four classrooms to the relocated Brgy. Sapang Uwak Elementary School, two of which were built in collaboration with the Department of Public Works and Highways. It is in the process of building four more classrooms in time for AY 2020-2021. In collaboration with Manila Water Company, Alviera has also implemented a water project to provide the IP community piped with access to clean water.

Weavers from a community cooperative in NUVALI and community members from the barangay in Alviera continue to participate in selling activities hosted by Ayala Land or external partners. In Circuit Makati, a football program is conducted for the children of the communities surrounding the estate and special shows organized by Power Mac Center in partnership with other organizations such as Repertory Philippines are mounted exclusively for Makati City public school students.

Two of our estates spearheaded local disaster response efforts in 2019—Alviera in response to the 6.1-magnitude Luzon earthquake in April and Sicogon Estate in response to typhoon Ursula which hit central Philippines in late December.

Our tourism estates support the local community by integrating them into the supply chain. This approach has greatly enhanced the households' incomes and created sustainable livelihood opportunities.

In 2019, El Nido resorts achieved its goal of increasing locally sourced goods and services by 3%.

Impact of integration into El Nido supply chain	
Paid to local boatmen for boat rentals (2018-2019)	PHP50 M
Seafood sourced from Palawan suppliers (2018-2019)	PHP55 M
Paid to local fishermen who participated in From Hooks to Books, a fishing activity for resort guests (2015-2019)	PHP2.9 M
Paid to Narra, Palawan rice farmers (October 2017-2019)	PHP4.7 M
All the rice consumed in the El Nido resorts are sourced from these farmers.	
Paid to local farmers who supplied vegetables (October 2018-2019)	PHP3 M
As a result of this partnership, the monthly income of vegetable farmers has since increased by PHP 3,245	
Number of woven bags sourced to date from Sibaltan Women Weavers Association for resort amenities	15,974
Total payout for the laundry ladies program of Barangay Bebeladan (2019)	PHP382,000

Both El Nido and Lio are supplied by the Sibaltan Women Weavers Association with “kasuykolate,” a local delicacy made with cashew and chocolate. In 2019, about PHP85,000 were paid to the association for this product.

In 2019, the two estates also launched Conservation Sewmates, an alternative livelihood program for the women of Sitio Kiminawit. The women will be making plush toys for the resorts, with full production set to begin in 2020.

In Quezon City, Ayala Land worked with the National Housing Authority through the latter's Community Initiative Approach (CIA) program to relocate 7,477 families, providing them with homes in three locations—Southville Subdivision in Montalban, Rizal; Graceville Subdivision in San Jose del Monte Bulacan; and Barangay Pasong Tamo in Quezon City. CIA is an alternative financing scheme where families are given

the opportunity to acquire their own homes. Ayala Land further supported the families with employment opportunities in MDC; it is also helping to provide the relocation sites with transport cooperatives and public markets and the families with microfinancing assistance.

National and Local Government

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

We participate in local government initiatives such as local business councils, job fairs, and medical missions. We also offer technical assistance to local government units in the areas of urban planning, and disaster response and support.

In 2019, all applications for project launches were approved by the government.

Media

Through our corporate communications division, we regularly engage the media through multiple channels such as media conferences, briefings, news releases, fact sheets, social gatherings, one-on-one meetings, and through third-party consultants. We are focused on accessibility, making sure that media inquiries and concerns are addressed in a timely manner, via phone, e-mail, and other means of communication.

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

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

In 2019, we generated positive mentions in news and feature stories in media with a media value of PHP1.18 billion. Media value is the monetary equivalent of unpaid press coverage in print, electronic, and other news outlets.

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



- 1 Ayala Land is awarded its 7th consecutive win as the overall champion in the 2019 JZA Cup at Ayala Malls Circuit Makati.
- 2 Members of the Zobel Family, Makati City Mayor Ms. Abigail Binay-Campos, Makati City Vice Mayor Monique Lagdameo, Makati Congressman Luis Campos, Ayala Land President and CEO, Mr. Bernard Vincent O. Dy, and Ayala Land SVP and Estates Group Head, Ms. Anna Ma. Margarita B. Dy, formally open the 2019 Gallery of Lights at the Ayala Triangle Gardens.
- 3&4 Employees participate in various sporting activities throughout the year including the Ayala Land Summer Sportsfest OneTribe (left) and the JZA Cup Street Dance Competition (right).
- 5 Culminating activity of the One Tribe: Ayala Land Summerfest 2019 held at the Vermosa Sports Hub in May 2019.
- 6 Senior leaders planning at Pangulasian Island, El Nido Resorts, Palawan held in July 2019.



El Nido pioneers measuring groupwide social value



A company's impact on the community is often cited in reports but is seldom measured in real quantifiable terms. Over the last three years, however, the Ayala Foundation, Inc. (AFI) worked closely with Ayala Land hotels and resorts to pilot the measurement of the entire group's social impact.

Using the SROI—social return on investment—method, AFI measured the social value delivered by Ayala Land and other Ayala companies to El Nido, Palawan through the Lio Tourism Estate.

By measuring SROI, a company can clearly identify and confidently say that it is using its capital and other resources to create social value for the community. Social value refers to social, economic, and environmental gains from projects and other activities in the community not traditionally reflected in financial statements. SROI is expressed by a ratio between the amount spent for the projects and activities and the social value delivered.

From 2016 to 2019, activities coordinated by AFI for the entire group in El Nido delivered an SROI of 1:26. This means that every peso spent in the community translated to PHP26 in social, economic, and environmental benefits. As a group, Ayala companies invested PHP8,497,949 in the El Nido communities, generating a social value of PHP221,733,257 for the same communities over the three-year period.

These social values are in the form of increased income, increased pride and self-confidence, improved decision-making, ease of learning and teaching, higher motivation to learn and to teach, reduced absenteeism and improved class participation, better performance, acquisition of employable skills, improved health and mental wellbeing, immediate health relief for flood victims, preserved and cultivated culture, increased pride for the Cuyunon culture, and stronger community trust. The sectors impacted by these values were farmers, women, youth, indigenous people, teachers, students, victims of disasters, and the business and informal sectors.

The groupwide effort implemented initiatives identified by the communities themselves. The initiatives covered five areas—sustainable livelihood, education, cultural and tourism enhancement, health, and disaster response. Together, Ayala companies undertook five major programs and 12 projects, supporting and working with eight barangays, six basic sectors, two local government units (LGUs), and three government agencies. The initiatives strengthened the trust between the group and the communities served, and created tight, positive relationships with LGUs and sectoral organizations.

Among the projects being delivered is “Ora Mismo,” a skills and jobs program for teachers and students supported by Seda Lio, El Nido Resorts, Lio Estate Resorts, and Lio Tourism Estate. A total of 453 senior high school students and 20 teachers have so participated in the program. Of this number, 138 students have completed on-the-job training at Seda Lio, Lio Estate Resorts, and Pio Pio, with 39 of them hired in various Ayala Land hotels and resorts. Ora Mismo has not only increased the households’ income potential; it has also increased the locals’ confidence and skill level to take on higher-value jobs.

Meanwhile, a number of Ayala Land units are actively involved in developing sustainable livelihood projects for the locals. The vegetable farming project supported by Lio Tourism Estate, Lio Estate Resorts, Seda Lio, and El Nido Resorts has worked with 27 farmers, 135 family members, 27 farms, and one farmers market. The project has added PHP3,245 to the farmers’ monthly income, providing capacity for farmers to cover cost of food, education, and health in between harvests of long-term crops. AirSWIFT and Lio Tourism Estate, on the other hand, are taking part in women-in-enterprise development by providing space for the enterprises. The project has so far generated PHP3,460 in monthly income for the women. AirSWIFT and Lio are also involved in the organization of the Lio Toda, a local transport group, raising the income of tricycle drivers to PHP19,200 a month.

Other projects and activities undertaken by the group in El Nido include weaving of indigenous baskets, manufacture of “kasuykolate” (chocolate candy with cashew), teacher training and coaching, clean-up and rehabilitation of school buildings, support for local cultural preservation, assistance to local health centers, and disaster response efforts.

Social Value International, a UK-based global network focused on social impact and social values, has awarded AFI the Social Value Level 1 Certificate, recognizing its commitment to implement systems and processes that are consistent with Social Value Principles in measuring SROI.

Ayala Land looks forward to deepening its involvement in the El Nido projects, and plans to duplicate the initiative in other parts of the country with estates serving as anchors for the groupwide undertaking.





Corporate Governance and Risk Management

Ayala Land continues to update its governance policies and practices in line with standards in the country and the ASEAN region. In 2019, we tapped an external facilitator to conduct our Board Self-Assessment exercise. This will be done every three years starting in 2019. We also revised our Material Related Party Transactions Policy, to align with new standards of the SEC. Lastly, we updated our Insider Trading Policy, specifically on the period and persons covered by our Trading Blackout.

Governance Structure

Board of Directors

The Board of Directors is vested with the principal responsibility of promoting sound corporate governance. They set the company's vision and mission, strategic objectives, and key management policies and procedures. They also establish and approve the mechanisms by which senior management is evaluated.

Board Committees

The board is assisted by eight committees with delegated functions in accordance with Ayala Land's bylaws. These are the Executive, Audit, Board Risk Oversight, Corporate Governance and Nomination, Personnel and Compensation, Related Party Transactions Review, Sustainability, and Inspector of Proxies and Ballots committees. Each committee's responsibilities are discussed in pages 101 to 106, "Board Committees," of this report.

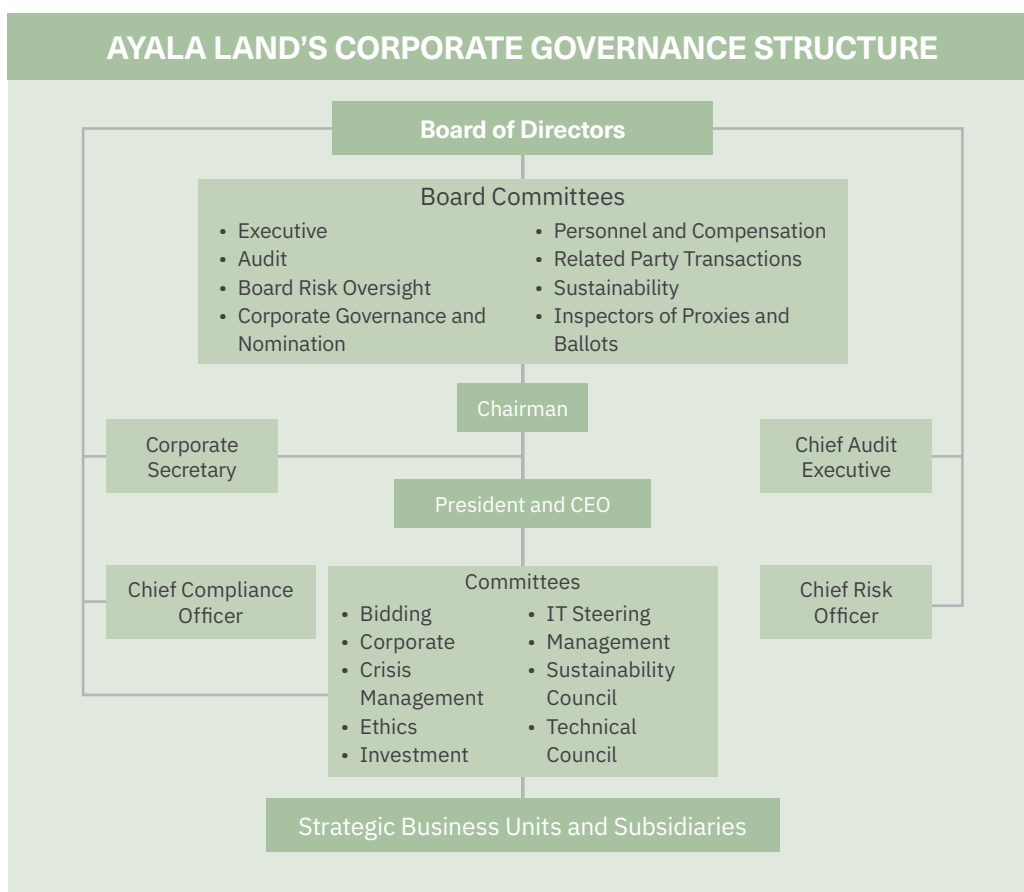
The Chairman, Vice Chairman, and President and CEO

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

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

The Chairman chairs and heads all board and stockholders' meetings; when he is not available, the President may head such meetings. The Chairman also ensures that each director freely expresses his opinions on any matter under discussion.

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



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

Corporate Secretary

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

Each board member may separately and independently access the Corporate Secretary.

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

Chief Compliance Officer

The Chief Compliance Officer (CCO) ensures Ayala Land's compliance with all regulations that govern the company and adoption and implementation of corporate governance best practices across the organization.

Ayala Land's CCO is Mr. Augusto D. Bengzon, who concurrently serves as the company's Chief Financial Officer and Treasurer.

Chief Audit Executive

The Chief Audit Executive (CAE), reporting to the Audit Committee, leads the Internal Audit group in ensuring compliance with internal control procedures and assists the Committee in supporting the corporate governance process through the provision of checks and balances. The Internal Audit group assists the Committee and the board in the discharge of its duties and responsibilities as provided in the Code of Corporate Governance for publicly listed companies.

Ayala Land's CAE is Ms. Ma. Divina Y. Lopez.

Corporate Governance and Risk Management

Chief Risk Officer

The Chief Risk Officer (CRO), reporting to the Board Risk Oversight Committee, conducts annual risk assessments to identify risks and their impact on the company's business and determines corresponding measures to address such risks.

Ayala Land's CRO is Mr. Maphilindo L. Tandoc.

Management Committees

In addition to board-level committees, Ayala Land has management-level committees that guide critical decision-making and key practices of business units and support functions, as shown in our Governance Structure chart on page 95. The company recognizes the importance of adopting and maintaining clear policies, best practices, and strong internal controls to support effective corporate governance.

Strategic Business Units and Subsidiaries

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

Ayala Land has four main business units: strategic land bank management group, residential business group, commercial business group, and services group. The strategic land bank management group is responsible for the acquisition of land and the development of large-scale, integrated, mixed-use, and sustainable estates. The residential business group handles the sale of residential and office condominiums, house and lot developments, and commercial and industrial lots. The commercial business group oversees the development and lease of shopping centers, offices, and hotels and resorts. Lastly, the services group handles the construction and management of facilities and properties.

Ayala Land has established policies and practices which are posted on its website. They are also available in this integrated report, annual corporate governance report, corporate governance manual, and the investor relations website (<https://ir.ayalaland.com.ph>). Ayala

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

Board Matters

Board Composition

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

Skills, Competency, and Diversity

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

In the selection of candidates to the board, the objectives set by the board for its composition is considered including the required knowledge, abilities, and experience needed to successfully manage the company. Collectively, the board possesses the required knowledge, skills and competencies, and experience in general business, industry, law, and finance to properly perform its duties.

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

Independent Directors

Independent directors, who may serve for not more than nine years, are not to hold any interest or relationship with Ayala Land that may compromise or interfere with his independent judgment and exercise of responsibilities as director.

Ayala Land exceeds the PSE regulatory requirement of having at least two independent directors on the board. It has three independent directors equivalent to 33% of the nine-man board.

Following the Code of Corporate Governance for publicly listed companies, on April 24, 2019, the Ayala Land board appointed Dr. Jaime C. Laya as lead independent director, serving as an intermediary between the Chairman and the other directors whenever necessary.

Guidance on Directorships outside Ayala Land

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

Meetings and Attendance

Regular meetings of the Board of Directors are held at least six times annually, set at the start of the year.

In 2019, the board held six regular meetings. The average attendance rate was 100%, with each member complying with the minimum attendance of 75%, to be eligible for re-election as set out in the board charter. On October 31, 2019, the non-executive directors held a meeting, without the presence of any executive director.

Executive sessions may be held on an ad hoc basis without the presence of any executive director. To the extent allowed by law, the Executive Committee may also convene and exercise any of the powers and attributes of the board during the intervening period between board meetings.

Board meeting materials are distributed to the board at least five business days before the relevant meeting.

Remuneration

Each Ayala Land director is entitled to receive fees and other compensation for services as director, pursuant to the resolution approved by the board and the stockholders.

In no case shall the board's total yearly compensation exceed 1% of the company's net income before income tax of the preceding year.

Each non-executive director receives a fixed annual retainer fee of PHP1 million, a fixed per diem of PHP200,000 for every board meeting attended, and a fixed per diem of PHP100,000 for every committee meeting attended. Such remuneration was approved and ratified during the 2011 annual stockholders meeting. Meanwhile, independent directors are not entitled to

BOARD OF DIRECTORS 2019	DESIGNATION	YEAR APPOINTED (No. of years in the board)	EXPERTISE
Fernando Zobel de Ayala	Non-Executive, Chairman	April 1999 (20)	General management, real estate, utilities, arts and culture
Jaime Augusto Zobel de Ayala	Non-Executive, Vice-Chairman	June 1988 (31)	General management, strategy and finance
Bernard Vincent O. Dy	Executive, President & CEO	April 2014 (5)	Real estate, accounting, finance
Jaime C. Laya	Non-Executive, Lead Independent	April 2010 (9)	Banking, insurance, arts and culture, accounting and finance
Rizalina G. Mantaring	Non-Executive, Independent	April 2014 (5)	Insurance, engineering and computer science
Cesar V. Purisima	Non-Executive, Independent	April 2018 (2)	Accounting and finance, economics
Antonino T. Aquino	Non-Executive	April 2009 (10)	Real estate, utilities and property management
Arturo G. Corpuz	Non-Executive	April 2016 (3)	Architecture, economics, urban and regional planning, sustainability
Delfin G. Lazaro	Non-Executive	May 1996 (23)	Strategy, finance and engineering

Board and Committee Meetings Attendance 2019

BOARD OF DIRECTORS	MEETINGS ATTENDED/HELD	% PRESENT
Fernando Zobel de Ayala	6/6	100%
Jaime Augusto Zobel de Ayala	6/6	100%
Bernard Vincent O. Dy	6/6	100%
Jaime C. Laya	6/6	100%
Rizalina G. Mantaring	6/6	100%
Cesar V. Purisima	6/6	100%
Antonino T. Aquino	6/6	100%
Arturo G. Corpuz	6/6	100%
Delfin L. Lazaro	6/6	100%

EXECUTIVE COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Fernando Zobel de Ayala	6/6	100%
Jaime Augusto Zobel de Ayala	6/6	100%
Bernard Vincent O. Dy	6/6	100%
Antonino T. Aquino	6/6	100%
Delfin L. Lazaro	5/6	83%

AUDIT COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Jaime C. Laya	4/4	100%
Antonino T. Aquino	4/4	100%
Rizalina G. Mantaring	4/4	100%

BOARD RISK OVERSIGHT COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Rizalina G. Mantaring	2/2	100%
Antonino T. Aquino	2/2	100%
Jaime C. Laya	2/2	100%

RELATED PARTY TRANSACTION REVIEW COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Cesar V. Purisima	2/2	100%
Jaime C. Laya	2/2	100%
Rizalina G. Mantaring	2/2	100%
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Cesar V. Purisima	5/5	100%
Jaime C. Laya	5/5	100%
Rizalina G. Mantaring	4/5	83%
PERSONNEL AND COMPENSATION COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Cesar V. Purisima	2/2	100%
Rizalina G. Mantaring	1/2	50%
Fernando Zobel de Ayala	2/2	100%
SUSTAINABILITY COMMITTEE	MEETINGS ATTENDED/HELD	% PRESENT
Arturo G. Corpuz	2/2	100%
Bernard Vincent O. Dy	2/2	100%
Jaime C. Laya	2/2	100%
NON-EXECUTIVE DIRECTORS MEETING	MEETINGS ATTENDED/HELD	% PRESENT
Fernando Zobel de Ayala	1/1	100%
Jaime Augusto Zobel de Ayala	1/1	100%
Jaime C. Laya	1/1	100%
Rizalina G. Mantaring	1/1	100%
Cesar V. Purisima	1/1	100%
Antonino T. Aquino	1/1	100%
Arturo G. Corpuz	1/1	100%
Delfin L. Lazaro	1/1	100%

Corporate Governance and Risk Management

receive options, performance shares, and bonuses except pursuant to a resolution approved by stockholders owning a majority of outstanding capital stock.

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

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

The total compensation of the CEO and the four most highly compensated officers is disclosed in the Definitive Information Statement sent to all shareholders. The total annual compensation reported includes the basic salary and variable pay, such as performance-based cash bonuses and the exercise of previously granted employee stock option plans, if any.

BOARD OF DIRECTORS GROSS REMUNERATION IN 2019

DIRECTOR	TOTAL REMUNERATION
Fernando Zobel de Ayala	3,100,000.00
Jaime Augusto Zobel de Ayala	2,900,000.00
Jaime C. Laya	3,800,000.00
Rizalina G. Mantaring	3,600,000.00
Cesar V. Purisima	3,200,000.00
Antonino T. Aquino	3,500,000.00
Arturo G. Corpuz	2,500,000.00
Delfin L. Lazaro	2,800,000.00
TOTAL	25,400,000.00

Disclosure of Conflict of Interest

Annually, each director is required to disclose any conflict of interest using the Ayala Land disclosure form. Each independent director submits to the Corporate Secretary a confirmation letter stating that at the time of his election, appointment, or re-appointment as director, he holds no interests affiliated with the company, or in the management of its controlling shareholder. A director with any material conflict of interest determined to be permanent in nature shall be disqualified from the board.

DIRECTOR	DATE OF TRAINING	PROGRAM	TRAINING INSTITUTION
Fernando Zobel de Ayala (NED), Chairman	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Jaime Augusto Zobel de Ayala (NED), Vice Chairman	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Bernard Vincent O. Dy (ED), President and CEO	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Jaime C. Laya (Lead ID)	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Rizalina G. Mantaring (ID)	August 13, 2019	Training on Corporate Governance	SGV & Co.
Cesar V. Purisima (ID)	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Antonino T. Aquino (NED)	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Arturo G. Corpuz (NED)	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC
Delfin L. Lazaro (NED)	August 9, 2019	Advanced Corporate Governance Training	ICD, SEC

The disclosure notwithstanding, a director is required to abstain from participating in the discussion and voting on any matter where he has a conflict of interest at any point during the course of his service. The board may follow any additional process to preclude such conflict. No person shall qualify or be eligible for nomination or election to the board if he is engaged in any business that competes with or is antagonistic to the interest of the company.

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

Annual Self-Assessment

Every year, Ayala Land's board and board committees undergo self-assessments to monitor and improve their performance. This exercise requires each member to assess himself and the entire board. The assessments are compiled by the Chief Compliance Officer who, through the Corporate Secretary, sends the compilation to the board for presentation and action.

The assessment covers four broad areas— fulfillment of the board's key responsibilities, quality of the relationship between the board and management, effectiveness of board processes and meetings, and the performance of individual board members. The assessment questionnaire is reviewed regularly by the CCO to ensure its relevance and appropriateness to the responsibilities and processes of the board and the committees.

In 2018, an online version of the self-assessment survey was developed and made available to the members of the board. The annual self-assessment exercise will be supported by an external facilitator every three years beginning 2019. For the 2019 assessment, we engaged Aon Hewitt Southeast Asia. A summary of the board self-assessment scores are available on <https://ir.ayalaland.com.ph/corporate-governance/board-self-assessment/>

Training and Continuous Education

Ayala Land requires all board members to participate in continuing professional education. Moreover, new directors undergo an orientation program to ensure they have all the information they need to fulfill their duties and responsibilities. The orientation program typically consists of a presentation of Ayala Land's operations, business performance, and financial results, as well as a discussion on disclosure obligations of directors, conflict-of-interest situations, relevant governance issues, and an optional tour of the company's business segments and projects.

Board Committees

The board may create committees deemed advantageous or necessary to run the company, in accordance with its bylaws.

Each committee has a board-approved charter outlining their powers, duties, and responsibilities. Among other provisions, the charter states the members' qualifications; the committee's composition, powers, duties, and responsibilities; and rules governing the exercise of such powers, duties and responsibilities. The board may delegate some of its powers, duties, and responsibilities to any of the board committees.

Executive Committee The Executive Committee consists of five members: Mr. Fernando Zobel de Ayala, Chairman of the Board; Mr. Jaime Augusto Zobel de Ayala, Vice Chairman; Mr. Bernard Vincent O. Dy, President and CEO; and non-executive directors, Mr. Antonino T. Aquino and Mr. Delfin L. Lazaro, all citizens of the Republic of the Philippines.

The Executive Committee, with a quorum of at least two-thirds of its members, shall exercise any of the powers and attributes, to the extent allowed by the bylaws, during the intervening period between board meetings. The Committee shall report to the board the resolutions adopted by it, during the board meeting immediately succeeding the Committee meeting when these resolutions were approved.

Corporate Governance and Risk Management

In 2019, the Executive Committee performed the following duties and responsibilities:

1. Acted on specific matters delegated by the Board of Directors such as: project launches, land acquisitions, issuance of retail bonds, and acquisition of additional shares in a subsidiary, among others, except with respect to the following: approval of any action for which shareholders' approval is also required; distribution of cash dividends; filling of vacancies on the Board or Executive Committee; amendment or repeal of bylaws or the adoption of new bylaws; amend or repeal of any resolution of the Board of Directors which by its terms is not so amendable or repealable; and the exercise of powers delegated by the Board exclusively to other committees;
2. Discussed strategic plans and directions, financials, and market reviews in detail; and
3. Deliberated on, among others, various projects and business proposals.

Audit Committee

The Audit Committee consists of three members: Mr. Antonino T. Aquino, non-executive director; Dr. Jaime C. Laya, lead independent director and chair of the committee; and Ms. Rizalina G. Mantaring, independent director.

Dr. Laya has significant auditing experience and accounting expertise, while Ms. Mantaring has experience in the insurance industry. Mr. Aquino has experience and expertise in the company's financial management systems and business operations.

The committee supports corporate governance through the exercise of checks and balances, including financial reporting, internal audit, and independent audit. It has the primary responsibility to conduct and assess the independence, professional qualifications, and competence of the independent auditor, and thereafter recommend the latter's appointment and remuneration to the board. The committee may also recommend the removal of the independent auditor, ensuring rotation in the engagement of audit partners.

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

C - Chairman M - Member

The Audit Committee performed the following duties and responsibilities in 2019:

1. Assisted the Board in the fulfilment of its oversight responsibility relating to the accuracy of the company's financial statements, soundness of its financial reporting process, robustness of internal control, internal audit activities, annual independent audit of the financial statements, and compliance with legal and regulatory requirements;
2. Reviewed, approved, and endorsed the 2019 Audited Financial Statements of the company as audited by external auditor SyCip Gorres Velayo & Co. (SGV), as well as the quarterly unaudited financial statements;
3. Reviewed and approved the contents of the Management Representation Letter;
4. Recommended the re-election of SGV as ALI's external auditor for 2020 and the corresponding audit fee structure;
5. Reviewed and approved the overall scope and respective audit plans of SGV and internal auditors and discussed the results of their audits and assessments of ALI's internal controls and overall quality of the financial reporting process;
6. Reviewed and discussed the status of audit recommendations;
7. Reviewed and discussed the report of the company's Ethics Committee; and
8. Reviewed and discussed updates on legal cases.

Board Risk Oversight Committee

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

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

The Board Risk Oversight Committee performed the following duties in 2019:

1. Assisted the board in the fulfilment of its oversight responsibility relating to the effectiveness of ALI's risk management process by ensuring the existence of risk management policies and procedures and by reviewing the company's risk management framework and processes;
2. Reviewed the results of the risk assessment reports of the Chief Risk Officer, including the review of key risks which is periodically done to ensure relevance to business and up-to-date to present situation as well as identify emerging risks;
3. Established and prioritized the key risks to be regularly monitored and reported to the Committee;
4. Discussed the high-rise fire-fighting study conducted by Ayala Property Management Corporation as well as the high rating of ALI in the Ayala Group risk maturity index; and
5. Discussed the state of the hardening global insurance market and the efforts to optimize the company's over-all insurance costs.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed of the company's three independent directors, Dr. Jaime C. Laya, Ms. Rizalina G. Mantaring, and Mr. Cesar V. Purisima, who chairs the committee.

The committee oversees all matters related to corporate governance and nomination and election of directors.

In 2019, the Corporate Governance and Nomination Committee accomplished the following:

1. Implemented and maintained a process that ensures that all directors nominated for election at the annual stockholders' meeting have all the qualifications and none of the disqualifications for directors as stated in the bylaws, the corporate governance manual, and relevant rules and regulations of the company;
2. Reviewed and evaluated the qualifications of key executives prior to movement, promotion, and hiring;

Corporate Governance and Risk Management

3. Reviewed and evaluated the profiles of the nominees for directors for the current year; approved, upon delegation by the Board, the final list of nominees; and approved and endorsed the appointments of key officers; and
4. Approved and endorsed the amendment of the Insider Trading Policy and the engagement of an external facilitator to support the board's self-assessment exercise.

Personnel and Compensation Committee

The Personnel and Compensation Committee is composed of the Chairman of the Board, Mr. Fernando Zobel de Ayala; Mr. Cesar V. Purisima, independent director and chair of the committee; and Ms. Rizalina G. Mantaring, independent director.

The committee oversees matters related to the board, management, and overall remuneration. No member of the Personnel and Compensation Committee may act

PROCESS AND CRITERIA FOR NOMINATIONS, ELECTION, AND RE-APPOINTMENTS TO THE BOARD

Process and Criteria for Board Nominations

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

The Corporate Governance and Nomination Committee reviews and evaluates the qualifications of all nominees based on the following:

- Ownership of at least one share of stock in the corporation in their name in the books of the company;
- A college degree or its equivalent, or adequate competence and understanding of the fundamentals of doing business or sufficient competence and experience in managing a business in lieu of formal education;
- Relevant qualification such as previous business experience, membership in good standing in a relevant industry, and membership in business or professional organizations;
- Integrity, probity, diligence, and assiduousness in the performance of their functions;
- Directorships in other companies, taking into account the nature of the business of said companies, number of directorships in other companies, and age of the director.
- For independent directors, beneficial equity ownership in the company or in related companies, which must not exceed 2%, and term limits under applicable laws, rules, and regulations.

The committee may consider and recommend to the board other qualifications that may be provided by relevant laws or any amendment thereto, including independence criteria or standards for independent directors.

The committee may also identify and recommend qualified individuals for nomination and election to the board. For this purpose, the committee may engage professional search firms and other external parties.

Election and Re-appointments to the Board

In accordance with the bylaws and rules of procedure of the annual stockholders meeting, stockholders entitled to vote shall elect the company's directors.

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

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

Inspectors and Ballots Committee

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

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

to fix his own compensation, except to determine the uniform compensation of directors.

The Personnel and Compensation Committee accomplished the following in 2019:

1. Implementation of a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers, and other key personnel;
2. Endorsement of the 2019 performance bonus budget, the 2020 Executive Stock Ownership Grants, and the 2020 Executive Housing Privilege grants to qualified officers; and
3. Discussion and notation of the results of the 2019 employee engagement survey.

Related Party Transactions Review Committee

The committee is composed of the company's three independent directors, Dr. Jaime C. Laya, Ms. Rizalina G. Mantaring, and Mr. Cesar V. Purisima who chairs the committee.

The RPT Review Committee accomplished the following in 2019:

1. Assisted the board in the fulfilment of its oversight responsibility relating to the review of all related party transactions (RPTs), except pre-approved RPTs; the formulation, revision and approval of policy on RPTs; and the conduct of any investigation required to fulfill its responsibilities on RPTs;
2. Adopted the revised Material RPT Policy as required by the SEC; and
3. Reviewed, discussed, approved and endorsed the following material RPTs: Avida Land Corp.'s purchase of commercial lot owned by Cebu Holdings, Inc. in Cebu IT Park Phase 3; lease of a company-owned lot to AC Health, Inc. for a prospective cancer hospital; USD125 million 5-year intercompany loan to MCT Bhd; Ayala Corporation's sponsorship for Vermosa Sports Hub; and the purchase by Orion Land, Inc., a wholly owned subsidiary of AyalaLand Logistics Holdings Corp., of a 1.9-ha. property of Avida in Southpark.

No related party transaction may be classified as financial assistance to any entity.

In the last three years, there was no case of non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions.

Sustainability Committee

The Sustainability Committee is composed of three members: Mr. Arturo G. Corpuz, non-executive director and chair of the committee; Mr. Bernard Vincent O. Dy, President and CEO; and Dr. Jaime C. Laya, lead independent director.

The committee oversees the company's sustainability initiatives and practices, exercising responsibility for environmental, social, and economic topics that are material to Ayala Land. As directed by the committee, the corporate sustainability team under the strategic land management group executes relevant projects and programs.

The SBUs also have their own sustainability leads who are tasked with integrating and implementing sustainability initiatives in their respective units.

The Sustainability Committee performed the following in 2019:

1. Provided oversight to the sustainability initiatives of the company, formulated policies for its sustainability program, and ensured full company support and alignment with the Ayala Group's commitment to sustainable development;
2. Reviewed the updates on the carbon neutrality of commercial properties, waste management initiatives of the company as well as challenges and next steps; and
3. Discussed the various sustainability reporting, communication, and training programs.

Ayala Land Group Internal Audit

Ayala Land Group Internal Audit ensures compliance with internal control procedures and assists the Audit Committee in supporting the corporate governance process through the provision of checks and balances. Through the Audit Committee, Ayala Land Group Internal Audit assists the board in the discharge of its duties and responsibilities as provided for in the Code of Corporate Governance for publicly listed companies.

Corporate Governance and Risk Management

In 2019, Ayala Land Group Internal Audit executed its audit activities following a risk-based, process-focused (RBPF) audit approach, in accordance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and the Code of Corporate Governance for publicly listed companies.

The company continues to improve the internal audit function by benchmarking against best practices.

Ayala Land Group Internal Audit uses data analytics as an audit tool in its regular RBPF audits. It has implemented information technology audits which may include both IT and general control audits to ensure integrity of data and processes, and complete and accurate data processing. It has expanded its advisory services to include the review of key processes and policies and the rollout of automation programs. It has also worked with other assurance providers within the firm to achieve a more comprehensive assurance process, eliminating duplication of efforts, and identifying and covering assurance gaps.

External Audit, Audit and Audit-related Fees

The principal accountant and external auditor of Ayala Land is the accounting firm of SyCip, Gorres, Velayo and Co. (SGV) with Mr. Michael C. Sabado as the partner-in-charge for the 2019 audit year.

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

YEAR	AUDIT & AUDIT-RELATED FEES	OTHER FEES
2019	PHP31.04M	PHP10.74M*
2018	PHP31.96M	PHP9.37M*

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

Policies and Practices

Annual Stockholders Meeting (ASM)

Notice of the ASM

The Notice of the Annual Stockholders Meeting and the Definitive Information Statement (DIS) is sent to stockholders at least 28 days before the meeting date.

The notice is in English, and contains the agenda, rationale, and explanation for each item that requires stockholders' approval. Each resolution taken up in the ASM deals with only one agenda item. The votes for each resolution are reported by the Corporate Secretary during the meeting; the remaining votes which have yet to be counted and the results of the complete tabulation of votes are reflected in the minutes of the meeting.

The information statement contains the profile and personal data of all the directors, including those up for election or re-election, and of the auditors recommended for election. In 2019, the principal accountant and external auditor of the company, SGV, was recommended for re-election at the ASM.

The information statement also indicates and explains the dividend policy, and the total amount payable.

Voting Procedure

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

Upon registration at the venue, a stockholder may vote manually using the paper ballot provided which may be dropped in any of the conveniently located ballot boxes. A stockholder may also vote electronically using any of the computers made available for this purpose in the venue.

Stockholders who are unable to attend the ASM physically may vote electronically on the matters in the agenda upon online registration and validation. For this purpose, the company sets up a website which may be accessed by stockholders to register and vote on matters through remote communication or in absentia. The requirements and procedure for electronic voting in absentia are included in the notice and the DIS sent to the stockholders at least 15 business days before the date of the meeting.

Both the paper ballot and the electronic voting platform indicate the proposed resolutions for consideration by the stockholders. In addition, each proposed resolution is

shown on the audio-visual screen on stage as it is taken up in the ASM.

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

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

Minutes of the ASM

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

Venue of the ASM

The most recent annual stockholders meeting was held on April 24, 2019 at the Grand Ballroom of Fairmont Makati, located at No. 1 Raffles Drive, Makati Avenue, Makati City, Metro Manila.

Dividend Declaration

Ayala Land declared cash dividends on its common shares last February 27, 2019 and October 31, 2019. This translated to a total of PHP7.7 billion or PHP0.52 per outstanding common share representing a 26% payout ratio on the net income after tax attributable to shareholders in 2019.

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

The declaration of cash dividends is approved by the Board of Directors only. The approval by the stockholders is not required for the same.

Special cash dividends are declared on a case-to-case basis depending on the company's cash level and capital expenditure requirements. Property dividends that may come in the form of additional shares require the approval of board and stockholders. The declaration of stock dividends requires the approval of the Securities and Exchange Commission and the Philippine Stock Exchange for the listing of the shares.

Disclosure and Transparency

Ayala Land is committed to the highest standards of disclosure, transparency, and fairness in information dissemination. The public is provided with financial and operational information regularly through various structured and unstructured disclosures submitted to regulatory authorities such as the SEC, PSE, and PDEX. In addition, any material information about the company that has an impact on the latter's valuation, stock price, and trading volume is reported to the public.

All disclosures are immediately posted on our Investor Relations website (<https://ir.ayalaland.com.ph/Disclosures.aspx>).

A list of unstructured disclosures and clarifications made by Ayala Land in 2019 may be found on page 108.

Ownership Structure

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

The details of the parent or holding company, subsidiaries, associates, joint ventures, and special purpose enterprises or vehicles are also available in the IR website, SEC 17-A and 17-Q reports, SEC 20-IS, Integrated Report, and the Annual Corporate Governance report.

No member of the board or management owns 2% or more of the outstanding capital stock of the company.

2019 DISCLOSURES

Unstructured Disclosures

- Notice of FY 2018 Analysts' Briefing
- Acquisition of shares in Laguna Technopark, Inc. (LTI) and subsequent share swap with AyalaLand Logistics Holdings, Corp. (ALLHC)
- Press Release on Ayala Land's FY 2018 results
- Results of the February 27, 2019 Regular Meeting of the Board of Directors
- Ayala Land Audited Financial Statements as of year ended December 31, 2018
- Notice of 1Q 2019 Analysts' Briefing
- Disclosure on AyalaLand REIT Inc.
- Press Release on Ayala Land's 1Q 2019 results
- Disclosure on 2019 ESOWN Grant
- Results of the May 24, 2019 Regular Meeting of the Board of Directors
- Sale of shares in LTI to ALLHC
- Notice of 1H 2019 Analysts' Briefing
- Press Release on Ayala Land's 1H 2019 results
- Notice of 9M 2019 Analysts' Briefing
- Press Release on Ayala Land's 9M 2019 results
- 2nd Half 2019 Regular Cash Dividend Declaration
- Update on Avida Land Corp.'s joint venture with Philippine Estates Corporation and subsidiaries of Wellex Industries, Inc.

Clarifications

- Spurred by PH growth, Ayala Land set to spend record PHP130 billion
- SEC approval of shelf registration of up to PHP50 billion worth of Securities Program
- Ayala Land to tap REIT market
- Ayala Land prices seven-year bonds at 6.369%
- Ayala Land setting up industrial park for mainland China firms
- ALI profit up 10% in 2nd quarter amid delays in project launches
- Ayala Land set to issue PHP5 billion bonds
- Ayala Land set to sell bonds worth PHP10 billion next month
- Ayala Land may delay REIT offering to 2020
- Alveo eyes at least PHP38 billion revenue from biggest development in Laguna
- ALI invests PHP18 billion in Tarlac City estate
- ALI eyes over PHP100 billion capex for 2020

Fairness Evaluation in Cases of Mergers, Acquisitions, and Takeovers

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

ANTI-CORRUPTION PROGRAMS AND PROCEDURES

Trading Blackout Policy

Ayala Land has a trading blackout policy that prohibits covered persons from buying or selling Ayala Land shares during a prescribed period after they have become aware of undisclosed internal information. Covered persons refer to members of the board, all members of the management team, consultants, advisers, Ayala Land employees, and immediate family members of the aforementioned parties. The policy was updated on 25 August 2019 to provide new guidelines on the period and persons covered.

The prescribed period covers five trading days before and two trading days after the date of disclosure of quarterly and annual financial results, and two trading days after the disclosure of any material information other than annual or quarterly financial results.

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

Related Party Transactions Policy

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

The RPT policy defines related party relationships and transactions and the guidelines and categories that

govern the review, approval, and ratification of said transactions by the board or shareholders to ensure that such relationships are disclosed according to the International Accounting Standards (IAS) 24 and other applicable disclosure requirements.

No RPT may be classified as financial assistance to any entity.

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

Whistleblowing Policy

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

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

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

The Ayala Land Ethics Committee oversees the business integrity channels, evaluating and promptly resolving concerns reported through the same. The committee is chaired by the head of the human resource division and composed of select members of Internal Audit, Risk Management and Ayala Group Legal. It reports directly to the Audit Committee.

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

The business integrity channels accept reports made anonymously. Whistleblowers may choose the manner by which they may be contacted without compromising their anonymity, including providing an e-mail address or mobile number. If a whistleblower chooses to identify himself, whoever receives the report should ask the former if he is willing to be identified in the course of the investigation.

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

The Ethics Committee ensures the confidentiality of the information received, including the identity of the whistleblower, and treats all reports as confidential unless compelled by law to reveal such information. The public may report any information relating to illegal or unethical activity or violation of stockholder rights to the whistleblower officer, Ms. Ma. Divina Y. Lopez by e-mailing her at myreport@ayalaland.com.ph. The same information may be also sent through face-to-face meetings; auditor's website <https://proactivehotline.punongbayan-araullo.com/report/aligroup> and text message/SMS at +63 917 3118510

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

Business Gifts Policy

Ayala Land recognizes the common practice of expressing gratitude by means of giving and receiving gifts. However, the company limits this practice and the actual value of gifts exchanged should be within the boundaries of proper and ethical behavior.

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

Corporate Governance and Risk Management

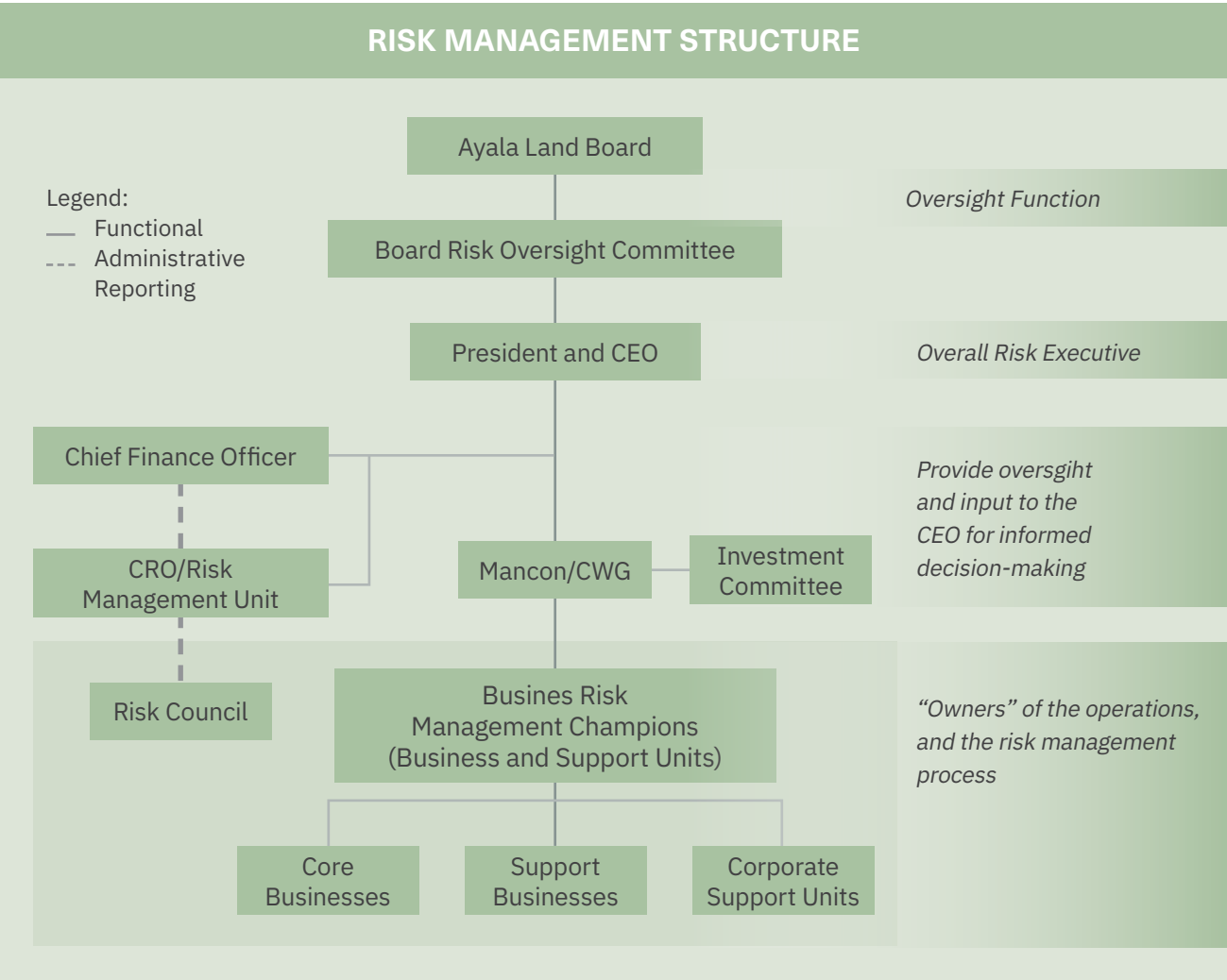
Risk Management

The Board Risk Oversight Committee ensures that Ayala Land exercises sound risk management practices and activities, consistent with its board oversight function of reviewing and evaluating the adequacy and effectiveness of the company's risk management activities and processes.

Two Board Risk Oversight Committee meetings were held in 2019 to provide insights on emerging risks and

to review the results of the risk assessment conducted by the Chief Risk Officer (CRO), including the full risk revisit of all key business units.

Risk management practice is embedded in all our business units and operations, with the active engagement of risk officers and risk leaders within the organization. We maintain the highest level of risk management maturity by constantly reviewing



our performance and enhancing our risk control and mitigation measures. Periodic risk reviews at the business unit level facilitate the regular monitoring of risk behavior and its impact on the business, allowing proactive and timely management consideration and control.

The Risk Council continued to provide cross-functional review and further processing of risks identified by each business unit, resulting in a well-rounded understanding of the company's risks for prioritization and strategy formulation. The council provides the expertise needed in reviewing the inter-relation of risks and processing of emerging risks. The latter includes, among others, looming landfill scarcity which could drive waste management costs, more frequent occurrences of natural disasters such as earthquakes and typhoons, and the potential sudden availability of units in the market causing a drop in new real estate demand and prices.

As the company's portfolio of businesses expands, the likelihood and exposure to natural perils and serious operational disruptions also increase. To protect shareholder and public interest as well as enable business resiliency, we conduct technical due diligence before any development is started. We ensure compliance with regulations, latest applicable codes and standards, and sound construction and engineering practices, supporting our mitigating measures pertaining to physical and operational risks.

We pay serious and thorough attention to the handling of actual incidents occurring in our properties and estates with the primary objective of ensuring the safety, health, and security of the public, our personnel, and other stakeholders. We diligently conduct emergency

readiness and response training and exercises in all our managed properties not just to comply with codes but to ascertain that, in the face of any foreseeable event or exigency, we may be able to act properly and efficiently to preserve life, minimize damage to property, facilitate business continuity, and recover critical services and operations in a timely manner.

We manage our risk-transfer programs to mitigate the unacceptable financial impacts of natural calamities and operational disruptions at the most cost-efficient levels. By partnering with select insurers and risk advisors, we have developed open and automatic risk insurance programs that allow us to expand our business, launch multiple projects, and operate a vast number of properties and estates without having to structure and negotiate insurance policies for each and every undertaking.

By revisiting and structuring our insurance programs in collaboration with partner insurers and loss adjusters, we have generated cost efficiencies and, more importantly, validated our risks, addressed gaps in cover, and effectively managed claims issues inherent in stand-alone and off-the-shelf policies. Losses incurred from natural occurrences and perils as well as those from operational exposures are thus properly evaluated, processed, and restituted in a mutually acceptable manner.

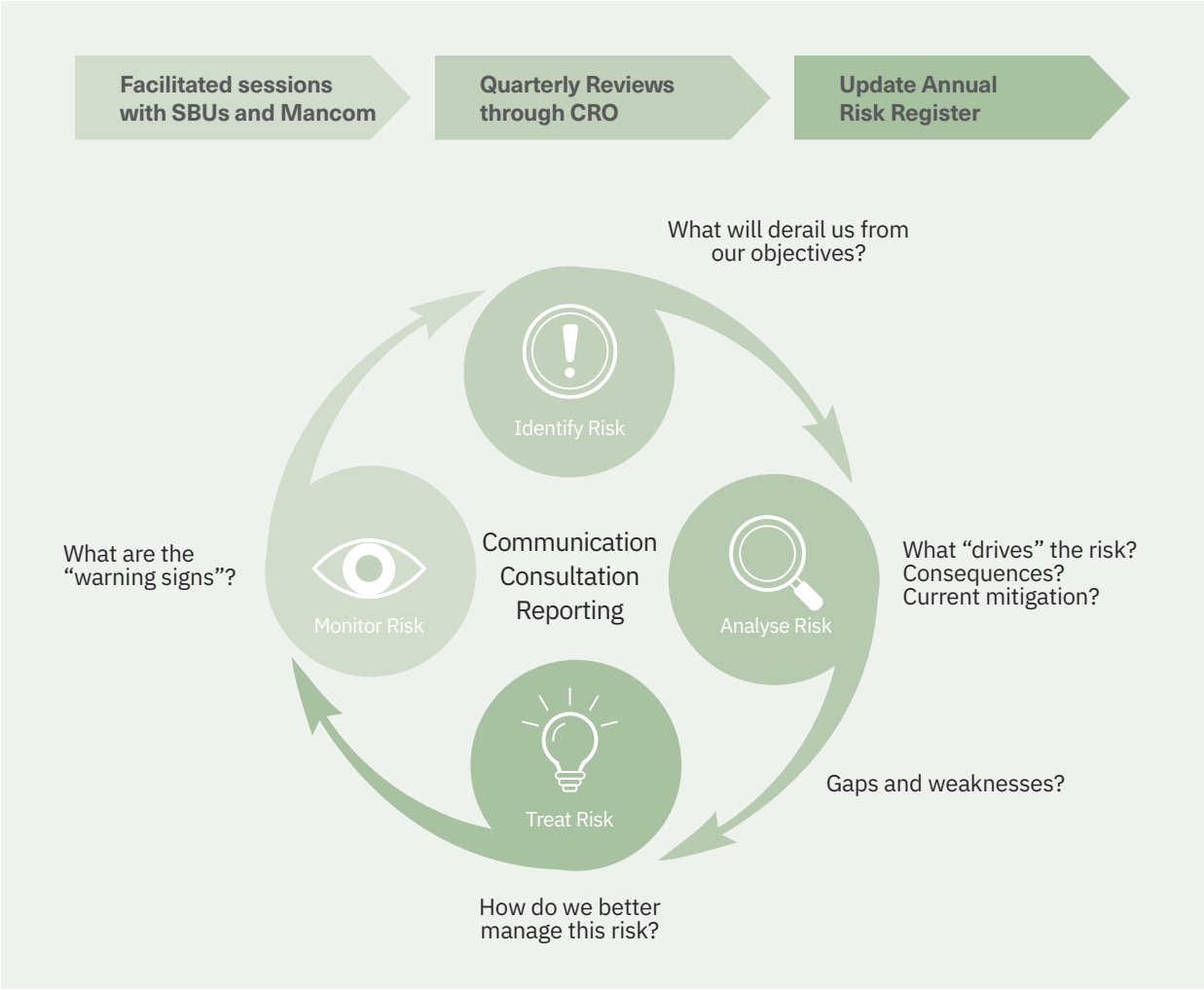
In collaboration with Human Resources and Legal, we conduct training sessions and programs for risk owners as part of our organizational development and capacity build-up. We provide property managers and project and mall management teams with learning sessions on risk management, business continuity, and insurance claims, aligning them with corporate thrusts and achieving operational efficiencies.

Corporate Governance and Risk Management

Enterprise-Wide Risk Management Activities

Periodic reviews with the SBUs and key support groups through a “top-down, bottom-up” approach gives us full visibility of the wide range of risks that we face both from the perspective of management and operational levels. This has resulted in a holistic view of the company’s risk profile, and enabled healthy discussions with each business unit about the risks they face and the corresponding controls and treatment measures.

A full revisit of key risks per business unit was done in 2019, and the results were presented to senior management for their further appreciation and prioritization.



Key Risks and Mitigating Measures

KEY RISK	RISK DESCRIPTION
Project Execution and Timely Delivery Risk	With more estates and ongoing construction projects, we constantly face the pressure to deliver projects in a timely manner, while keeping development costs within competitive levels and ensuring that statutory and quality standards are met in all our projects.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Constant systems and process improvement to keep pace with scale and magnitude of projects • Standardization and modularization of product design and specification • Implementation of pre-construction initiatives and timely awarding of contracts to sustain targeted starts and delivery of projects • Engagement of tried-and-tested contractors and partnering with competent design consultants and peer reviewers • Continued modernization of plant and equipment modernization and implementation of new construction methods • Implementation of digital transformation projects • Programs designed to motivate workers employed by MDC and its contractors to always deliver high-quality projects in a safe and timely manner • On-the-spot checks and audits of offices, operations, and records of third-party contractors and vendors to ensure code-related compliance 	

KEY RISK	RISK DESCRIPTION
Marginalization by Competitors	Competition getting better and more aggressive in their business expansion and product offerings
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Active land acquisition and development activities in key growth centers • Aggressive buildup of recurring income through our integrated mixed-use model • Rationalization of product offerings and differentiation of strategies to address customer needs • Value-engineering and production cost improvements to maintain competitiveness • Assurance of product quality • Timely delivery to ensure customer satisfaction 	

Corporate Governance and Risk Management

KEY RISK	RISK DESCRIPTION
Government, Political Risk	<p>Local and international political developments may cause volatilities in the market, potentially adversely affecting our business lines, overall operational capabilities, and growth plans.</p> <p>The growth of the country's real estate industry is largely driven by the overall political and economic situation. As we expand into different growth centers, we see an increased need to cultivate healthy relationships with local government entities. Current political risk is heightened, necessitating the review of all the company's government-related contracts for compliance with agreements and correctness of conduct.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> Conducted reviews of all government-related contracts to ascertain compliance with stipulations Ensured and maintained open communication with proper government representatives and authorities to address potential issues in a timely manner Maintained healthy relationships with regulators and local governments to ensure smooth business operations and to address permit-related issues to avoid violations and penalties 	

KEY RISK	RISK DESCRIPTION
Regulatory Risk	<p>Recent changes in regulations as well as code- or standards-related issues may affect our compliance record, delivery schedule, and cost of development. Our increasing portfolio of properties and operations underscore the need for timely renewals and processing of permit-related requirements.</p> <p>Policies of the Philippine Competition Commission (PCC) pertaining to fair competition and business conduct also require our attention.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> Keeping abreast of changes in codes and standards Participation in consultative meetings called by regulators Prompt corrections of deficiencies brought about by new regulations Diligent monitoring of permit renewals ahead of stipulated dates and deadlines Review of processes to ensure that permits are applied and released within acceptable timeframes to prevent project delays or operational disruptions Compliance with PCC policies on anti-competitive behavior such as collusion with competitors, monopolistic practices, and price-fixing. There has been no case filed with the PCC involving Ayala Land and its businesses. Legal research on the rights of legitimate claimants, including indigenous people, in our acquisition and development of land, ensuring social concerns and regulatory issues are adequately addressed 	

KEY RISK	RISK DESCRIPTION
Major Security, Health, and Safety Risks	Ensuring safety, security, and quality is always a challenge given the large number of people entering our properties and workers in our projects under construction. Thus, we consistently emphasize the need for a very high level of diligence and safety and security awareness so that customers and the general public in our shopping centers, managed estates, and properties and workers in our construction sites have safe experiences.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Mandatory training of all personnel and supervision and safety inspections of all critical and hazardous activities before the start of any hazardous work in our operating properties and construction sites • Safety officers who are empowered to declare work stoppage, even overriding project managers, if they believe safety standards and practices are not being met • Tightened monitoring of all environmental health and safety (EHS) permits and licenses of all projects • Engagement of MDC to supervise construction projects including those subcontracted to third parties • Effective and proactive maintenance practices and procedures to prevent serious and unscheduled operational losses resulting from equipment breakdowns and other utility disruptions • Periodic emergency response and management exercises in all buildings and estates to protect life and property and maintain business continuity • Establishment of geographic sub-crisis management teams, aligned with government's mandatory incident command system for proper and efficient emergency and disaster management • Intensified accident and loss-preventive programs through a central occupational health and safety committee 	

KEY RISK	RISK DESCRIPTION
Organizational Risk	Employees are our most critical asset, thus organizational development and engagement is a top priority. Personnel attrition due to poaching and the natural tendency to look for other opportunities is a constant concern.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Adequate number of qualified personnel in our organization to meet the demands of our business and to achieve optimal work conditions • Periodic organizational climate surveys to determine levels of employee engagement and address areas of concern, empowerment of people, and creation of opportunities for professional development • Adoption of programs such as succession planning, cross-posting, streamlining of organizational structure and operations, and employee retention programs 	

Corporate Governance and Risk Management

KEY RISK	RISK DESCRIPTION
Environmental Risks	We have to contend with earthquakes and volcanic eruption hazards given the country's location in the Pacific Ring of Fire and our vast portfolio of properties. We also have to contend with increasing incidence of typhoons and other extreme weather conditions due to climate change—the changing weather patterns have recently resulted in water supply shortages in Metro Manila.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Strict conduct of technical due diligence and environmental scanning for fault lines and possible flooding, among others, before any development is started in all our properties and adjacent areas • Faithful compliance with applicable national and local codes, standards and regulations, including building and fire codes • Establishment of 24/7 operation centers nationwide to monitor and track weather situations, facilitating readiness, early mitigation, and quick response to disasters, whether natural or man-made • Conservation and protection of indigenous biodiversity and identification of native flora and fauna, integrating our findings into the business model, development plan, and operations. Our operations currently cover 4,870 hectares of land with high biodiversity value. • Setting up insurance programs to ensure loss mitigation and recovery for physical damages and business interruption brought about by disasters on our operating properties and construction projects 	

KEY RISK	RISK DESCRIPTION
Partnerships and Alliances Risk	<p>Failure of suppliers or contractors to deliver projects on time and fully comply with regulatory requirements affects our reputation and exposes us to serious legal issues. Likewise, the limited number of reliable partners and vendors for our developments in areas outside Metro Manila poses a serious challenge in delivering our project timelines and cost efficiencies.</p> <p>Delay or failure by partner-landowners in meeting their deliverables or condition precedents (CP) also impacts our development timelines.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Invited new, capable, and competent vendors per geographical area • Increased engagement of tried-and-tested contractors • Undertook partnering arrangements with select vendors and suppliers • Heightened vendor management programs • Tightened agreements and contracts on partner deliverables • Started projects only when deliverables were fully met 	

KEY RISK	RISK DESCRIPTION
Financial Risk	It is critical to have adequate funding capacity to support growth in the years to come as well as mitigate potential market downturn leading to contingent liabilities.
MITIGATING MEASURES	
<ul style="list-style-type: none"> Established a three-layered approach to liquidity through the prudent management of cash, money market placements, and high-quality and marketable securities Maintained ample short-term revolving facilities, obtained long-term debt funding on a timely basis and at optimal terms and conditions, and set a program for the sale of receivables Actively monitored and managed the mix of short- and long-term, fixed and floating rate, and local and foreign currency borrowings and spread out debt maturities within predetermined limits prescribed by management to mitigate exposure to refinancing, interest rate, and currency risks Employed scenario analysis and contingency planning to proactively manage our liquidity position Continuously monitored our contingent liability level to be able to complete our committed projects even during a financial downturn and to observe our financial covenants stipulation on maximum gross debt-to-equity ratio Set counterparty bank limits for our cash and investable funds to ensure that these are invested only with counterparties of the highest credit standing 	

KEY RISK	RISK DESCRIPTION
Cyber Risk	Our increasing dependence on IT as well as the large volume of data we have to safekeep means that we continuously face serious exposure to cyberattacks.
MITIGATING MEASURES	
<ul style="list-style-type: none"> Investment and deployment of technological and administrative solutions to address unauthorized access, control, and manipulation of data and critical information stored in our IT systems and infrastructure Conduct of penetration testing and dissemination of information on security-related policies to the entire organization Awareness of latest technology solutions and developments in collaboration with specialist firms and industry partners 	

Awards Received by Ayala Land in 2019

Sustainable Business Awards

Best Overall Company
Best in Stakeholder Management and Materiality
Special Recognition in United Nations Sustainable Development Goals
Special Recognition in Water Management
Special Recognition in Strategy and Sustainability Management

ASEAN Corporate Governance Scorecard Institute of Corporate Directors

4-arrow award (one of only six Philippine companies to be awarded)

Euromoney

Best Property Developer – Philippines
Best in Residential Development
Best in Retail and Shopping Development
Best in Office and Business Development
Best Innovative Green Development

Asiamoney

Most Outstanding Company in the Philippines for the Real Estate Sector

ING-Finex CFO of the Year

CFO of the Year

7th Annual Corporate Treasurer Awards

Asia's Best CFO

Institutional Investor Magazine

Most Honored Company
3rd Best CEO
1st Best CFO
1st Best ESG Reporting
1st Best Corporate Governance
2nd Best IR Company
2nd Best IR Professional

IR Magazine 2019 Global Top 50 Awards

Part of the Global Top 50 Companies for Investor Relations Companies (one of only two Philippines Company)
Part of the Global Top 5 in the Finance and Real Estate Category (the only Philippine Company)
Best Annual Report (ASEAN Large Caps)

Global Good Governance Awards

3G Environmental Sustainability Awards

9th Corporate Governance Asia Excellence Awards

Best CEO (Investor Relations)
Best CFO (Investor Relations)
Best Investor Relations Company
Best Environmental Responsibility

FinanceAsia 19th Best Companies in Asia Poll

6th Best Managed Company in the Philippines
2nd Best Growth Strategy
4th Best ESG

BCI Asia Top 10 Awards 2019

Top 10 Best Developers

Quill Awards

Design Your Tomorrow Today Contest (Communication Skills)
Design Your Tomorrow Today Contest (Communication for Web)

Asia CEO

CSR Company of the Year (Carbon Neutrality)

World Branding

Brand of the Year – Property Developer National Tier

SUBSIDIARY AWARDS

ALVEO

Philippine Property Awards

Special Recognition in Corporate Social Responsibility
Special Recognition in Sustainable Development
Best High-end Condo Development (High Park by Alveo Land)
Best High-end Architectural Design (High Park by Alveo Land)
Highly Commended Best Office Development (The Stiles Enterprise by Alveo Land)
High Commended Best Condo Development (Abreeza Place by Alveo Land)

Stevie Awards

Bronze Stevie – Company of the Year (Real Estate)

International Business Magazine Award

Best Real Estate Company 2019

Global Brands Magazine 2019

Best Real Estate Brand Philippines

Le Fonti Real Estate Awards Hong Kong

Portico: Excellence of the Year for Innovation (Best Project – Philippines)

2019 International Property Awards Asia Pacific

Alveo Callisto: Residential High-Rise Development (Philippines)

CMO Asia Award for Excellence in Real Estate 2019 (10th Edition)

Alveo Land: Most Trusted Real Estate Brand – Residential

LUX Life's 2019 Leading Designers

Alveo Land: 2019's Most Innovative Property Development – Philippines

DoT Property Philippines Awards 2019

Alveo Land: Best Developer (Metro Manila)

Avida

Outlook Awards

Best Affordable House (Avida Southfield Settings NUVALI)

Premium Condo (Avida Towers Makati Southpoint)

Quill Awards

Pursuit of Passion (Communication Skills)

Avida Living (Communication for Web)

BellaVita

Pag-ibig South Luzon Awards

Top 10 Developer

Best in Performance Accounts Ratio

Best in Performing Loans Ratio

Ayala Malls

2019 ICSC Asia-Pacific Shopping Center Awards

Gold award for Cause-Related Marketing

Quill Awards

The Wishing Tree (Communication Management)

ASEAN Energy Efficiency Awards 2019

Ayala Malls Vertis North: 2nd Runner-up for Energy Efficiency New and Existing Building Category

Ayala Malls Marikina: 2nd Runner-up for Energy Efficiency Tropical Building Category

Seda Hotels

World Travel Awards

Philippines Leading Hotel Group

El Nido Resorts

World Travel Awards

Asia's Responsible Tourism Award

International Council of Shopping Centers

Gold ICSC Award (UP Town Center Kindle Project)

Makati Development Corporation

Safety Organization of the Philippines

Perfect Safety Record: 15 MDC Projects

Award of Merit: 6 MDC Projects

Award of Honor: 5 MDC Projects

Award of Distinction: 4 MDC Projects

Award of Excellence: 2 MDC Projects

Ayala Property Management Corporation

ASEAN Energy Efficiency Awards 2019

Baguio Technohub: 2nd Runner-up for Energy Efficiency Tropical Building Category

Makati Stock Exchange: 2nd Runner-up for Energy Efficiency New and Existing Building Category

Ayala Land will continue building on the strength of its brand by delivering positive experiences to each stakeholder across all business lines.

- 1 Ayala Land, Inc. President and CEO Mr. Bernard Vincent O. Dy and Ms. Anna Ma. Margarita B. Dy, SVP, Estates Group Head, receive the Best Overall Company award at the 2019 Sustainable Business Awards night held on October 7, 2019 at the Peninsula Manila Hotel in Makati City. The award is presented by Mr. Titon Mitra (center), Philippine Resident Representative of the United Nations Development Programme (UNDP) and Mr. Tony Gourlay (center-left), CEO of Global Initiatives.
- 2 Ayala Land is recognized by Euromoney and Asiamoney as the Best Property Developer in the Philippines in their 2019 Real Estate Survey and Asia's Outstanding Companies Poll, respectively. (Left) Mr. Matthew Thomas, Asia Bureau Chief, and (right) Mr. Clive Horwood, Euromoney Editor-in-Chief, present the award to Ms. Cathy R. Bengzon, Ayala Land's Corporate Brand Marketing Head, in Singapore in October 2019.
- 3 Ayala Land, Inc. Senior Vice President, Chief Compliance Officer and Treasurer Mr. Augusto D. Bengzon receives the 4-arrow recognition for Corporate Governance from (left) Institute of Corporate Directors Chief Executive Officer Alfredo E. Pascual and (right) Securities and Exchange Commission Chairman Emilio B. Aquino during the 2018 ASEAN Corporate Governance Recognition Night last June 11, 2019.







A low-angle photograph of a modern city street. Several tall, glass-clad skyscrapers rise into a bright sky. The buildings have a grid-like pattern of windows. In the foreground, a paved plaza with some orange traffic cones and pedestrians is visible. A ZARA store is partially visible on the left. The text "Financial Review" is overlaid in white, bold font in the center of the image.

Financial Review

Management's Discussion and Analysis

Review of 2019 Operations

In 2019, net income after tax (attributable to equity holders) of Ayala Land, Inc. (ALI or “the company”) grew by 13% to PHP33.19 billion from PHP29.24 billion in 2018.

Total revenues (which includes real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income, and other income) increased by 2% to PHP168.79 billion from PHP166.25 billion the previous year, mainly driven by real estate revenues which grew by 1% to PHP157.85 billion from PHP155.95 billion in 2018. Revenues were also supported by office and commercial and industrial lot sales and higher contribution of new leasing assets.

The company introduced three new estates and successfully launched PHP158.96-billion worth of projects, surpassing its initial estimate of PHP130 billion. Its leasing portfolio continued to expand to 2.1 million and 1.2 million sq. meters of gross leasing area for malls and offices, respectively, and to 3,705 rooms for hotels and resorts.

Capital expenditure reached PHP108.72 billion to support the buildup of residential and leasing projects.

Business Segments

Property Development. This segment includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and the operations of the Malaysia-based consolidated subsidiary MCT Bhd. Property development revenues reached PHP109.69 billion, a 3% dip from PHP113.36 billion in 2018, supported by the sale of offices and commercial and industrial lots.

Residential. Revenues from the sale of residential lots and units and MCT Bhd's operations were lower by 9% at PHP86.09 billion from PHP94.63 billion in 2018. The decline was due to the lower contribution of AyalaLand Premier (13% drop from PHP28.00 billion in 2018 to PHP24.45 billion in 2019) and ALVEO (28% decrease from PHP26.28 billion in 2018 to PHP19.00 billion last

year). Most of their vertical projects recognized in 2019 were booked in previous periods and are now nearing completion.

Contributions from new AyalaLand Premier (ALP) projects and higher completion progress of Park Central South Tower in Makati City, One Vertis Plaza in Vertis North, Quezon City and West Gallery Place in Bonifacio Global City (BGC) were offset by lower incremental percentage of completion (POC) from East Gallery Place and The Suites in BGC and Garden Towers in Makati City as they near completion.

ALVEO's revenues were primarily affected by lower incremental POC of Verve Residences 1 and 2 in BGC and Ardia Phase 3 in Veramosa, Cavite.

On the other hand, Avida's revenues grew by 13% to PHP27.36 billion in 2019 from previous year's PHP24.22 billion, with completion progress of Avida Towers Sola 2 in Vertis North, Quezon City and new bookings and incremental POC of Avida Verra Settings Veramosa Phase 1 in Veramosa, Cavite and Avida Towers Vireo Tower 1 in Arca South, Taguig City.

Amaia's revenues remained flat, at PHP7.37 billion from previous year's PHP7.36 billion with lower bookings and higher incremental POC of Amaia Steps Alabang Delicia in Muntinlupa City; Amaia Steps Capitol Central South in Bacolod City, Negros Occidental; and Amaia Steps Nuvali Parkway in Sta. Rosa, Laguna. Meanwhile, BellaVita's revenues rose by 4% to PHP1.20 billion from PHP1.15 billion in 2018, due to bookings from projects in Alaminos and Pila, both in Laguna, and in Iloilo.

The average GP (gross profit) of vertical projects improved to 39% from 34% due to ALP's Park Central South Tower, Garden Towers 2, and East Gallery Place; ALVEO's Orian Place Tower 1, Celadon, and Travertine; and Avida Towers Sola Tower 2. The average GP of horizontal projects slightly rose to 45% from 44%.

MCT Bhd recognized revenues of PHP6.71 billion in 2019, 12% lower than previous year's PHP7.60 billion, due to the sellout of projects in CyberSouth in Klang Valley, Malaysia.

Office for Sale. Revenues from the sale of office spaces grew by 12% to PHP12.34 billion from PHP11.0 billion in 2018 due to completion progress and new bookings from ALVEO High Street South Corporate Plaza, Park Triangle Corporate Plaza, and ALVEO Financial Tower. Improved margins of ALVEO High Street South Corporate Plaza, ALVEO Park Triangle Towers, and ALVEO Financial Tower significantly improved the average GP of offices for sale to 43%.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots increased by 46% to PHP11.27 billion from PHP7.73 billion, due to lot sales from Altaraza, Vermosa, NUVALI, and Broadfield. GP margins of commercial and industrial lots substantially increased to 62% from 50%, due to higher margins of commercial lots sold in NUVALI, Arca South, Altaraza, and Broadfield.

Total sales reservations grew by 3% to PHP145.9 billion from PHP141.9 billion in 2018. ALVEO and Avida fueled the growth, even as ALP tempered the same with few launches during the period.

Sales reservations by Philippines-based Filipinos also grew by 3% and accounted for 71% (valued at PHP104.2 billion) of all reservations, while those by Filipinos based abroad grew by 24%, accounting for 13% (valued at PHP19.4 billion) of the total.

Sales to other nationals, accounting for 16%, dipped by 10% to PHP22.2 billion from previous year's PHP24.8 billion. Participation of mainland Chinese buyers, who dominate sales to non-Filipinos, declined by 22% to PHP8.3 billion from PHP10.7 billion in 2018, resulting in a drop in their share in sales to other nationals to 38% from previous year's 49%.

ALI launched PHP158.96-billion worth of property development projects in 2019, surpassing the initial estimate of PHP130 billion.

Commercial Leasing. Total revenues from commercial leasing, consisting of the operations of shopping centers, office buildings, and hotels and resorts, increased by 13% to PHP39.31 billion from P34.91 billion in 2018, driven by the higher contribution of new leasing assets.

Shopping Centers. Revenues from shopping centers grew by 11% to PHP22.02 billion from PHP19.91 billion, supported by same-mall revenue growth of 8%, with increased contribution of new malls such as Ayala Malls Feliz, Capitol Central, and Circuit Makati. EBITDA (earnings before interest, taxes, depreciation, and amortization) margin was sustained at 66%. The average occupancy rate of all malls was 88%, with the occupancy rate of stable malls at 93%. The GLA of all malls now stands at 2.12 million sq. meters with the addition of 213,000 sq. meters from the opening of Ayala North Exchange Retail, Ayala Malls Manila Bay, and Ayala Malls Central Bloc Cebu.

Offices. Revenues from office leasing increased by 12% to PHP9.67 billion from previous year's PHP8.61 billion, with the new offices in Ayala North Exchange, Vertis North, and Circuit Makati improving the segment's performance. It registered a slightly lower EBITDA margin of 90% from 91% in 2018. The average occupancy rate of all offices was 96%, with the occupancy rate of stable offices at 97%. Total office leasing GLA is now 1.17 million sq. meters, with 70,000 sq. meters added by the completion of Ayala North Exchange BPO, Manila Bay BPO Tower, and Central Bloc Corporate Center Tower 1 in Cebu.

Hotels and Resorts. Revenues from this segment grew by 19% to PHP7.62 billion from PHP6.39 billion in 2018 on strong patronage of Seda Ayala Center Cebu and Seda Lio. Higher occupancy and revenues per available room (REVPAR) at these two hotels were also responsible for increasing the overall EBITDA margin of hotels and resorts by 32% from previous year's 29%.

Management's Discussion and Analysis

The average occupancy rate remains at healthy levels—70% for all hotels, 63% for all resorts, 78% for stable hotels, and 63% for stable resorts. The addition of 129 rooms—57 from SEDA BGC and 72 from SEDA Residences Ayala North Exchange—brings the total to 3,705 rooms.

The hotels and resorts business manages 660 hotel rooms in its international brand segment—312 from Fairmont Hotel and Raffles Residences and 348 from Holiday Inn & Suites, both of which are in the Ayala Center, Makati CBD.

There are now have 11 Seda Hotels, operating 2,367 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (468); 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 (215); and Circuit Corporate Residences (255). El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 152 rooms under its Bed and Breakfast (B&B) and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

Services. This segment consists of ALI's construction business through Makati Development Corporation (MDC); property management through Ayala Property Management Corporation (APMC); and other companies engaged in power services (Direct Power Services, Inc.; Ecozone Power Management, Inc.; and Philippine Integrated Energy Solutions, Inc.) and airline services for the hotels and resorts business (AirSWIFT). Total revenues from the services business amounted to PHP8.85 billion, 15% higher than previous year's PHP7.69 billion.

Net construction revenues reached PHP3.40 billion, 42% higher than previous year's PHP2.39 billion, gained from higher revenues from external contracts.

APMC and the power services companies posted revenues of P5.45 billion, 3% higher than previous year's PHP5.30 billion.

Blended EBITDA margins of the services business stayed relatively flat to 10% from 9% in 2018.

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

Equity in net earnings of associates and joint ventures totaled PHP965.79 million, 29% higher than the PHP749.92 million posted in 2018. FBDC companies more than doubled their revenues due to commercial lot sales and to leasing assets in BGC (One Bonifacio High Street and ALVEO High Street South Corporate Plaza Retail). Meanwhile, Ortigas Holdings grew its revenues from property sales and leasing by 29%.

Interest and investment income, consisting of interest income on real estate sales and accretion, amounted to P8.82 billion, 10% higher than previous year's PHP8.00 billion, despite lower interest income from short-term investments.

Other income, mostly from marketing and management fees from joint ventures, amounted to PHP1.16 billion, 25% lower than previous year's PHP1.54 billion which included the one-time sale transaction of assets by MCT Bhd.

Expenses

Total expenses were lower by 3% at PHP117.96 billion from previous year's PHP121.04 billion, as real estate expenses decreased by 6% to PHP94.75 billion from PHP101.08 billion in 2018.

General and administrative expenses (GAE) reached PHP9.37 billion, 3% higher than 2018's PHP9.10 billion as overhead costs rose in line with inflation. This resulted in a GAE ratio of 5.5% and improved EBIT margin of 34.25% from 30.37% the previous year.

Interest expense, financing, and other charges rose by 27% increase to PHP13.84 billion from PHP10.86 billion the previous year billion as a result of higher interest expense on a higher average daily loan balance.

Project and Capital Expenditure

ALI's capital expenditure amounted to PHP108.72 billion in 2019, mainly in support of the buildup of residential and leasing projects. Forty percent (40%) of the amount was spent on residential projects, 26% on commercial leasing, 17% on land acquisition, 14% on estate development, and 5% on other investments.

Financial Condition

As in previous years, the company's balance sheet is solidly positioned to support its growth plans.

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at PHP21.52 billion resulting in a current ratio of 1.30:1.

Total borrowings registered at PHP211.10 billion, translating to a debt-to-equity ratio of 0.87:1 and a net debt-to-equity ratio of 0.78:1.

Return on equity was at 16.66% as of December 31, 2019.

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

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

	End-December 2019	End-December 2018
Current ratio ¹	1.30:1	1.26:1
Debt-to-equity ratio ²	0.87:1	0.85:1
Net debt-to-equity ratio ³	0.78:1	0.72:1
Profitability Ratios:		
Return on assets ⁴	5.43%	5.35%
Return on equity ⁵	16.66%	16.52%
Asset to Equity ratio ⁶	2.84:1	3.04:1
Interest Rate Coverage Ratio ⁷	6.27	6.09

¹ Current assets / current liabilities

² Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)

³ Net debt / consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)

⁴ Total Net income / average total assets

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

⁶ Total Assets / Total stockholders' equity

⁷ EBITDA/Interest expense

Report of the Audit Committee to the Board of Directors

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

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

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

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

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

- We recommended to the Board of Directors the re-appointment of SGV & Co. as independent external auditor for 2020, based on the review of their performance and qualifications, including consideration of management's recommendation;
- We reviewed and discussed the quarterly consolidated financial statements and the annual consolidated financial statements of Ayala Land, Inc. and subsidiaries, including Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2019, with the Company's management and SGV & Co. These activities were performed in the following context:
 - That management has the primary responsibility for the financial statements and the reporting process.
 - That SGV & Co. is responsible for expressing an opinion on the conformity of the Company's consolidated audited financial statements with Philippine Financial Reporting Standards.
- We reviewed and approved the management representation letter before submission to the Company's independent external auditors;
- We discussed and approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV & Co. We have also discussed the results of their audits and their assessment of the Company's internal controls and the overall quality of the financial reporting process;

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

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements as of and for the year ended December 31, 2019 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

February 11, 2020


 JAIME C. LAYA
 Committee Chair


 RIZALINA G. MANTARING
 Member


 ANTONINO TAQUINO
 Member



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of Ayala Land, Inc. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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


FERNANDO ZOBEL DE AYALA
Chairman, Board of Directors


BERNARD VINCENT O. DY
President & Chief Executive Officer


AUGUSTO D. BENGZON
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 20 2020 at Makati City, affiants exhibiting to me their respective Passports, to wit:


Name	Passport No.
Fernando Zobel de Ayala	P0349883B
Bernard Vincent O. Dy	EC8377126
Augusto D. Bengzon	P4323352B

Date & Place of Issue
January 22, 2019 – DFA Manila
July 23 2016 – DFA Manila
January 8, 2020 – DFA NCR-East

Doc. No. 238 :
Page No. 49 :
Book No. XVI :
Series of 2020.

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




MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-150 until December 31, 2021
Roll of Attorneys No. 58335
IBP No. 099040 - 12/16/2019 – Makati City
PTR No. 8116905MG - 01/02/2020 - Makati City
MCLE Compliance No. VI-0009490 – 06/20/2018
27th Floor Tower One and Exchange Plaza

Ayala Land, Inc., Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City Philippines 1226
Tel. No. (632) 908-3111 Fax No. (632) 848-5336 Website: www.ayalaland.com.ph

Ayala Triangle, Ayala Avenue
Makati City, Philippines

Ayala Land, Inc. and Subsidiaries

**Consolidated Financial Statements
December 31, 2019 and 2018
and Years Ended December 31, 2019,
2018 and 2017**

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ayala Land, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of cost to obtain a contract.

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

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers). This is based on the monthly project accomplishment report prepared by the third party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

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

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

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

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

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

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

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted Philippine Financial Reporting Standard (PFRS) 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases specifically those formerly classified as operating lease arrangements where the Group is the lessee. The Group's adoption of PFRS 16 is significant to our audit because the Group has high volume of lease agreements; the recorded amounts are material to the consolidated financial statements; and the adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the extension option is enforceable and whether the Group is reasonably certain to exercise the option to extend or terminate the lease, and in determining the incremental borrowing rate. The adoption resulted in the recognition of right of use assets and lease liabilities amounting to ₱14,024.6 million and ₱16,985.9 million as of January 1, 2019, respectively, and the recognition of depreciation expense and interest expense of ₱619.5 million and ₱1,066.5 million, respectively, for the year ended December 31, 2019.

The disclosures in relation to the adoption of PFRS 16 are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the determination of the incremental borrowing rate and lease term, the application of the short-term and low-value assets exemption, the selection of the transition approach and any election of available practical expedients.

To test the completeness of the population of the lease contracts, we obtained the list of lease agreements in prior year where rent expense have been recognized. The list was reconciled to the current year list. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of the financial impact of PFRS 16, including the transition adjustments.

For selected lease contracts with renewal and/or termination option, we reviewed the enforceability of the extension and/or termination option. We also reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Consolidation Process

The consolidated financial statements of the Group represents the consolidation of the financial statements of Ayala Land, Inc. and its various direct and indirect subsidiaries. We consider the Group's consolidation process as a key audit matter because of the complexity arising from the numerous component entities within the Group requiring layers of consolidation, voluminous intercompany transactions within the Group that require elimination, monitoring of fair value adjustments arising from business combinations, and adjustments to non-controlling interests. Note 1 to the consolidated financial statements provides the relevant information on the Group's subsidiaries.

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

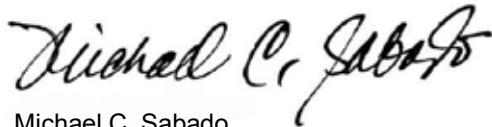
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021

PTR No. 8125294, January 7, 2020, Makati City

February 20, 2020

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

	December 31	
		2018
	2019	(As restated - see Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	₱20,413,041	₱23,996,570
Short-term investments (Notes 5 and 29)	617,149	3,085,373
Financial assets at fair value through profit or loss (Notes 6 and 29)	485,436	476,245
Accounts and notes receivable (Notes 2, 7 and 29)	105,039,306	126,718,877
Inventories (Note 8)	120,287,686	104,371,611
Other current assets (Note 9)	48,591,632	44,181,222
Total Current Assets	295,434,250	302,829,898
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 2, 7 and 29)	45,563,869	38,804,937
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10 and 29)	1,529,179	1,495,795
Investments in associates and joint ventures (Note 11)	25,317,581	23,389,752
Right-of-use assets (Note 33)	13,564,472	–
Investment properties (Note 12)	243,043,448	225,005,910
Property and equipment (Note 13)	43,062,357	35,749,200
Deferred tax assets - net (Note 23)	11,527,645	13,040,993
Other noncurrent assets (Notes 2, 14 and 26)	34,880,477	28,503,997
Total Noncurrent Assets	418,489,028	365,990,584
	₱713,923,278	₱668,820,482
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 16 and 29)	₱18,032,830	₱14,386,717
Accounts and other payables (Notes 2, 15 and 29)	162,979,169	171,999,422
Income tax payable	2,123,379	2,588,669
Current portion of lease liabilities (Note 33)	724,859	–
Current portion of long-term debt (Notes 16 and 29)	17,250,706	23,265,173
Deposits and other current liabilities (Notes 2 and 17)	25,472,581	28,544,546
Total Current Liabilities	226,583,524	240,784,527
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16 and 29)	175,813,345	149,446,949
Pension liabilities (Note 26)	1,987,605	1,550,198
Lease liabilities - net of current portion (Note 33)	16,738,846	–
Deferred tax liabilities - net (Note 23)	6,090,754	5,894,705
Deposits and other noncurrent liabilities (Notes 2, 18 and 29)	44,003,636	50,922,906
Total Noncurrent Liabilities	244,634,186	207,814,758
Total Liabilities	471,217,710	448,599,285

(Forward)

	December 31	
		2018
		(As restated -
	2019	see Note 2)
Equity (Note 19)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	₱62,772,446	₱62,350,964
Retained earnings (Note 2)	156,940,236	132,090,020
Stock options outstanding (Note 28)	42,279	65,462
Remeasurement loss on defined benefit plans (Note 26)	(337,210)	(219,782)
Fair value reserve of financial assets at FVOCI (Note 10)	(457,358)	(454,138)
Cumulative translation adjustments	250,440	868,271
Equity reserves (Note 1)	(7,056,459)	(7,400,945)
Treasury stock	(1,104,353)	–
	211,050,021	187,299,852
Non-controlling interests (Note 19)	31,655,547	32,921,345
Total Equity	242,705,568	220,221,197
	₱713,923,278	₱668,820,482

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2019	2018	2017
REVENUE (Note 20)			
Real estate sales (Notes 20 and 30)	₱157,848,573	₱155,954,816	₱133,097,831
Interest income from real estate sales (Notes 7 and 20)	7,890,972	7,042,078	5,409,944
Equity in net earnings of associates and joint ventures (Notes 11 and 20)	965,787	749,924	865,566
	166,705,332	163,746,818	139,373,341
Interest and investment income (Notes 6, 21 and 25)	930,445	958,236	675,051
Other income (Notes 21 and 24)	1,157,935	1,540,717	2,248,559
	2,088,380	2,498,953	2,923,610
	168,793,712	166,245,771	142,296,951
COSTS AND EXPENSES			
Cost of real estate sales (Note 22)	94,751,939	101,079,130	87,921,064
General and administrative expenses (Notes 22, 26 and 28)	9,367,359	9,101,328	7,274,845
Interest and other financing charges (Note 22)	12,199,758	9,594,003	7,914,326
Other expenses (Note 22)	1,644,982	1,270,281	1,196,076
	117,964,038	121,044,742	104,306,311
INCOME BEFORE INCOME TAX	50,829,674	45,201,029	37,990,640
PROVISION FOR INCOME TAX (Note 23)			
Current	12,455,010	13,390,637	11,959,895
Deferred	859,633	(1,406,197)	(2,134,914)
	13,314,643	11,984,440	9,824,981
NET INCOME	₱37,515,031	₱33,216,589	₱28,165,659
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 27)	₱33,188,399	₱29,240,880	₱25,304,965
Non-controlling interests	4,326,632	3,975,709	2,860,694
	₱37,515,031	₱33,216,589	₱28,165,659
Earnings Per Share (Note 27)			
Net income attributable to equity holders of Ayala Land, Inc.:			
Basic and diluted	₱2.25	₱1.98	₱1.71

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
NET INCOME	P37,515,031	P33,216,589	P28,165,659
Other comprehensive income (loss)			
<i>Item that may be reclassified to profit or loss in subsequent years:</i>			
Cumulative translation adjustment	(617,831)	451,195	1,001,986
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Fair value reserve of financial assets at FVOCI (Note 10)	(3,220)	71,938	(3,064)
Remeasurement gain (loss) on pension liabilities (Note 26)	(167,754)	(85,381)	281,290
Income tax effect	50,326	25,614	(84,387)
	(738,479)	463,366	1,195,825
TOTAL COMPREHENSIVE INCOME	P36,776,552	P33,679,955	P29,361,484
Total comprehensive income attributable to:			
Equity holders of Ayala Land, Inc.	P32,449,920	P29,701,637	P26,500,790
Non-controlling interests	4,326,632	3,978,318	2,860,694
	P36,776,552	P33,679,955	P29,361,484

See accompanying Notes to Consolidated Financial Statements.

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

	Attributable to equity holders of Ayala Land, Inc.														
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Gain (Loss) on Defined Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 19)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Controlling Interests	Non- Controlling Interests	Total Equity
As of January 1, 2019, as previously reported	₱16,041,530	₱47,985,990	—	₱8,000,000	₱124,090,020	₱65,462	—	—	₱688,271	₱(7,400,945)	—	₱187,299,852	₱32,921,345	₱220,221,197	
Effect of adoption of PFRS 16, Leases	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Balances at January 1, 2019, as restated	16,041,530	47,985,990	(1,676,556)	8,000,000	123,473,337	65,462	(219,762)	(454,138)	688,271	(7,400,945)	—	(616,683)	(299,346)	219,305,166	
Net income	—	—	—	—	33,188,399	—	—	—	—	—	—	33,188,399	4,326,632	37,515,031	
Other comprehensive loss	—	—	—	—	—	—	(117,428)	(3,220)	(617,831)	—	—	(738,479)	—	(738,479)	
Total comprehensive income	—	—	—	—	33,188,399	—	(117,428)	(3,220)	(617,831)	—	—	32,449,920	4,326,632	36,776,552	
Cost of stock options	—	166,039	—	—	—	(23,183)	—	—	—	—	—	142,856	—	142,856	
Collection of subscription receivable	—	—	255,443	—	—	—	—	—	—	—	—	255,443	—	255,443	
Stock options exercised	10,454	446,612	(457,066)	—	—	—	—	—	—	—	—	—	—	—	
Acquisition of treasury shares	—	—	—	—	—	—	—	—	—	—	(1,104,353)	(1,104,353)	—	(1,104,353)	
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	344,486	—	(3,991,324)	(3,646,838)	(3,646,838)	
Cash dividends declared	—	—	—	—	(7,721,500)	—	—	—	—	—	—	(7,721,500)	(1,301,758)	(9,023,258)	
As of December 31, 2019	₱16,051,984	₱48,593,641	₱(1,876,179)	₱8,000,000	₱143,940,236	₱42,279	₱(337,210)	₱(457,356)	₱250,440	₱(7,056,459)	₱(1,104,353)	₱(211,050,021)	₱31,655,547	₱242,705,568	
As of January 1, 2018, as previously reported	₱16,031,596	₱47,454,241	—	₱8,000,000	₱101,976,450	₱99,064	₱(160,015)	₱40,530	₱1,001,986	₱(6,152,115)	—	₱166,754,611	₱25,508,747	₱192,263,358	
Effect of adoption of new accounting standards	—	—	—	—	—	—	—	(563,997)	—	—	—	(205,392)	205,392	—	
Balances at January 1, 2018, as restated	16,031,596	47,454,241	(1,537,126)	8,000,000	102,335,055	99,064	(160,015)	(523,467)	1,001,986	(6,152,115)	—	166,549,219	25,714,139	192,263,358	
Net income	—	—	—	—	29,240,880	—	—	—	—	—	—	29,240,880	3,975,709	33,216,589	
Other comprehensive income (loss)	—	—	—	—	—	—	(59,767)	69,329	451,195	—	—	460,757	2,609	463,366	
Total comprehensive income	—	—	—	—	29,240,880	—	(59,767)	69,329	451,195	—	—	29,701,637	3,978,318	33,679,955	
Cost of stock options	—	132,121	—	—	—	(33,602)	—	—	—	—	—	98,519	—	98,519	
Collection of subscription receivable	—	—	270,132	—	—	—	—	—	—	—	—	270,132	—	270,132	
Stock options exercised	9,934	399,628	(409,562)	—	—	—	—	—	(584,910)	—	—	(584,910)	4,773,524	4,188,614	
Acquisition of control on previously held interest	—	—	—	—	—	—	—	—	(1,248,830)	—	—	(1,248,830)	(509,596)	(1,758,426)	
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	(1,248,830)	—	(1,248,830)	(1,035,040)	(2,283,870)	
Cash dividends declared	—	—	—	—	(7,485,915)	—	—	—	—	—	—	(7,485,915)	(1,035,040)	(8,520,955)	
As of December 31, 2018	₱16,041,530	₱47,985,990	₱(1,676,556)	₱8,000,000	₱124,090,020	₱65,462	₱(219,762)	₱(454,138)	₱688,271	₱(7,400,945)	—	₱(187,299,852)	₱32,921,345	₱220,221,197	

Attributable to equity holders of Ayala Land, Inc.

	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2017	P16,019,331	P46,928,521	(P1,385,682)	P8,000,000	P83,798,555	P89,697	(P356,918)	P43,594	P-	(P5,432,003)	P147,705,095	P24,978,092	P172,683,187
Net income	-	-	-	-	25,304,965	-	-	-	-	-	25,304,965	2,860,694	28,165,659
Other comprehensive income (loss)	-	-	-	-	-	-	196,903	(3,064)	1,001,986	-	1,195,825	-	1,195,825
Total comprehensive income	-	-	-	-	25,304,965	-	196,903	(3,064)	1,001,986	-	26,500,790	2,860,694	29,361,484
Cost of stock options	-	144,478	-	-	-	9,367	-	-	-	-	153,845	-	153,845
Collection of subscription receivable	-	-	-	-	-	-	-	-	-	-	242,063	-	242,063
Stock options exercised	-	-	242,063	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	12,265	381,242	(393,507)	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	(586,010)	(586,010)	(1,247,563)	(1,833,573)
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	(134,102)	(134,102)	408,138	274,036
Cash dividends declared	-	-	-	-	-	-	-	-	-	-	-	(387,883)	(387,883)
As of December 31, 2017	P16,031,596	P47,454,241	(P1,537,126)	P8,000,000	P101,976,450	P99,064	(P160,015)	P40,530	P1,001,986	(P6,152,115)	P166,754,611	P25,508,747	P192,263,358

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱50,829,674	₱45,201,029	₱37,990,640
Adjustments for:			
Interest and other financing charges (Note 22)	12,199,758	9,594,003	7,914,326
Depreciation and amortization (Notes 12, 13, 14, 22 and 33)	9,058,710	6,318,929	5,179,792
Dividends received from investees (Note 11)	386,241	331,461	621,579
Provision for impairment losses (Note 22)	568,775	146,974	572,001
Cost of share-based payments (Note 28)	142,856	98,519	153,845
Unrealized gain on financial assets at fair value through profit or loss (Note 21)	1,965	(4,633)	(13,119)
Realized gain on financial assets at fair value through profit or loss (Note 21)	-	-	(15,860)
Gain on sale of available-for-sale investments	-	-	(25,713)
Gain on sale of investment in associates and jointly controlled entities	-	(588)	-
Gain on sale of property and equipment (Note 21)	(40,870)	(46,570)	(69,566)
Gain on business combination (Note 21)	-	(59,475)	-
Equity in net earnings of associates and joint ventures (Note 11)	(965,787)	(749,924)	(865,566)
Interest income	(8,780,320)	(7,952,628)	(5,987,681)
Operating income before changes in working capital	63,401,002	52,877,097	45,454,678
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable - trade	14,849,682	(83,557,042)	(10,671,714)
Inventories (Note 8)	(5,315,783)	12,136,508	11,551,710
Other current assets (Note 9)	(4,520,502)	3,629,678	(7,952,463)
Increase (decrease) in:			
Accounts and other payables	(15,725,408)	25,998,377	(7,008,035)
Deposits and other current liabilities (Note 17)	(3,071,965)	15,430,961	6,155,797
Pension liabilities (Note 26)	319,979	(45,240)	233,734
Cash generated from operations	49,937,005	26,470,339	37,763,707
Interest received	8,768,302	7,940,610	5,963,687
Income tax paid	(11,683,232)	(12,832,593)	(11,899,324)
Interest paid	(11,009,836)	(9,810,439)	(7,594,485)
Net cash provided by operating activities	36,012,239	11,767,917	24,233,585
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short-term investments	2,490,543	2,519,341	126,605
Sale/redemption of financial assets at FVTPL	765,763	71,690	3,408,555
Sale of investments in FVOCI (Note 10)	56,858	51,384	159,074
Disposal of property and equipment (Note 13)	124,832	3,744,743	622,957
Disposal of investment properties (Note 12)	3,669,275	1,722,933	165
Disposal of investments in associates and jointly controlled entities	-	83,957	196,654

(Forward)

	Years Ended December 31		
	2019	2018	2017
Additions to:			
Short-term investments	(P22,293)	(P865,006)	(P4,658,694)
Financial assets at fair value through profit or loss	(776,919)	(2,696)	(1,955,642)
Financial assets at FVOCI (Note 10)	(93,463)	–	(226,494)
Investments in associates and joint ventures (Note 11)	(1,529,688)	(3,724,958)	(1,073,319)
Investment properties (Note 12)	(29,215,224)	(32,803,016)	(30,846,466)
Property and equipment (Note 13)	(10,519,576)	(2,842,787)	(2,326,115)
Net decrease (increase) in:			
Accounts and notes receivable - nontrade (Note 7)	(564,222)	41,657,193	(718,287)
Other noncurrent assets (Note 14)	(6,957,950)	(7,906,689)	3,384,920
Net decrease in cash from business combination (Note 24)	–	(4,684,335)	–
Net cash used in investing activities	(42,572,063)	(2,978,246)	(33,906,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 16)	165,401,684	128,994,834	157,564,449
Payments of short and long-term debt (Note 16)	(140,675,538)	(119,970,061)	(142,980,030)
Payments of principal portion of lease liability (Note 33)	(1,179,645)	–	–
Increase (decrease) in deposits and other noncurrent liabilities	(6,241,773)	(5,584,237)	5,217,509
Acquisition of non-controlling interest (Note 19)	(3,646,838)	(1,758,426)	(1,559,537)
Proceeds from capital stock subscriptions (Note 19)	255,443	270,132	242,063
Acquisition of treasury shares (Note 19)	(1,104,353)	–	–
Dividends paid to non-controlling interests	(1,301,758)	(1,035,040)	(1,102,731)
Dividends paid to equity holders of Ayala Land, Inc. (Note 19)	(7,754,047)	(7,181,498)	(7,193,183)
Decrease in non-controlling interests	–	–	(387,883)
Net cash provided by (used in) financing activities	3,753,175	(6,264,296)	9,800,657
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,806,649)	2,525,375	128,155
EFFECT OF CHANGES IN FOREIGN CURRENCY	(776,880)	473,106	(34,396)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,996,570	20,998,089	20,904,330
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P20,413,041	P23,996,570	P20,998,089

See accompanying Notes to Consolidated Financial Statements.

For a complete copy of Ayala Land's 2019 Audited Financial Statements including its notes, please see <https://ir.ayalaland.com.ph/wp-content/uploads/2020/03/Ayala-Land-2019-AFS.pdf>

GRI References

TABLE A: BOUNDARY OF CONSUMPTION DATA			
NO. OF BUILDINGS/PROJECTS COVERED	2019	2018	2017
Malls*	42	47	44
Offices*	43	42	34
Residential	149	135	131
Car Parks	26	27	9
Estate	22	20	13
DCS	7	7	5
Construction	273	248	174
Hotels	12	10	9
Resorts	10	10	6
Airline	4		

*Number of buildings decreased following changes in boundary. Buildings that are not under management control have been excluded in the boundary.

TABLE B: ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION			
(in gigajoules)	UNIT	2019	2018
Electricity	mWh	445,161	482,004
LPG	GJ	42,331	43,503

*Consumption from leased areas

TABLE C: FUEL CONSUMPTION			
STATIONARY EQUIPMENT			
(in gigajoules)	2019	2018	2017
Diesel	221,567	247,970	217,297
LPG	39,179	14,777	94,453
Unleaded	650	2,013	
MOBILE EQUIPMENT			
(in gigajoules)	2019	2018	2017
Diesel	115,810	163,517	53,560
Unleaded	9,343	8,611	6,706
Gasoline	140	15	97
Jet Fuel	787,600		

TABLE D: HAZARDOUS WASTE GENERATION						
	D406 ULAB (ton)	I101 Engine Oil (L)	M506 WEE (ton)	D407 CFL (ton)	I102 Used Oil (L)	J201 Containers (ton)
Malls	564.2	53.4	709.8	0.6	-	-
Offices	20.1	8,134.6	14.2	8.0	-	5.3
Residential	3.0	5,709.6	3.0	512.3	-	2.2
Car Parks	0.4	232.8	0.4	0.3	-	-
Estate	2.5	303.0	-	0.9	-	1.3
Construction	-	32,400.0	-	-	-	-
Hotels	0.1	174.0	-	0.4	-	-
Resorts	44.7	7.5	-	42.0	10.0	1.2
Additional pieces	2,324.0	-	-	86.0	-	-

CFL- Compact Fluorescent Lightbulb
WEEE- Waste Electrical and Electronic
ULAB-Used Lead Acid Batteries

TABLE E: SUMMARY OF GHG EMISSIONS		
GHG EMISSIONS (T-CO2E)		
Scope	Location-based	Market-based
Scope 1	66,603	66,603
Scope 2*	235,776	214,227
Gross Scope 1-2	302,379	280,829
Less: Carbon Forest Offset	na	(80,345)
Net Scope 1-2	302,379	200,484
Scope 3	318,187	252,757
Gross Scope 1-3	620,567	533,586
Net Scope 1-3	620,567	453,241

*Scope 2 emissions for properties that have shifted to clean energy sources are considered zero from the date of shifting

TABLE F: GHG EMISSIONS BY CATEGORY AND SCOPE (T-CO2E)*										
2019 GHG Emissions	LOCATION-BASED				MARKET-BASED					
	Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3	Total	Carbon Forest Stock	Net Emissions
Office	3,164	54,546	85,832	143,542	3,164	31,781	49,951	84,896		84,896
Malls	1,258	90,545	186,949	278,752	1,258	78,814	162,578	242,650		242,650
Hotels	2,492	21,344	3,560	27,396	2,492	29,546	5,972	38,010		38,010
Resorts	11,266	-	-	11,266	11,266	-	-	11,266		11,266
MDC	8,537	20,964	-	29,501	8,537	20,964	-	29,501		29,501
Estate	24	3,845	-	3,869	24	3,845	-	3,869		3,869
Car Parks	11	533	-	544	11	533	-	544		544
DCS	-	43,949	7,316	51,265	-	48,692	-	48,692		48,692
RBG	328	-	34,530	34,858	328	-	34,256	34,584		34,584
Airline	17,300	51	-	17,351	17,300	51	-	17,351		17,351
Refrigerants	22,223	-	-	22,223	22,223	-	-	22,223		22,223
Total	66,603	235,777	318,187	620,567	66,603	214,226	252,757	533,586	(80,345)	453,241
Carbon-Neutrality Scope (Office, Malls, Hotels, Resorts)	18,180	166,435	276,341	460,956	18,180	140,141	218,501	376,822	(80,345)	296,477

Notes:

- For 2016 and onwards, ALI segregated emission data from common areas in our malls and offices which comprise majority of Scope 2 emissions. Common areas include shared facilities in the building such as hallways, carparks, and cinemas. Leased areas are classified under Scope 3.
- Standards used for the computation are the GHG Protocol Corporate Accounting and Reporting Standard. Location-based emission factors used for electricity are based on the 2015-2017 national grid emission factor from the Philippine Department of Energy. Scope 2 and Scope 3 location-based emission factors are broken down into Luzon-Visayas Grid and Mindanao Grid. Market-based emission factors are from our retail electricity suppliers. Reference for the GWPs is the 2014 IPCC 5th Assessment Report. Gasses reported include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O).
- Reductions in GHG emissions come from a combination of shift to clean energy and carbon sinks. For facilities that shifted to purchasing electricity from renewable energy power plants, Scope 2 emissions are considered zero from the date of shifting. Reductions from carbon sinks are from the estimated carbon stock of ALI-owned forests which were calculated by a third-party. Methodology used to measure carbon stock is based on existing literature, which combines biophysical and geospatial analyses to estimate the carbon density and spatial extent of present and historical land cover. These forests will be further enhanced to increase its carbon stock.

GRI Content Index

GRI 100 GENERAL STANDARDS DISCLOSURE		
INDICATOR	SHORT DESCRIPTION	FOUND IN, PAGE/S
102-1	Name of the organization	4
102-2	Activities, brands, products, and services.	26-45
102-3	Location of the organization's headquarters	157
102-4	Location of operations	157
102-5	Nature of ownership and legal form	https://ir.ayalaland.com.ph/wp-content/uploads/2020/03/Ayala-Land-2019-AFS.pdf , pg. 19
102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	5
102-7	Scale of the organization	7, 69
102-8	Total number of employees by employment and gender	82
102-9	Describe the organization's supply chain	58-59, 80-93
102-10	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	https://ir.ayalaland.com.ph/wp-content/uploads/2020/03/Ayala-Land-2019-AFS.pdf , pg. 23-24
102-11	Whether and how the precautionary approach or principle is addressed by the organization.	110-117
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	2, 66-69
102-13	Memberships of associations (such as industry associations) and national or international advocacy organizations.	100
102-14	Statement from the most senior decision-maker.	8-23
102-16	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	4, 80-93, 108-109
102-18	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	94-96, 105
102-19	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	94-96, 105
102-40	List of Stakeholder Groups engaged by the organization	80-93
102-41	Percentage of total employees covered by collective bargaining agreements	5.9%
102-42	Basis for identification and selection of stakeholders with whom to engage	80-93
102-43	Organizations approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication whether any of the engagement was undertaken specifically as part of the preparation process	80-93
102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	80-93
102-45	Entities included in consolidated financial statements and exclusions	https://ir.ayalaland.com.ph/wp-content/uploads/2020/03/Ayala-Land-2019-AFS.pdf , pg. 11-14
102-46	Process for defining the report content and the Aspect Boundaries; b. How the organization has implemented the Reporting Principles for Defining Report Content.	66-69
102-47	Material Aspects identified in the process for defining report content.	66-69
102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Restatements of data and other information are indicated in the footnotes

102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	68-69, 146
102-50	Reporting period (such as fiscal or calendar year)	2
102-51	Date of most recent previous report	2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report or its contents.	157
102-54	'In accordance' option the organization has chosen.	2
102-55	GRI Content Index	148-151
102-56	Organization's policy and current practice with regard to seeking external assurance for the report.	As mandated by management, we engage an independent third party organization to externally assure our annual report to confirm the accuracy of our disclosures
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103	Management Approach	60-62
202-2	Proportion of senior management from hired local community	97, 100% of our senior management are locally hired"
Indirect Economic Impacts		
103	Management Approach	26-45, 87-89, 92-93
203-1	Development and impact of infrastructure investment and services supported	70-71, 78
203-2	Significant indirect economic impacts, including extent of impacts	83-85, 87-89, 92-93
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103	Management Approach	86
204-1	Spending on local suppliers	7
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103	Management Approach	108-109
205-1	Total number and percentage of operations assessed for risk related to corruption and the significant risk identified	86
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103	Management Approach	113
206-1	Total number of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	113
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302-1	Energy consumption within the organization	72-73, 79
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303-1	Total water withdrawal by source	72-74, 79
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304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	116
304-2	Description of significant impacts of activities and products and services in biodiversity	70, 78, 116
304-4	Total number of IUCN red list species and national conservation list species	77
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103	Management Approach	74-79
305-1	Direct greenhouse gas emission	147
305-2	Energy indirect greenhouse gas emission	74-79, 147
305-3	Other indirect greenhouse gas emission	147
305-4	Greenhouse gas emission intensity	74
305-5	Reduction of greenhouse gas emissions	74-79, 147
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103	Management Approach	76-79
306-2	Total weight of waste by the type and disposal method	76-79, 146
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103	Management Approach	116
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	There were no significant fines (exceeding Php 50,000) imposed on any Ayala Land project.
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308-1	New suppliers that were screened using environmental criteria	86
GRI 400 SOCIAL SPECIFIC DISCLOSURES		
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	85
401-3	Return to work and retention rates after parental leave, by gender	85
Labor Management Relations		
103	Management Approach	82
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	82

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103	Management Approach	82-83
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	82-83
403-3	Whether there are workers whose work, or workplace, is 403-3 controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases	82-83
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404-1	Average hours of training per year per employee by gender, and by employee category	83-85
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408-1	Operations and suppliers identified as having significant risk for incidents of child labor	85-86
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103	Management Approach	114
411-1	Total number of identified incidents of violations involving rights of indigenous peoples and actions taken	114
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413-2	Operations with significant actual and negative impacts on local communities	88
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416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	115



STATEMENT OF MANAGEMENT'S RESPONSIBILITY
Ayala Land's 2019 Integrated Report

The management of Ayala Land, Inc. applied their collective mind in the preparation of Ayala Land's 2019 Integrated Report in accordance with the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework.

This was supervised by the President and CEO, Mr. Bernard Vincent O. Dy and the Chief Finance Officer and Compliance Officer, Mr. Augusto D. Bengzon, who are responsible for the integrity of this report.

This report contains certain forward-looking statements that may involve risks or uncertainties as they relate to future events and circumstances that may be beyond Ayala Land's control.

In addition, regulations of the Philippine Stock Exchange (PSE) prohibit making price sensitive forecasts without considerable independent review and process. The management therefore advise readers to use caution regarding interpreting any forward-looking statements in this report.



Bernard Vincent O. Dy
President and CEO



Augusto D. Bengzon
Chief Finance Officer
and Compliance Officer

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL AS Philippines Branch ("DNV GL") has been commissioned by the management of Ayala Land Inc. ("ALI" or the "Company", SEC Identification Number: 152747) to undertake an independent assurance of the sustainability/non-financial disclosures in ALI's 2019 Integrated Report (the "Report") in its printed format for the year ended 31st December 2019. This Report is prepared by ALI for identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative's ("GRI's") Principles for Defining Report Content and Report Quality. The verification engagement was carried out from December 2019 to March 2020.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'limited level' of assurance based on DNV GL VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the review of sustainability management, performance, and reporting practices of ALI's suppliers, contractors, and any third parties mentioned in the Report and the Company's position statements, the statements for the management approach, and case studies and examples if any included in this Report.

Responsibilities of the Management of Ayala Land Inc. and of the Assurance Provider

The Board of ALI has sole responsibility for the preparation of the Report and is responsible for all information provided as well as the processes for collecting, analysing and reporting the information presented in the Report. ALI has stated that this Report was based on the <IR> framework and has adopted general disclosures and selected performance indicators for disclosures related to identified material topics from the GRI Standards 2016.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included limited level of verification of sustainability performance disclosures for the identified material topics of ALI in the section "Our Sustainability Four Focus Areas". Our verification applies a $\pm 5\%$ uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Basis of our Opinion and Limitations

A multi-disciplinary team of sustainability and assurance specialists performed assurance at the Head Office at Makati City, and selected sites (PCT Towers 1 and 2, Paseo de Roxas, Makati City) of ALI. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;
- Review of approaches to materiality determination and stakeholder engagement; DNV GL did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the reporting framework adopted by ALI;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;

¹ The VeriSustain protocol is available on dnvgl.com.

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings with Corporate Sustainability Team;
- Planned site visits to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites we visited;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and timing and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that ALI's 2019 Integrated Report does not properly describe the non-financial performance of identified material topics based on the International <IR> Framework.

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

The Report has brought out key stakeholders (property buyers, brokers and sellers business partners, suppliers and service providers, government, investors and shareholders, analyst, creditors and suppliers, customers, local communities, employees, etc.), with whom the ALI actively engages to help internal stakeholders of ALI, deliver on its commitments of enhancing land and enriching lives in the section of social engagement of this Report.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

The Report describes that there are no changes in the list of material topic as identified through a structured process in its 2013 Report and these material topics are still relevant. The material topics under four focus areas are mapped to identified Sustainable Development Goals, considering the significance of their impacts on communities, business partners, workforce and the environment.

Responsiveness

The extent to which an organization responds to stakeholder issues.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

The Report brings out the Company's responses to identified material topics and significant issues which have arisen during the reporting period through disclosures on risk assessment outcomes including mitigation measures, process of governance, organizations strategies and related management approaches. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards, including organizations ability to create value on the six capitals of <IR> framework, however the Report could further bring out the long and medium term targets related to identified material topics, its linkages to Capitals, and key changes in identified Capitals based on <IR> framework.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

The majority of the performance disclosures verified through onsite and offsite verification, i.e. at the Head Office and sampled sites, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its

suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

The Report discloses the Company's non-financial disclosures based on <IR> framework and performance during the reporting period 2019 related to its material issues using appropriate GRI Topic Specific Standards, for the identified boundary of operations and covering the Company's approaches to value creation and responses to key challenges faced.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Statement of Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct² during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV GL has provided assurance to Ayala Corporation, Ayala Land Inc., Globe Telecom, Inc, AC Energy and the Bank of Philippine Islands. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV GL did not provide any services to ALI in 2019 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL AS Philippines Branch



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1st April 2020, Manila, Philippines

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² The DNV GL Code of Conduct is available from the DNV GL website (www.dnvgl.com)

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