PSE Number: E-5000
SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

31F Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City 1226

(Company Address)

(632) 7908-3111

(Telephone Number)

December 31, 2019

(Year Ending)

Annual Report - SEC Form 17-A

(Form Type)

(Amendments – if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2019**

2. SEC Identification Number **152747**

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

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

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

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

7. Address of principal office and postal code: **31F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226**

8. Issuer's telephone number, including area code: **(632) 7908-3111**

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

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

As of January 31, 2020

Title of each class	Number of shares issued and outstanding
Common shares	**14,734,962,081**
Preferred shares	**13,066,494,759**

Amount of debt outstanding: **P114,650,000,000.00** (Registered)

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

Name of Stock Exchange: **Philippine Stock Exchange**
Class of securities listed: **Common shares**

14,553,525,540 common shares have been listed with the Philippine Stock Exchange.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:

Yes [x] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates:

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2019 Audited Consolidated Financial Statements (incorporated as reference for Items 5, 7, 10 & 12 of SEC Form 17-A)

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PART I - BUSINESS

Item 1. Business

Background

Ayala Land, Inc. (“Ayala Land” or the “Company”) was formerly the real estate division of Ayala Corporation and was incorporated on June 30, 1988 to focus on the development of its existing real estate assets. In July 1991, the Company became publicly-listed through an initial public offering (“IPO”) of its primary and secondary shares on the Makati and Manila Stock Exchanges (predecessors of the PSE). Ayala Corporation’s effective ownership in Ayala Land amounted to 88% as a result of the IPO.

Over the years, several developments further reduced Ayala Corporation’s effective interest in Ayala Land; the exercise of stock options by respective employees of Ayala Corporation and Ayala Land, the disposal of Ayala Land shares by Ayala Corporation and Ayala Land’s issuance of new shares in relation to its acquisition of interest in companies owning properties in Canlubang, Laguna in 1993. Furthermore, the conversion of a ₱3.0 billion, convertible, long-term commercial paper to Ayala Land Common B Shares publicly issued in December 1994, exchanges under bonds due in 2001, and equity top-up placements conducted through an overnight book-built offering in July 2012, March 2013 and January 2015. In 2019, bond holders of the US$300 million exchangeable bonds issued by AYC Finance Limited, a wholly-owned subsidiary of Ayala Corporation, exercised their option to redeem shares of ALI. This decreased the shares directly owned by Ayala Corporation by 2.6%.

As of December 31, 2019, Ayala Corporation’s effective ownership in Ayala Land is 44.47% with the remainder owned by the public. Ayala Land is listed with a total of 14,734,962,101 outstanding common shares and 13,066,494,759 voting preferred shares. Foreign ownership is 22.96% composed of 5,773,781,905 outstanding common shares and 607,264,635 voting preferred shares. Equity attributable to equity holders of Ayala Land amounted to ₱211.1 billion. Ayala Land has a total market capitalization of ₱669.8 billion based on the closing price of ₱45.50 per common share on December 27, 2019, the last trading day of the year.

Ayala Land is the largest and most diversified real estate conglomerate in the Philippines. It is engaged in land acquisition, planning, and development of large scale, integrated, mixed-use, and sustainable estates, industrial estates, development and sale of residential and office condominiums, house and lots, and commercial and industrial lots, development and lease of shopping centers and offices, co-working spaces, and standard factory buildings and warehouses, and the development, management, and operation of hotels and resorts and co-living spaces. The Company is also engaged in construction, property management, retail electricity supply and airline services. It also has investments in AyalaLand Logistics Holdings Corp., Cebu Holdings, Inc., Ortigas Land Corp., MCT Bhd, Qualimed and Merkado Supermarket. Ayala Land has 29 estates, is present in in 57 growth centers nationwide and has a total land bank of 12,192 hectares at the end of 2019.

Products / Business Lines

Property Development

Property Development is composed of the Strategic Land Bank Management Group, Visayas-Mindanao Group, Residential Business Group and MCT Bhd, Ayala Land’s listed subsidiary in Malaysia.

The Strategic Land Bank Management Group handles the acquisition, planning and development of large scale, mixed-use, and sustainable estates, and the development and sale, or lease of its commercial lots in its estates in Metro Manila and the Luzon region.

The Visayas-Mindanao Group handles the acquisition, planning and development of large scale, mixed-use, and sustainable estates, and the development and sale, or lease of its commercial lots in its estates in key cities in the Visayas and Mindanao regions.

The Residential Business Group handles the development and sale of residential and office condominiums and house and lots for the luxury, upscale, middle-income, affordable, and socialized housing segments, and the development and sale of commercial lots under the following brands: AyalaLand Premier ("ALP") for luxury lots, residential and office condominiums, Alveo Land Corp. ("Alveo") for upscale lots, residential and office condominiums, Avida Land Corp. ("Avida") for middle-income lots, house and lot packages, and residential and office condominiums, Amaia Land Corp. ("Amaia") for affordable house and lot packages and residential condominiums, and BellaVita Land Corp. ("BellaVita") for socialized house and lot packages.

MCT Bhd. is a publicly-listed property developer in Malaysia engaged in land acquisition, planning, and development of residential condominiums for sale for middle income segment. MCT has a land bank of 417 acres located in Subang Jaya, Cyberjaya and Petaling Jaya. Ayala Land owns 66.3% in MCT Bhd.

Commercial Leasing

Commercial Leasing involves the development and lease of shopping centers through Ayala Malls, and offices, through Ayala Land Offices, co-working spaces through the "Clock In" brand, and standard factory buildings and warehouses under Laguna Technopark, Inc., and the development, management, and operation of hotels and resorts through AyalaLand Hotels and Resorts, Inc. and co-living spaces through "The Flats" brand.

Services

Services include construction, property management, retail electricity supply and airline services.

Construction of Ayala Land and third-party projects and land development is done through Makati Development Corporation ("MDC"). Property Management is done through Ayala Property Management Corporation ("APMC"). Retail electricity supply is done through Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy). Airline service is done through AirSWIFT for Ayala Land's tourism estates in Lio, Palawan and Sicogon Island resort through its fleet of four modern turbo-prop aircrafts.

Strategic Investments

Ayala Land's strategic investments include AyalaLand Logistics Holdings Corp. (71.68%) Cebu Holdings, Inc. (71.13%), MCT Bhd., (66.3%), Merkado Supermarket (50.0%), Qualimed (40.0%) and OCLP Holdings, Inc. (21.01%)

Products / Business Lines (with 10% or more contribution to 2019 consolidated revenues before intercompany adjustments):

Property Development	69%
Commercial Leasing	25%
Services	6%

Distribution Methods of Products

The Company's residential products are distributed to a wide range of property buyers through various sales groups.

Ayala Land has its own in-house sales team for ALP projects. In addition, it has a wholly-owned subsidiary, Ayala Land Sales, Inc. ("ALSI"), which employs commission-based sales people. Ayala Land uses a sales force of about 15,000 brokers and sales agents guided by a strict Code of Ethics. Separate sales groups have also been formed for Alveo, Avida, Amaia and BellaVita. Ayala Land and its subsidiaries also tap external brokers to complement these sales groups.

Marketing to the Overseas Filipino ("OF") market is handled by Ayala Land International Sales, Inc. ("ALISI"). Created in March 2005, ALISI leads the marketing, sales and channel development activities and marketing initiatives of the brands abroad through project websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. ALISI has marketing offices in North America (Milpitas and San Francisco), Hong Kong, Singapore, Dubai, Rome, and London. ALISI likewise assumed operations of AyalaLand Int'l. Marketing in Italy and London, in 2014.

In addition, the Ayala Group also developed "One Ayala," a program which bundles the products and services of Ayala Land, BPI, and Globe Telecom, Inc. and gives access to potential Ayala Land clients overseas through BPI's 17 overseas offices and 81 tie-ups. An Ayala Land-BPI Dream Deals program was also created to generate additional sales from the local market.

Since 2008, all residential sales support transactions are undertaken by the shared services company Amicassa Process Solutions, Inc. ("APSI") while all transactional accounting processes across the Ayala Land Group are handled by Aprisa Business Solutions, Inc. ("APRISA") since 2010.

Development of the business of the registrant and its key operating subsidiaries/associates and joint ventures during the past three years

2019

Ayala Land's net income grew by 13% to P33.2 billion from P29.2 billion in 2018. Total revenues increased by 2% to P168.8 billion from P166.3 billion mainly driven by real estate revenues which grew by 1% to P2578.9 billion. Revenues were supported by office and commercial and industrial lot sales and higher contribution of new leasing assets. Sales reservations grew 3% to P145.9 billion, fueled by the growth of Alveo and Avida. The commercial leasing business continued to expand with shopping centers gross leasable area (GLA now at 2.12 million sq. meters, office GLA at 1.17 million sq. meters and hotel and resorts rooms at 3,705. Total capital expenditures reached P108.7 billion. The company launched three new estates during the year namely: Alveo's Broadfield in Binan, Laguna, The Junction Place in Quezon City, and Cresendo in Tarlac.

On July 19, 2019, AyalaLand Logistics Holdings, Corp. (ALLHC), formerly Prime Orion Philippines, Inc. acquired 100% ownership of Unity Realty & Development Corporation (URDC). URDC owns a 192-hectare property in Mabalacat City, Pampanga which will be developed into an industrial park.

2018

Ayala Land registered a solid topline and bottomline growth of 17% and 16% respectively, with revenues of P166.2 billion and net income of P29.2 billion. Property sales grew 16% to P141.9 billion driven by strong local and overseas Filipino demand. Its leasing business expanded with shopping centers gross leasable area (GLA) of 1.90 million sq, meters, office GLA of 1.11 million sq. meters and hotels and resorts rooms of 2,973. The total capital expenditure reached P110.1 billion. It launched two estates: Parklinks in the Quezon City – Pasig City corridor, and Habini Bay in Laguindingan, Misamis Oriental.

On December 17, 2018, Asiatown Hotel Ventures, Inc., a wholly owned subsidiary of AyalaLand Hotels and Resorts Corp. (AHRC) was incorporated for the development of Seda Cebu IT Park.

On November 15, 2018, AMC Japan Concepts, Inc. was incorporated primarily to manage the Glorietta Roofdeck – Japan Town. It is 75% owned by ALI Commercial Center, Inc. and 25% owned by MC Commercial Property Holdings, Inc.

On September 12, 2018, One Makati Residential Ventures, Inc., a wholly owned subsidiary of AyalaLand Hotels and Resorts Corp. (AHRC) was incorporated for the development of One Ayala Residences.

2017

Ayala Land posted a healthy topline growth of 14% to P142.3 billion and solid net income growth of 21% to P25.3 billion. Property sales grew 13% to P122.0 billion. It broadened its leasing base, ending 2017 with shopping centers GLA of 1.80 million sq. meters, office leasing GLA of 1.02 million sq. meters and 2,583 hotel and resort rooms. The total capital expenditure reached P91.4 billion. It launched three estates: Evo City in Cavite, Azuela Cove in Davao and Seagrove in Cebu.

On December 4, 2017, Capitol Central Commercial Ventures Corp. is a wholly owned subsidiary of Ayala Land, Inc. and was incorporated for the development of Ayala Malls Capitol Central.

On November 16, 2017, Arca South Commercial Ventures Corp., a wholly-owned subsidiary of Ayala Land, Inc. and was incorporated for the development of Ayala Malls Arca South.

On November 3, 2017, Bay City Commercial Ventures Corp. (BCCVC), a wholly owned subsidiary of Ayala Land, Inc. was incorporated for the development of Ayala Malls Manila Bay.

On October 10, 2017, Makati North Hotel Ventures, a wholly owned subsidiary of AHRC was incorporated for the development of Seda Ayala North Exchange.

On September 28, 2017, One Makati Hotel Ventures, Inc., a wholly owned subsidiary of AHRC and was incorporated for the development of Seda One Ayala.

On September 6, 2017, Bay Area Hotel Ventures, a wholly owned subsidiary of AHRC was incorporated for the development of Seda Bay Area.

On July 7, 2017, AyalaLand Premier, Inc., a wholly owned subsidiary of Ayala Land was registered to engage primarily in general contracting services.

On June 5, 2017, Makati Cornerstone Leasing Corp., a wholly owned subsidiary of Ayala Land was incorporated to develop Circuit BPO Towers 1 and 2.

On March 1, 2017, MDBI Construction Corp., formerly MDC Triangle, Inc., was incorporated. The company is 67% owned by Makati Development Corp., and 33% owned by Bouyges Batiment International, a Europe-based company which is also a subsidiary of Bouyges Construction. MDBI was organized to engage in general contracting services.

Bankruptcy, Receivership or Similar Proceedings

None for any of the subsidiaries and affiliates above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

2019

On December 2, 2019, Avida Land Corporation (Avida), a subsidiary of Ayala Land, Inc., together with Philippine Estates Corporation (PHES) and subsidiaries of Wellex Industries, Inc. (WIN), have mutually agreed to terminate the Memorandum of Agreement (MOA) executed by the parties in December 2012, for the proposed development of the 21-hectare property known as “Plastic City”, located in Valenzuela.

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

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

On September 3, 2019, Ayala Land acquired additional shares in Vesta Property Holdings, Inc., increasing its total ownership in the company to 78.41% from 70.00% previously.

On July 19, 2019, AyalaLand Logistics Holdings, Corp. (ALLHC), formerly Prime Orion Philippines, Inc. acquired 100% ownership of Unity Realty & Development Corporation (URDC). URDC owns a 192-hectare property in Mabalacat City, Pampanga which will be developed into an industrial park.

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

On May 24, 2019 the Board of Directors of Ayala Land Inc., (ALI) approved the acquisition of Avida Land, Corp., a wholly-owned subsidiary of Ayala Land, Inc., of 264,534,247 shares of AyalaLand Logistics Holdings Corp. (ALLHC) from Orion Land Inc., in exchange for a parcel of land in South Park District, Muntinlupa City. Subsequently, Avida will sell the 264,534,247 shares to Ayala Land, Inc., increasing its effective ownership in ALLHC to 71.68%

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

On April 24, 2019, Ayala Land, Inc.'s (ALI) subsidiary, AyalaLand REIT, Inc. ("AREIT"), announced that it intends to publicly list as a Real Estate Investment Trust ("REIT") under the current Implementing Rules and Regulations of the Securities and Exchange Commission on REITs and following the minimum public ownership requirement of 67%.

On April 17, 2019 ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling P88.7 million, resulting in ALI’s ownership from 70.4% to 71.1%.

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

2018

In December 2018, ALI acquired 8,051 common shares of LTI for ₱800.0 million increasing its ownership to 95%.

On November 7, 2018, Ayala Land, Inc., in partnership with Ayala Corporation, launched its 26th estate, Habini Bay in Misamis Oriental. The 526-hectare estate is positioned as a new center of trade and commerce in Northern Mindanao.

On November 6, 2018, SEC approved the merger between CHI and CPVDC with CHI as the surviving entity. ALI acquired additional 59,631,200 common shares of CHI totaling to ₱352.8 million. Further, an additional 77,742,516 shares were acquired as a result of swap of CPVDC shares for a total consideration of ₱229.3 million which brings Parent Company's ownership to 70.4%.

On May 11, 2018, Ayala Land entered into a Memorandum of Understanding with Green Square Properties Corporation (GSPC) and Green Circle Properties and Resources, Inc. (GCPRI) for the formation of a joint-venture company (JVC) that will own and develop 27,852 hectares of land (the Properties), specifically located in Dingalan Aurora and General Nakar, Province of Quezon. ALI will own 51%, and GSPC and GCPRI will jointly own 49% of the JVC.

On April 30, 2018, ALI and POPI executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of POPI for an aggregate subscription price of P3.0 billion in exchange for 30,186 common shares of Laguna Technopark, Inc. (LTI). The subscription and exchange shall be subject to and deemed effective only upon the issuance by the SEC of the confirmation of valuation of the shares.

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

On April 4, 2018, Ayala Land, Inc. (ALI) signed a Deed of Absolute Sale with Central Azucarera de Tarlac, Inc. for the acquisition of several parcels of land with an aggregate area of approximately 290 hectares located in Barangay Central, City of Tarlac, Province of Tarlac.

On March 23, 2018, the Executive Committee of Ayala Land approved the exchange of its 75% equity interest in Laguna Technopark, Inc. (LTI) into additional shares of stock in AyalaLand Logistics Holdings, Corp. formerly, Prime Orion Philippines, Inc. (POPI). The value of the transaction is P3.0 billion where POPI will issue 1,225,370,620 common shares to ALI in exchange for 30,186 LTI common shares and bring ALI's direct ownership in POPI to 63.90% from 54.91%.

On February 26, 2018, the Board of Directors of Cebu Holdings, Inc. (CHI) during its meeting, approved the merger of Cebu Property Ventures Development Corp. (CPVDC) with CHI as the surviving entity. The merger will consolidate CHI's portfolio under one listed entity, creating a unified portfolio for its investments and is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies, as a result of the merger. The plan of merger shall be submitted for approval of the stockholders of the two companies during their respective annual stockholders' meeting to be held on April 10, 2018.

On February 20, 2018, the Philippine Competition Commission (PCC) approved the setting up of a joint venture between the Company and Royal Asia Land, Inc. to acquire, own, and develop a 936-hectare commercial and residential project in Silang and Carmona, Cavite. Both firms will own 50% equity in the joint venture vehicle while Royal Asia Land will receive a consultation fee of 2% of the joint venture firm's gross revenue for its participation in the planning and development of the property. ALI, meanwhile, will develop and market the project and receive a management fee of 12% and sales and marketing fee of 5% of the gross revenue. The PCC has deemed that the transaction does not result in a substantial lessening of competition because it will not have a structural effect on the market.

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

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions. This will bring ALI’s shareholding in MCT to 50.19% from 32.95%. Subsequently, on January 5, 2018, Regent Wise Investments Limited (RWIL), issued a notice of an unconditional mandatory take-over offer to the Board of Directors of MCT Bhd (MCT), to acquire all remaining shares of the company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement. The take-over offer is made in connection to the acquisition of additional shares in MCT, which increased ALI’s shareholding in MCT to 50.19%. On March 23, 2018, Ayala Land completed the acquisition process, increasing its ownership stake in MCT to 66.25%.

2017

On October 30, 2017, SIAL CVS Retailers, Inc., FamilyMart Co., Ltd., and ITOCHU Corporation entered into a Memorandum of Agreement (MOA) to sell 100% of the outstanding shares of Philippine FamilyMart CVS, Inc. (PFM) to P-H-O-E-N-I-X Petroleum Philippines, Inc. (PNX). SIAL CVS Retailers, Inc., a 50-50 joint venture company between ALI Capital Corp. (a 100% subsidiary of Ayala Land, Inc.) and SSI Group, Inc. (SSI), currently owns 60% of PFM, while Japanese companies, FamilyMart Co., Ltd. and ITOCHU Corporation, own 37.6% and 2.4% respectively.

In June 2017, Orion Land, Inc. (OLI), a subsidiary of POPI, acquired 512,480,671 common shares equivalent to 11.69% ownership at ₱2.45/share amounting to ₱1,255.58 million. The acquisition of POPI shares by OLI was treated as an acquisition of non-controlling interest resulting to a debt to equity reserve of ₱405.18 million. This increased ALI’s effective share ownership to 63.05%.

On February 23, 2017, Ayala Land together with BPI Capital Corporation and Kickstart Ventures, Inc. signed an investment agreement to acquire ownership stakes in BF Jade E-Service Philippines, Inc, owner and operator of online fashion platform, Zalora Philippines. ALI will own 1.91% of Zalora Philippines through this transaction.

On February 22, 2017, Ayala Land signed an investment agreement to acquire a 1.91% ownership stake in BF Jade E-Service Philippines, Inc, the owner and operator of the online fashion platform Zalora Philippines (Zalora), subject to the fulfillment of certain conditions precedent, including obtaining the approval or deemed approval of the Philippine Competition Commission.

On February 20, 2017, The Board of Directors during its meeting approved the raising of up to ₱20.00 billion through (i) retail bonds, (ii) corporate notes and/or (iii) bilateral term loans with a term of up to ten (10) years, to partially finance general corporate requirements. The Board also approved the raising of up to ₱10.00 billion through the issuance of short dated notes with a tenor of up to 21 months to refinance the Corporation’s short-term loans.

In February 2017, ALI purchased additional 631,000 common shares of POPI from BPI Securities Corporation for ₱1.26 million. ALI’s interest remains at 51% of total POPI’s outstanding capital stock.

In 2017, ALI purchased additional 97,763,900 common shares of CHI from BPI Securities Corporation totaling ₱575.0 million which brought up ALI's ownership to 72% of the total outstanding capital stock of CHI.

Various diversification/ new product lines introduced by the company during the last three years

The Flats
Ayala Land opened its first co-living product, branded as "The Flats" in September 2018. It is located in Amorsolo, Makati and offers a total of 728 beds across 196 multiple occupancy rooms and communal spaces. The second branch was opened in January 2019 at 5th Ave. BGC which has a total of 1,316 beds and 375 rooms.

Clock In
In 2017, Ayala Land launched a co-working space product branded as "Clock In" with three operating branches in Makati and BGC. To date, it now has a total of 1,404 seats across 6,473 sq. meters of GLA with new branches in Vertis North, The 30th , Ayala North Exchange, Lio and Alabang Town Center.

Standard Factory Buildings and Warehouses
In 2018, Ayala Land started to offer standard factory buildings (SFB) and warehouses for lease inside industrial parks to capture the growing opportunities in manufacturing and logistics. Ayala Land has a total of 175,000 sq. meters of SFB and warehouse GLA across various locations such as Laguna Technopark, Cavite Technopark, the Tutuban complex in Manila, the Lepanto Ceramics facility in Laguna, and Alviera Industrial Park in Pampanga.

Hospitals/Clinics
Ayala Land entered into a strategic partnership with the Mercado Group in July 2013 to establish hospitals and clinics located in the Company's integrated mixed-use developments branded as QualiMed. In 2014, QualiMed opened three (3) clinics in Trinoma, Fairview Terraces, McKinley Exchange Corporate Center, and Qualimed General Hospital in Atria Park, Iloilo while UP Town Center Clinic in Quezon City was opened in the end of 2015. In the 2nd Quarter of 2016, Qualimed opened a hospital in Altaraza San Jose Del Monte Bulacan. In the 3rd Quarter of 2017, Qualimed opened its 102-bed hospital in Nuvali, Sta. Rosa, Laguna.

Supermarkets
ALI Capital Corporation (formerly Varejo Corporation), a subsidiary of Ayala Land, entered into a joint venture agreement with Entenso Equities Incorporated, a wholly-owned entity of Puregold Price Club, Inc., to develop and operate mid-market supermarkets for some of Ayala Land's mixed-use projects branded as Merkado Supermarket. The first supermarket was opened in the 3rd quarter of 2015 at UP Town Center while its second store was opened in December 2017 at Ayala Malls Vertis North.

Competition

Ayala Land is the only full-line real estate developer in the Philippines with a major presence in almost all sectors of the industry. Ayala Land believes that, at present, there is no other single property company that has a significant presence in all sectors of the property market. Ayala Land has different competitors in each of its principal business lines.

With respect to its shopping center business, Ayala Land's main competitor is SM which owns numerous shopping centers around the country. Ayala Land is able to effectively compete for tenants given that most of its shopping centers are located inside its mixed-used estates, populated by residents and office workers. The design of Ayala Land's shopping centers also features green open spaces and parks.

For office rental properties, Ayala Land sees competition in smaller developers such as Kuok Properties (developer of Enterprise Building), Robinsons Land (developer of Robinsons Summit Center) and nontraditional developers such as the AIG Group (developer of Philam Towers) and RCBC (developer of RCBC towers). For BPO office buildings, Ayala Land competes with the likes of Megaworld, SM Prime Holdings and Robinsons Land. Ayala Land is able to effectively compete for tenants primarily based upon the quality and location of its buildings, reputation as a building owner and the quality of support services provided by its property manager, rental and other charges.

With respect to residential lots and condominium products, Ayala Land competes with developers such as Megaworld, DMCI Homes, Robinsons Land, and SM Development Corporation. Ayala Land is able to effectively compete for purchasers primarily on the basis of reputation, price, reliability, and the quality and location of the community in which the relevant site is located.

For the middle-income business, Ayala Land sees the likes of SM Development Corp, Megaworld, Filinvest Land and DMCI Homes as key competitors. Alveo and Avida are able to effectively compete for buyers based on quality and location of the project and availability of attractive in-house financing terms.

For the affordable housing segment, Amaia competes with Camella Homes, DMCI Homes, Filinvest, Robinsons Land and SM Development Corporation.

BellaVita, a player in the socialized housing market, will continue to aggressively expand its geographical footprint with product launches primarily located in provincial areas.

Suppliers

The Company has a broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

Customers

Ayala Land has a broad market base including local and foreign individual and institutional clients. The Company does not have a customer that will account for twenty percent (20%) or more of its revenues.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Government approvals/regulations

The Company secures various government approvals such as the environmental compliance certificate, development permits, license to sell, etc. as part of the normal course of its business.

Employees

Ayala Land has a total workforce of 335 regular employees as of December 31, 2019. The breakdown as follows:

Senior Management	23
Middle Management	218
Staff	94
Total	335

Employees take pride in being an ALI employee because of the company's long history of bringing high quality developments to the Philippines. With the growth of the business, career advancement opportunities are created for employees. These attributes positively affect employee engagement and retention.

The Company aims that its leadership development program and other learning interventions reinforce ALI's operating principles and provide participants with a set of tools and frameworks to help them develop skills and desired qualities of an effective leader. The programs are also venues to build positive relations and manage networks within the ALI Group.

ALI has a healthy relation with its employees' union. Both parties openly discuss employee concerns without necessity of activating the formal grievance procedure.

Further, employees are able to report fraud, violations of laws, rules and regulations, or misconduct in the organization thru reporting channels under the ALI Business Integrity Program.

Ayala Land is subject to significant competition in each of its principal businesses of property development, commercial leasing and services. In property development, Ayala Land competes with other developers to attract condominium and house and lot buyers. In commercial leasing, it competes for shopping center and office space tenants, as well as customers of the retail outlets, restaurants, and hotels and resorts across the country.

However, Ayala Land believes that, at present, there is no single property company that has a significant presence in all sectors of the property market.

Risks

In 2019, Ayala Land reviewed the key risks facing its different business units and their inter-relationships through a ground-up identification and top-down evaluation approach. These identified key risks were then further processed through a cross-functional review by the ALI Risk Council for inter-relationships and the results were reviewed and agreed upon by Senior Management for prioritization which was then presented to the Board Risk Oversight Committee. The following key risks shall be subjected to periodic monitoring and review:

1. Project Execution and Delivery
2. Marginalization
3. Government / Political
4. Regulatory
5. Major Security, Health and Safety
6. Organizational
7. Environmental
8. Partnership and Alliances
9. Financial
10. Cyber Security

Project execution and marginalization risks were ranked the highest by Senior Management and business units mainly due to aggressive competition in each of the different business segments of Ayala Land. To date, there is no single property company that has a significant presence in all segments of the property sector.

High-End, Middle-Income, Affordable Residential, and Economic and Socialized Housing Developments
With respect to high-end and middle-income land and condominium sales, Ayala Land continues to compete for buyers primarily on the basis of reputation, reliability, price, quality, and the location of the community in which the relevant site is located. For the affordable, economic and socialized housing markets, Ayala Land competes for buyers based on quality of projects, affordability of units and availability of financing. Ayala Land is also actively tapping the overseas Filipino market. In addition, it has seen demand from foreign buyers both residing in the country and abroad.

Shopping Center, Office Space and Land Rental
For its shopping centers, Ayala Land competes for tenants primarily based on the ability of the shopping center to attract customers. This is typically hinged on the location and the tenant-mix of the retail center, the reputation of the retail center owner, as well as rental and other charges. The market for shopping centers has become competitive and with the growing number of pipeline and new shopping center openings across the country. Some competing shopping centers are located within relatively close proximity of Ayala Land's commercial centers.

With respect to its office rental properties, Ayala Land competes for tenants primarily based on the quality and location of the relevant building, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges. The Company is addressing the continuing demand from BPOs and corporate by providing fully integrated and well-maintained developments (high rise or campus facility) in key locations in the country.

Hotel and Resort Operations
The local hotel and resort sector is largely driven by foreign and local travel for leisure or business purposes. Any slowdown in tourism and business activity due to global financial and local political turmoil and security concerns could potentially limit growth of the Company's hotels and resorts.

Construction
Ayala Land's construction business, Makati Development Corporation (MDC), is benefiting from the improved performance of the construction industry, particularly from an uptick in development activities mostly from the residential and retail sector. With booming construction across the country, Ayala Land must manage the risk of providing enough skilled workers to deploy to its various projects. Any slowdown in the construction business could potentially cap growth of the Company's construction arm.

Property Management
Ayala Land directly manages its properties as well as other third-party properties through Ayala Property Management Corporation (APMC). Its employees directly interface with customers and must ensure that Ayala Land’s brand, quality and reputation are upheld in the regular upkeep of managed properties. Employees must continuously be trained to be able to provide high-quality service in order to preserve Ayala Land’s brand equity.

During the preparation of this report, the Philippines is experiencing the COVID-19 global pandemic. While this is not part of the 10 key risks identified, Ayala Land has acknowledged this as a prominent risk which will affect its business in 2020 with possible spillover effects to 2021. The Company, as early as January 2020, has monitored the situation in Wuhan, China and flagged the virus as a potential emerging risk. With the escalation of the COVID-19 pandemic, the Company mobilized the business units to revisit their respective business continuity plans (BCP) to mitigate the risk impact to operations. Ayala Land observes national and local government advisories and directives as well as the best practices conveyed by the World Health Organization (WHO) and the Philippine Department of Health (DOH). The Company strictly follows the guidelines set by the national and local government agencies to support its endeavor to stem the spread of the COVID-19 virus.

Pandemic events usually have a long gestation and pose a greater risk of exposing personnel and negatively impacting business operations. Each business unit reviewed loss scenarios under their BCPs such as:

1. Loss of premises or day-to-day workplace;
2. Loss of critical people; and
3. Loss of critical third-party service providers for an extended period of time

Learnings from this pandemic will be used to improve BCPs moving forward.

Other risks that the company may be exposed to are the following:

- Changes in Philippine and international interest rates
- Changes in the value of the Peso versus other currencies
- Changes in construction material and labor costs, power rates and other costs
- Changes in laws and regulations that apply to the Philippine real estate industry
- Changes in the country's political and economic conditions
- Changes in the country's liquidity and credit exposures

To mitigate the above-mentioned risks, Ayala Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to manage the various business risks it faces.

Working Capital

Ayala Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures agreements, borrowings and issuance of bond proceeds from the sale of non-core assets.

Domestic and Export Sales

The table below illustrates the amounts of revenue, profitability, and identifiable assets attributable to domestic and foreign operations for the years ended December 31, 2019, 2018, 2017: (in ₱'000)

	2019	**2018**	**2017**
Consolidated revenues			
Domestic	160,143,686	156,142,062	139,131,909
Foreign	6,561,646	7,604,756	241,432
	166,705,332	163,746,818	139,373,341
Net operating income			
Domestic	61,357,618	52,436,826	43,071,498
Foreign	1,228,417	1,129,534	(90,142)
	62,586,035	53,566,360	42,981,356
Net Income Attributable to Equity Holders of ALI			
Domestic	32,321,166	28,283,472	25,321,099
Foreign	867,233	957,408	(16,134)
Total	33,188,399	29,240,880	25,304,965
Total Assets			
Domestic	678,162,085	636,521,219	564,182,334
Foreign	35,761,193	32,299,263	9,810,000
Total	713,923,278	668,820,482	573,992,334

Item 2. Properties

LAND BANK / PROPERTIES WITH MORTGAGE OF LIEN

The following table provides summary information on ALI's land bank as of December 31, 2019. Properties included are either wholly-owned or part of a joint venture and free of lien unless noted.

In Estates	Location	Hectares	Outside Estates	Hectares
Metro Manila		**173**	**Metro Manila**	**105**
Makati CBD	Makati City	46	Las Pinas	84
BGC	Taguig City	27	QC	9
Arca South	Taguig City	21	Pasig	4
Parklinks	Quezon City - Pasig City	18	Paranaque	3
Ayala Alabang	Muntinlupa City	18	Makati	2
Circuit Makati	Makati City	17	Muntinlupa	2
Cloverleaf	Quezon City	10	Mandaluyong	1
Vertis North	Quezon City	7	Manila	0.3
The Junction Place	Quezon City	6	Pasay	0.1
Southpark District	Muntinlupa City	3		
Luzon		**5,395**	**Luzon**	**4,578**
Nuvali	Sta. Rosa, Laguna	1,480	Cavite	2,059
Alviera	Porac, Pampanga	1,302	Laguna	985
Altaraza	San Jose Del Monte, Bulacan	869	Batangas	844
Lio	El Nido, Palawan	867	Bulacan	239
Vermosa	Imus, Cavite	407	Pampanga	210
Cresendo	Tarlac City, Tarlac	281	Bataan	160
Broadfield	Binan, Laguna	160	Quezon	46
Evo City	Kawit, Cavite	29	Camarines Sur	17
			Rizal	15
			Cagayan – Tuguegarao	2
			Nueva Ecija	2
Visayas		**996**	**Visayas**	**210**
Sicogon Island Resort	Iloilo	810	Cebu	181
North Point	Talisay, Negros Occidental	119	Iloilo	19
Cebu Park District	Cebu City, Cebu	33	Negros Occidental	11
Gatewalk Central	Mandaue, Cebu	13		
Seagrove	Mactan Island, Cebu	12		
Atria Park District	Mandurriao, Iloilo	10		
Capitol Central	Talisay, Negros Occidental	0.4		
Mindanao		**235**	**Mindanao**	**501**
Habini Bay	Laguindingan, Misamis Oriental	200	Misamis Oriental	274
Azuela Cove	Davao City, Davao del Sur	22	Davao del Sur	227
Abreeza	Davao City, Davao del Sur	9		
Centrio	Cagayan de Oro, Misamis Oriental	3		
2019 Land Bank: 12,192		**6,798**		**5,394**

LEASED PROPERTIES

The Company has an existing contract with BCDA to develop, under a lease agreement a mall with an estimated gross leasable area of 152,000 square meters on a 9.8-hectare lot inside Fort Bonifacio. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to P106.5 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity.

On January 28, 2011, a notice was given to the Company for the P4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated

School, along Katipunan Avenue, Quezon City. The Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew 58,000 square meters for another 25 years by mutual agreement. The project involves the construction of a retail establishment with 63,000 square meters of available gross leasable area and a combination of Headquarter-and-BPO- type buildings with an estimated 8,000 square meters of office space.

(For the complete list of leased properties, please refer to Audited FS)

Rental Properties

The Company's properties for lease are largely shopping centers, office buildings and hotels and resorts. As of December 31, 2019, rental revenues from these properties amount to P39.3 billion or 25% consolidated revenues, 13% higher than P34.9 billion recorded in 2018.

Property Acquisitions

With 12,192 hectares in its land bank as of December 31, 2019, Ayala Land believes that it has sufficient properties for development in next 25 years.

Nevertheless, the Company continues to seek new opportunities for additional, large-scale, master-planned developments in order to replenish its inventory and provide investors with an entry point into attractive long-term value propositions. The focus is on acquiring key sites in the Mega Manila area and other geographies with progressive economies that offer attractive potential and where projected value appreciation will be fastest.

On July 19, 2019, AyalaLand Logistics Holdings, Corp. (ALLHC), formerly Prime Orion Philippines, Inc. acquired 100% ownership of Unity Realty & Development Corporation (URDC). URDC owns a 192-hectare property in Mabalacat City, Pampanga which will be developed into an industrial park.

On May 15, 2018, Ayala Land, Inc. ("ALI") entered into a Memorandum of Understanding with Green Square Properties Corporation ("GSPC") and Green Circle Properties and Resources, Inc. ("GCPRI") on May 11, 2018 for the formation of a Joint-Venture Company ("JVC") that will own and develop 27,852 hectares of land ("the Properties"), specifically located in Dingalan, Aurora and General Nakar, Province of Quezon. ALI will own 51%, and GSPC and GCPRI will jointly own 49% of the JVC.

On April 4, 2018, Ayala Land, Inc. (ALI) signed a Deed of Absolute Sale with Central Azucarera de Tarlac, Inc. for the acquisition of several parcels of land with an aggregate area of approximately 290 hectares located in Barangay Central, City of Tarlac, Province of Tarlac.

On February 20, 2018, the Philippine Competition Commission (PCC) approved the setting up of a joint venture between the Company and Royal Asia Land, Inc. to acquire, own, and develop a 936-hectare commercial and residential project in Silang and Carmona, Cavite. Both firms will own 50% equity in the joint venture vehicle while Royal Asia Land will receive a consultation fee of 2% of the joint venture firm's gross revenue for its participation in the planning and development of the property. ALI, meanwhile, will develop and market the project and receive a management fee of 12% and sales and marketing fee of 5% of the gross revenue. The PCC has deemed that the transaction does not result in a substantial lessening of competition because it will not have a structural effect on the market.

In June 2015, ALI, through SM-ALI Group consortium, participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is a portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963 (the "Property"). SM-ALI Group consortium is a consortium among SM Prime Holdings, Inc. ("SM"), Ayala Land, and Cebu Holdings, Inc. ("CHI", together with ALI collectively referred to as the "ALI Group"). The SM-ALI Group will co-develop the property pursuant to a joint master plan.

In April 2015, ALI purchased all of the 8.2 million common shares of Aegis PeopleSupport Realty Corporation amounting to ₱435 million. Aegis PeopleSupport Realty Corporation is a PEZA-registered entity and the owner of Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City. The building is a certified LEED-Gold Office with a gross leasable area of 18,092 sqm and is largely occupied by Teleperformance under a long-term lease.

On February 6, 2015, ALI purchased the combined remaining interest of Allante Realty and Development Corporation (Allante) and DBH, Inc. (DBH) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 167,548 common shares and 703,904 preferred shares amounting to ₱229 million. This brings ALIC) consisting of 167,548 common shares and 703,904 total outstanding capital stock of NTDCC.

In January 2014, ALI entered and signed into a 50-50% joint venture agreement with AboitizLand, Inc. for the development of a 15-hectare mixed-use community in Mandaue City, Cebu. The first project of this joint venture will involve the construction of a mall and a residential condominium unit with an estimated initial cost of ₱3 billion.

On November 23, 2013, ALI, through its wholly-owned subsidiary, Ayala Hotels and Resorts Corp, (AHRC) signed an agreement to acquire 100% interest in Asian Conservation Company, Inc. (ACCI) which effectively consolidates the remaining 40% interest in Ten Knots Development Corp. (TKDC) and Ten Knots Philippines Inc. (TKPI) (60%-owned subsidiary of the Company prior to this acquisition). The agreement resulted in the Company effectively obtaining 100% interest in TKPI and TKDC.

On April 16, 2013, ALI entered into a Sale and Purchase Agreement (SPA) with Global International Technologies Inc. (GITI) to acquire the latter's 32% interest in ALI Property Partners Co. (APPCo) for ₱3.52 billion. GITI is a 100% owned company of the Goldman Sachs Group Inc. The acquisition increased ALI's stake in APPCo from 68% to 100%. APPCo owns BPO buildings in Makati, Quezon City and Laguna with a total gross leasable area of around 230,000 sqm. The carrying amount of the non-controlling interest is reduced to nil as APPCo became wholly owned by the Company. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company amounting to ₱2,722.6 million.

MORTGAGE, LIEN OR ENCUMBRANCE OVER PROPERTIES

The Company has certain properties in Makati City that are mortgaged with BPI in compliance with BSP rules on directors, officers, stockholders and related interests.

Item 3. Legal Proceedings

As of December 31, 2019, ALI, its subsidiaries, and its affiliates, are not involved in any litigation regarding an event which occurred during the past five (5) years that they consider material.

However, there are certain litigation ALI is involved in which it considers material, and though the events giving rise to the said litigation occurred beyond the five (5) year period, the same are still unresolved, as follows:

Las Piñas Property

Certain individuals and entities have claimed an interest in ALI's properties located in Las Piñas, Metro Manila.

Prior to purchasing the aforesaid properties, ALI conducted an investigation of titles to the properties and had no notice of any title or claim that was superior to the titles purchased by ALI. ALI traced its titles to their original certificates of title and ALI believes that it has established its superior ownership position over said parcels of land. ALI has assessed these adverse claims and believes that its titles are in general superior to the purported titles or other evidence of alleged ownership of these claimants. On this basis, beginning October 1993, ALI filed petitions in the Regional Trial Court of Makati and Las Piñas for quieting of title to nullify the purported titles or claims of these adverse claimants. These cases are at various stages of trial and appeal. Some of these cases have been decided by the Supreme Court ("SC"). These include decisions affirming the title of ALI to some of these properties, which have been developed and offered for sale to the public as Sonera, Ayala Southvale. The SC issued a decision adverse to ALI's title over these properties dated 26 July 2017 and denied ALI's motions for reconsideration.

Ayala Property Management Corp.(APMC)

As a result of the explosion which occurred on October 19, 2007 at the basement of the Makati Supermarket Building, the Philippine National Police has filed a complaint with the Department of Justice ("DOJ") and recommended the prosecution of certain officers/employees of Makati Supermarket Corporation, the owner of the building, as well as some employees of ALI's subsidiary, APMC, among other individuals, for criminal negligence. In a Joint Resolution dated April 23, 2008, the DOJ special panel of prosecutors ruled that there was no probable cause to prosecute the APMC employees for criminal negligence. This was affirmed by the DOJ Secretary in a Resolution dated November 17, 2008. A Motion for Reconsideration was filed by the Philippine National Police which remains pending with the DOJ. To date, no civil case has been filed by any of the victims of the incident.

ALI has made no allowance in respect of such actual or threatened litigation expenses.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – SECURITIES OF THE REGISTRANT

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

Ayala Land common shares are listed with the Philippine Stock Exchange.

Philippine Stock Exchange
Prices (in PhP/share)

	High		Low		Close	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
First Quarter	45.75	47.50	40.60	39.75	44.90	41.10
Second Quarter	52.50	43.35	44.40	36.05	50.80	37.90
Third Quarter	53.85	45.00	46.30	36.55	49.45	40.05
Fourth Quarter	49.90	43.20	42.55	38.00	45.50	40.60

The market capitalization of ALI as of end-2019, based on the closing price of ₱45.50/share, was approximately ₱669.8 billion.

The price information as of the close of the latest practicable trading date April 14, 2020 is ₱33.75 per share.

Stockholders

The following are the top 20 registered holders of the common equity securities of the Company:

Common Stockholders: There are 8,998 registered holders of common shares of the Company as of January 31, 2020:

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Corporation	6,545,946,579	44.4699%
2.	PCD Nominee Corporation (Non-Filipino)	5,710,695,929	38.7956%
3.	PCD Nominee Corporation (Filipino)	2,176,341,294	14.7850%
4.	ESOWN Administrator 2012	13,685,969	0.0930%
5.	ESOWN Administrator 2010	12,828,881	0.0872%
6.	ESOWN Administrator 2015	12,793,419	0.0869%
7.	ESOWN Administrator 2016	11,760,229	0.0799%
8.	ESOWN Administrator 2013	10,989,766	0.0747%
9.	ESOWN Administrator 2019	10,067,965	0.0684%
10.	ESOWN Administrator 2017	9,918,401	0.0674%
11.	ESOWN Administrator 2011	9,859,663	0.0670%
12.	ESOWN Administrator 2014	9,664,717	0.0657%
13.	Antonino T. Aquino	8,973,208	0.0610%
14.	ESOWN Administrator 2018	8,247,901	0.0560%
15.	Emilio Lolito J. Tumbocon	7,340,134	0.0499%
16.	Estrellita B. Yulo	5,732,823	0.0389%
17.	Jose Luis Gerardo Yulo	5,162,624	0.0351%
18.	Ma. Angela Y. La'o	3,728,620	0.0253%
19	ESOWN Administrator 2009	3,522,169	0.0239%
20	Lucio W. Yan	3,483,871	0.0237%

Voting Preferred Stockholders: There are approximately 2,853 registered holders of voting preferred shares of the Company as of January 31, 2020.

	Stockholder Name	No. of Voting Preferred Shares	Percentage (of voting preferred shares)
1.	Ayala Corporation	12,163,180,640	93.08679%
2.	HSBC Manila OBO A/C 000-171512-554	512,777,000	3.92437%
3.	Government Service Insurance System	156,350,871	1.19658%
4.	HSBC Manila OBO A/C 000-171512-571	15,051,000	0.11519%
5.	DB MLA OBO SSBTC Fund HG16	15,000,000	0.11480%
6.	Wealth Securities, Inc.	14,825,373	0.11346%
7.	Deutsche Bank AG Manila OBO SSBTC Fund OD67 AC 12087020417	13,670,744	0.10462%
8.	Samuel Villes Santos and/or Luzviminda Lat Santos	12,001,800	0.09185%
9.	DB MLA OBO SSBTC Fund C021	8,497,223	0.06503%
10.	Investors Securities, Inc.	6,251,770	0.04785%
11.	First Metro Securities Brokerage Corp.	5,103,853	0.03906%
12.	Deutsche Regis Partners Inc.	3,961,757	0.03032%
13.	DB MLA OBO SSBTC Fund FA20	3,951,800	0.03024%
14.	Papa Securities Corporation	3,536,538	0.02707%
15.	DB MLA OBO SSBTC Fund FA2N	3,534,608	0.02705%
16.	Ansaldo, Godinez & Co. Inc.	3,388,848	0.02594%
17.	HSBC Manila OBO A/C 000-171512-551	2,940,048	0.02250%
18.	Belson Securities, Inc.	2,800,874	0.02144%
19.	CBNA FAO 6002079572 CITIMNFOR c/o Carmelynna C. Malabanan	2,725,700	0.02086%
20.	Maybank ATR Kim Eng Securities, Inc.	2,666,714	0.02041%

Dividends

STOCK DIVIDEND (Per Share)			
PERCENT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
20%	February 1, 2007	May 22, 2007	June 18, 2007

CASH DIVIDEND (Per Common Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.2400	Feb. 20, 2017	Mar. 06, 2017	Mar. 22, 2017
0.2400	Aug. 18, 2017	Sept. 05, 2017	Sept. 15, 2017
0.2520	Feb. 20, 2018	Mar. 12, 2018	April 3, 2018
0.2520	Aug. 17, 2018	Sep. 6, 2018	Oct. 2, 2018
0.2600	Feb. 27, 2019	Mar. 13, 2019	March 29, 2019
0.2600	Oct. 31, 2019	Nov. 15, 2019	Nov. 29, 2019
0.2680	Feb. 20, 2020	Mar. 06, 2020	March 20, 2020

CASH DIVIDEND (Per Voting Preferred Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.00474786	Feb. 26, 2016	June 15, 2016	June 29, 2016
0.00474786	Feb. 20, 2017	June 15, 2017	June 29, 2017
0.00474786	Feb. 20, 2018	June 15, 2018	June 29, 2018

Dividend policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors.

Special cash dividends are declared depending on the availability of cash, taking into account the Company's CAPEX and project requirements and the progress of its ongoing asset rationalization program.

Cash dividends are subject to approval by the Company's Board but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Company's Board of Directors and the Company's stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE.

Recent Sale of Securities

For the past three years, common shares were issued representing the exercise of stock options by the Company's executives under the Executive Stock Option Plan (ESOP) and the subscription to the common shares under the Executive Stock Ownership Plan (ESOWN) as follows:

Year	No. of Shares	
	ESOP*	ESOWN
	(exercised)	(subscribed)
2018	-	9.9 Million
2019	-	10.5 million

**not offered starting 2015*

The aforesaid issuance of shares was covered by the Commission's approval of the Company's Stock Option Plan on July 1991 and subsequently on March 2006.

On March 12, 2013, Ayala Corporation executed the placement of, and subscription to the Company's 399,528,229 common shares at ₱30.50 per share or an aggregate of ₱12.2 billion. The placement price of ₱30.50 per share was at a 3.6% discount on the 5-day volume-weighted average price of the Company's stock and was the agreed clearing price among the purchasers of the shares and the placement agent, UBS Investment Bank.

On January 12, 2015, Ayala Corporation executed the placement of, and subscription to the Company's 484,848,500 common shares at ₱33.00 per share or an aggregate of ₱16 billion. The placement price of ₱33.00 per share was at a 3.9% discount on the 5-day volume-weighted average price of the Company's stock and was the agreed clearing price among the purchasers of the shares and the placement agent, UBS AG.

The Company filed Notices of Exemption with the SEC for the issuance of the 399,528,229 and 484,848,500 common shares under the following provisions of the SRC:

SRC Subsection 10.1 (e), The sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.

SRC Subsection 10.1 (h), “Broker’s transaction, executed upon customer’s orders, on any registered Exchange or other trading market.”

SRC Subsection 10.1 (k), “The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.”

SRC Subsection 10.1 (l), “The sale of securities to banks, insurance companies, and investment companies.”

Corporate Governance

i. The evaluation system which was established to measure or determine the level of compliance of the Board and top-level management with its Revised Manual of Corporate Governance consists of a Customer Satisfaction Survey which is filled up by the various functional groups indicating the compliance rating of certain institutional units and their activities. The evaluation process also includes a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the Annual Corporate Governance Report to the Securities and Exchange Commission.

ii. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating Management’s performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

iii. There were no deviations from the Company’s Revised Manual of Corporate Governance. The Company has adopted in the Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Revised Manual.

iv. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

PART III – FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operation

Review of 2019 operations vs 2018

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, and 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

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

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 amounted to PHP109.69 billion, a 3% dip from 2018's PHP113.36 billion.

> **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 26.28 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 Vermosa, 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 Vermosa Phase 1 in Vermosa, 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 Orean 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%.

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.

	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]	2.94:1	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

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

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

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

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

Interest income from real estate sales and interest & investment income higher by 10% due to higher yield from residential business.

Equity in net earnings of associates and joint ventures grew by 29% mainly coming from increased performance of FBDC companies, OHI's property sales, malls and offices, partially offset by negative equity pick-up of Rize Ayala (RWIL).

Other Income lower by 25% due to recognition of Gain on sale of MCT Bhd's subsidiaries (One City Properties SDN BHD and Ecity Hotel SDN BHD) P237M and P265M respectively in 2018, partially offset by Gain on sale of Vertex One Bldg. amounted to P177M.

Interest and other financing charges and other charges grew by 27% mainly due to increase in interest expense due higher ADB and this year's recognition of Interest expense-PFRS 16.

Provision for income tax increased by 11% due to higher taxable income mainly coming from real estate.

Balance Sheet items – December 2019 versus December 2018

Cash and cash equivalents decreased by 15% due to capital expenditures from Residential, Leasing and Land acquisitions.

Short-term investments went down by 80% due to capital expenditures from Residential, Leasing and Land acquisitions.

Real estate Inventories increased by 15% mainly from new launches from residential projects.

Other current assets higher by 10% mostly due to presentation of Advances to Contractors from Accounts and Notes Receivable to Other current assets, and also due to the increase in CWT and Input VAT mainly from residential projects.

Non-current Accounts and Notes Receivable increased by 17% primarily due to higher bookings of AR.

Investments in associates and jointly controlled entities grew by 8% attributable to additional investments to AKL and ALI Eton.

Investment properties up by 8% due to completion of investment properties from leasing and resorts.

Property and equipment improved by 20% mainly coming from the increase in Hotel PPE and MCT Bhd.

Other noncurrent assets higher by 22% mainly due increase in bookings of leasehold rights and deposits.

Short-term debt grew by 25% due to increase in borrowing to support property development, mall operations and land acquisitions.

Account and other payables decreased by 5% due to capital expenditures from Residential, Leasing and Land acquisitions.

Current portion of long-term debt lower by 26% due to settlement of matured long-term loans.

Deposit and other current liabilities increased by 11% primarily due to the increase in deposits and reservation fees from various residential projects and offices group's one year advance rental income from tenants.
Long-term debt up by 18% mainly from availment of new long-term loans.

Deposit and other noncurrent liabilities lower by 14% primarily driven by leasing group's decrease in security deposits, reservations and advance rental deposits.

Review of 2018 operations vs 2017

2018 was another year of robust growth for Ayala Land, Inc. (ALI or “the Company”), posting total revenues of ₱166.25 billion and net income of ₱29.24 billion, for a solid top line and bottomline growth of 17% and 16%, respectively.

The strong performance of property development and commercial leasing, supported by the full consolidation of Malaysia-based subsidiary MCT Bhd, boosted revenues from Real Estate by 17% to ₱155.96 billion.

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

BUSINESS SEGMENTS

Property Development. This segment includes the sale of residential lots and units, office spaces, commercial and industrial lots, and the operations of MCT Bhd. Total revenues from Property Development grew by 18%, to ₱113.36 billion from ₱96.39 billion previous year.

> **Residential.** Driven by new bookings and project completions, revenues from the sale of Ayala Land residential lots and units and from MCT Bhd’s operations reached ₱94.63 billion, an 18% growth from previous year’s ₱79.90 billion.
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>> Revenues generated by **AyalaLand Premier (ALP)** rose by 6% to ₱28.00 billion from ₱26.50 billion previous year, due to bookings from The Courtyards in Vermosa, Cavite and The Alcoves in Cebu Business Park and higher completion of The Suites at the Bonifacio Global City, Taguig, Metro Manila.
>>
>> **Alveo** posted slightly higher revenues at ₱26.29 billion from previous year’s ₱26.17 billion. The increase is attributed to bookings from Orean Place Tower 1 at Vertis North, Quezon City, Metro Manila and Travertine Tower at Portico, Pasig City, Metro Manila, and higher completion at The Residences at Evo City in Kawit, Cavite.

Bookings from Avida Towers Sola Tower 2 at Vertis North; Altura Tower 2 at South Park District, Muntinlupa City, Metro Manila; Asten Tower 3 at Makati City; and higher completion of Sola Tower 1 at Vertis North fueled **Avida**'s 16% revenue growth to ₱24.22 billion from previous year's ₱20.84 billion.

Amaia posted a 20% improvement in revenues, to ₱7.36 billion from ₱5.74 billion, as a result of bookings and higher completion from Amaia Skies Shaw Tower 1 in Mandaluyong City, Metro Manila; Amaia Skies Cubao Tower 2 in Quezon City; Amaia Scapes General Trias in Cavite; and Amaia Steps Nuvali, Laguna. Meanwhile, bookings from **BellaVita**'s projects in Pililia, Rizal; Cabanatuan East, Nueva Ecija; and Iloilo almost doubled its revenues to ₱1.15 billion from ₱652 million previous year.

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

MCT Bhd recognized revenues of ₱7.60 billion from sales and completion progress of its projects in Cybersouth, an integrated development in Southern Klang Valley, and Lakefront, a residential project in Cyberjaya.

Office for Sale. Higher bookings from One Vertis Plaza in Vertis North and The Stiles East Enterprise Plaza in Circuit Makati and higher completion progress of Park Triangle Corporate Plaza in BGC and the Alveo Financial Tower in Makati CBD hiked revenues from the sale of office spaces by 16%, to ₱11.00 billion from ₱9.45 billion previous year. However, the lack of higher margin inventory resulted in a lower GP margin of 33% from 37% the previous year.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots grew by 10% to ₱7.73 billion from ₱7.04 billion, driven by commercial lot sales in the Vis-Min estates and in Evo City, Cavite, and industrial lot sales in Alviera, Pampanga and in the Cavite Technopark. The sale of commercial lots in Arca South, Alviera, Evo City and Lio and of industrial lots in Alviera and Cavite Technopark moved the GP margin of this segment upwards to 50% from previous year's 40%.

Strong demand from both local and overseas Filipinos fueled a full-year 16% increase in sales reservations, reaching ₱141.9 billion from previous year's ₱121.96 billion. In the fourth quarter alone, reservation sales grew by 21% to PHP 33.8 billion. On the other hand, net booked sales reached ₱110.8 billion, a 14% increase from previous year's ₱96.9 billion, with the fourth quarter number growing by 9% to ₱32.7 billion.

In 2018, Ayala Land launched ₱139.4-billion worth of residential and office-for-sale projects.

Commercial Leasing. This segment covers the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing amounted to ₱34.91 billion, 17% higher than ₱29.94 billion posted a year ago.

Shopping Centers. The contribution of Greenbelt and Glorietta in Makati City and the improved performance of newly opened malls in Quezon City, such as UP Town Center, Ayala Malls Cloverleaf and Vertis North, and in Pasig City, namely Ayala Malls Feliz and The 30th boosted the segment's revenues by 13% to ₱19.91 billion from ₱17.66 billion. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin was maintained at 66%.

The average monthly lease rate was at ₱1,073 per sq. meter, while same mall rental grew by 6%. The average occupancy rate for all malls was 89%, while the occupancy rate of stable malls was higher at 95%.

The Company opened three new malls in 2018—Circuit Mall in Makati with 52,000 sq. meters of gross leasable area (GLA), Capitol Central Mall in Bacolod with 67,000 sq. meters, and One Bonifacio High Street in Taguig with 23,000 sq. meters—bringing the shopping centers' year-end GLA to 1.90 million sq. meters.

Offices. Revenues from office leasing rose by 29% to ₱8.61 billion from ₱6.66 billion due to the stabilized occupancy of new offices such as Vertis Corporate Center in Quezon City, Circuit Corporate Center in Makati City, and The 30th Corporate Center in Pasig City. Office leasing EBITDA margin was sustained at 91%.

The monthly lease rate for offices averaged ₱755 per sq. meter. The average occupancy rate for all offices was 91%, while the occupancy rate of stable offices was 96%. The Company completed four new offices in 2018—Bacolod Capitol Corporate Center with 11,000-sq. meters GLA, Vertis North Corporate Center 3 with 38,000 sq. meters, Ayala North Exchange HQ Tower with 20,000 sq. meters and another 22,000 sq. meters in its BPO Tower—bringing the offices' year-end GLA to 1.11 million sq. meters.

Hotels and Resorts. Full-year operations of Seda Vertis North, Seda Capitol Central Bacolod and the recently renovated Apulit Island Resort in El Nido, Palawan coupled with the improved performance of our B&B's nudged revenues from our hotels and resorts higher by 14%, to reach ₱6.39 billion from previous year's ₱5.62 billion. Average revenue-per-available-room (REVPAR) of all hotels and resorts slightly decreased by 1% to ₱3,531 and ₱7,989 a night, respectively. Meanwhile, REVPAR of stable hotels increased by 6% to ₱4,369 a night; that of stable resorts increased by 12% to ₱10,896. EBITDA margin of this segment improved to 29% from 28% previous year.

The average room rate a night of all hotels was ₱5,020, while that of stable hotels was PHP 5,593. Meanwhile, the average room rate a night of all resorts was ₱12,593, while that of stable resorts was ₱17,035. The average occupancy rates of all hotels and resorts were at 70% and 63%, respectively, while those of stable hotels and stable resorts were at 78% and 64%, respectively.

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

The hotels and resorts business operates 660 hotel rooms under its international brand segment—312 for Fairmont Hotel and Raffles Residences, and 348 for Holiday Inn & Suites, both locked in Ayala Center, Makati CBD. Our homegrown Seda Hotels operates 1,828 rooms—Atria, Iloilo, 152; BGC, Taguig, 179; Centrio, Cagayan de Oro, 150; Abreeza, Davao, 186; Nuvali, Santa Rosa, Laguna, 150; Vertis North, Quezon City, 438; Capitol Central, Bacolod, 154; Lio, Palawan, 118; and Ayala Center Cebu, 301. El Nido Resorts operates 193 rooms in its four island resorts (Pangulasian, Lagen, Miniloc and Apulit), and Lio Tourism Estate currently has 144 rooms under its Bed and Breakfast (B&B) category and Dormitel offerings. Lastly, the Sicogon Tourism Estate in Iloilo currently operates 68 B&B rooms.

Services. This segment is composed of the Company's construction business through Makati Development Corporation (MDC); property management, through Ayala Property Management Corporation (APMC), power services, through Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy); and airline services firm AirSWIFT, for the hotels and resorts business. Total revenues of this segment rose by 5% to ₱76.72 billion from ₱72.81 billion previous year.

Construction. The increased order book of projects from the Ayala Land group resulted in a corresponding increase in construction revenues, reaching ₱71.42 billion, 6% more than previous year's ₱67.40 billion.

Property Management and Others. APMC, the power services companies, and AirSWIFT together posted revenues of ₱5.30 billion, a slight 2% decrease from the year-ago figure of ₱5.41 billion due to decreasing external retail electricity supply contracts.

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

Equity in Net Earnings of Investees, Interest, Interest on Real Estate Sales, Fees, Investment, and Other Income

The full consolidation of MCT Bhd into Ayala Land resulted in a 13% decrease in equity in net earnings of associates and JVs, to ₱750 million from previous year's ₱866 million. Meanwhile, interest, interest from real estate sales and investment income increased by 31% to ₱8.00 billion from ₱6.09 billion previous year due to higher interest income from money market placements and accretion on installment sales. Other income reached ₱1.54 billion, 31% lower year-on-year.

Project and Capital Expenditures

Ayala Land spent ₱110.1 billion in capital expenditures to support the aggressive completion of new projects, 41% of which was spent on residential projects; 23% on commercial projects; 15%, land acquisition; 12%, development of estates; and 9%, on investments.

Financial Condition

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

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at ₱27.56 billion, resulting in a current ratio of 1.26:1.

Total borrowings amounted to ₱187.10 billion, translating to a debt-to-equity ratio of 0.85:1 and a net debt-to-equity ratio of 0.72:1.

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

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

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

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2017.

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

Real estate revenues increased by 17% due to the consistent growth of property development and commercial leasing. Property development grew by 18% driven by new bookings and project completions from residential projects and sales of office spaces, commercial and industrial lots. Commercial leasing was higher by 17% coming from improved performance of newly opened malls.

Interest income from real estate sales and interest & investment income higher by 31% mainly due to higher rate in 2018 from short-term investments.

Equity in net earnings of associates and joint ventures went down by 13% primarily due to the consolidation of ALI's investment in MCT Bhd in 2018 from equity pickup treatment in 2017.

Other Income lower by 31% mainly due to the impact of the reversal of Comtrust impairment in 2017.

Real estate costs increased by 15% primarily driven by higher sales and incremental project completions from residential and leasing businesses.

General and administrative expenses higher by 25% due to the consolidation of ALI's investment in MCT Bhd in 2018.

Interest and other financing charges and other charges grew by 19% due to the increase in interest expense on banks as a result of higher average loan balance and bank rate in 2018.

Provision for income tax increased by 22% due to higher taxable income driven by higher real estate revenues.

Non-controlling interests higher by 39% as a result of the consolidation of ALI's investment in MCT Bhd in 2018.

<u>Balance Sheet items</u> – December 2018 versus December 2017

Cash and cash equivalents up by 14% primarily due to the consolidation of ALI's investment in MCT Bhd in 2018.

Short-term investments went down by 35% mainly coming from matured money market placements of Ayala Hotels Inc., BG West Properties, Inc., and Roxas Land Corp.

Financial assets at fair value through profit or loss lower by 12% due to the maturity of some investments in ARCH Capital Funds.

Real estate Inventories higher by 15% primarily due to the impact of PIC Q&A No. 2018-11 on the classification of land by real estate developer.

Other current assets lower by 8% mainly due to the decrease in input VAT, partly offset by increase in CWT mostly from residential projects.

Non-current accounts and notes receivable went down by 92% due to reclass to Contract asset, impact of the PFRS 15 Revenue from Contracts with Customers implementation in 2018.

Investments in associates and joint ventures lower by 13% driven by the consolidation of ALI's investment in MCT Bhd in 2018 from equity pickup treatment in 2017.

Investment properties up by 12% primarily due to the impact of PIC Q&A No. 2018-11 on the classification of land by real estate developer.

Property and equipment increased by 25% mainly coming from inclusion of ALI's investment in MCT Bhd in 2018.

Deferred tax assets higher by 22% due to additional DTA from PAS Straight-line recognition of revenue (Accounting Standard vs BIR) of leasing group.

Other noncurrent assets grew by 36% due to the increase in bookings of pre-operating expenses, deferred input VAT and deferred charges.

Account and other payables up by 25% mostly due to the consolidation of ALI's investment in MCT Bhd in 2018.

Short-term debt dropped by 18% due to conversion to long term debt from short term debt.

Income tax payable up by 165% due to higher taxable income primarily from real estate revenues.

Current portion of long-term debt increased by 254% due to incremental debt (bonds and loans) of Ayala Land Inc., Amorsedia Development Corp., and Alveo Land Corp., and inclusion of ALI's investment in MCT Bhd in 2018.

Deposit and other current liabilities declined by 69% due to the decrease in customers' deposits from real estate customers who reached the 10% threshold for sales bookings.

Deferred tax liabilities higher by 66% primarily coming from the recognition of deferred tax liability for the uncollected receivables from residential development.

Total Equity attributable to equity holders of Ayala Land, Inc. grew by 12% due to the increase in equity reserve as a result of the consolidation of ALI's investment in MCT Bhd in 2018.

Non-controlling interests up by 29% largely due to NIAT share of subsidiaries and consolidation of ALI's investment in MCT Bhd in 2018.

<u>Review of 2017 operations vs 2016</u>

Ayala Land, Inc. (ALI or "the Company") posted a net income of ₱25.30 billion, a solid earnings growth of 21% in 2017. The Company sustained a healthy topline with ₱142.30 billion in total consolidated revenues, 14% higher than 2016. Real Estate revenues likewise increased 13% to ₱133.1 billion, driven by the resurgence of property sales and the strong growth of its leasing business. Meanwhile, earnings before interest and taxes (EBIT) margin registered at 30.1% compared to 29.7% last year.

Business Segments

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

Property Development. This includes the sale of residential lots and units, office spaces, as well as commercial and industrial lots.

Total revenues from Property Development amounted to ₱96.39 billion, 24% higher than ₱77.73 billion last year.

Residential. Revenues from the sale of residential lots and units reached ₱79.90 billion, 25% higher than P64.08 billion last year, driven by bookings and project completion across all residential brands.

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

Alveo meanwhile recorded revenues of P26.17 billion, a robust gain of 45% from ₱18.03 billion last year due to higher completion of its subdivision projects such as Ardia in Vermosa, Cavite and Montala in Alviera, Porac Pampanga and its condominium projects such as High Park Tower 2 in Vertis North, Quezon City, Verve Residences 2 and Veranda Phase 2.

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

Amaia generated revenues of ₱5.74 billion, a significant increase of 72% from P3.35 billion last year as a result of higher bookings and completion Skies Towers in Avenida, Shaw, Sta. Mesa and Cubao and Steps projects in Bicutan, Sucat, Nuvali Parkway and Capitol Central in Bacolod City. BellaVita meanwhile reached revenues of P652 million, 16% lower than ₱776 million last year.

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

Office for Sale. Revenues from the sale of office spaces reached ₱9.45 billion, 15% higher than P8.20 billion last year driven by higher completion of Alveo's High Street South Corporate Plaza 2, Alveo Financial Tower in Makati CBD, and Avida's Capital House in BGC. Gross profit margin of offices for sale was maintained at 37%.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots reached P7.04 billion, 29% higher than ₱5.45 billion last year due to higher lot sales in Arca South, Taguig, Vermosa, Cavite and industrial lots in Cavite. Gross profit margin slightly declined to 40% from 41% due to the mix of projects sold.

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

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

Total revenues from commercial leasing amounted to ₱29.94 billion, 7% higher than ₱28.07 billion last year.

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

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

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

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

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

The average monthly lease rate registered at ₱739 per square meter. The average occupancy rate for all offices is at 86% while the occupancy rate of stable offices is at 97%. The Company completed 6 new offices in 2017, namely, Circuit BPO Tower 1 and 2 in Makati, The 30th Corporate Center in Pasig, One Bonifacio High Street in BGC, Tech Tower Cebu and Vertis North BPO 2 in Quezon City. This brings the total gross leasable area (GLA) of Office Leasing to 1.02 million square meters at the end of 2017.

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

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

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

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

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

Total revenues from the services segment amounted to ₱71.80 billion, 5% higher than P68.49 billion last year.

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

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

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

Equity in Net Earnings of Investees, Interest, Interest on Real Estate Sales, Fees, Investment, and Other Income

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

Expenses

Total expenses registered at ₱104.31 billion, 13% higher than ₱91.97 billion last year mainly due to higher real estate expenses which grew 15% to ₱87.92 billion from ₱76.57 billion last year.

General and administrative expenses (GAE) increased by only 3% to ₱7.28 billion from ₱7.03 billion last year. This resulted into further improvement in the GAE ratio to 5.1% from 5.6% in 2016.

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

Project and Capital Expenditures

Ayala Land spent ₱91.4 billion in capital expenditures, higher than its estimated budget of ₱88.0 billion at the start of 2017, to support the aggressive completion of new projects in its pipeline. 48% was spent on residential projects, 29% on commercial projects, 17% for land acquisition and other investments and 6% for the development of the estates.

**2017 revenues of Hotels and Resorts restated to P5.62 billion to carve-out AirSWIFT's revenues of P1.02 billion*

Financial Condition

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

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at ₱25.82 billion resulting in a current ratio of 1.30:1.

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

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

	End-December 2017	*End-December 2016*
Current ratio [1]	1.30:1	1.12:1
Debt-to-equity ratio [2]	0.91:1	0.93:1
Net debt-to-equity ratio [3]	0.77:1	0.79:1
Profitability Ratios:		
Return on assets [4]	5.07%	4.99%
Return on equity [5]	16.09%	14.86%
Asset to Equity ratio [6]	2.99:1	3.11:1
Interest Rate Coverage Ratio [7]	6.0	5.9

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2017.

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

Income Statement items **– 2017 versus 2016**

Real estate and hotel revenues grew by 13% primarily due to higher sales bookings, incremental project completion from residential projects and strong performance of malls, leasing and hotels & resorts business groups.

Interest and investment income improved by 6% due to the increase in interest income from money market placements due to higher ADB of 16.6B vs. 11.4B, YoY and yield of 2.1% vs. 1.6%, YoY, and increase in accretion income.

Equity in net earnings of associates and joint ventures higher by 56% largely due to increase in NIAT contribution from FBDC companies.

Other Income increased by 241% due to higher marketing and management fees and the one-time take up of negative goodwill from purchase price allocation on ALI's investment in OCLP Holdings Inc.

Real estate and hotel costs up by 15% primarily due to higher sales and incremental project completion coming from residential, malls, leasing and hotels & resorts business segments.

Interest and other financing charges and other charges increased by 9% mainly due to higher borrowings to finance various capital expenditures.

Provision for income tax increased by 19% largely due to increase in taxable income primarily from real estate.

Non-controlling interests lower by 19% mainly due to decrease in NIAT contribution from non-consolidated companies.

Balance Sheet items – 2017 versus 2016

Short-term investments grew by ₱4.5B primarily due to money market placements of AHI, BGWest, Alveo, RLC and MDC.

Financial assets at fair value through profit or loss decreased by 72% mainly due to the maturity of BG West, POPI, ALI Capital and APMC's UITF investment placements.

Real estate Inventories lower by 7% primarily due to higher sales despite lesser launches of RBG projects. Ayala Land adopted PIC Q&A 2018-11, *Classification of Land by Real Estate Developer* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the reclassifications of amounts from land and improvements to real estate inventories and investment properties in the consolidated statement of financial position as at December 31, 2017. The comparative amounts as a result of the reclassification may not be comparable to the amounts presented as at December 31, 2016. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of the PIC Q&A.

Other current assets up by 34% due to increase in input VAT and CWT mainly from residential projects and various prepayments (Taxes & Licenses, Ads and Promo, Marketing and Management fees, etc.).

Non-current accounts and notes receivable improved by 27% primarily due to higher bookings and increase in project POC.

Land and improvements declined by 7% mainly due to the transfer from unsubdivided land to investment properties. Ayala Land adopted PIC Q&A 2018-11, *Classification of Land by Real Estate Developer* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the reclassifications of amounts from land and improvements to real estate inventories and investment properties in the consolidated statement of financial position as at December 31, 2017. The comparative amounts as a result of the reclassification may not be comparable to the amounts presented as at December 31, 2016. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of the PIC Q&A.

Investments in associates and joint ventures higher by 7% due to the new investment in ALI Eton and contribution from ALI's share in the equity in net earnings for full year 2017.

Investment properties grew by 25% primarily due to the additional project costs on new and existing malls and buildings for lease. Ayala Land adopted PIC Q&A 2018-11, *Classification of Land by Real Estate Developer* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the reclassifications of amounts from land and improvements to real estate inventories and investment properties in the consolidated statement of financial position as at December 31, 2017. The comparative amounts as a result of the reclassification may not be comparable to the amounts presented as at December 31, 2016. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of the PIC Q&A.

Available-for-sale financial assets better by 7% mainly due to higher investments from ALI Capital and Ayalaland Malls Synergies Inc.

Property and equipment improved by 8% mainly coming from the increase in Hotel PPE and ALI Capital (Airswift).

Deferred tax assets higher by 8% due to leasing group's PAS Straight-line recognition of revenue (Accounting Standard vs BIR).

Other non-current assets lower by 20% due to transder of advances to other companies to investment properties.

Short-term debt down by 27% primarily due to Avida, ALI and Alveo's payment of short-term unsecured peso denominated bank loan availments.

Income tax payable decreased by 33% mainly due to payment of income taxes.

Deposit and other current liabilities up by 39% due to the increase in customers' deposits from real estate customers who reached the 10% threshold for sales bookings.

Current portion of long-term debt higher by 27% due to incremental debt of NTDCC, Phil. Energy, and Alveo.

Long-term debt – net of current portion grew by 15% largely due to ALI's additional long-term debt availments, ₱7B short-dated notes and ₱7B bond issuance on May 2017.

Pension liabilities increased by 14% due to additional provision based on actuarial valuation report.

Deposits and other non-current liabilities increased by 6% due to deposits from real estate customers and contribution from leasing group's advance rental and security deposits.

Net unrealized gain/loss on available for sale financial assets down by 7% mainly due to sale of SSI investment.

Item 7. Financial Statements

The 2019 consolidated financial statements of the Company are incorporated in the accompanying Index to Exhibits.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

(a) The principal accountant and external auditor of the Company is SyCip Gorres Velayo & Co. (SGV & Co.). The same accounting firm is being recommended for re-election at the annual stockholders' meeting.

(b) Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, and Mr. Michael C. Sabado is the Partner-in-charge for the audit years 2019 and 2018 while Ms. Lucy L. Chan served as such for the audit years 2016 to 2017.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with the SGV & Co. on any matter of accounting and financial disclosure.

(c) **Audit and Audit-Related Fees**

ALI and its various subsidiaries and affiliates paid SGV & Co, the following fees in the past two years: (in Php million; with VAT)

Year	Audit & Audit-related Fees	Tax Fees	Other Fees
2019	31.04*	-	10.74**
2018	31.96*	-	9.37**

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

(d) **Tax Fees**

Tax consultancy services are secured from entities other than the external auditor.

Under paragraph 3.3 (a) of the ALI Audit Committee Charter, the Audit Committee (composed of Jaime C. Laya, Chairman, Rizalina G. Mantaring, and Antonino T. Aquino, members) recommends to the Board the appointment of the external auditor and the audit fees.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

The write-ups below include positions held as of December 31, 2019 and in the past five years, and personal data as of December 31, 2019 of directors and executive officers.

Board of Directors

Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala
Bernard Vincent O. Dy
Antonino T. Aquino
Arturo G. Corpuz
Jaime C. Laya
Delfin L. Lazaro
Rizalina G. Mantaring
Cesar V. Purisima

Fernando Zobel de Ayala, 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, Filipino, 60, Director of Ayala Corporation since May 1987. He is 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. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer 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, 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; AyalaLand Commercial Reit, Inc.; Bellavita Land Corporation; Ayagold Retailers, Inc.; Station Square East Commercial Corporation; Aviana Development Corp.; Cagayan De Oro Gateway Corp.; BGSouth Properties, Inc.; BGNorth Properties, Inc.; BGWest Properties, Inc.; Portico Land 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 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 AyalaLand Logistics Holdings Corp.; Cebu Holdings, Inc.; MCT Bhd of Malaysia; Avida Land Corporation; Amicassa Process Solutions, Inc.; Whiteknight Holdings, Inc.; AyalaLand Medical Facilities Leasing, Inc.; Serendra, Inc.; Alveo-Federal Land Communities, Inc.; ALI Eton Property Development Corporation; and AKL Properties, Inc. Mr. Dy is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. He has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985, He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

Antonino T. Aquino*,* 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 The Philippine American Life and General Insurance Company (Philam). 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, 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 baccalaureate degree in Architecture from the University of the Philippines in 1977 and his masteral and doctoral degrees in urban and regional planning from Cornell University in 1984 and 1989.

Jaime C. Laya, 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 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 in1967. 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.

Delfin L. Lazaro, 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 graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Rizalina G. Mantaring, 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 Philippine Business for Education. 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 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, 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. Under his leadership, 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 the government service, he was the Chairman & 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 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 and Doctor of Humanities honoris causa degree from Angeles University Foundation of the Philippines in 2012.

Nominees to the Board of Directors for election at the stockholders' meeting:

All the incumbent directors except Messrs. Delfin L. Lazaro and Jaime C. Laya, Rex Ma. A. Mendoza, and Ms. Sherisa P. Nuesa.

Rex Ma. A. Mendoza, Filipino, 57, is the President and CEO of Rampver Financials, a financial services firm and the leading non-bank mutual funds distributor in the country. He currently serves as an Independent Director of Ayalaland Logistics Holdings Corp., Globe Telecom, Inc., and a Director of Esquire Financing, Inc., TechnoMarine Philippines, Seven Tall Trees Events, Inc., Cullinan Group and Mobile Group, Inc. He was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and Chief Executive Officer of Philam Life, Chairman of The Philam Foundation, Inc. and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He earned his Master's Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983. He was awarded Most Distinguished Alumnus of the University of the Philippines' Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner and a four-time member of the Million Dollar Round Table. Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors. He is the author of the books "Trailblazing Success" and "Firing on all Cylinders" which are certified national bestsellers.

Sherisa P. Nuesa, Filipino, 65, is the President and Director of the ALFM Mutual Funds Group. She is also an Independent Director of Integrated Micro-electronics, Inc., Manila Water Company, Inc., AC Energy Philippines, Inc. and Far Eastern University. She is also an Independent Director of FERN Realty Corporation. She is a Senior Adviser to the Boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. She is a member of the Boards of Trustees of the Institute of Corporate Directors, the Judicial Reform Initiative, and the Financial Executives (FINEX) Foundation. In addition, she also held previous positions in management operations and has been active in speaking and lecturing engagements. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and previously served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She was awarded the ING-FINEX CFO of the Year for 2008. She received a Master in Business Administration degree from the Ateneo Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude with a degree of Bachelor of Science in Commerce from the Far Eastern University in 1974. She is a Certified Public Accountant.

Management Committee Members / Key Executive Officers

Bernard Vincent O. Dy*	President and Chief Executive Officer
Dante M. Abando	Senior Vice President
Augusto D. Bengzon	Senior Vice President, Chief Finance Officer, Treasurer, & Chief Compliance Officer
Anna Ma. Margarita B. Dy	Senior Vice President
Jose Emmanuel H. Jalandoni	Senior Vice President
Robert S. Lao	Senior Vice President
Jaime E. Ysmael	Senior Vice President
Lyle A. Abadia	Vice President
Aniceto V. Bisnar, Jr.	Vice President
Manuel A. Blas II	Vice President
Dindo R. Fernando	Vice President
Rufino Hermann S. Gutierrez**	Vice President
Javier D. Hernandez	Vice President
Joseph Carmichael Z. Jugo	Vice President
Michael Alexis C. Legaspi	Vice President
Christopher B. Maglanoc	Vice President
Michael F. Magpusao**	Vice President
Ferdie M. Mangali**	Vice President
Romeo T. Menpin, Jr.	Vice President
Carol T. Mills	Vice President
Rodelito J. Ocampo	Vice President
Ginaflor C. Oris	Vice President
Darwin L. Salipsip**	Vice President
Angelica L. Salvador	Vice President
Eliezer C. Tanlapco	Vice President
Maria Rowena Victoria M. Tomeldan	Vice President
Jennylle S. Tupaz	Vice President
Amelia Ann T. Alipao	Chief Information Officer and Data Protection Officer
Ma. Divina Y. Lopez	Chief Audit Executive
Solomon M. Hermosura	Group General Counsel & Corporate Secretary

**Member of the Board of Directors*
***Appointed November 25, 2019 effective January 1, 2020*

Dante M. Abando, Filipino, 55, is a Senior Vice President and Member of the Management Committee of ALI. He is the President and CEO of Makati Development Corporation. He is also the Chairman of MDC BuildPlus, Inc., MDC Concrete, Inc., MDC Equipment Solutions, Inc. and MDBI Construction Corp., a joint venture of Makati Development Corporation and Bouygues Batiment International. He was the past President and now a Board Member of Alveo Land Corporation. He is currently a Board Member of Avida Land Corporation, Serendra, Inc., Ayala Property Management Corporation and Anvaya Cove Golf & Sports Club, Inc. He was the Chairman and President of the Philippine Constructors Association (PCA) in 2016-2017 and a member of the Board of Trustees of the University of the Philippines Alumni Engineers (UPAE) since 2015-2018. He graduated with a degree in Bachelor of Science in Civil Engineering from the University of the Philippines in 1986 and earned his Master's degree in Business Administration in 1995 from the same university. In 2012, he completed the Executive Program on Real Estate Management at Harvard University Graduate School of Business.

Augusto D. Bengzon, Filipino, 56, joined ALI in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Compliance Officer & Treasurer. He is a Director & Treasurer of Cebu Holdings Inc. and Director of AyalaLand Logistics Holding Corp., the publicly listed subsidiaries of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director, Treasurer & Compliance Officer of Anvaya Cove Golf and Sports Club Inc.; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., AREIT, Inc., Bellavita Land Corp., BGNorth Properties Inc., BGSouth

Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of Ayala Group Legal, Alabang Commercial Corporation, Alviera Country Club Inc., Alveo Land Corp., Ecozone Power Management Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Fe del Mundo Medical Center Phil, Inc. and Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Anna Ma. Margarita B. Dy, Filipino, 51, is a Senior Vice President since January 1, 2015 and a member of the Management Committee of ALI since August 2008. She is the Head of the Strategic Landbank Management (SLMG) of ALI. She is also the Chairman of Cebu Holdings, Inc. one of the publicly listed subsidiaries of ALI. Her other significant positions are: Director and Executive Vice President of Fort Bonifacio Development Corporation; Director of AyalaLand Estates, Inc., Director and President of Nuevocentro, Inc., and Alviera Country Club, Inc; Director of Aurora Properties, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc., AyalaLand Medical Facilities Leasing, Inc., Director of Anvaya and Next Urban Alliance Development Corp. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo De Manila University with BS of Arts Degree in Economics Honors Program. She earned her Master's degree in Economics from London School of Economics and Political Science UK 1991 and MBA at Harvard Graduate School of Business Administration in Boston.

Jose Emmanuel H. Jalandoni, Filipino, 52, is a Senior Vice President and a member of the Management Committee of ALI. He is the Group Head of commercial businesses including malls, offices, hotels, resorts and Chairman of ALI Capital Corporation. He is Director of Cebu Holdings, Inc. and AyalaLand Logistics Holdings Corp., publicly listed subsidiaries of ALI. His other significant positions are: Chairman of the Board of ALI Commercial Center, Inc., ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc hotel Ventures Inc., Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Makati North Hotel Ventures, Makati North Hotel Ventures, Inc., North Triangle Hotel Ventures., Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Orion Land, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Tutuban Properties, Inc., Whiteknight Holdings, Inc., One Makati Residential Ventures, Inc., He is also Chairman and President of ALINET.Com. Inc.. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation ALI Eton Property Development Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, AyalaLand Commercial Reit, Inc., Bacuit Bay Development Corporation, Berkshires Holdings, Inc., Bonifacio Land Corporation Cagayan de Oro Gateway Corporation, Chirica Resorts Corporation, Columbus Holdings, Inc., Ecoholdings Company Inc., Emerging City Holdings, Inc., Fort Bonifacio Development Corporation, Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Philippine Integrated Energy Solutions, Inc., Regent Horizons Conservation Company, Inc., Sicogon Town Hotel, Inc., Station Square East Commercial Corporation, Ten Knots Development Corporation, Ten Knots Philippines, Inc., and Chairman of AREIT, Inc. He joined ALI in 1996 and held various positions in the Company He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Robert S. Lao, Filipino, 46, has been Senior Vice President of ALI and a member of the Management Committee of Ayala Land, Inc. since April 19, 2017. He is also the Group Head of Ayala Land's Residential Business Group and the Group Head of the Central Land Acquisition Unit. He is concurrently the President of Alveo Land Corp and Amaia Land Corp., BellaVita Land Corporation, BGSouth Properties, Inc., and Portico Land Corp.; He is the Chairman of the Board of Avida Land Corp., . He is also the Chairman of the Board and President of Serendra, Inc. Prior to joining Ayala Land, Inc., he served as a Senior Process Engineer of Fujitsu Computer Products Corporation of the Philippines (FCPP) and Lead Process Engineer of PT. Quantum Electronics in Indonesia. He is a licensed Real Estate Broker. He studied at the University of Santo Tomas (UST) and graduated cum laude in Bachelor of Science in Industrial Engineering in 1995. He completed his Master's in Business Management (MBM) degree in 2001 from the Asian Institute of Management (AIM) and attended the International Student Exchange Program from University of Cologne in Germany.

Jaime E. Ysmael, Filipino, 59, is a Senior Vice President of ALI. Concurrently, he is a Managing Director of Ayala Corporation and Chairman, President & Chief Executive Officer of Ortigas Land Corporation (formerly OCLP Holdings, Inc.) and Concrete Aggregates Corporation. His other significant positions include: Chairman of the Board of Directors of Anvaya Cove Beach and Nature Club, Inc. and Anvaya Golf and Sports Club, Inc. He is also a member of the Board of Directors of various Ayala Land subsidiaries and affiliates. Outside of the company, he is a Trustee of the Shareholders Association of the Philippines, FINEX Research and Development Foundation, Inc. and the CIBI Foundation. He is also a Trustee and President of the Alumni Tree Project. Mr. Ysmael holds a degree in Business Administration, Major in Accounting (Summa Cum Laude) at the University of the East, Manila, Philippines and is a Certified Public Accountant. He earned an MBA, Major in Finance, at The Wharton School and an MA in International Studies at The School of Arts and Sciences of the University of Pennsylvania in Philadelphia, USA, as a fellow of The Joseph H. Lauder Institute of Management and International Studies.

Lyle A. Abadia, Filipino, 62, has served as Vice President of ALI since November 2016. Currently, he is the Head of Special Projects reporting to the Office of the President of ALI. Likewise, he is a Director of ALI's wholly-owned subsidiaries namely, Amicassa Process Solutions, Inc. and BellaVita Land Corporation. Prior to joining Ayala Land, Inc. in 2004, he held various executive positions in two (2) ALI's subsidiaries, commencing in 1982 under Ayala Theatres Management, Inc. and moved to join Laguna Technopark, Inc. in 1991 as one of the pioneering executive officers who crafted the successful transformation of the 650 hectares former sugarcane plantation into what is now known as one of the word- class industrial estates in the country. He likewise set up BellaVita Land Corporation and took the helm as President from 2011 to 2017.Mr. Abadia holds a degree in Bachelor of Science in Commerce, Major in Accounting at the Colegio De San Jose – Recoletos. He completed a Basic Management Program at the Asian Institute of Management and in-house program for Harvard Leadership Acceleration Program..

Aniceto V. Bisnar, Jr., Filipino, 56, serves as Vice President of ALI since January 2009 and the Chief Operating Officer of its Visayas-Mindanao Group. He is currently the President of Cebu Holdings, Inc., a publicly listed subsidiary of ALI. His other significant positions are: Chairman of Adauge Commercial Corp., Central Block Developers, Inc. and Amaia Southern Properties, Inc.; Chairman and President of North Point Estate Association, Inc., Asian I-Office Properties, Inc., Cebu Leisure Company, Inc., Cebu Business Park Association, Inc. and Asia Town I.T. Park Association, Inc.; and Vice Chairman of Avenco South Corporation. He is the President of Aviana Development Corporation and Lagdigan Land Corporation. He is also the Vice President of Solinea, Inc. He is a Director of Accendo Commercial Corporation, Cebu District Property Enterprise, Inc., Cagayan de Oro Gateway Corp., Taft Punta Engaño Property, Inc., and a Member of the Board of Trustee of Hero Foundation, Inc.

Manuel A. Blas II, Filipino, 65, serves as Vice President of Ayala Land Inc. and the Estate Head for Bonifacio Global City and Makati Projects of ALI. He also holds positions in Fort Bonifacio Development Corporation Subsidiaries such as President of Bonifacio Estate Services Corporation and Bonifacio Transport Corporation; Director of Bonifacio Global City Estate Association, Bonifacio Water Corporation, and Bonifacio Gas Corporation. He graduated from De La Salle University and has a master's degree in Religious Studies from Maryhill School of Theology.

Dindo R. Fernando*,* Filipino, 51, has been Vice President of ALI. since April 2017. He currently heads the company's External Affairs Division. Moreover, he is the Treasurer of Anvaya Beach and Nature Club, Corporate Secretary of Santa Rosa (Laguna) Business Club, Board Member of the Calamba City Business Club and Vice President of Avida Towers Makati West Condominium Corporation. Prior to joining ALI, he was Head of Political Research at the Makati Business Club where he oversaw congressional research, analysis and publication. He graduated with a degree in AB Political Science from the Lyceum of the Philippines in 1989.

Rufino Hermann S. Gutierrez, Filipino, 47, is a Vice President of ALI effective January 1, 2020, and is currently the Chief Operating Officer and Project Development Group Head of Alveo Land Corp. He is concurrently President of Alveo Federal Land Communities, Inc. and Solinea, Inc. Furthermore, he is currently the Vice Chairman of Ayala Land International Sales, Inc. and a Director of Amicassa Process Solutions, Inc. In his more than 16 years in the company, he has handled and led various functions in residential, commercial, office and leisure development, such as project development, business development, sales, marketing and human resources management. He graduated from the De La Salle University with a degree in BS Industrial Engineering with minor in Mechanical Engineering in 1994 and completed his MBA from the Asian Institute of Management in 2000. He completed the Advanced Management Program from the National University of Singapore in 2016. He is also a licensed Real Estate Broker.

Javier D. Hernandez*,* Filipino, 51, has been Vice President of ALI since April 2017. He is currently the President and Chief Executive Officer of the Ten Knots Group, responsible for the overall management of El Nido Resorts and LIO Estate in El Nido, Palawan. In addition, he serves as Vice Chairman of Pangulasian Island Resort Corporation; President and Treasurer of Sicogon Island Tourism Estate Corp.; Director and Treasurer of El Nido Foundation; and Vice President for Operations of Alabang Commercial Corporation. He is a Director in South Innovative Theater Management, North Triangle Depot Commercial Corporation, Primavera Towncentre, Inc., Ayalaland Malls Vismin, Inc., Ten Knots Philippines, Inc., Bacuit Bay Development Corporation, Ecoholdings Company, Inc., Regent Horizons Conservation Company,Inc., LIO Tourism Estate Management Corp., Chirica Resorts Corporation, Pangulasian Island Resort Corp., LIO Resort Ventures, Inc., North Liberty Resort Ventures, Inc. and Paragua Eco-Resort Ventures, Inc. He has worked for Ayala Land for more than 25 years, spending seven years with Mall Operations, four years with the Sales and Marketing Group, thereafter rejoining the Malls group for another 13 years before transferring to AyalaLand Hotels and Resorts mid-2016. He graduated with a Bachelors Degree in Business Administration from the San Francisco State University.

Joseph Carmichael Z. Jugo, Filipino, 45, is a Vice President of ALI. and is currently the Managing Director of Ayala Land Premier. He is concurrently Chairman & President of Ayalaland Premier, Inc., Roxas Land Corp., OLC Development Corp., Southportal Properties, Inc.; Vice Chairman & President of Ayala Hotels., Inc.; Chairman of Ayalaland Sales, Inc., Ayalaland Club Management, Inc., Verde Golf Development Corp.; President and Chief Executive Officer of Ayala Greenfield Development Corp., Ayala Greenfield Golf & Leisure Club, Inc.; President of BGWest Properties, Inc., Anvaya Cove Golf & Sports Club, Inc.; Director of Anvaya Cove Beach & Nature Club, Inc., Amicassa Process Solutions, Inc., Serendra, Inc. and Ayala Center Estate Association. In his more than 15 years in the company, he has been a part of and handled various business lines including business development for the retail and malls group, project development for the residential business group, project development for the leisure group and sales for the local and international markets. He graduated from the Ateneo de Manila with a degree in Management Economics in 1997 and completed his MBM from the Asian Institute of Management (with Distinction) in 2002. He attended the International Graduate Student Exchange Program at the Tuck School of Business, Dartmouth College in 2002 and completed the INSEAD Asian International Executive Programme (AIEP) in 2015.

Michael Alexis C. Legaspi, Filipino, 60, is a Vice President of ALI and is serving as President & CEO of AyalaLand Hotels & Resorts Corporation (AHRC), owner of a portfolio of global hotel brands, and also owner, developer and operator of its home grown Seda Hotels. AHRC currently has 26 hotels and resorts in its portfolio with 10 more under construction. He is concurrently the Chairman of Ten Knots Development Corporation, owner-operator of the world-renowned El Nido Resorts group in Palawan comprised of four eco-tourism island resorts namely, Miniloc Island Resort, Lagen Island Resort, Apulit Island Resort, Pangalusian Island Resort plus an assortment of various mainland resorts. Healso sits as President of the owning companies of the Fairmont and Raffles Hotels Makati, Holiday Inn & Suites Makati, and the various Seda Hotels in Bonifacio Global City, Nuvali, Davao, Cagayan de Oro, Iloilo, Quezon City and Bacolod, while serving as a director in other companies and corporations under the ALI Group He is also Vice President and Director of the Philippine Hotel Owners Association. Heis a graduate of the Philippine Science High School and the University of the Philippines, Diliman..

Christopher B. Maglanoc, Filipino, 49, is a Vice President of ALI since April 2013 and is currently President of Avida Land Corporation. He was Chief Operating Officer and Head of Project and Strategic Management in Avida Land before he was elected as President of the Company on January 1, 2012. Prior to his stint in Avida in 2004, he occupied Management positions in various business units in ALI (i.e. Commercial Centers, Corporate Planning, and Alveo Land, Inc.). His other significant positions are Chairman of Avida Sales Corp.; President of Avencosouth Corp.; and Director of AmicaSSA Process Solutions, Inc., BellaVita, Blue Horizons Holdings Pte Ltd., and BGNorth Properties, Inc. He graduated from UP Los Baños with degrees in BA Sociology and BS Economics in 1990 and 1992, respectively. He finished his MBA from the Asian Institute of Management and attended the International Student Exchange Program in Copenhagen Business School in Denmark in 1997.

Michael F. Magpusao, Filipino, 46, is a Vice President of ALI effective January 1, 2020. He currently serves as the Chief Operating Officer and Corporate Chief Engineer of Ayala Property Management Corporation (APMC). He is also concurrently APMC's Corporate Safety Officer, Corporate Professional Mechanical Engineer, and Corporate Energy Manager, and the President of Philippine Integrated Energy Solutions, Inc. (PhilEnergy). He has over 20 years of industry experience. He served as Technical Support Group Manager and Project Manager of APMC from 1996 to 2004. Before joining ALI he was Executive Director and Head of Global Real Estate of JP Morgan Chase & Co.(Philippine Branch) from 2010 to 2016; Vice President and Corporate Realty Services Asset Manager of Citibank, N.A. (Manila Branch) from 2004 to 2010;; and Operation Engineer of Procter and Gamble Philippines from 1995 to 1996. He has served as a professor of the Mechanical Engineering Department at the Mapua Institute of Technology since 1996. He is a licensed Mechanical Engineer since 2001, a licensed OSH Consultant as certified by the Department of Labor and Employment, and a Certified ASEAN Energy Manager by AEMAS. He earned his Bachelor of Science Degrees in Mechanical Engineering and Electrical Engineering both from the Mapua Institute of Technology in 1995 and 2001, respectively. He also has a Post Baccalaureate Diploma in Fire Safety Technology from the University of Makati in 2004.

Ferdie M. Mangali, 50, Filipino, is a Vice President of ALI effective January 1, 2020. He has headed the Corporate Resource and Services Group of Makati Development Corporation since May 2013 and concurrently acting as Head of Corporate Labor Relations for the Ayalaland Group. He is a member of the Board of MDC Equipment Solutions Inc. and a member of the Board Trustee of the Philippine Constructors Association. He is the former Head of the Corporate Human Resources, Customer Care and Product delivery Group of Avida Land Corporation, Business Group HR Head of the Ayala Land Commercial and Residential Group, HR Head of Amicassa Process Solutions, Inc., Amaia Land Corp., and BelaVita Land Corp. Prior to ALI, he was Labor Relations Manager of Pfizer Inc., HR Manager of Warner Lambert Inc., Business Group HR Officer of Intel Philippines and Manufacturing Plant HR Officer of Matsushita Electric Philippines Corporation (PANASONIC Philippines). He has a total 29 years of experience in Human Resource Management, Labor Relations and Organizational Development. He graduated from Polytechnic University of the Philippines with a degree in Bachelor in Human Behavior Technology major in Clinical Psychology and finished his Masters Degree in Labor and industrial Relations from the University of the Philippines, Diliman.

Romeo T. Menpin, Jr., Filipino, 50, is a Vice President of ALI since January 2014. He is currently the Head of the Construction Methods and Support Group of Makati Development Corporation (MDC). He is also currently the President of MDC Equipment Solutions, Inc. and MDC Conqrete, Inc. He is also a Director of Philipipine Integrated Energy Solutions, Inc. (PhilEnergy) Before joining MDC, he was a Director, President and Chief Operating Officer of Ayala Property Management Corporation (APMC) and also the President of PhilEnergy. He joined ALI in May 2008 from Kuok Group of Companies where he was a Vice President and Head of Mall Operations of Shangri-la Plaza Corporation. Prior to this, he also held various management positions from APMC and Laguna Technopark, Inc.. He graduated with a degree of Bachelor of Science in Mechanical Engineering from Mapua Institute of Technology and completed units in Masters in Business Administration from De La Salle University in 2001.

Carol T. Mills, Filipino, 48, has served as Vice President of ALI since November 2016. She is the President of Ayala Land Offices, Inc. She is Chairman and President of various Ayala Land Offices subsidiaries namely UP North Property Holdings, Inc., First Gateway Real Estate Corp., ALO Prime Realty Corp., Glensworth Development Inc., Hillsford Property Corp., and Sunnyfield E-Office Corp.; President of North Eastern Commercial Corp. and Makati Cornerstone Leasing Corp as well as Director of AREIT, Inc., North Triangle Depot Commercial Corp., ALI Capital Corp., DirectPower Services, Inc. and Central Block Developers Inc. She joined ALI in 1993 and prior to her current position, she was Deputy Head of Business Development for Ayala Malls from 2008 to 2013, General Manager for Alabang Town Center from 2004 to 2008, and Operations Manager for Glorietta from 2000 to 2004. She graduated Magna Cum Laude from the University of the Philippines in 1993 with a Bachelor of Science degree in Business Administration and earned her Masters in Business Administration from the Amos Tuck School of Business, Dartmouth College in New Hampshire, USA in 1998.

Rodelito J. Ocampo, Filipino, 57, is a Vice President of ALI since December 2010. He is currently Makati Development Corporation's (MDC's) Head of Construction Operations Group 1 and the President of MDC BuildPlus, Inc. Before his MDC assignment, he served as Technical Services Head of Avida Land Corp. and Alveo Land Corp., wholly owned subsidiaries of ALI, and Head of the Construction Management of ALI Residential Buildings. Prior to joining ALI, he was employed by a construction firm where he held various engineering and project management positions for a period of 10 years. He is a licensed Civil Engineer. He graduated from Mapua Institute of Technology with a degree in BS Civil Engineering in 1983.

Ginaflor C. Oris, Filipino, 52, is currently a Vice President of ALI and the Chief Finance Officer and Corporate Finance and Procurement Group Head of Makati Development Corporation (MDC). Prior to her assignment to MDC, she was the Managing Director for Corporate Finance and Asset Management of Ayala Corporation (AC). She was concurrently the CFO of Azalea Group, which held AC's various investments in information and communications technology (ICT), business process outsourcing (BPO), venture capital funds and emerging market funds. She brings with her more than 25 years of experience gained from AC and BPI Capital Corporation covering strategic financial management, execution of mergers, acquisitions and divestment transactions, financial reporting, controls, risk management and oversight of some of AC's portfolio investments and other assets. She graduated Honorable Mention from the Ateneo de Manila University with a degree of B.S Mathematics major in Computer Science in 1987. She took up Master in Business Management at the Asian Institute of Management as an Asian Development Bank scholar and graduated in 1992.

Darwin L. Salipsip, Filipino, 47 is a Vice President of ALI and is currently the Head of Construction Operations Group 3 of Makati Development Corporation (MDC). He is concurrently a Vice President and member of the Management Committee of MDC. In his more than 20 years with the Company, he has been part of the various business lines of residential and commercial businesses as Construction Management Manager. Prior to his current role, he served as MDC's Construction Management Group Head and Commercial Group Head. He graduated with honors (cum laude) from the University of the Philippines with a Bachelor's degree in Civil Engineering in 1993 and completed his Masters of Engineering from Massachusetts Institute of Technology in 1997. He is a licensed Civil Engineer, ranked Top 2 when he took the National Licensure Examination for Civil Engineers.

Angelica L. Salvador, Filipino, 57, is a Vice President of ALI, and is currently the Controller of the Company. Her other key functions are as President of Aprisa Business Process Solutions, Inc. and Director of Amaia Land Corp,, AmicaSSa Process Solutions, Inc., and North Triangle Depot Commercial Corp. Prior to her current assignment, she was the Chief Finance Officer of the ALI Residential Business Group and of various ALI-owned subsidiaries including Alveo Land Corp., Ayala Property Management Corp., Ayala Land International Sales, Inc., and Laguna Technopark, Inc. Before joining ALI, she was part of the Internal Audit Team of Ayala Corporation. She graduated cum laude from the University of the Philippines Diliman with Bachelor of Science degree in Business Administration and Accountancy, and obtained her Master in Business Management (MBM) degree from the Asian Institute of Management.

Eliezer C. Tanlapco, Filipino, 70, is the Group Head of Human Resources and Public Affairs and member of the Management Committee of ALI. Prior to this role, he was a Human Resources Consultant for Ayala Group Legal and Ayala Corporation from which he retired as Employee Relations and Services Director. He was ALI's Vice President for Human Resources; Vice Chair of Ayala Group HR Council, Ayala Group Corporate Security Council, and Champion of Ayala Group Labor Relations Network He is a member of the Board of Directors of Ayala Multi-Purpose Cooperative.. He has had extensive work experience as Senior Leader in Human Resources and Community Development for multinational companies locally and abroad. He practiced law with a law firm and with the Office of the President of the Philippines. He holds a Bachelor of Arts degree from the University of the Philippines and earned his Law Degree at Ateneo de Manila University. He completed his Management Development Program from the Asian Institute of Management, and Strategic Business Economics Program from the University of Asia and the Pacific, both with distinction.

Maria Rowena Victoria M. Tomeldan, Filipino, 58, is the Vice President and Head of the Real Estate Logistics and Special Investments of ALI. She is the President of AyalaLand Logistics Holdings Inc., a publicly listed subsidiary of ALI, which owns and manages Laguna Technopark , Cavite Technopark, Laguindingan Technopark , Tutuban Center and Southpark Mall. Her other significant positions include: Chairman of the Board of Laguna Technopark, Inc (LTI); Chairman and President of AMSI, Inc., Orion Property Development, Inc., LCI Commercial Ventures, Inc., FLT Prime Insurance Corporation and Bay City Commercial Ventures Corp. and, ESTA Galleria, a wholesale distributor of premium quality tiles; and Director of Ayalaland Commercial Reit, Inc. Presently, she is also a board member of the International Council of Shopping Centers (ICSC) - Asia Advisory Board. She is a 2015 ICSC Trustees Distinguished Service Awardee. She graduated as cum laude of Bachelor of Arts in Economics from the University of the Philippines in 1983 and earned her Masters in Business Administration degree from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

Jennylle S. Tupaz, Filipino, 47, is Vice President of ALI and head of the AyalaMalls Group. Prior to joining the commercial business of ALI in 2018, she was involved in the residential development business for over 21 years. She was president of Alveo Land Corp., ALI's upscale residential brand, where she spent 11 years leading project development. She held earlier positions in Avida and the then Leisure & Lifestyle Communities Group of ALI. She holds a Bachelor of Science degree in Statistics from the University of the Philippines, and a Master's Degree in Business Administration from the University of Chicago Booth School of Business.

Amelia Ann T. Alipao, Filipino, 57 is currently Assistant Vice President and Chief Information Officer of ALI. She is also the Group Data Protection Officer for ALI Group of Companies and currently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She passed her Data Protection Officer ACE Level 1 Certification issued by the National Privacy Commission last August 23, 2019. She is also a member of the Board of APRISA Business Process Inc. Last year, she was appointed back as a member of the ALI Corporate Bidding Committee, a role she previously occupied in 2009-2011 and acted as Chairperson. Prior to joining ALI, she took on dual roles in SAP Philippines as Account Manager handling government accounts and as Project Manager for SAP Implementation. She also served as Assistant Vice President in Coca-Cola Bottlers Inc where she handled various IT systems implementation and delivery. Her IT career started as an IT Instructor in I/Act of SGV. Her experience combines agile exposure as an IT practitioner for over 2 decades. She holds a Bachelor in Arts in Biology and Bachelor of Science in Business Management from De La Salle University**.**

Ma. Divina Y. Lopez, Filipino, 48, is currently Assistant Vice President and Chief Audit Executive of ALI. She is a member of the Institute of Internal Auditors Philippines (IIAP). Prior to this post, she was President of Amicassa Process Solutions, Inc. and Chief Finance Officer of the Residential Business Group of ALI. She holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines and placed 11th in the CPA Board Examinations in 1993. She obtained a Master of Science degree in Computational Finance from De La Salle University in 2002.

Solomon M. Hermosura, Filipino, 57, has served as the Corporate Secretary of the Company since April 2011 and the Group General Counsel of the Company since April 2014. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee since 2010. He is the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He is the CEO of Ayala Group Legal. He also serves as Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc., Ayala Foundation, Inc. and AC Energy Philippines, Inc. He also serves as a Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group. He is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

<u>Significant Employees</u>

The Company considers its human resources working as a team as a key element for its continued success. But the Company has no employee who is not an executive officer and who is expected to make individually on his own a significant contribution to the business.

<u>Family Relationships</u>

Fernando Zobel de Ayala, Chairman of the Board of Directors, and Jaime Augusto Zobel de Ayala, Vice Chairman, are brothers.

<u>Involvement in Certain Legal Proceedings (over the past 5 years)</u>

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.

c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Directors and Executive Officers

Directors. Article IV Section 17 of the Company's By-Laws provides:

> "Section 17 – Each director of the Corporation shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as director. The Board of Directors shall have the sole authority to determine the amount, form, and structure of the fees and other compensation of directors. In no case shall the total yearly compensation of directors exceed one percent (1%) of the net income before income tax of the Corporation during the preceding year.
>
> The compensation and remuneration committee of the Board of Directors shall have the responsibility for recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope." (As amended on April 13, 2011.)

During the 2011 annual stockholders' meeting, the stockholders ratified the resolution increasing the remuneration of non-executive directors as follows:

	From	To
Retainer Fee:	₱ 500,000.00	₱ 1,000,000.00
Board Meeting Fee per meeting attended:	₱ 100,000.00	₱ 200,000.00
Committee Meeting Fee per meeting attended:	₱ 20,000.00	₱ 100,000.00

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

Officers.

The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four highly compensated executives amounted to P235.25 million in 2018 and P238.72 million in 2019. The projected total annual compensation for the current year is P240.86 million.

Total compensation paid to all senior personnel from Manager and up amounted to P1,125.52 million in 2018 and P1,076.91 million in 2019. The projected total annual compensation for the current year is P1,074.97 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Bernard Vincent O. Dy* President & CEO Dante M. Abando Senior Vice President Anna Ma. Margarita B. Dy Senior Vice President Jose Emmanuel H. Jalandoni Senior Vice President Jaime E. Ysmael Senior Vice President			
CEO & Most Highly Compensated Executive Officers	Actual 2018	₱122.95M	₱112.30M
	Actual 2019	₱135.03M	**₱103.69M
	Projected 2020	₱141.46M	**₱99.40M
All other officers*** as a group unnamed	Actual 2018	₱706.05M	₱419.47M
	Actual 2019	₱716.49M	**₱360.42M
	Projected 2020	₱750.59M	**₱324.38M

** Compensation includes full year effect of CEO and market adjustments to selected officers for retention purposes.*
*** Exclusive of Stock Option exercise. *** Managers and up.*

The total annual compensation paid to all senior personnel from Manager and up was all paid in cash.

The total annual compensation includes the basic salary and other variable pay (guaranteed bonus and performance bonus).

The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered Employees' Retirement Fund. There is no plan or arrangement by which the Executive Officers will receive from the Company any form of compensation in case of a change-in-control of the Company or change in the officers' responsibilities following such change-in-control.

Options Outstanding

Since 1998, the Company has offered its officers options to acquire common shares under its executive stock option plan (ESOP).

There were no ESOP shares available as of end-December 2019.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

(a) Security Ownership of Record and Beneficial Owners of more than 5% as of January 31, 2020:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Ayala Corporation[1]	Ayala Corporation[2]	Filipino	6,545,946,579	23.55805%
Preferred	32/F to 35/F, Tower One and Exchange Plaza Ayala Triangle Ayala Ave., Makati City			12,163,180,640	43.77377%
Common	PCD Nominee Corporation (Non-Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[4]	Various Non-Filipino	5,710,695,929	20.55208%
Common	PCD Nominee Corporation (Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[4]	Filipino	2,176,341,294	7.83238%

[1]Ayala Corporation ("AC") is the parent of the Company.
[2]Under the By-Laws of AC and the Revised Corporation Code, the ACBoard has the power to decide how AC's shares are to be voted.
[3]PCD is not related to the Company.
[4]Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote either in person or by proxy. Out of the 7,887,037,223 common shares registered in the name of PCD Nominee Corporation, 1,757,984,184 or 6.32677% of the voting stock is for the account of Deutsche Bank Manila (DB), 1,549,700,655 or 5.57718% of the voting stock is for the account of The Hongkong and Shanghai Banking Corporation (HSBC). As advised to the Company, none of HSBC, DB or any of its customers beneficially own more than 5% of the Company's common shares.

(b) Security Ownership of Directors and Management (Executive Officers) as of January 31, 2020.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Directors				
Common	Fernando Zobel de Ayala	(direct) 183,000	Filipino	0.00124%
Common	Jaime Augusto Zobel de Ayala	(direct) 12,000	Filipino	0.00008%
Common	Bernard Vincent O. Dy	(direct & indirect) 15,185,473	Filipino	0.10316%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.13794%
Common	Arturo G. Corpuz	(direct & indirect) 5,843,711	Filipino	0.03970%
Common	Jaime C. Laya	(direct) 10,000	Filipino	0.00007%
Common	Delfin L. Lazaro	(direct) 1	Filipino	0.00000%
Common	Rizalina G. Mantaring	(direct) 1	Filipino	0.00000%
Common	Cesar V. Purisima	(direct) 1	Filipino	0.00000%
CEO and Most Highly Compensated Executive Officers				
Common	Bernard Vincent O. Dy	(direct & indirect) 15,185,473	Filipino	0.10316%
Common	Dante M. Abando	(direct & indirect) 5,104,023	Filipino	0.03467%
Common	Anna Ma. Margarita B. Dy	(indirect) 6,296,825	Filipino	0.04278%
Common	Jose Emmanuel H. Jalandoni	(direct & indirect) 6,860,562	Filipino	0.04661%
Common	Jaime E. Ysmael	(direct & indirect) 8,918,248	Filipino	0.06059%
Other Executive Officers				
Common	Augusto D. Bengzon	(indirect) 2,843,158	Filipino	0.01931%
Common	Robert S. Lao	(indirect) 1,602,909	Filipino	0.01089%
Common	Lyle A. Abadia	(indirect) 679,441	Filipino	0.00462%
Common	Aniceto V. Bisnar, Jr.	(indirect) 1,916,586	Filipino	0.01302%
Common	Manny A. Blas II	(direct & indirect) 2,226,405	Filipino	0.01513%
Common	Dindo R. Fernando	(indirect) 940,760	Filipino	0.00639%

Common	Rufino Hermann S. Gutierrez	(indirect) 510,778	Filipino	0.00347%
Common	Javier D. Hernandez	(indirect) 395,704	Filipino	0.00269%
Common	Joseph Carmichael Z. Jugo	(indirect) 731,025	Filipino	0.00497%
Common	Michael Alexis C. Legaspi	(indirect) 4,529,406	Filipino	0.03077%
Common	Christopher B. Maglanoc	(indirect) 861,910	Filipino	0.00586%
Common	Michael F. Magpusao	(indirect) 372,077	Filipino	0.00253%
Common	Ferdie M. Mangali	(indirect) 756,859	Filipino	0.00514%
Common	Romeo T. Menpin	(direct & indirect) 524,994	Filipino	0.00357%
Common	Carol T. Mills	(indirect) 830,092	Filipino	0.00564%
Common	Rodelito J. Ocampo	(direct & indirect) 2,737,150	Filipino	0.01859%
Common	Ginaflor C. Oris	(indirect) 785,882	Filipino	0.00534%
Common	Darwin L. Salipsip	(indirect) 676,487	Filipino	0.00460%
Common	Angelica L. Salvador	(direct & indirect) 1,210,910	Filipino	0.00823%
Common	Maria Rowena Victoria M. Tomeldan	(direct & indirect) 1,238,280	Filipino	0.00841%
Common	Jennylle S. Tupaz	(indirect) 847,574	Filipino	0.00576%
Common	Eliezer C. Tanlapco	(indirect) 288,254	Filipino	0.00196%
Common	Amelia Ann T. Alipao	(indirect) 1,508,137	Filipino	0.01025%
Common	Ma Divina Y. Lopez	(indirect) 639,776	Filipino	0.00435%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		**98,374,585**		**0.66831%**

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

(c) Voting Trust Holders of 5% or more

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

(d) Changes in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

Related Party Transactions

The Company and its subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

However, no other transaction, without proper disclosure, was undertaken by the Group in which any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Company's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

ALI employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Parent Company / Major Holders
As of January 31, 2020, Ayala Corporation owns 67.33% of the total outstanding voting shares of the Company.

PART V – CORPORATE GOVERNANCE

Item 13. Compliance with leading practice on Corporate Governance

Ayala Land has always been committed to strong and transparent corporate governance, going well beyond mere compliance with the code mandated by law. Ayala Land made several important improvements to its governance in 2004, focusing on increasing the involvement of various governance bodies, strengthening performance management, and ensuring compliance with Philippine Accounting Standards. In 2007, the Company adopted several initiatives aimed toward achieving governance excellence. These include conduct of a Self-Assessment Survey by the Board of Directors and Board Committees, development of Business Contingency Plans, adoption of risk-based audit approach and independent quality review of the Internal Audit function. Ayala Land believes that these changes will streamline its existing business models, improve execution, reduce risks, and better safeguard the collective and individual interests of its diverse set of shareholders.

Ayala Land seeks to promote and enhance compliance to good corporate governance. Ayala Land requires the observance of best practices and transparency in all of its subsidiaries, including those that are not listed on the PSE and not covered by the SEC Code of Corporate Governance.

The evaluation system which was established to measure or determine the level of compliance of the Board of Directors and top-level management with its Revised Manual of Corporate Governance (the "Revised Manual") consists of a Customer Satisfaction Survey which is filled up by the various functional groups indicating the compliance rating of certain institutional units and their activities. The evaluation process also includes a Board Performance Assessment which is accomplished by the Board of Directors indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the required certificate of compliance with the Revised Manual of the SEC.

To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the company, as well as the mechanism for monitoring and evaluating Management's performance. The Board also makes certain the presence and adequacy of internal control mechanisms for good governance.

There were no deviations from the Revised Manual. The Company has adopted in the Revised Manual the leading practices and principles of corporate transparency, and full compliance therewith has been made since the adoption of the Revised Manual.

The Company is taking further steps to further strengthen adherence to principles and practices of good corporate governance.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits

The following exhibit is incorporated by reference in this report:

2019 Consolidated Audited Financial Statements

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

The following current reports have been reported by Ayala Land during the year 2019.

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.
Clarification of News Reports
• Spurred by PH growth, Ayala Land set to spend record P130B • SEC approval of shelf registration of up to P50 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 Chinese firms • ALI profit up 10% in 2nd quarter amid delays in project launches • Ayala Land set to issue P5-biilion bond • Ayala Land set to sell bonds worth P10 billion next month • Ayala Land may delay REIT offering to 2020 • Alveo eyes at least P38-billion revenue from biggest development in Laguna • ALI invests P18 billion in Tarlac City estate • ALI eyes over P100-B capex for 2020

(c) Reports under SEC Form 17-C filed
None.

(d) Material events subsequent to the end of the reporting period that have not been reflected in the financial statements of the reporting period

On January 20, 2020, the management of Ayala Land, Inc. (ALI) clarified the news about the U.P.-Ayala Land Technohub development lease arrangement with the University of the Philippines (UP). UP will receive a total value of P171 per square meter, per month. This was derived from P4.23 billion in lease payments and a P6 billion investment for 16 commercial buildings, for a total amount of P10.23 billion, over the life of the 25-year contract. After 2033, UP as owner, will receive 100% of the buildings' rent. UP also continues to own the land which has appreciated in value since the start of the partnership.

On February 7, 2020, Ayala Land, Inc.'s subsidiary, AREIT, Inc. filed its application for a REIT offering to the Securities and Exchange Commission (SEC).

On February 20, 2020, the Board of Directors of Ayala Land, Inc. (the "Company"), at its regular meeting held this afternoon, approved the following items:

1. The declaration of cash dividends of ₱0.268 per outstanding common share. This reflects a 3% increase from the cash dividends declared in the first half of 2019 amounting to ₱0.26 per share. The cash dividends will be payable on 20 March 2020, to stockholders of common shares as of record date 6 March 2020.

2. The raising of up to ₱10 billion through the issuance of retail bonds to partially finance general corporate requirements and to refinance maturing loans. This is under the Company's current shelf registration program and will be listed on the Philippine Dealing and Exchange Corporation.

3. The increase of an additional ₱25 billion to the Company's current share buyback program bringing the available balance to ₱26.1 billion. The program will be implemented through open market purchases executed via the trading facilities of the Philippine Stock Exchange.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on 14 April 2020.

By:

Bernard Vincent O. Dy
President / Chief Executive Officer

Solomon M. Hermosura
Corporate Secretary

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

Angelica L. Salvador
Controller

SUBSCRIBED AND SWORN to before me this ________________ affiants exhibiting to me their respective Passports, as follows:

Names	Passport No.	Date of Issue	Place of Issue
Bernard Vincent O. Dy	EC8377126	July 23, 2016	DFA Manila
Solomon M. Hermosura	P3081434B	October 14, 2019	DFA NCR East
Augusto D. Bengzon	P4323352B	January 8, 2020	DFA NCR East
Angelica L. Salvador	P2037752A	February 27, 2017	DFA Manila

____
Notary Public

Doc. No. ___;
Page No. ___;
Book No.___;
Series of 2020.

AYALA LAND, INC.

INDEX TO EXHIBITS
Form 17-A – Item 7

No.		
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	n.a.
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	n.a.
(8)	Voting Trust Agreement	n.a.
(9)	Material Contracts	n.a.
(10)	2019 Consolidated Financial Statements: Ayala Land, Inc. and Subsidiaries (with notarized Statement of Management Responsibility)	
	Attached 2019 Financial Statements of "significant" subsidiaries/affiliates which are not consolidated	n.a.
(13)	Letter re: Change in Certifying Accountant	n.a.
(16)	Report Furnished to Security Holders	n.a.
(18)	Subsidiaries of the Registrant	63
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	n.a.
(20)	Consent of Experts and Independent Counsel	n.a.
(21)	Power of Attorney	n.a.
(29)	Additional Exhibits	n.a.

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n.a. Not applicable or require no answer.

AYALA LAND, INC. – SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
(As of December 31, 2019)

The consolidated financial statements represent the consolidation of the financial statements of Ayala Land and the following subsidiaries, associates, and joint ventures as of December 31, 2019:

	Effective Ownership %*
Real Estate:	
Alveo Land Corporation (Alveo)	**100%**
Serendra, Inc.	**39**
Solinea, Inc. (Solinea)	**65**
BGSouth Properties, Inc. (BGS)	**50**
Portico Land Corp. (Portico)	**60**
Serendra, Inc.	**28**
Amorsedia Development Corporation	**100**
OLC Development Corporation and Subsidiary	**100**
HLC Development Corporation	**100**
Allysonia International Ltd.	**100**
Avida Land Corporation (Avida)	**100**
Buklod Bahayan Realty and Development Corp.	**100**
Avida Sales Corp. and Subsidiaries	**100**
Amicassa Process Solutions, Inc.	**100**
Avencosouth Corp. (Avencosouth)	**70**
BGNorth Properties, Inc. (BGN)	**50**
Amaia Land Co. (Amaia)	**100**
Amaia Southern Properties, Inc. (ASPI)	**65**
AyalaLand Premier, Inc.	**100**
Ayala Land International Sales, Inc. (ALISI)	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**
Ayala Land International (Singapore) Pte. Ltd.	**100**
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**
Ayala Land International Marketing , SRL (ALIM SRL)	**100**
Ayala Land International Marketing London	**100**
Ayala Land Sales, Inc.	**100**
Southportal Properties, Inc.	**65**
Buendia Landholdings, Inc.	**100**
Crans Montana Holdings, Inc.	**100**
Crimson Field Enterprises, Inc.	**100**
Ecoholdings Company, Inc. (ECI)	**100**
NorthBeacon Commercial Corporation NBCC)	**100**
Red Creek Properties, Inc.	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated)	**100**
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	**100**
Hillsford Property Corporation (HPC)	**100**
Primavera Towncentre, Inc. (PTI)	**100**
Summerhill E-Office Corporation (Summerhill)	**100**
Sunnyfield E-Office Corporation (Sunnyfield)	**100**
Subic Bay Town Centre, Inc.	**100**
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**
AyalaLand Real Estate Investments Inc.	**100**
AyalaLand Advisory Broadway Inc.	**100**
AyalaLand Development (Canada) Inc.	**100**

AyalaLand OpenAsia Holdings PTE, Limited	**100**
Blue Horizons Holdings PTE, Limited	**100**
Modular Construction Technology (MCT) Bhd.	**66**
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**
Arvo Commercial Corporation (Arvo)	**100**
BellaVita Land Corporation (BellaVita)	**100**
Nuevo Centro, Inc. (Nuevo Centro)	**54**
Alviera Country Club, Inc.**	**50**
Cavite Commercial Town Center, Inc.	**100**
One Dela Rosa Property Development, Inc.	**100**
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	**100**
First Gateway Real Estate Corp.	**100**
Glensworth Development, Inc. (Glensworth)	**100**
UP North Property Holdings, Inc.	**100**
ALO Prime Realty Corporation	**100**
Makati Cornerstone Leasing Corp.	**100**
Arca South Commercial Ventures Corp.	**100**
Capitol Central Commercial Ventures Corp.	**100**
Bay City Commercial Ventures Corp.	**100**
Aurora Properties Incorporated	**81**
Soltea Commercial Corp.	**16**
Vesta Property Holdings, Inc.	**78**
Altaraza Prime Realty Corporation	**100**
Prow Holdings Inc	**55**
Station Square East Commercial Corporation (SSECC)	**69**
Next Urban Alliance Development Corp.	**100**
Accendo Commercial Corp. (Accendo)	**67**
Avencosouth Corp.	**20**
Aviana Development Corporation	**7**
Aviana Development Corporation	**50**
Cagayan de Oro Gateway Corp. (CDOGC)	**70**
Ceci Realty, Inc. (Ceci)	**60**
Soltea Commercial Corp.	**12**
Soltea Commercial Corp.	**60**
CMPI Holdings, Inc.	**60**
CMPI Land, Inc.	**36**
ALI-CII Development Corporation (ALI-CII)	**50**
Roxas Land Corporation (RLC)	**50**
Adauge Commercial Corporation (Adauge)	**60**
Ayalaland Estates, Inc. (formerly Southgateway Development Corp.)	**100**
Ayalaland MetroNorth, Inc. (AMNI)	**100**
Verde Golf Development Corporation	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**73**
BGWest Properties, Inc. (BGW)	**50**
Lagdigan Land Corporation	**60**
Central Block Developers, Inc.	**45**
Cebu Holdings, Inc. (CHI)	**71**
Cebu Leisure Company, Inc.	**71**
CBP Theatre Management Inc.	**71**
Taft Punta Engaño Property Inc. (TPEPI)	**39**
Cebu Insular Hotel Company, Inc. (CIHCI)	**26**
Solinea, Inc.	**25**
Amaia Southern Properties, Inc. (ASPI)	**25**
Southportal Properties, Inc.	**25**
Central Block Developers, Inc.***	**39**
Asian I-Office Properties, Inc. (AIOPI)	**71**

Alabang Commercial Corporation (ACC)	**50**
South Innovative Theater Management (SITMI)	**50**
ALI Commercial Center Inc.	**100**
AMC Japan Concepts, Inc.	**75**
AyalaLand Logistics Holdings Corp.	**71**
FLT Prime Insurance Corp.	**56**
Orion Solutions, Inc	**71**
Orion I Holdings Philippines, Inc.	**71**
OE Holdings, Inc.	**71**
Orion Land Inc.	**71**
Lepanto Ceramics, Inc.	**71**
Laguna Technopark, Inc. (LTI)	**68**
Ecozone Power Management, Inc.	**68**
Unity Realty & Development Corp.	**71**
Ayalaland Malls Synergies, Inc.	**100**
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**
AyalaLand Malls Vismin, Inc.	**100**
AyalaLand Malls NorthEast, Inc.	**100**
Construction:	
Makati Development Corporation (MDC)	**100**
MDC Subic, Inc.	**100**
MDC Build Plus, Inc.	**100**
MDC Conqrete, Inc. (MCI)	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**
MDBI Construction Corp. (formerly MDC Triangle)	**67**
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**
Asian Conservation Company Limited and Subsidiary	**100**
Enjay Hotels, Inc. (Enjay)	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**
Bonifacio Hotel Ventures, Inc.	**100**
Southcrest Hotel Ventures, Inc.	**67**
Northgate Hotel Ventures, Inc.	**70**
North Triangle Hotel Ventures, Inc.	**100**
Ecosouth Hotel Ventures, Inc.	**100**
Sentera Hotel Ventures Inc.	**100**
Econorth Resorts Ventures, Inc.	**100**
ALI Triangle Hotel Ventures, Inc.	**100**
Circuit Makati Hotel Ventures, Inc.	**100**
Capitol Centre Hotel Ventures, Inc.	**100**
Arca South Hotel Ventures, Inc.	**100**
Sicogon Town Hotel, Inc.	**100**
Bay Area Hotel Ventures, Inc.	**100**
Makati North Hotel Ventures, Inc.	**100**
One Makati Hotel Ventures, Inc.	**100**
Sicogon Island Tourism Estate, Corp.	**100**
Asiatown Hotel Ventures, Inc.	**100**
One Makati Residential Ventures, Inc.	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**20**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**20**

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

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

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

AYALA LAND, INC.

INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Supplementary Schedules ***(For schedules A-H please refer to 69 - 118)***

Report of Independent Public Accountants on Supplementary Schedules

A. Financial Assets
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C. Accounts Receivable from Related Parties which are eliminated during the Consolidation Period
D. Long-Term Debt
E. Indebtedness to Related Parties
F. Guarantees of Securities of Other Issuers
G. Capital Stock
H. Schedule of Use of Bond Proceeds

Other Supporting Schedules

Reconciliation of Retain Earnings Available for Dividend Declaration
Financial Soundness Indicators
Corporate Organizational Chart

Sustainability Report

A copy of Ayala Land's 2019 Integrated Report, is available on:
https://ir.ayalaland.com.ph/financials/annual reports/

SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ayala Land, Inc.
31st Floor, Tower One and Exchange Plaza, Ayala Triangle
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Land, Inc. and its subsidiaries as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A and have issued our report thereon dated February 20, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

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

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

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Ayala Land, Inc.
31st Floor, Tower One and Exchange Plaza, Ayala Triangle
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Land, Inc. and Subsidiaries (the Group) as at December 31, 2019 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated February 20, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

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
SCHEDULE A - Financial Assets
As of December 31, 2019

NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	AMOUNT IN THE STATEMENT OF FINANCIAL POSITION		INCOME RECEIVED & ACCRUED	
Loans and Receivables				
A. Cash in Bank	**Php**	**14,555,033,290**	**Php**	**53,616,166**
BPI				
Peso		3,872,027,677		24,954,983
Foreign Currency		70,468,892		275,399
Other Banks				
Peso		6,069,801,695		28,338,043
Foreign Currency		4,542,735,026		47,740
B. Cash Equivalents 1/		**5,784,791,250**		**183,857,857**
BPI				
Special Savings Account				202,753
Time Deposits		906,295,816		66,893,336
Others				9,158,317
Other Banks				
Special Savings Account				11,728,110
Time Deposits		4,878,495,434		80,081,981
Others				15,793,360
C. Loans and receivable		**79,205,658,097**		**4,066,077,884**
Trade		79,205,658,097		4,066,077,884
Advances to other companies				
Investment in bonds classified as loans and receivables 2/		-		-
D . Financial Assets at FVPL		**485,435,726**		**6,426,808**
Investment in UITF		96,404,376		6,426,808
Investment in Funds		389,031,350		
E. AFS Financial assets		1,529,178,938		**-**
TOTAL :	**Php**	**101,560,097,302**	**Php**	**4,309,978,715**

1/ Cash equivalents are short term, highly liquid investments that are made for varying period of up to three (3) months depending on the immediate cash requirements of the group and earn interest at the respective short term rates.

2/ Investment in bonds classified as loans and receivables pertain to the Company's investment in unsecured subordinated notes of Land Bank of the Philippines and Development Bank of the Philippines and Company's investment in collateralized bonds of First Metro Investment Corp.

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2019

NAME AND DESIGNATION OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	CURRENT	NON-CURRENT	BALANCE AT END OF PERIOD
Employees						
Notes Receivable	Php 1,113,204,954	Php 1,105,615,699	Php 1,317,557,786	Php 597,390,673	Php 303,872,193	Php 901,262,867

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are Eliminated during the Consolidation Period
As of December 31, 2019

	Amount Owed by Ayala Land, Inc. (ALI) Subsidiaries to ALI PARENT			
	Receivable Balance per ALI-PARENT	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	1,157,392,570	1,157,392,570	1,157,392,570	
Adauge Commercial Corp.	3,037,839	3,037,839	3,037,839	
Alabang Commercial Corporation (Conso)	25,652,987	25,652,987	25,652,987	
ALI Capital Corp. (Conso)	68,044,733	68,044,733	68,044,733	
ALI Commercial Center, Inc. (Conso)	124,796,360	124,796,360	124,796,360	
ALI-CII Development Corporation	4,571,382	4,571,382	4,571,382	
ALO Prime Realty Corporation	6,975,566	6,975,566	6,975,566	
Alveo Land Corporation (Conso)	3,693,053,842	3,693,053,842	3,693,053,842	
Amaia Land Corporation (Conso)	1,207,952,162	1,207,952,162	1,207,952,162	
Amorsedia Development Corporation (Conso)	528,473,358	528,473,358	528,473,358	
Anvaya Cove Beach and Nature Club Inc	236,798	236,798	236,798	
Anvaya Cove Golf and Sports Club Inc.	77,496,026	77,496,026	77,496,026	
APRISA Business Process Solutions, Inc	2,189,907	2,189,907	2,189,907	
Arca South Commercial Ventures Corp.	947,461,539	947,461,539	947,461,539	
Arca South Integrated Terminal, Inc	13,369,464	13,369,464	13,369,464	
Arvo Commercial Corporation	95,658,114	95,658,114	95,658,114	
Aurora Properties, Inc.	71,652,403	71,652,403	71,652,403	
Aviana Development Corporation	67,023,359	67,023,359	67,023,359	
Avida Land Corporation (Conso)	5,624,966,773	5,624,966,773	5,624,966,773	
Ayala Hotels Inc.	1,312,853,701	1,312,853,701	1,312,853,701	
Ayala Land International Sales, Inc.(Conso)	135,308,665	135,308,665	135,308,665	
Ayala Land Sales Inc.	57,003,405	57,003,405	57,003,405	
Ayala Property Management Corporation (Conso)	11,544,638	11,544,638	11,544,638	
Ayala Theaters Management, Inc.	34,104	34,104	34,104	
AyalaLand Club Management, Inc.	24,955,901	24,955,901	24,955,901	
AyalaLand Commercial REIT, Inc.	7,685,692	7,685,692	7,685,692	
Ayalaland Estates, Inc.	3,072,281,084	3,072,281,084	3,072,281,084	
AyalaLand Hotels and Resorts Corp. (Conso)	851,457,338	851,457,338	851,457,338	
Ayalaland Logistics Holdings Corp. (Conso)	270,807,751	270,807,751	270,807,751	
Ayalaland Malls Synergies, Inc.	38,480,937	38,480,937	38,480,937	
AyalaLand Malls, Inc. (Conso)	28,895,290	28,895,290	28,895,290	
Ayalaland Medical Facilities Leasing Inc.	13,945,720	13,945,720	13,945,720	
Ayalaland Metro North, Inc.	1,784,567	1,784,567	1,784,567	
AyalaLand Offices, Inc. (Conso)	106,451,236	106,451,236	106,451,236	
Bay City Commercial Ventures Corp.	5,718,952,022	5,718,952,022	5,718,952,022	
BellaVita Land Corp.	981,454,597	981,454,597	981,454,597	
BG West Properties, Inc	645,282,158	645,282,158	645,282,158	
Buendia Landholdings, Inc.	140,716	140,716	140,716	
Cagayan De Oro Gateway Corporation	47,353,798	47,353,798	47,353,798	
Capitol Central Commercial Ventures Corp.	1,545,529,541	1,545,529,541	1,545,529,541	
Cavite Commercial Towncenter Inc.	47,393,804	47,393,804	47,393,804	
Cebu Holdings, Inc. (Conso)	993,291,675	993,291,675	993,291,675	
CECI Realty Corp.	252,871,103	252,871,103	252,871,103	
Crans Montana Property Holdings Corporation	1,484,756	1,484,756	1,484,756	
Crimson Field Enterprises, Inc.	195,539,134	195,539,134	195,539,134	
Direct Power Services Inc.	6,503,873	6,503,873	6,503,873	
Ecoholdings Company, Inc.	702,706	702,706	702,706	
First Longfield Investments Ltd. (Conso)	717,741	717,741	717,741	
FIVE STAR Cinema Inc.	351,885	351,885	351,885	
Hillsford Property Corporation	229,267	229,267	229,267	
Integrated Eco-Resort Inc.	67,862	67,862	67,862	
Lagdigan Land Corporation	334,845	334,845	334,845	
Leisure and Allied Industries Phils. Inc.	772,819	772,819	772,819	
Makati Cornerstone Leasing Corp.	10,632,511,568	10,632,511,568	10,632,511,568	
Makati Development Corporation (Conso)	279,308,438	279,308,438	279,308,438	
Next Urban Alliance Development Corp.	306,294	306,294	306,294	
North Eastern Commercial Corp.	716,759,037	716,759,037	716,759,037	
North Triangle Depot Commercial Corp	891,651,805	891,651,805	891,651,805	
North Ventures Commercial Corp.	49,965,962	49,965,962	49,965,962	
NorthBeacon Commercial Corporation	7,358,932	7,358,932	7,358,932	
Nuevocentro, Inc. (Conso)	2,402,412,431	2,402,412,431	2,402,412,431	
One Dela Rosa Property Development, Inc.	187,030,114	187,030,114	187,030,114	
Philippine Integrated Energy Solutions, Inc.	5,553,496	5,553,496	5,553,496	
Primavera Towncentre, Inc.	29,895,291	29,895,291	29,895,291	
Red Creek Properties, Inc.	236,596,172	236,596,172	236,596,172	

Regent Time International Ltd.	417,166	417,166	417,166	
Regent Time International, Limited	97,668,809	97,668,809	97,668,809	
Regent Wise Investments Limited(Conso)	6,480,791,605	6,480,791,605	6,480,791,605	
Roxas Land Corp.	17,236,844	17,236,844	17,236,844	
Serendra Inc.	165,819,409	165,819,409	165,819,409	
Soltea Commercial Corp.	13,622,959	13,622,959	13,622,959	
Southportal Properties, Inc.	389,494,468	389,494,468	389,494,468	
Station Square East Commercial Corp	1,184,730,454	1,184,730,454	1,184,730,454	
Subic Bay Town Center Inc.	2,062,110	2,062,110	2,062,110	
Summerhill Commercial Ventures Corp.	38,688,012	38,688,012	38,688,012	
Sunnyfield E-Office Corp	10,712,401	10,712,401	10,712,401	
Ten Knots Development Corporation(Conso)	58,767,453	58,767,453	58,767,453	
Ten Knots Philippines, Inc.(Conso)	9,737,996	9,737,996	9,737,996	
Verde Golf Development Corporation	94,484,534	94,484,534	94,484,534	
Vesta Property Holdings Inc.	30,764,534	30,764,534	30,764,534	
Westview Commercial Ventures Corp.	8,690,929	8,690,929	8,690,929	
Whiteknight Holdings, Inc.	33,150,024	33,150,024	33,150,024	
Ayalaland Premier, Inc.	379,309	379,309	379,309	
Sub-Total	**54,169,038,071**	**54,169,038,071**	**54,169,038,071**	-

	Amount Owed by ALI PARENT to ALI SUBSIDIARIES			
	Receivable Balance per ALI Subsidiaries	Payable Balance per ALI Parent	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	14,257,338	14,257,338	14,257,338	
Adauge Commercial Corp.	25,034,315	25,034,315	25,034,315	
Alabang Commercial Corporation (Conso)	159,328,727	159,328,727	159,328,727	
ALI Capital Corp. (Conso)	206,362,962	206,362,962	206,362,962	
ALI Commercial Center, Inc. (Conso)	182,485,527	182,485,527	182,485,527	
ALI-CII Development Corporation	31,214,088	31,214,088	31,214,088	
ALO Prime Realty Corporation	7,268	7,268	7,268	
Alveo Land Corporation (Conso)	1,586,505,918	1,586,505,918	1,586,505,918	
Amaia Land Corporation (Conso)	2,611,255	2,611,255	2,611,255	
Amorsedia Development Corporation (Conso)	183,865,474	183,865,474	183,865,474	
Anvaya Cove Beach and Nature Club Inc	94,430,126	94,430,126	94,430,126	
Anvaya Cove Golf and Sports Club Inc.	20,050,417	20,050,417	20,050,417	
APRISA Business Process Solutions, Inc	104,489,639	104,489,639	104,489,639	
Arvo Commercial Corporation	978,410,844	978,410,844	978,410,844	
Aurora Properties, Inc.	145,870,063	145,870,063	145,870,063	
Avida Land Corporation (Conso)	2,460,861,694	2,460,861,694	2,460,861,694	
Ayala Hotels Inc.	3,345,239,811	3,345,239,811	3,345,239,811	
Ayala Land International Sales, Inc.(Conso)	17,184,476	17,184,476	17,184,476	
Ayala Land Sales Inc.	79,555,853	79,555,853	79,555,853	
Ayala Property Management Corporation (Conso)	15,095,642	15,095,642	15,095,642	
AyalaLand Club Management, Inc.	133,860	133,860	133,860	
AyalaLand Commercial REIT, Inc.	149,817,950	149,817,950	149,817,950	
Ayalaland Estates, Inc.	188,286,844	188,286,844	188,286,844	
AyalaLand Hotels and Resorts Corp. (Conso)	215,388,630	215,388,630	215,388,630	
Ayalaland Logistics Holdings Corp. (Conso)	567,328,281	567,328,281	567,328,281	
Ayalaland Malls Synergies, Inc.	8,016,500	8,016,500	8,016,500	
AyalaLand Malls, Inc. (Conso)	10,924,445	10,924,445	10,924,445	
Ayalaland Metro North, Inc.	78,062,057	78,062,057	78,062,057	
AyalaLand Offices, Inc. (Conso)	958,344,014	958,344,014	958,344,014	
BellaVita Land Corp.	1,730,970	1,730,970	1,730,970	
BG West Properties, Inc	2,926,004	2,926,004	2,926,004	
Buendia Landholdings, Inc.	709,316	709,316	709,316	
Cagayan De Oro Gateway Corporation	5,117,937	5,117,937	5,117,937	
Cavite Commercial Towncenter Inc.	23,926	23,926	23,926	
Cebu Holdings, Inc. (Conso)	264,213,281	264,213,281	264,213,281	
CECI Realty Corp.	357,931,069	357,931,069	357,931,069	
Crans Montana Property Holdings Corporation	92,728,430	92,728,430	92,728,430	
Crimson Field Enterprises, Inc.	10,050,000	10,050,000	10,050,000	
Direct Power Services Inc.	111,894,474	111,894,474	111,894,474	
First Longfield Investments Ltd. (Conso)	15,362,571	15,362,571	15,362,571	
FIVE STAR Cinema Inc.	8,320	8,320	8,320	
Integrated Eco-Resort Inc.	496,781,449	496,781,449	496,781,449	
Lagdigan Land Corporation	19,526,813	19,526,813	19,526,813	
Makati Cornerstone Leasing Corp.	184,361,354	184,361,354	184,361,354	
Makati Development Corporation (Conso)	7,047,501,367	7,047,501,367	7,047,501,367	
North Eastern Commercial Corp.	200,123,809	200,123,809	200,123,809	
North Triangle Depot Commercial Corp	297,076,650	297,076,650	297,076,650	
North Ventures Commercial Corp.	45,369,567	45,369,567	45,369,567	
NorthBeacon Commercial Corporation	86,759,748	86,759,748	86,759,748	

Nuevocentro, Inc. (Conso)	130,943,656	130,943,656	130,943,656	
One Dela Rosa Property Development, Inc.	514,752,540	514,752,540	514,752,540	
Philippine Integrated Energy Solutions, Inc.	177,694,989	177,694,989	177,694,989	
Primavera Towncentre, Inc.	1,407,328	1,407,328	1,407,328	
Red Creek Properties, Inc.	18,000,592	18,000,592	18,000,592	
Regent Time International, Limited	465,431,207	465,431,207	465,431,207	
Serendra Inc.	143,832,241	143,832,241	143,832,241	
Soltea Commercial Corp.	532,681	532,681	532,681	
Southportal Properties, Inc.	357,530,282	357,530,282	357,530,282	
Station Square East Commercial Corp	160,468,671	160,468,671	160,468,671	
Subic Bay Town Center Inc.	223,386,191	223,386,191	223,386,191	
Summerhill Commercial Ventures Corp.	189,524,457	189,524,457	189,524,457	
Ten Knots Development Corporation(Conso)	68,254,593	68,254,593	68,254,593	
Ten Knots Philippines, Inc.(Conso)	7,755,083	7,755,083	7,755,083	
Verde Golf Development Corporation	142,445	142,445	142,445	
Vesta Property Holdings Inc.	12,281,834	12,281,834	12,281,834	
Westview Commercial Ventures Corp.	121,144	121,144	121,144	
Whiteknight Holdings, Inc.	10,020,625	10,020,625	10,020,625	
Ayalaland Premier, Inc.	9,289,835	9,289,835	9,289,835	
Sub-Total	**23,560,731,469**	**23,560,731,469**	**23,560,731,469**	-

	Amount Owed by ALI SUBSIDIARIES TO MAKATI DEVELOPMENT CORP. AND SUBSIDIARIES			
	Receivable Balance per MDC & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	147,650,118	147,650,118	147,650,118	
Adauge Commercial Corp.	234,500	234,500	234,500	
Airswift Transport, Inc.	16,745,386	16,745,386	16,745,386	
ALI Capital Corp.	684,332	684,332	684,332	
ALI Commercial Center, Inc.	1,006,156,094	1,006,156,094	1,006,156,094	
ALI Triangle Hotel Ventur	602,048,912	602,048,912	602,048,912	
Alveo Land Corporation	1,986,397,021	1,986,397,021	1,986,397,021	
Amaia Land Corp.	922,155,956	922,155,956	922,155,956	
Amaia Southern Properties, Inc.	6,310,315	6,310,315	6,310,315	
Amicassa Process Solution	244,903	244,903	244,903	
AMSI, Inc.	1,469,109	1,469,109	1,469,109	
Anvaya Cove Golf and Sports Club Inc.	8,441,505	8,441,505	8,441,505	
Arca South Commercial Ventures Corp.	91,068,684	91,068,684	91,068,684	
Arca South Integrated	25,841,928	25,841,928	25,841,928	
Arcasouth Hotel Ventures, Inc.	48,954,014	48,954,014	48,954,014	
Arvo Commercial Corp	94,785,890	94,785,890	94,785,890	
Asian I-Office Properties, Inc.	1,936,047	1,936,047	1,936,047	
Aurora Properties, Inc.	7,317,937	7,317,937	7,317,937	
Avencosouth Corp.	13,608,158	13,608,158	13,608,158	
Aviana Development Corporation	354,419,548	354,419,548	354,419,548	
Avida Land Corp.	2,228,943,499	2,228,943,499	2,228,943,499	
Ayala Greenfield Devt Cor	227,723,015	227,723,015	227,723,015	
Ayala Hotels, Inc.	1,147,891,668	1,147,891,668	1,147,891,668	
Ayala Land Intl Sales,Inc	59,998	59,998	59,998	
Ayala Land Sales Inc.	14,000	14,000	14,000	
AYALALAND HOTELS AND RES	7,465,267	7,465,267	7,465,267	
Ayalaland Logistics Holdings Corp.	243,006,342	243,006,342	243,006,342	
Ayalaland Medical Facilities Leasing Inc.	273,039,611	273,039,611	273,039,611	
Ayalaland Metro North Inc	1,805,408	1,805,408	1,805,408	
AyalaLand Offices, Inc.	11,251,504	11,251,504	11,251,504	
Bay Area Hotel Ventures, Inc.	635,852,561	635,852,561	635,852,561	
Bay City Commercial Ventures Corp.	2,285,233,209	2,285,233,209	2,285,233,209	
BellaVita Land Corp.	34,653,982	34,653,982	34,653,982	
BG North Properties Inc.	380,432,298	380,432,298	380,432,298	
BG West Properties, Inc	2,537,902,288	2,537,902,288	2,537,902,288	
BGSouth Properties, Inc.	1,297,278,677	1,297,278,677	1,297,278,677	
Bonifacio Hotel Ventures, Inc.	185,160,837	185,160,837	185,160,837	
Cagayan De Oro Gateway Corporation	251,408,051	251,408,051	251,408,051	
Capitol Central Commercial Ventures Corp.	187,685,092	187,685,092	187,685,092	
Capitol Central Hotel Ven	940,604	940,604	940,604	
Cavite Commercial Towncenter Inc.	572,424,612	572,424,612	572,424,612	
Cebu Holdings, Inc.	263,298,856	263,298,856	263,298,856	
Cebu Insular Hotel Company, Inc.	6,673,423	6,673,423	6,673,423	
CECI Realty Corp.	22,420,456	22,420,456	22,420,456	
Central Block Dev., Inc.	1,091,494,556	1,091,494,556	1,091,494,556	
Chirica Resorts Corporation	106,944	106,944	106,944	
Circuit Makati Hotel	71,156,103	71,156,103	71,156,103	
Crans Montana Prop Hold	135,412,852	135,412,852	135,412,852	

Direct Power Services Inc.	22,782	22,782	22,782	
Eco North Resort Ventures	22,621,163	22,621,163	22,621,163	
Ecosouth Hotel Ventures Inc.	389,021,335	389,021,335	389,021,335	
HLC Development Corporation	92,606,334	92,606,334	92,606,334	
Lagdigan Land Corp.	15,141,375	15,141,375	15,141,375	
Laguna Technopark Inc.	90,363,444	90,363,444	90,363,444	
Leisure and Allied Industries Phils. Inc.	148,950,564	148,950,564	148,950,564	
Lepanto Ceramics, Inc.	54,408,724	54,408,724	54,408,724	
Lio Resort Ventures Inc	2,815,566	2,815,566	2,815,566	
Makati Cornerstone Leasin	45,970,983	45,970,983	45,970,983	
North Eastern Comm Corp	29,990,496	29,990,496	29,990,496	
North Triangle Depot	332,863,815	332,863,815	332,863,815	
North Triangle Hotel Vent	4,091,326	4,091,326	4,091,326	
North Ventures Com Corp	3,111,587	3,111,587	3,111,587	
NorthBeacon Commercial Corporation	2,330,282	2,330,282	2,330,282	
Nuevocentro, Inc.	471,697,567	471,697,567	471,697,567	
One Dela Rosa Property	2,019,459	2,019,459	2,019,459	
Phil Integ Energy Sol,Inc	19,677,997	19,677,997	19,677,997	
Portico Land Corp.	325,233,335	325,233,335	325,233,335	
Primavera Towncentre, Inc	137,659,810	137,659,810	137,659,810	
Roxas Land Corp.	169,182,913	169,182,913	169,182,913	
Serendra Inc.	71,735,337	71,735,337	71,735,337	
Sicogon Island Tourism Estate Corp.	368,672,687	368,672,687	368,672,687	
Sicogon Town Hotel, Inc.	12,187,943	12,187,943	12,187,943	
Solinea Inc.	156,388,946	156,388,946	156,388,946	
Soltea Commercial Corp.	148,597,418	148,597,418	148,597,418	
Southgateway Dev. Corp	394,177,945	394,177,945	394,177,945	
Southportal Properties, Inc.	491,164,386	491,164,386	491,164,386	
Station Square East	25,617,187	25,617,187	25,617,187	
Summerhill Commercial Ventures Corp.	68,874,505	68,874,505	68,874,505	
Sunnyfield E-Office Corp.	3,700,750	3,700,750	3,700,750	
Taft Punta Engaño Property, Inc.	76,645,189	76,645,189	76,645,189	
Ten Knots Development Corporation	6,097,830	6,097,830	6,097,830	
Ten Knots Philippines, In	141,735,923	141,735,923	141,735,923	
Verde Golf Development Corporation	3,341,550	3,341,550	3,341,550	
Vesta Prop. Holdings, Inc	57,269,676	57,269,676	57,269,676	
Sub-Total	**23,823,194,198**	**23,823,194,198**	**23,823,194,198**	

	Amount Owed by ALI Subsidiaries to ACCENDO COMMERCIAL CORP.			
	Receivable Balance per ACCENDO	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Adauge Commercial Corp.	21,688	21,688	21,688	
Airswift Transport, Inc.	31,397	31,397	31,397	
ALI Commercial Center, Inc.	90,227	90,227	90,227	
Alveo Land Corporation	9,673,599	9,673,599	9,673,599	
Amaia Land Corporation	53,531	53,531	53,531	
Amicassa Process Solutions, Inc	833,654	833,654	833,654	
Avencosouth Corp.	3,107,975	3,107,975	3,107,975	
Aviana Development Corporation	3,583,816	3,583,816	3,583,816	
Avida Land Corporation	2,843,158	2,843,158	2,843,158	
Ayala Property Management Corporation	395,257	395,257	395,257	
Ayalaland Logistics Holdings Corp.	230,654	230,654	230,654	
AyalaLand Malls, Inc.	135,162	135,162	135,162	
Ayalaland Metro North, Inc.	800	800	800	
Bay City Commercial Ventures Corp.	276,172	276,172	276,172	
Cagayan De Oro Gateway Corporation	905,441	905,441	905,441	
Capitol Central Commercial Ventures Corp.	443,632	443,632	443,632	
Capitol Central Hotel Ventures, Inc.	24,140	24,140	24,140	
Cebu Holdings, Inc.	375,614	375,614	375,614	
Cebu Leisure Company, Inc.	5,080	5,080	5,080	
Central Block Developers, Inc.	180,232	180,232	180,232	
Leisure and Allied Industries Phils. Inc.	134,139	134,139	134,139	
Lio Resort Ventures Inc	2,818	2,818	2,818	
Makati Development Corporation	179,854	179,854	179,854	
North Eastern Commercial Corp.	300	300	300	
North Triangle Depot Commercial Corp	37,985	37,985	37,985	
North Ventures Commercial Corp.	300	300	300	
Philippine Integrated Energy Solutions, Inc.	361	361	361	
South Innovative Theater Management Inc.	6,865	6,865	6,865	
Southcrest Hotel Ventures, Inc.	1,209,277	1,209,277	1,209,277	
Station Square East Commercial Corp	6,050	6,050	6,050	
Ten Knots Development Corporation	1,820	1,820	1,820	

Westview Commercial Ventures Corp.	28,067	28,067	28,067	
Sub-Total	**24,819,064**	**24,819,064**	**24,819,064**	-

	Amount Owed by ALI Subsidiaries to ADAUGE COMMERCIAL CORP.			
	Receivable Balance per ADAUGE	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	504,975	504,975	504,975	
ALI Triangle Hotel Ventures, Inc.	138,797	138,797	138,797	
Arvo Commercial Corporation	205,521	205,521	205,521	
Avida Land Corporation	1,432,125	1,432,125	1,432,125	
Ayalaland Metro North, Inc.	1,305	1,305	1,305	
Bay City Commercial Ventures Corp.	5,044,506	5,044,506	5,044,506	
Bonifacio Hotel Ventures, Inc.	4,098,370	4,098,370	4,098,370	
Cebu Holdings, Inc.	1,011,082	1,011,082	1,011,082	
Central Block Developers, Inc.	13,028,302	13,028,302	13,028,302	
Circuit Makati Hotel Ventures, Inc.	6,149,107	6,149,107	6,149,107	
Crans Montana Property Holdings Corporation	10,063,633	10,063,633	10,063,633	
Laguna Technopark Inc.	3,017,460	3,017,460	3,017,460	
Sentera Hotel Ventures, Inc.	1,172,882	1,172,882	1,172,882	
Sunnyfield E-Office Corp	483,392	483,392	483,392	
Ten Knots Philippines, Inc.	25,190	25,190	25,190	
Sub-Total	**46,376,648**	**46,376,648**	**46,376,648**	-

	Amount Owed by ALI Subsidiaries to ALABANG COMMERCIAL CORP. & SUBSIDIARIES			
	Receivable Balance per ACC & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	20,409	20,409	20,409	
ALI Commercial Center,Inc	1,900,269	1,900,269	1,900,269	
Alveo Land Corporation	373,958	373,958	373,958	
Amaia Land Corp.	112,988	112,988	112,988	
Arvo Commercial Corp	140,869	140,869	140,869	
Avida Land Corp.	955,514	955,514	955,514	
Ayala Land Sales, Inc.	571,187	571,187	571,187	
Ayalaland Metro North, Inc.	5,800	5,800	5,800	
Bay City Commercial Ventures Corp.	5,113	5,113	5,113	
CagayanDeOro Gateway Corp	900	900	900	
Cavite Comml Town Center	1,932	1,932	1,932	
Cebu Leisure Co. Inc.	21,005	21,005	21,005	
First Gateway Real Estate Corp	5,213,926	5,213,926	5,213,926	
FIVE STAR Cinema Inc.	5,273,430	5,273,430	5,273,430	
HLC Development Corporation	92,639	92,639	92,639	
Laguna Technopark Inc.	204,436	204,436	204,436	
Leisure and Allied Industries Phils. Inc.	13,377,387	13,377,387	13,377,387	
North Eastern Comm Corp	6,720	6,720	6,720	
North Triangle Depot Commercial Corp	339,355	339,355	339,355	
North Ventures Com Corp	3,400	3,400	3,400	
NorthBeacon Commercial Corporation	41,800	41,800	41,800	
Orion Land Inc.	913	913	913	
Serendra Inc.	160,294	160,294	160,294	
Soltea Commercial Corp.	56,580	56,580	56,580	
South Innovative Theater Management Inc.	1	1	1	
Station Square East Commercial Corp	87,147	87,147	87,147	
Summerhill Commercial Ventures Corp.	600	600	600	
Ten Knots Philippines, Inc.	288	288	288	
Sub-Total	**28,968,859**	**28,968,859**	**28,968,859**	

	Amount Owed by ALI Subsidiaries to ALI CAPITAL CORP.			
	Receivable Balance per ALI CAPITAL CORP. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corp.	22,953,634	22,953,634	22,953,634	
Arvo Commercial Corp	116,413	116,413	116,413	
AYALALAND HOTELS AND RES	2,092,064	2,092,064	2,092,064	
Ayalaland Medical Facilities Leasing Inc.	5,489	5,489	5,489	
Cebu Holdings, Inc.	12,030,250	12,030,250	12,030,250	
Chirica Resorts Corporation	3,508,128	3,508,128	3,508,128	
Eco North Resort Ventures	382,138	382,138	382,138	
Lio Resort Ventures Inc	7,464,131	7,464,131	7,464,131	
Pangulasian Isl Rsrt Corp	1,061,858	1,061,858	1,061,858	
Sicogon Town Hotel, Inc.	824,119	824,119	824,119	

Ten Knots Dev., Corp.	26,623,893	26,623,893	26,623,893	
Ten Knots Philippines, In	7,664,373	7,664,373	7,664,373	
WhiteKnight Holdings, Inc	21,199,317	21,199,317	21,199,317	
Avida Land Corp.	21,100,000	21,100,000	21,100,000	
Sub-Total	**127,025,807**	**127,025,807**	**127,025,807**	

	Amount Owed by ALI Subsidiaries to ALI COMMERCIAL CENTER INC.			
	Receivable Balance per ACCI & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	1,932,514	1,932,514	1,932,514	
Airswift Transport, Inc.	96,076	96,076	96,076	
Airswift Transport, Inc.	1,361,567	1,361,567	1,361,567	
Alabang Commercial Corp.	1,886,830	1,886,830	1,886,830	
ALI Commercial Center,Inc	(3,342,112)	(3,342,112)	(3,342,112)	
ALI Makati Hotel and Residences, Inc.	(488,875)	(488,875)	(488,875)	
ALI Triangle Hotel Ventur	926,987	926,987	926,987	
ALI-CII Development Corporation	22,225	22,225	22,225	
Alveo Land Corporation	736,058	736,058	736,058	
Amaia Land Corp.	1,418,088	1,418,088	1,418,088	
AMC Japan Concepts Inc.	3,351,768	3,351,768	3,351,768	
APRISA Business Soln.,Inc	10,400	10,400	10,400	
Arca South Comm.Vent.Corp	204,480,340	204,480,340	204,480,340	
AREIT, Inc	22,766	22,766	22,766	
Arvo Commercial Corp	2,763,698	2,763,698	2,763,698	
Asian I-Office Properties, Inc.	2,280	2,280	2,280	
Aurora Properties, Inc.	1,169	1,169	1,169	
Avida Land Corp.	3,489,022	3,489,022	3,489,022	
Avida Sales Corp.	45,360	45,360	45,360	
Ayala Hotels, Inc.	4,050	4,050	4,050	
Ayala Prop. Mngt.Corp	29,260,908	29,260,908	29,260,908	
Ayala Theaters Mgt, Inc.	1,304,555	1,304,555	1,304,555	
Ayalaland Logistics Holdings Corp.	251,231	251,231	251,231	
Ayalaland Malls Synergies, Inc.	5,791,546	5,791,546	5,791,546	
AyalaLand Malls, Inc.	1,388,481	1,388,481	1,388,481	
Ayalaland Medical Facilities Leasing Inc.	98,502	98,502	98,502	
Ayalaland Metro North, Inc.	76,467	76,467	76,467	
Ayalaland Premier, Inc.	422,922	422,922	422,922	
Bay City Commercial Ventures Corp.	2,513,940	2,513,940	2,513,940	
BellaVita Land Corp.	24,600	24,600	24,600	
CagayanDeOro Gateway Corp	5,615,624	5,615,624	5,615,624	
Captl Cntrl Com Vent Corp	739,575	739,575	739,575	
Cavite Comml Town Center	14,398	14,398	14,398	
Cebu Holdings, Inc.	24,982,559	24,982,559	24,982,559	
Cebu Insular Hotel	350	350	350	
Cebu Leisure Co. Inc.	391,765	391,765	391,765	
CECI Realty Corp.	4,466	4,466	4,466	
Central Block Dev., Inc.	679,104	679,104	679,104	
Circuit Makati Hotel Ventures, Inc.	205,992	205,992	205,992	
Crans Montana Property Holdings Corporation	752,863	752,863	752,863	
DirectPower Services, Inc	2,896	2,896	2,896	
Eco North Resort Ventures	610,244	610,244	610,244	
Ecosouth Hotel Ventures Inc.	19,600	19,600	19,600	
Ecozone Power Management, Inc.	2,280	2,280	2,280	
FIVE STAR Cinema Inc.	5,510	5,510	5,510	
HLC Development Corporation	10,066,023	10,066,023	10,066,023	
Laguna Technopark Inc.	928,294	928,294	928,294	
Leisure and Allied Industries Phils. Inc.	2,116,643	2,116,643	2,116,643	
Lio Resort Ventures Inc	97,385	97,385	97,385	
Makati Cornerstone Leasin	213,352	213,352	213,352	
Makati Development Corp.	147,564	147,564	147,564	
Makati North Hotel Ventures, Inc.	19,600	19,600	19,600	
North Eastern Comm Corp	1,426,356	1,426,356	1,426,356	
North Triangle Depot Commercial Corp	5,533,006	5,533,006	5,533,006	
North Ventures Com Corp	451,755	451,755	451,755	
NorthBeacon Commercial Corporation	78,424	78,424	78,424	
Orion Land Inc.	40,027	40,027	40,027	
Primavera Towncentre, Inc.	7,085,690	7,085,690	7,085,690	
Serendra Inc.	56,420	56,420	56,420	
Sicogon Island Tourism Estate Corp.	20,428,666	20,428,666	20,428,666	
Sicogon Island Tourism Estate Corp.	964,543	964,543	964,543	
Sicogon Town Hotel, Inc.	18,823,977	18,823,977	18,823,977	
Soltea Commercial Corp.	601,309	601,309	601,309	

South Innovative Theater Management Inc.	359,841	359,841	359,841	
Southcrest Hotel Ventures	19,600	19,600	19,600	
Station Square East Commercial Corp	1,747,016	1,747,016	1,747,016	
Subic Bay Town Centre Inc	306,954	306,954	306,954	
Summerhill Commercial Ventures Corp.	8,841,517	8,841,517	8,841,517	
Ten Knots Dev., Corp.	3,458	3,458	3,458	
Ten Knots Development Corporation	963,750	963,750	963,750	
Ten Knots Philippines, In	23,541,693	23,541,693	23,541,693	
Ten Knots Philippines, Inc.	121,532	121,532	121,532	
Tutuban Properties, Inc.	5,046	5,046	5,046	
Westview Commercial Ventures Corp.	49,286	49,286	49,286	
Sub-Total	**398,919,316**	**398,919,316**	**398,919,316**	

	Amount Owed by ALI Subsidiaries to ALI-CII DEVELOPMENT CORP			
	Receivable Balance per ALI-CII	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
ALI Triangle Hotel Ventures, Inc.	93,129	93,129	93,129	
Amaia Land Corporation	3,019,430	3,019,430	3,019,430	
Arvo Commercial Corporation	2,149,667	2,149,667	2,149,667	
Avida Land Corporation	92,811	92,811	92,811	
Avida Sales Corp	671,304	671,304	671,304	
Bay City Commercial Ventures Corp.	7,565,471	7,565,471	7,565,471	
Cebu Holdings, Inc.	29,218,264	29,218,264	29,218,264	
Central Block Developers, Inc.	9,020,281	9,020,281	9,020,281	
Laguna Technopark Inc.	5,096,759	5,096,759	5,096,759	
Soltea Commercial Corp.	18,490,719	18,490,719	18,490,719	
Sub-Total	**75,417,835**	**75,417,835**	**75,417,835**	-

	Amount Owed by ALI Subsidiaries to ALVEO LAND CORP. & SUBSIDIARIES			
	Receivable Balance per ALVEO LAND CORP. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	399,785,726	399,785,726	399,785,726	
Airswift Transport, Inc.	120,272,438	120,272,438	120,272,438	
ALI Commercial Center,Inc	1,725	1,725	1,725	
ALI Triangle Hotel Ventur	162,172	162,172	162,172	
Alviera Country Club, Inc	81,537	81,537	81,537	
Amaia Land Corp.	246,075,573	246,075,573	246,075,573	
Amicassa Process Solutions, Inc	3,743,290	3,743,290	3,743,290	
Arca South Comm.Vent.Corp	301,459,248	301,459,248	301,459,248	
Arca South Integrated	20,075,067	20,075,067	20,075,067	
Arvo Commercial Corp	159,334,036	159,334,036	159,334,036	
Aurora Properties, Inc.	104,086,789	104,086,789	104,086,789	
Avida Land Corp.	1,686,583	1,686,583	1,686,583	
Ayala Greenfield Devt Cor	2,094,260	2,094,260	2,094,260	
Ayala Land International Sales, Inc	6,002,307	6,002,307	6,002,307	
Ayala Prop. Mngt.Corp	2,486,937	2,486,937	2,486,937	
Ayalaland Estates, Inc.	77,019	77,019	77,019	
AYALALAND HOTELS AND RES	876,007	876,007	876,007	
Ayalaland Logistics Holdings Corp.	8,635,335	8,635,335	8,635,335	
Ayalaland Malls Synergies, Inc.	454,086	454,086	454,086	
AyalaLand Malls, Inc.	54,613	54,613	54,613	
Ayalaland Medical Facilities Leasing Inc.	2,241,767	2,241,767	2,241,767	
Bay City Commercial Ventures Corp.	336,721,730	336,721,730	336,721,730	
BellaVita Land Corp.	824,072,593	824,072,593	824,072,593	
BGSouth Properties, Inc.	(1,668,936,549)	(1,668,936,549)	(1,668,936,549)	
CagayanDeOro Gateway Corp	16,374	16,374	16,374	
Captl Cntrl Com Vent Corp	56,286,420	56,286,420	56,286,420	
Cebu Holdings, Inc.	134,217,243	134,217,243	134,217,243	
Central Block Dev., Inc.	209,917,752	209,917,752	209,917,752	
Chirica Resorts Corporation	10,084	10,084	10,084	
Circuit Makati Hotel Ventures, Inc.	4,000	4,000	4,000	
Crans Montana Property Holdings Corporation	10,517,785	10,517,785	10,517,785	
DirectPower Services, Inc	12,742	12,742	12,742	
HLC Development Corporation	27,069,828	27,069,828	27,069,828	
Laguna Technopark Inc.	34,135,226	34,135,226	34,135,226	
Lio Resort Ventures Inc	399,476	399,476	399,476	
Makati Development Corp.	10,611,206	10,611,206	10,611,206	
MDC Build Plus, Inc.	2,754,454	2,754,454	2,754,454	
North Eastern Comm Corp	5,967	5,967	5,967	
North Triangle Hotel Vent	21,187	21,187	21,187	

Nuevocentro Inc.	256,133,220	256,133,220	256,133,220	
Primavera Towncentre, Inc.	10,314,784	10,314,784	10,314,784	
Serendra Inc.	45,623,451	45,623,451	45,623,451	
Sicogon Island Tourism Estate Corp.	14,201,380	14,201,380	14,201,380	
Sicogon Island Tourism Estate Corp.	(41,706,955)	(41,706,955)	(41,706,955)	
Sicogon Town Hotel, Inc.	1,003,866	1,003,866	1,003,866	
Soltea Commercial Corp.	25,584	25,584	25,584	
Summerhill Commercial Ventures Corp.	12,436,524	12,436,524	12,436,524	
Ten Knots Philippines, In	25,971	25,971	25,971	
Ten Knots Philippines, Inc.	20,000,000	20,000,000	20,000,000	
Vesta Prop. Holdings, Inc	356,164,896	356,164,896	356,164,896	
Sub-Total	**2,031,746,752**	**2,031,746,752**	**2,031,746,752**	-

	Amount Owed by ALI Subsidiaries to AMAIA LAND, INC. & SUBSIDIARIES			
	Receivable Balance per AMAIA LAND, INC. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation	150,000	150,000	150,000	
Amaia Land Corp.	447,876	447,876	447,876	
Amicassa Process Solutions, Inc	555,338	555,338	555,338	
Avida Land Corp.	9,663,785	9,663,785	9,663,785	
Ayala Prop. Mngt.Corp	37,946	37,946	37,946	
BellaVita Land Corp.	94,942,975	94,942,975	94,942,975	
Buklod Bahayan Realty Devt Corp	232,848	232,848	232,848	
Makati Development Corp.	177,389	177,389	177,389	
MDC Build Plus, Inc.	2,807,726	2,807,726	2,807,726	
Sub-Total	**109,015,884**	**109,015,884**	**109,015,884**	-

	Amount Owed by ALI Subsidiaries to AMORSEDIA DEVPT. CORP. & SUBSIDIARIES			
	Receivable Balance per AMORSEDIA DEVPT. CORP. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
BellaVita Land Corp.	20,384,000	20,384,000	20,384,000	
Ten Knots Dev., Corp.	5,205	5,205	5,205	
Sub-Total	**20,389,205**	**20,389,205**	**20,389,205**	-

	Amount Owed by ALI Subsidiaries to ANVAYA COVE BEACH & NATURE CLUB, INC.			
	Receivable Balance per ANVAYA COVE BEACH	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Anvaya Cove Golf and Sports Club, Inc.	14,214,070	14,214,070	14,214,070	
Ayala Property Management Corporation	159,055	159,055	159,055	
Cebu Holdings, Inc.	10,096,349	10,096,349	10,096,349	
Sub-Total	**24,469,475**	**24,469,475**	**24,469,475**	

	Amount Owed by ALI Subsidiaries to ANVAYA COVE GOLF & NATURE CLUB, INC.			
	Receivable Balance per ANVAYA COVE GOLF	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Anvaya Cove Beach and Nature Club, Inc	2,639,721	2,639,721	2,639,721	
Makati Development Corporation	2,083	2,083	2,083	
Sub-Total	**2,641,804**	**2,641,804**	**2,641,804**	

	Amount Owed by ALI Subsidiaries to APRISA BUSINESS SOLUTIONS, INC.			
	Receivable Balance per APRISA	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	239,691	239,691	239,691	
Adauge Commercial Corp.	8,411	8,411	8,411	
Alabang Commercial Corporation	872,794	872,794	872,794	
ALI Commercial Center, Inc.	836,100	836,100	836,100	
ALI Triangle Hotel Ventures, Inc.	100,479	100,479	100,479	
ALI-CII Development Corporation	276,080	276,080	276,080	
ALO Prime Realty Corporation	155,445	155,445	155,445	
Alveo Land Corporation	694,386	694,386	694,386	
Amicassa Process Solutions, Inc	156,800	156,800	156,800	
Arvo Commercial Corporation	495,090	495,090	495,090	
Aurora Properties, Inc.	349,196	349,196	349,196	
Aviana Development Corporation	10,304	10,304	10,304	
Avida Land Corporation	7,248,365	7,248,365	7,248,365	
Ayala Property Management Corporation	275,901	275,901	275,901	

Ayalaland Estates, Inc.	86,786	86,786	86,786	
AyalaLand Hotels and Resorts Corp.	168,582	168,582	168,582	
Ayalaland Logistics Holdings Corp.	16,374	16,374	16,374	
Bay City Commercial Ventures Corp.	306,354	306,354	306,354	
BellaVita Land Corp.	79,072	79,072	79,072	
Cagayan De Oro Gateway Corporation	114,677	114,677	114,677	
Capitol Central Commercial Ventures Corp.	217,056	217,056	217,056	
Cavite Commercial Towncenter Inc.	132,989	132,989	132,989	
Cebu Holdings, Inc.	1,202,098	1,202,098	1,202,098	
CECI Realty Corp.	140,907	140,907	140,907	
Central Block Developers, Inc.	10,311,974	10,311,974	10,311,974	
Crans Montana Property Holdings Corporation	961,682	961,682	961,682	
Econorth Resorts Ventures, Inc.	98,200	98,200	98,200	
Makati Cornerstone Leasing Corp.	659,261	659,261	659,261	
Makati Development Corporation	1,000	1,000	1,000	
MDBI Construction Corp.	440,933	440,933	440,933	
MDC Conqrete, Inc.	447,765	447,765	447,765	
North Eastern Commercial Corp.	1,313,516	1,313,516	1,313,516	
North Triangle Depot Commercial Corp	473,501	473,501	473,501	
North Ventures Commercial Corp.	343,370	343,370	343,370	
NorthBeacon Commercial Corporation	199,976	199,976	199,976	
Nuevocentro, Inc.	395,136	395,136	395,136	
Orion Land, Inc.	188,992	188,992	188,992	
Roxas Land Corp.	141,400	141,400	141,400	
Serendra Inc.	696,350	696,350	696,350	
Soltea Commercial Corp.	304,035	304,035	304,035	
Station Square East Commercial Corp	963,209	963,209	963,209	
Subic Bay Town Center Inc.	92,140	92,140	92,140	
Summerhill Commercial Ventures Corp.	1,114,385	1,114,385	1,114,385	
Tutuban Properties, Inc.	283,763	283,763	283,763	
Vesta Property Holdings Inc.	260,893	260,893	260,893	
Westview Commercial Ventures Corp.	20,418	20,418	20,418	
Sub-Total	**33,895,836**	**33,895,836**	**33,895,836**	

	Amount Owed by ALI Subsidiaries to ARVO COMMERCIAL CORP.			
	Receivable Balance per ARVO COMMERCIAL CORP.	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
ALI Commercial Center, Inc.	27,270	27,270	27,270	
Cavite Commercial Towncenter Inc.	168,114	168,114	168,114	
Leisure and Allied Industries Phils. Inc.	232,036	232,036	232,036	
North Triangle Depot Commercial Corp	6,290	6,290	6,290	
Primavera Towncentre, Inc.	308,275	308,275	308,275	
Soltea Commercial Corp.	13,450	13,450	13,450	
South Innovative Theater Management Inc.	1,860	1,860	1,860	
Station Square East Commercial Corp	1,670	1,670	1,670	
Sub-Total	**758,964**	**758,964**	**758,964**	

	Amount Owed by ALI Subsidiaries to AURORA PROPERTIES, INC.			
	Receivable Balance per AURORA PROPERTIES, INC.	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Airswift Transport, Inc.	559,161	559,161	559,161	
Alveo Land Corporation	1,003,294	1,003,294	1,003,294	
Amaia Land Corporation	25,000	25,000	25,000	
Arca South Commercial Ventures Corp.	8,511,156	8,511,156	8,511,156	
Arvo Commercial Corporation	31,300,657	31,300,657	31,300,657	
Avida Land Corporation	192,272,029	192,272,029	192,272,029	
Ayala Land International Sales, Inc	90,976	90,976	90,976	
Ayalaland Metro North, Inc.	871	871	871	
Bay City Commercial Ventures Corp.	5,078,576	5,078,576	5,078,576	
Cagayan De Oro Gateway Corporation	18,165,396	18,165,396	18,165,396	
Cavite Commercial Towncenter Inc.	25,032,813	25,032,813	25,032,813	
Cebu Holdings, Inc.	10,029,856	10,029,856	10,029,856	
CECI Realty Corp.	167,851	167,851	167,851	
Chirica Resorts Corporation	726	726	726	
Circuit Makati Hotel Ventures, Inc.	1,086,535	1,086,535	1,086,535	
HLC Development Corporation	129,744,280	129,744,280	129,744,280	
Makati Development Corporation	7,680	7,680	7,680	
North Triangle Hotel Ventures, Inc.	150,470	150,470	150,470	
Nuevocentro, Inc.	55,359	55,359	55,359	
Sicogon Island Tourism Estate Corp.	1,501,969	1,501,969	1,501,969	
Soltea Commercial Corp.	30,996,047	30,996,047	30,996,047	

Summerhill Commercial Ventures Corp.	5,300,456	5,300,456	5,300,456	
Vesta Property Holdings Inc.	27,739	27,739	27,739	
Sub-Total	**461,108,894**	**461,108,894**	**461,108,894**	

	Amount Owed by ALI Subsidiaries to AVIDA LAND CORP. & SUBSIDIARIES			
	Receivable Balance per AVIDA LAND CORP. & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	41,288,841	41,288,841	41,288,841	
Airswift Transport, Inc.	1,491,212	1,491,212	1,491,212	
ALI Triangle Hotel Ventur	30,314,297	30,314,297	30,314,297	
ALI-CII Development Corporation	75,000	75,000	75,000	
Alveo Land Corporation	26,473,269	26,473,269	26,473,269	
Amaia Land Corp.	122,389,405	122,389,405	122,389,405	
Amicassa Process Solutions, Inc	(37,785,777)	(37,785,777)	(37,785,777)	
Arvo Commercial Corp	23,933,288	23,933,288	23,933,288	
Asian I-Office Properties, Inc.	33,699,238	33,699,238	33,699,238	
Aurora Properties, Inc.	39,711,466	39,711,466	39,711,466	
Avencosouth Corp.	62,885,811	62,885,811	62,885,811	
Avida Land Corp.	(2,716,965,428)	(2,716,965,428)	(2,716,965,428)	
Avida Sales Corp.	(76,578,789)	(76,578,789)	(76,578,789)	
Ayala Greenfield Devt Cor	566,617,788	566,617,788	566,617,788	
Ayala Hotels, Inc.	25,702	25,702	25,702	
Ayala Land International Sales, Inc	12,517,676	12,517,676	12,517,676	
Ayala Prop. Mngt.Corp	8,427,240	8,427,240	8,427,240	
Ayala Theaters Mgt, Inc.	69,503	69,503	69,503	
Ayalaland Estates, Inc.	241,224,601	241,224,601	241,224,601	
Ayalaland Malls Synergies, Inc.	242,413	242,413	242,413	
Ayalaland Metro North, Inc.	59,755	59,755	59,755	
BellaVita Land Corp.	354,788,719	354,788,719	354,788,719	
BG North Properties Inc.	2,744,696,927	2,744,696,927	2,744,696,927	
BG West Properties, Inc	43,618	43,618	43,618	
Buklod Bahayan Realty Devt Corp	21,511,337	21,511,337	21,511,337	
CagayanDeOro Gateway Corp	385,412,045	385,412,045	385,412,045	
Cebu Holdings, Inc.	495,288	495,288	495,288	
CECI Realty Corp.	33,843	33,843	33,843	
Central Block Dev., Inc.	10,024,063	10,024,063	10,024,063	
Crans Montana Property Holdings Corporation	3,025,573	3,025,573	3,025,573	
HLC Development Corporation	17,118,531	17,118,531	17,118,531	
Laguna Technopark Inc.	20,311,081	20,311,081	20,311,081	
Lio Resort Ventures Inc	2,134	2,134	2,134	
Makati Development Corp.	1,470,550	1,470,550	1,470,550	
MDC Build Plus, Inc.	93,747	93,747	93,747	
Nuevocentro Inc.	444,759,011	444,759,011	444,759,011	
Orion Land Inc.	154,493,000	154,493,000	154,493,000	
Roxas Land Corp.	533,019	533,019	533,019	
Serendra Inc.	2,498,773	2,498,773	2,498,773	
Sicogon Island Tourism Estate Corp.	3,051,585	3,051,585	3,051,585	
Sicogon Town Hotel, Inc.	1,138	1,138	1,138	
Station Square East Commercial Corp	420,337	420,337	420,337	
Summerhill Commercial Ventures Corp.	2,566,619	2,566,619	2,566,619	
Ten Knots Philippines, In	236,014	236,014	236,014	
Vesta Prop. Holdings, Inc	18,367	18,367	18,367	
Sub-Total	**2,547,721,831**	**2,547,721,831**	**2,547,721,831**	-

	Amount Owed by ALI Subsidiaries to AYALA HOTELS, INC.			
	Receivable Balance per AHI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Airswift Transport, Inc.	2,897,946	2,897,946	2,897,946	
ALI Triangle Hotel Ventures, Inc.	760,051	760,051	760,051	
Amaia Land Corporation	400,675,799	400,675,799	400,675,799	
Arca South Commercial Ventures Corp.	55,646,747	55,646,747	55,646,747	
Arcasouth Hotel Ventures, Inc.	5,000,000	5,000,000	5,000,000	
Arvo Commercial Corporation	64,907,523	64,907,523	64,907,523	
Avida Land Corporation	2,152,829	2,152,829	2,152,829	
Ayala Land International Sales, Inc	4,500,000	4,500,000	4,500,000	
AyalaLand Hotels and Resorts Corp.	755,532	755,532	755,532	
Ayalaland Logistics Holdings Corp.	10,135,049	10,135,049	10,135,049	
Ayalaland Metro North, Inc.	198,822	198,822	198,822	
Bay City Commercial Ventures Corp.	653,488,565	653,488,565	653,488,565	
BellaVita Land Corp.	2,000,000	2,000,000	2,000,000	

Cagayan De Oro Gateway Corporation	253,734,484	253,734,484	253,734,484	
Capitol Central Commercial Ventures Corp.	299,027,256	299,027,256	299,027,256	
Cebu Holdings, Inc.	163,929,000	163,929,000	163,929,000	
Central Block Developers, Inc.	673,883,241	673,883,241	673,883,241	
Chirica Resorts Corporation	16,117	16,117	16,117	
Circuit Makati Hotel Ventures, Inc.	105,330,786	105,330,786	105,330,786	
Crans Montana Property Holdings Corporation	59,273,546	59,273,546	59,273,546	
Econorth Resorts Ventures, Inc.	5,413,955	5,413,955	5,413,955	
Ecosouth Hotel Ventures Inc.	42,947,370	42,947,370	42,947,370	
HLC Development Corporation	7,486,387	7,486,387	7,486,387	
Laguna Technopark Inc.	189,110,277	189,110,277	189,110,277	
Lio Resort Ventures Inc	427	427	427	
Sicogon Island Tourism Estate Corp.	107,052,201	107,052,201	107,052,201	
Sicogon Island Tourism Estate Corp.	689,464	689,464	689,464	
Solinea Inc.	18,258	18,258	18,258	
Soltea Commercial Corp.	28,875,807	28,875,807	28,875,807	
Summerhill Commercial Ventures Corp.	7,348,017	7,348,017	7,348,017	
Ten Knots Philippines, Inc.	13,172,759	13,172,759	13,172,759	
Ten Knots Philippines, Inc.	14,017	14,017	14,017	
	(357,822)	(357,822)	(357,822)	
ALI Capital Corp.	118,170	118,170	118,170	
Sub-Total	**3,160,202,579**	**3,160,202,579**	**3,160,202,579**	

	Amount Owed by ALI Subsidiaries to AYALA LAND INTERNATIONAL SALES, INC. & SUBS.			
	Receivable Balance per ALISI & Subs	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation	64,315,596	64,315,596	64,315,596	
Amaia Land Corp.	10,866,041	10,866,041	10,866,041	
Aviana Development Corp.	389,500	389,500	389,500	
Avida Land Corp.	135,721,217	135,721,217	135,721,217	
Ayala Greenfield Devt Cor	316,989	316,989	316,989	
Ayala Land International Sales, Inc	(14,972,639)	(14,972,639)	(14,972,639)	
Ayala Land Intl Mktg. SRL	7,663,370	7,663,370	7,663,370	
Ayala Land Int'l Mktg.Inc	5,116,947	5,116,947	5,116,947	
AyalaLand International (Hong Kong) Limited	2,192,321	2,192,321	2,192,321	
BellaVita Land Corp.	1,611,185	1,611,185	1,611,185	
Nuevocentro Inc.	31,568	31,568	31,568	
Sub-Total	**213,252,095**	**213,252,095**	**213,252,095**	

	Amount Owed by ALI Subsidiaries to AYALA LAND SALES, INC.			
	Receivable Balance per ALSI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation	4,218,534	4,218,534	4,218,534	
Aviana Development Corporation	268,806	268,806	268,806	
Avida Land Corporation	77,188	77,188	77,188	
Ayala Greenfield Development Corp	9,629,958	9,629,958	9,629,958	
BellaVita Land Corp.	52,832	52,832	52,832	
HLC Development Corporation	9,721,118	9,721,118	9,721,118	
Nuevocentro, Inc.	473,510	473,510	473,510	
Soltea Commercial Corp.	30,453,096	30,453,096	30,453,096	
Summerhill Commercial Ventures Corp.	47,395	47,395	47,395	
Sub-Total	**54,942,436**	**54,942,436**	**54,942,436**	

	Amount Owed by ALI Subsidiaries to AYALA PROPERTY MANAGEMENT CORP. & Subsidiaries			
	Receivable Balance per APMC & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	835,660	835,660	835,660	
Alabang Commercial Corp.	105,396	105,396	105,396	
ALI Commercial Center,Inc	4,263,833	4,263,833	4,263,833	
Alveo Land Corporation	9,498,490	9,498,490	9,498,490	
Alviera Country Club, Inc	12,400	12,400	12,400	
Amaia Land Corp.	90,748,065	90,748,065	90,748,065	
Amaia Southern Properties, Inc.	1,032,644	1,032,644	1,032,644	
Arca South Comm.Vent.Corp	23,398,862	23,398,862	23,398,862	
Arca South Integrated	1,211,693	1,211,693	1,211,693	
AREIT, Inc	9,140,078	9,140,078	9,140,078	
Arvo Commercial Corp	51,941,702	51,941,702	51,941,702	
Aurora Properties, Inc.	255,405	255,405	255,405	
Avida Land Corp.	10,882,756	10,882,756	10,882,756	
Ayala Greenfield Devt Cor	328,747	328,747	328,747	

Ayala Hotels, Inc.	1,430,717	1,430,717	1,430,717	
Ayala Land International Sales, Inc	144,000	144,000	144,000	
Ayalaland Estates, Inc.	1,090,367	1,090,367	1,090,367	
AYALALAND HOTELS AND RES	45,609	45,609	45,609	
Ayalaland Medical Facilities Leasing Inc.	448,000	448,000	448,000	
Ayalaland Metro North, Inc.	0	0	0	
AyalaLand Offices, Inc.	290,950	290,950	290,950	
Bay City Commercial Ventures Corp.	642,567,623	642,567,623	642,567,623	
BG North Properties Inc.	791,736	791,736	791,736	
BG West Properties, Inc	5,997,326	5,997,326	5,997,326	
BGSouth Properties, Inc.	979,831	979,831	979,831	
Bonifacio Hotel Ventures, Inc.	189,974	189,974	189,974	
CagayanDeOro Gateway Corp	848,008	848,008	848,008	
Capitol Central Hotel Ventures, Inc.	756,040	756,040	756,040	
Captl Cntrl Com Vent Corp	60,230,258	60,230,258	60,230,258	
Cavite Comml Town Center	128,480	128,480	128,480	
Cebu Holdings, Inc.	6,687,665	6,687,665	6,687,665	
Cebu Insular Hotel	134,400	134,400	134,400	
Cebu Property Ventures	123,480	123,480	123,480	
CECI Realty Corp.	476,462	476,462	476,462	
Central Block Dev., Inc.	6,013,063	6,013,063	6,013,063	
Circuit Makati Hotel Ventures, Inc.	1,291,817	1,291,817	1,291,817	
Crans Montana Property Holdings Corporation	126,270,262	126,270,262	126,270,262	
Eco North Resort Ventures	134,400	134,400	134,400	
Ecosouth Hotel Ventures Inc.	134,400	134,400	134,400	
First Gateway Real Estate Corp	461,014	461,014	461,014	
Glensworth Development, Inc.	144,669	144,669	144,669	
Laguna Technopark Inc.	10,025,208	10,025,208	10,025,208	
Leisure and Allied Industries Phils. Inc.	10,031,004	10,031,004	10,031,004	
Makati Cornerstone Leasin	5,997,297	5,997,297	5,997,297	
Makati Development Corp.	929,600	929,600	929,600	
North Eastern Comm Corp	1,753,123	1,753,123	1,753,123	
North Triangle Depot Commercial Corp	432,180	432,180	432,180	
North Triangle Hotel Vent	160,918	160,918	160,918	
North Ventures Com Corp	229,012	229,012	229,012	
NorthBeacon Commercial Corporation	255,696	255,696	255,696	
Nuevocentro Inc.	4,440,493	4,440,493	4,440,493	
Portico Land Corp.	3,272,985	3,272,985	3,272,985	
Roxas Land Corp.	2,941,120	2,941,120	2,941,120	
Sentera Hotel Ventures Inc.	134,400	134,400	134,400	
Serendra Inc.	17,621,018	17,621,018	17,621,018	
Solinea Inc.	9,161,240	9,161,240	9,161,240	
Soltea Commercial Corp.	432,180	432,180	432,180	
Southcrest Hotel Ventures	134,400	134,400	134,400	
Subic Bay Town Centre Inc	308,700	308,700	308,700	
Summerhill Commercial Ventures Corp.	673,517	673,517	673,517	
Sunnyfield E-Office Corp.	340,197	340,197	340,197	
Ten Knots Philippines, In	4,869	4,869	4,869	
Tutuban Properties, Inc.	1,841,980	1,841,980	1,841,980	
Vesta Prop. Holdings, Inc	717,014	717,014	717,014	
Westview Commercial Ventures Corp.	4,168,998	4,168,998	4,168,998	
Sub-Total	**1,137,473,432**	**1,137,473,432**	**1,137,473,432**	**-**

	Amount Owed by ALI Subsidiaries to AYALA THEATERS MANAGEMENT, INC.			
	Receivable Balance per ATMI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	127	127	127	
ALI Commercial Center, Inc.	1,000	1,000	1,000	
Arvo Commercial Corporation	60,066	60,066	60,066	
AyalaLand Malls, Inc.	2,999	2,999	2,999	
Capitol Central Commercial Ventures Corp.	68,112	68,112	68,112	
Cebu Leisure Company, Inc.	675	675	675	
North Eastern Commercial Corp.	147,423	147,423	147,423	
Summerhill Commercial Ventures Corp.	115,512	115,512	115,512	
Sub-Total	**395,914**	**395,914**	**395,914**	**-**

	Amount Owed by ALI Subsidiaries to AYALALAND CLUB MANAGEMENT, INC.			
	Receivable Balance per ACMI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Anvaya Cove Beach and Nature Club, Inc	5,309,510	5,309,510	5,309,510	
Anvaya Cove Golf and Sports Club, Inc.	2,817,241	2,817,241	2,817,241	

APRISA Business Process Solutions, Inc	4,500	4,500	4,500	
Ayala Land Sales Inc.	112,000	112,000	112,000	
Ayalaland Estates, Inc.	73,500	73,500	73,500	
AyalaLand Malls, Inc.	500	500	500	
AyalaLand Offices, Inc.	1,500	1,500	1,500	
Ayalaland Premier, Inc.	362,500	362,500	362,500	
Nuevocentro, Inc.	1,461,000	1,461,000	1,461,000	
Verde Golf Development Corporation	2,697,002	2,697,002	2,697,002	
Sub-Total	**12,839,252**	**12,839,252**	**12,839,252**	-

	Amount Owed by ALI Subsidiaries to AYALALAND COMMERCIAL REIT, INC.			
	Receivable Balance per ALCRI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Amaia Land Corporation	22,279,203	22,279,203	22,279,203	
Capitol Central Commercial Ventures Corp.	1,952,559	1,952,559	1,952,559	
Cebu Holdings, Inc.	15,019,688	15,019,688	15,019,688	
HLC Development Corporation	25,054,427	25,054,427	25,054,427	
Laguna Technopark Inc.	35,045,938	35,045,938	35,045,938	
Soltea Commercial Corp.	25,060,156	25,060,156	25,060,156	
Ten Knots Philippines, Inc.	53,564,367	53,564,367	53,564,367	
Amaia Land Corporation	5,000,000	5,000,000	5,000,000	
Sub-Total	**182,976,338**	**182,976,338**	**182,976,338**	

	Amount Owed by ALI Subsidiaries to AYALALAND ESTATES, INC.			
	Receivable Balance per AEI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Airswift Transport, Inc.	15,024,609	15,024,609	15,024,609	
ALI Triangle Hotel Ventures, Inc.	726,143	726,143	726,143	
Arvo Commercial Corporation	29,479,193	29,479,193	29,479,193	
Avida Land Corporation	14,035	14,035	14,035	
Ayalaland Logistics Holdings Corp.	10,215,437	10,215,437	10,215,437	
Bay City Commercial Ventures Corp.	41,631	41,631	41,631	
Cagayan De Oro Gateway Corporation	21,287,188	21,287,188	21,287,188	
Cebu Holdings, Inc.	56,573,879	56,573,879	56,573,879	
CECI Realty Corp.	8,092	8,092	8,092	
Central Block Developers, Inc.	72,148,771	72,148,771	72,148,771	
Crans Montana Property Holdings Corporation	27,157,919	27,157,919	27,157,919	
HLC Development Corporation	34,074,021	34,074,021	34,074,021	
Leisure and Allied Industries Phils. Inc.	16,827,563	16,827,563	16,827,563	
Makati Development Corporation	25,000	25,000	25,000	
North Eastern Commercial Corp.	38,429,110	38,429,110	38,429,110	
Nuevocentro, Inc.	29,952	29,952	29,952	
Soltea Commercial Corp.	19,333,425	19,333,425	19,333,425	
Ten Knots Philippines, Inc.	134,529,003	134,529,003	134,529,003	
Vesta Property Holdings Inc.	7,416	7,416	7,416	
Sub-Total	**475,932,386**	**475,932,386**	**475,932,386**	

	Amount Owed by ALI Subsidiaries to AYALA HOTELS & RESORTS GROUP			
	Receivable Balance per AHRC & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	45,040	45,040	45,040	
ALI Makati Hotel and Residences, Inc.	2,784,307,704	2,784,307,704	2,784,307,704	
ALI Makati Hotel Property, Inc.	(2,355,131,287)	(2,355,131,287)	(2,355,131,287)	
ALI Triangle Hotel Ventur	985,624,476	985,624,476	985,624,476	
ArcaSouth Hotel Ventures	70,834	70,834	70,834	
Asiatown Hotel Ventures, Inc.	267,617,564	267,617,564	267,617,564	
Ayala Hotels, Inc.	362	362	362	
Ayala Prop. Mngt.Corp	370,404	370,404	370,404	
AYALALAND HOTELS AND RES	(2,274,377,913)	(2,274,377,913)	(2,274,377,913)	
AyalaLand Offices, Inc.	3,030	3,030	3,030	
Bay Area Hotel Ventures, Inc.	(8,799,070)	(8,799,070)	(8,799,070)	
BellaVita Land Corp.	427	427	427	
Bonifacio Hotel Ventures, Inc.	(24,304,107)	(24,304,107)	(24,304,107)	
Capitol Central Hotel Ventures, Inc.	52,027,084	52,027,084	52,027,084	
Cebu Insular Hotel	(6,909,201)	(6,909,201)	(6,909,201)	
Central Block Dev., Inc.	1,057,108	1,057,108	1,057,108	
Chirica Resorts Corporation	6,750	6,750	6,750	
Circuit Makati Hotel Ventures, Inc.	142,610,601	142,610,601	142,610,601	
Eco North Resort Ventures	386,502,713	386,502,713	386,502,713	
Ecosouth Hotel Ventures Inc.	96,184,720	96,184,720	96,184,720	

Enjay Hotels, Inc.	(373,841,366)	(373,841,366)	(373,841,366)	
Greenhaven Property Venture, Inc.	(284,923,256)	(284,923,256)	(284,923,256)	
Lio Resort Ventures Inc	2,463,553	2,463,553	2,463,553	
Makati Development Corp.	4,553	4,553	4,553	
Makati North Hotel Ventures, Inc.	158,883,456	158,883,456	158,883,456	
North Triangle Hotel Vent	508,455,890	508,455,890	508,455,890	
Northgate Hotel Ventures, Inc.	3,892,175	3,892,175	3,892,175	
One Makati Hotel Ventures, Inc.	(18,628,257)	(18,628,257)	(18,628,257)	
One Makati Residential Ventures, Inc.	(22,860,700)	(22,860,700)	(22,860,700)	
Pangulasian Isl Rsrt Corp	6,750	6,750	6,750	
Sentera Hotel Ventures Inc.	(45,542,537)	(45,542,537)	(45,542,537)	
Sicogon Island Tourism Estate Corp.	(799,230)	(799,230)	(799,230)	
Sicogon Town Hotel, Inc.	27,359,723	27,359,723	27,359,723	
Southcrest Hotel Ventures	2,579,983	2,579,983	2,579,983	
Ten Knots Dev., Corp.	4,767,940	4,767,940	4,767,940	
Ten Knots Philippines, In	672	672	672	
Sub-Total	**8,726,589**	**8,726,589**	**8,726,589**	-

	Amount Owed by ALI Subsidiaries to AYALALAND LOGISTICS HOLDINGS CORP. (Conso)			
	Receivable Balance per ALLHC & Subsidiaries	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	285,731	285,731	285,731	
Airswift Transport, Inc.	24,064,597	24,064,597	24,064,597	
ALI Commercial Center,Inc	1,353,359	1,353,359	1,353,359	
ALI Triangle Hotel Ventur	185,333	185,333	185,333	
Amaia Land Corp.	23,828,402	23,828,402	23,828,402	
Amicassa Process Solutions, Inc	5,770,114	5,770,114	5,770,114	
Arvo Commercial Corp	23,504,611	23,504,611	23,504,611	
Avida Land Corp.	3,648,896	3,648,896	3,648,896	
Ayala Prop. Mngt.Corp	1,233	1,233	1,233	
Ayalaland Logistics Holdings Corp.	(577,158,044)	(577,158,044)	(577,158,044)	
Ayalaland Malls Synergies, Inc.	1,321,755	1,321,755	1,321,755	
Ayalaland Metro North, Inc.	(97,009)	(97,009)	(97,009)	
Bay City Commercial Ventures Corp.	20,136,261	20,136,261	20,136,261	
CagayanDeOro Gateway Corp	1,088,664	1,088,664	1,088,664	
Cebu Holdings, Inc.	26,177,403	26,177,403	26,177,403	
Central Block Dev., Inc.	39,888,031	39,888,031	39,888,031	
Circuit Makati Hotel Ventures, Inc.	4,429,223	4,429,223	4,429,223	
Crans Montana Property Holdings Corporation	6,013,063	6,013,063	6,013,063	
Eco North Resort Ventures	37,840	37,840	37,840	
Ecozone Power Management, Inc.	184,287	184,287	184,287	
Esta Galleria, Inc.	10,173,252	10,173,252	10,173,252	
FLT Prime Insurance Corp.	164,825	164,825	164,825	
HLC Development Corporation	58,624	58,624	58,624	
Laguna Technopark Inc.	147,241,351	147,241,351	147,241,351	
LCI Commercial Ventures Inc.	428,498,809	428,498,809	428,498,809	
Leisure and Allied Industries Phils. Inc.	(50,600)	(50,600)	(50,600)	
Makati Development Corp.	62,727	62,727	62,727	
North Eastern Comm Corp	3,223,174	3,223,174	3,223,174	
North Triangle Depot Commercial Corp	21,290	21,290	21,290	
North Triangle Hotel Vent	86,483	86,483	86,483	
North Ventures Com Corp	580	580	580	
Nuevocentro Inc.	1,189,629	1,189,629	1,189,629	
Orion I Holdings Philippines, Inc.	(229,344,415)	(229,344,415)	(229,344,415)	
Orion Land Inc.	(142,803,577)	(142,803,577)	(142,803,577)	
Orion Property Development, Inc.	157,126,682	157,126,682	157,126,682	
Sicogon Island Tourism Estate Corp.	8,010,500	8,010,500	8,010,500	
Soltea Commercial Corp.	10,798,035	10,798,035	10,798,035	
South Innovative Theater Management Inc.	6,340	6,340	6,340	
Summerhill Commercial Ventures Corp.	1,400,211	1,400,211	1,400,211	
Ten Knots Philippines, In	36,227	36,227	36,227	
TPI Holdings Corporation	(210,820,026)	(210,820,026)	(210,820,026)	
Tutuban Properties, Inc.	296,809,543	296,809,543	296,809,543	
Unity Realty & Development Corporation	130,100,566	130,100,566	130,100,566	
Sub-Total	**216,653,982**	**216,653,982**	**216,653,982**	

	Amount Owed by ALI Subsidiaries to AYALALAND MALLS SYNERGIES, INC.			
	Receivable Balance per AMSI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
AyalaLand Commercial REIT, Inc.	345	345	345	
Ayalaland Logistics Holdings Corp.	619,047	619,047	619,047	

Esta Galleria, Inc.	1,167,407	1,167,407	1,167,407	
Laguna Technopark Inc.	151,198	151,198	151,198	
LCI Commercial Ventures Inc.	88,482	88,482	88,482	
North Eastern Commercial Corp.	29,864	29,864	29,864	
Orion Land, Inc.	176,076	176,076	176,076	
Orion Property Development, Inc.	150	150	150	
Tutuban Properties, Inc.	376,619	376,619	376,619	
Sub-Total	**2,609,189**	**2,609,189**	**2,609,189**	

	Amount Owed by ALI Subsidiaries to AYALALALAND MALLS, INC. (Conso)			
	Receivable Balance per ALMI & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	4,168,521	4,168,521	4,168,521	
Adauge Commercial Corp.	525,251	525,251	525,251	
Alabang Commercial Corp.	1,050,259	1,050,259	1,050,259	
ALI Commercial Center,Inc	100,239	100,239	100,239	
Arvo Commercial Corp	3,101,298	3,101,298	3,101,298	
Ayalaland Logistics Holdings Corp.	856,258	856,258	856,258	
Ayalaland Malls Northeast, Inc.	1	1	1	
Ayalaland Malls Synergies, Inc.	239,473	239,473	239,473	
Ayalaland Malls Vismin, Inc.	166,361	166,361	166,361	
AyalaLand Malls, Inc.	300,000	300,000	300,000	
Ayalaland Metro North, Inc.	47,356	47,356	47,356	
Bay City Commercial Ventures Corp.	4,994,369	4,994,369	4,994,369	
CagayanDeOro Gateway Corp	19,026	19,026	19,026	
Captl Cntrl Com Vent Corp	2,596,261	2,596,261	2,596,261	
Cavite Comml Town Center	1,792,996	1,792,996	1,792,996	
Cebu Holdings, Inc.	2,416,318	2,416,318	2,416,318	
Central Block Dev., Inc.	3,297,440	3,297,440	3,297,440	
Esta Galleria, Inc.	217,728	217,728	217,728	
Makati Cornerstone Leasin	32,617	32,617	32,617	
North Eastern Comm Corp	5,210,437	5,210,437	5,210,437	
North Ventures Com Corp	32,626	32,626	32,626	
NorthBeacon Commercial Corporation	621,355	621,355	621,355	
Nuevocentro Inc.	2,415	2,415	2,415	
Orion Land Inc.	1,561,017	1,561,017	1,561,017	
Orion Land, Inc.	646,844	646,844	646,844	
Soltea Commercial Corp.	264,872	264,872	264,872	
South Innovative Theater Management Inc.	4,662,444	4,662,444	4,662,444	
Station Square East Commercial Corp	1,049,077	1,049,077	1,049,077	
Subic Bay Town Centre Inc	3,601,614	3,601,614	3,601,614	
Summerhill Commercial Ventures Corp.	812,899	812,899	812,899	
Sub-Total	**44,387,370**	**44,387,370**	**44,387,370**	

	Amount Owed by ALI Subsidiaries to AYALALAND MEDICAL FACILITIES LEASING, INC.			
	Receivable Balance per AMFLI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Whiteknight Holdings, Inc.	291	291	291	
Sub-Total	**291**	**291**	**291**	

	Amount Owed by ALI Subsidiaries to AYALAND METRO NORTH, INC.			
	Receivable Balance per AMNI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	990	990	990	
Alabang Commercial Corporation	99,550	99,550	99,550	
ALI Commercial Center, Inc.	279,963	279,963	279,963	
Alveo Land Corporation	273,336	273,336	273,336	
Amaia Land Corporation	1,273,780	1,273,780	1,273,780	
Arvo Commercial Corporation	3,039,594	3,039,594	3,039,594	
Avida Land Corporation	5,570	5,570	5,570	
Ayalaland Logistics Holdings Corp.	9,949,661	9,949,661	9,949,661	
AyalaLand Offices, Inc.	2,114	2,114	2,114	
Bay City Commercial Ventures Corp.	248,547	248,547	248,547	
Cagayan De Oro Gateway Corporation	4,049,941	4,049,941	4,049,941	
Capitol Central Commercial Ventures Corp.	230,892	230,892	230,892	
Cebu Holdings, Inc.	12,579,322	12,579,322	12,579,322	
Central Block Developers, Inc.	16,616	16,616	16,616	
HLC Development Corporation	11,224,383	11,224,383	11,224,383	
Laguna Technopark Inc.	436,971	436,971	436,971	
North Eastern Commercial Corp.	42,653	42,653	42,653	

North Triangle Depot Commercial Corp	46,627	46,627	46,627	
North Ventures Commercial Corp.	9,300	9,300	9,300	
NorthBeacon Commercial Corporation	8,461	8,461	8,461	
Sicogon Town Hotel, Inc.	3,046,290	3,046,290	3,046,290	
Soltea Commercial Corp.	100	100	100	
South Innovative Theater Management Inc.	500	500	500	
Station Square East Commercial Corp	1,350	1,350	1,350	
Subic Bay Town Center Inc.	5,500	5,500	5,500	
Summerhill Commercial Ventures Corp.	9,994	9,994	9,994	
Ten Knots Philippines, Inc.	33,461	33,461	33,461	
UP North Property Holdings, Inc.	5,314	5,314	5,314	
Sub-Total	**46,920,780**	**46,920,780**	**46,920,780**	-

	Amount Owed by ALI Subsidiaries to AYALALAND OFFICES, INC. (Conso)			
	Receivable Balance per ALO & Subsidiaries	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	38,054,031	38,054,031	38,054,031	
Alabang Commercial Corp.	79,262	79,262	79,262	
ALI Commercial Center,Inc	7,840	7,840	7,840	
ALO Prime Realty Corporation	561,210,604	561,210,604	561,210,604	
Amaia Land Corp.	201,234,300	201,234,300	201,234,300	
AREIT, Inc	2,996,547	2,996,547	2,996,547	
Arvo Commercial Corp	214,641,329	214,641,329	214,641,329	
Avida Land Corp.	2,023,425	2,023,425	2,023,425	
Ayala Land International Sales, Inc	40,320	40,320	40,320	
Ayalaland Logistics Holdings Corp.	79,032,458	79,032,458	79,032,458	
Ayalaland Metro North, Inc.	231,717	231,717	231,717	
AyalaLand Offices, Inc.	3,752,278	3,752,278	3,752,278	
Bay City Commercial Ventures Corp.	105,112,762	105,112,762	105,112,762	
CagayanDeOro Gateway Corp	70,500,100	70,500,100	70,500,100	
Captl Cntrl Com Vent Corp	22,710,923	22,710,923	22,710,923	
Cebu Holdings, Inc.	20,087,620	20,087,620	20,087,620	
CECI Realty Corp.	3,651,748	3,651,748	3,651,748	
Central Block Dev., Inc.	1,342,454,354	1,342,454,354	1,342,454,354	
Circuit Makati Hotel Ventures, Inc.	9,192,513	9,192,513	9,192,513	
Eco North Resort Ventures	524,054	524,054	524,054	
Ecosouth Hotel Ventures Inc.	3,767,165	3,767,165	3,767,165	
First Gateway Real Estate Corp	1,614,104	1,614,104	1,614,104	
Glensworth Development, Inc.	809,766	809,766	809,766	
Hillsford Property Corporation	803,326	803,326	803,326	
HLC Development Corporation	77,587,995	77,587,995	77,587,995	
Laguna Technopark Inc.	3,678,609	3,678,609	3,678,609	
Makati Cornerstone Leasin	1,878,498	1,878,498	1,878,498	
Makati Development Corp.	560,464	560,464	560,464	
North Eastern Comm Corp	2,176,235	2,176,235	2,176,235	
North Ventures Com Corp	50,330	50,330	50,330	
Nuevocentro Inc.	141,120	141,120	141,120	
Orion Land Inc.	29,420	29,420	29,420	
Sicogon Island Tourism Estate Corp.	42,673,121	42,673,121	42,673,121	
Soltea Commercial Corp.	18,619,976	18,619,976	18,619,976	
Sunnyfield E-Office Corp.	50,083,477	50,083,477	50,083,477	
Ten Knots Philippines, In	40,832,620	40,832,620	40,832,620	
Ten Knots Philippines, Inc.	331,763	331,763	331,763	
UP North Prop Holdings	3,400,192	3,400,192	3,400,192	
Westview Commercial Ventures Corp.	463,844,310	463,844,310	463,844,310	
Sub-Total	**3,390,420,677**	**3,390,420,677**	**3,390,420,677**	-

	Amount Owed by ALI Subsidiaries to BAY CITY COMMERCIAL VENTURES CORP.			
	Receivable Balance per BAY CITY	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Commercial Center, Inc.	37,820	37,820	37,820	
Arca South Commercial Ventures Corp.	3,743,053	3,743,053	3,743,053	
Arca South Integrated Terminal, Inc	9,181	9,181	9,181	
Arvo Commercial Corporation	145,869	145,869	145,869	
Avida Land Corporation	562,155	562,155	562,155	
Cagayan De Oro Gateway Corporation	17,889	17,889	17,889	
Cebu Holdings, Inc.	2,431	2,431	2,431	
Makati Cornerstone Leasing Corp.	10,000,000	10,000,000	10,000,000	
North Eastern Commercial Corp.	146,394	146,394	146,394	
North Triangle Depot Commercial Corp	3,710	3,710	3,710	
Soltea Commercial Corp.	71,955	71,955	71,955	

South Innovative Theater Management Inc.	500	500	500	
Station Square East Commercial Corp	3,730	3,730	3,730	
Summerhill Commercial Ventures Corp.	7,480,909	7,480,909	7,480,909	
Sub-Total	**22,225,594**	**22,225,594**	**22,225,594**	-

	Amount Owed by ALI Subsidiaries to BELLAVITA LAND CORP.			
	Receivable Balance per BELLAVITA	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation	19,451	19,451	19,451	
Amicassa Process Solutions, Inc	175,825	175,825	175,825	
Arvo Commercial Corporation	128,800	128,800	128,800	
Avida Land Corporation	556,515	556,515	556,515	
Bay City Commercial Ventures Corp.	10,090,740	10,090,740	10,090,740	
Capitol Central Commercial Ventures Corp.	112,827	112,827	112,827	
Laguna Technopark Inc.	27,310	27,310	27,310	
Makati Development Corporation	111,255	111,255	111,255	
MDC Build Plus, Inc.	1,165,938	1,165,938	1,165,938	
Primavera Towncentre, Inc.	1,486,693	1,486,693	1,486,693	
Red Creek Properties, Inc.	1,899,778	1,899,778	1,899,778	
Summerhill Commercial Ventures Corp.	558,599	558,599	558,599	
Sub-Total	**16,333,732**	**16,333,732**	**16,333,732**	

	Amount Owed by ALI Subsidiaries to BG WEST PROPERTIES, INC.			
	Receivable Balance per BG WEST	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Ayala Greenfield Development Corp	325,208	325,208	325,208	
BG West Properties, Inc	194,500	194,500	194,500	
Makati Development Corporation	9,427,708	9,427,708	9,427,708	
Sub-Total	**9,947,416**	**9,947,416**	**9,947,416**	

	Amount Owed by ALI Subsidiaries to CAGAYAN DE ORO GATEWAY CORP.			
	Receivable Balance per CDOGC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	47,897	47,897	47,897	
ALI Commercial Center, Inc.	41,285	41,285	41,285	
Alveo Land Corporation	595,668	595,668	595,668	
Amaia Land Corporation	2,000	2,000	2,000	
Arvo Commercial Corporation	180	180	180	
Avida Land Corporation	10,000	10,000	10,000	
Ayala Property Management Corporation	6,000	6,000	6,000	
AyalaLand Malls, Inc.	18,142	18,142	18,142	
Ayalaland Metro North, Inc.	200	200	200	
Cebu Holdings, Inc.	11,500	11,500	11,500	
Econorth Resorts Ventures, Inc.	69,018	69,018	69,018	
Lagdigan Land Corporation	158,782	158,782	158,782	
Leisure and Allied Industries Phils. Inc.	(44,734)	(44,734)	(44,734)	
Makati Development Corporation	4,000	4,000	4,000	
North Eastern Commercial Corp.	600	600	600	
North Triangle Depot Commercial Corp	11,290	11,290	11,290	
North Ventures Commercial Corp.	50	50	50	
Northgate Hotel Ventures, Inc.	4,981,614	4,981,614	4,981,614	
Soltea Commercial Corp.	200	200	200	
Sub-Total	**5,913,691**	**5,913,691**	**5,913,691**	

	Amount Owed by ALI Subsidiaries to CAPITOL CENTRAL COMMERCIAL VENTURES CORP.			
	Receivable Balance per CAPITOL CENTRAL	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Adauge Commercial Corp.	5,258	5,258	5,258	
ALI Commercial Center, Inc.	6,490	6,490	6,490	
Arvo Commercial Corporation	22,489	22,489	22,489	
Avida Land Corporation	148,542	148,542	148,542	
Cebu Holdings, Inc.	15,230	15,230	15,230	
North Triangle Depot Commercial Corp	5,500	5,500	5,500	
Station Square East Commercial Corp	870	870	870	
Summerhill Commercial Ventures Corp.	519,403	519,403	519,403	
Westview Commercial Ventures Corp.	37,388	37,388	37,388	
Sub-Total	**761,169**	**761,169**	**761,169**	

	Amount Owed by ALI Subsidiaries to CAVITE COMMERCIAL TOWNCENTER INC.

	Receivable Balance per CCTCI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Alveo Land Corporation	5,753	5,753	5,753	
Amaia Land Corporation	285,455	285,455	285,455	
Avida Land Corporation	131,494	131,494	131,494	
Ayala Property Management Corporation	564,520	564,520	564,520	
Ayalaland Malls Synergies, Inc.	247,609	247,609	247,609	
AyalaLand Malls, Inc.	4,000	4,000	4,000	
Bay City Commercial Ventures Corp.	1,199	1,199	1,199	
Capitol Central Commercial Ventures Corp.	28,644	28,644	28,644	
Leisure and Allied Industries Phils. Inc.	4	4	4	
Makati Cornerstone Leasing Corp.	6,116	6,116	6,116	
Makati Development Corporation	39,280	39,280	39,280	
Soltea Commercial Corp.	28,960	28,960	28,960	
Summerhill Commercial Ventures Corp.	137,276	137,276	137,276	
Sub-Total	**1,480,311**	**1,480,311**	**1,480,311**	

	Amount Owed by ALI Subsidiaries to CEBU HOLDINGS, INC. (Conso)			
	Receivable Balance per CHI (Conso)	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	476,216	476,216	476,216	
Adauge Commercial Corp.	136,282	136,282	136,282	
Airswift Transport, Inc.	11,016	11,016	11,016	
Airswift Transport, Inc.	25,954,428	25,954,428	25,954,428	
ALI Commercial Center,Inc	536,842	536,842	536,842	
Alveo Land Corporation	460,193	460,193	460,193	
Amaia Land Corp.	22,290,171	22,290,171	22,290,171	
Amaia Southern Properties, Inc.	484,620	484,620	484,620	
Amicassa Process Solutions, Inc	1,072,708	1,072,708	1,072,708	
Arvo Commercial Corp	55,386,805	55,386,805	55,386,805	
Asian I-Office Properties, Inc.	141,437,566	141,437,566	141,437,566	
Aviana Development Corp.	900	900	900	
Avida Land Corp.	1,075,079,322	1,075,079,322	1,075,079,322	
Ayala Land International Sales, Inc	29,587	29,587	29,587	
Ayala Land Sales, Inc.	2,303,726	2,303,726	2,303,726	
Ayala Prop. Mngt.Corp	31,191	31,191	31,191	
Ayalaland Logistics Holdings Corp.	65,651,029	65,651,029	65,651,029	
Ayalaland Medical Facilities Leasing Inc.	162,600	162,600	162,600	
Bay City Commercial Ventures Corp.	149,734,229	149,734,229	149,734,229	
CagayanDeOro Gateway Corp	11,763,947	11,763,947	11,763,947	
Captl Cntrl Com Vent Corp	12,517,981	12,517,981	12,517,981	
Cebu Holdings, Inc.	28,855,172	28,855,172	28,855,172	
Cebu Leisure Co. Inc.	(166,018,874)	(166,018,874)	(166,018,874)	
Central Block Dev., Inc.	79,847,999	79,847,999	79,847,999	
Crans Montana Property Holdings Corporation	40,439,111	40,439,111	40,439,111	
Eco North Resort Ventures	77,632	77,632	77,632	
HLC Development Corporation	10,021,771	10,021,771	10,021,771	
Laguna Technopark Inc.	26,558,674	26,558,674	26,558,674	
Leisure and Allied Industries Phils. Inc.	30,186	30,186	30,186	
Makati Development Corp.	2,560,201	2,560,201	2,560,201	
North Triangle Depot Commercial Corp	853,516	853,516	853,516	
North Triangle Hotel Vent	18,783	18,783	18,783	
North Ventures Com Corp	200	200	200	
NorthBeacon Commercial Corporation	19,354	19,354	19,354	
Nuevocentro Inc.	35,633	35,633	35,633	
Serendra Inc.	18,854	18,854	18,854	
Sicogon Island Tourism Estate Corp.	5,618,837	5,618,837	5,618,837	
Sicogon Town Hotel, Inc.	1,525,962	1,525,962	1,525,962	
Solinea Inc.	252,579,005	252,579,005	252,579,005	
Soltea Commercial Corp.	5,247	5,247	5,247	
South Innovative Theater Management Inc.	5,560	5,560	5,560	
Southportal Properties, Inc.	92,651,095	92,651,095	92,651,095	
Station Square East Commercial Corp	6,480	6,480	6,480	
Subic Bay Town Centre Inc	943	943	943	
Summerhill Commercial Ventures Corp.	8,612,869	8,612,869	8,612,869	
Taft Punta Engaño	(47,160,056)	(47,160,056)	(47,160,056)	
Ten Knots Philippines, In	74,694,608	74,694,608	74,694,608	
Ten Knots Philippines, Inc.	149,530	149,530	149,530	
Westview Commercial Ventures Corp.	5,866	5,866	5,866	
Sub-Total	**1,977,535,519**	**1,977,535,519**	**1,977,535,519**	-

	Amount Owed by ALI Subsidiaries to CECI REALTY, INC.			
	Receivable Balance per CECI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	122,953,830	122,953,830	122,953,830	
ALI Triangle Hotel Ventures, Inc.	24,441,431	24,441,431	24,441,431	
Alveo Land Corporation	965	965	965	
Amaia Land Corporation	56,977,620	56,977,620	56,977,620	
Aurora Properties, Inc.	14,882,016	14,882,016	14,882,016	
Avida Land Corporation	5,517,161	5,517,161	5,517,161	
Ayalaland Estates, Inc.	352	352	352	
Ayalaland Malls Synergies, Inc.	333,973	333,973	333,973	
Bay City Commercial Ventures Corp.	73,328,744	73,328,744	73,328,744	
Cavite Commercial Towncenter Inc.	55,453,859	55,453,859	55,453,859	
Cebu Holdings, Inc.	2,405,225	2,405,225	2,405,225	
Central Block Developers, Inc.	73,708,574	73,708,574	73,708,574	
Crans Montana Property Holdings Corporation	193,852,068	193,852,068	193,852,068	
Econorth Resorts Ventures, Inc.	31,360	31,360	31,360	
Ecosouth Hotel Ventures Inc.	273,330	273,330	273,330	
Glensworth Development, Inc.	1,002,469	1,002,469	1,002,469	
HLC Development Corporation	12,982,952	12,982,952	12,982,952	
Laguna Technopark Inc.	30,277,094	30,277,094	30,277,094	
Leisure and Allied Industries Phils. Inc.	108,300	108,300	108,300	
Makati Development Corporation	4,073,349	4,073,349	4,073,349	
MDC Conqrete, Inc.	387,832	387,832	387,832	
Nuevocentro, Inc.	249,901	249,901	249,901	
Sicogon Island Tourism Estate Corp.	3,009,990	3,009,990	3,009,990	
Sicogon Town Hotel, Inc.	2,006,660	2,006,660	2,006,660	
Soltea Commercial Corp.	88,477,052	88,477,052	88,477,052	
Ten Knots Philippines, Inc.	15,230,482	15,230,482	15,230,482	
Vesta Property Holdings Inc.	17,998,919	17,998,919	17,998,919	
ALI Capital Corp.	542,926	542,926	542,926	
Sub-Total	**800,508,435**	**800,508,435**	**800,508,435**	-

	Amount Owed by ALI Subsidiaries to CRANS MONTANA PROPERTY HOLDINGS CORP.			
	Receivable Balance per CRANS MONTANA	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Ayala Property Management Corporation	45,648	45,648	45,648	
Ayalaland Medical Facilities Leasing Inc.	153,655	153,655	153,655	
Crans Montana Property Holdings Corporation	100	100	100	
Sub-Total	**199,403**	**199,403**	**199,403**	

	Amount Owed by ALI Subsidiaries to DIRECT POWER SERVICES, INC.			
	Receivable Balance per DPSI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Alabang Commercial Corporation	7,287,045	7,287,045	7,287,045	
ALI Commercial Center, Inc.	22,103,869	22,103,869	22,103,869	
ALI-CII Development Corporation	1,863,419	1,863,419	1,863,419	
Alveo Land Corporation	6,146,094	6,146,094	6,146,094	
Arvo Commercial Corporation	2,282,851	2,282,851	2,282,851	
Asian I-Office Properties, Inc.	5,029,948	5,029,948	5,029,948	
Avida Land Corporation	184,435	184,435	184,435	
Ayalaland Metro North, Inc.	22,525	22,525	22,525	
Bay City Commercial Ventures Corp.	92,886	92,886	92,886	
Bonifacio Hotel Ventures, Inc.	16,615	16,615	16,615	
Cagayan De Oro Gateway Corporation	30,070	30,070	30,070	
Cavite Commercial Towncenter Inc.	1,439,216	1,439,216	1,439,216	
Cebu Holdings, Inc.	10,410,115	10,410,115	10,410,115	
Crans Montana Property Holdings Corporation	33,732	33,732	33,732	
First Gateway Real Estate Corp	4,675,130	4,675,130	4,675,130	
Laguna Technopark Inc.	40,118,125	40,118,125	40,118,125	
Makati Cornerstone Leasing Corp.	3,801,551	3,801,551	3,801,551	
North Eastern Commercial Corp.	4,678,612	4,678,612	4,678,612	
North Triangle Depot Commercial Corp	13,862,553	13,862,553	13,862,553	
NorthBeacon Commercial Corporation	5,809,254	5,809,254	5,809,254	
One Dela Rosa Property Development, Inc.	4,338,319	4,338,319	4,338,319	
Philippine Integrated Energy Solutions, Inc.	16,174,733	16,174,733	16,174,733	
Primavera Towncentre, Inc.	34,787	34,787	34,787	
Serendra Inc.	8,041,836	8,041,836	8,041,836	
Sicogon Island Tourism Estate Corp.	2,697,202	2,697,202	2,697,202	
Station Square East Commercial Corp	12,786,036	12,786,036	12,786,036	

Subic Bay Town Center Inc.	3,468,999	3,468,999	3,468,999	
Summerhill Commercial Ventures Corp.	7,868,467	7,868,467	7,868,467	
UP North Property Holdings, Inc.	21,300,975	21,300,975	21,300,975	
ALI Capital Corp.	26,738	26,738	26,738	
Sub-Total	**206,626,138**	**206,626,138**	**206,626,138**	-

	Amount Owed by ALI Subsidiaries to ECOHOLDINGS COMPANY, INC.			
	Receivable Balance per ECI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Ten Knots Philippines, Inc.	94,668,752	94,668,752	94,668,752	
Sub-Total	**94,668,752**	**94,668,752**	**94,668,752**	-

	Amount Owed by ALI Subsidiaries to FIRST LONGFIELD INVESTMENTS LTD.			
	Receivable Balance per FLIL	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	81,881,250	81,881,250	81,881,250	
ALI Capital Corp.	224,806,297	224,806,297	224,806,297	
Arca South Integrated Terminal, Inc.	10,798,555	10,798,555	10,798,555	
Ayalaland Malls Synergies, Inc.	2,210,503	2,210,503	2,210,503	
Sub-Total	**319,696,605**	**319,696,605**	**319,696,605**	-

	Amount Owed by ALI Subsidiaries to HILLSFORD PROPERTY CORP.			
	Receivable Balance per Hillsford	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
North Eastern Commercial Corp.	1,550	1,550	1,550	
Sub-Total	**1,550**	**1,550**	**1,550**	-

	Amount Owed by ALI Subsidiaries to FIVE STAR CINEMA, INC.			
	Receivable Balance per FSCI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Cebu Holdings, Inc.	17,040,906	17,040,906	17,040,906	
Soltea Commercial Corp.	2,790	2,790	2,790	
South Innovative Theater Management Inc.	1,470,459	1,470,459	1,470,459	
Summerhill Commercial Ventures Corp.	(49,420)	(49,420)	(49,420)	
Sub-Total	**18,464,735**	**18,464,735**	**18,464,735**	-

	Amount Owed by ALI Subsidiaries to INTEGRATED ECO-RESORT, INC.			
	Receivable Balance per INTEGRATED ECO-RESORT, INC.	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Bay City Commercial Ventures Corp.	6,000,000	6,000,000	6,000,000	
Sub-Total	**6,000,000**	**6,000,000**	**6,000,000**	-

	Amount Owed by ALI Subsidiaries to LAGDIGAN LAND CORP.			
	Receivable Balance per LAGDIGAN	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Cagayan De Oro Gateway Corporation	60,118,805	60,118,805	60,118,805	
Sub-Total	**60,118,805**	**60,118,805**	**60,118,805**	-

	Amount Owed by ALI Subsidiaries to MAKATI CORNERSTONE LEASING CORP.			
	Receivable Balance per MAKATI CORNERSTONE	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	1,877,530	1,877,530	1,877,530	
ALI Commercial Center, Inc.	870,830	870,830	870,830	
Amaia Land Corporation	102,860	102,860	102,860	
Amicassa Process Solutions, Inc	(7,363,198)	(7,363,198)	(7,363,198)	
Arvo Commercial Corporation	158,047	158,047	158,047	
Avida Land Corporation	54,461	54,461	54,461	
Ayalaland Metro North, Inc.	(2,530)	(2,530)	(2,530)	
Bay City Commercial Ventures Corp.	31,188	31,188	31,188	
BellaVita Land Corp.	110,071	110,071	110,071	
Cebu Holdings, Inc.	33,416	33,416	33,416	
Cebu Leisure Company, Inc.	4,700	4,700	4,700	
Central Block Developers, Inc.	9,739,679	9,739,679	9,739,679	
Laguna Technopark Inc.	50,521	50,521	50,521	
North Eastern Commercial Corp.	500	500	500	

North Triangle Depot Commercial Corp	42,410	42,410	42,410	
North Ventures Commercial Corp.	6,800	6,800	6,800	
Soltea Commercial Corp.	197,638	197,638	197,638	
South Innovative Theater Management Inc.	2,300	2,300	2,300	
Station Square East Commercial Corp	9,830	9,830	9,830	
Summerhill Commercial Ventures Corp.	151,206	151,206	151,206	
ALI Capital Corp.	501,077	501,077	501,077	
Sub-Total	**6,579,336**	**6,579,336**	**6,579,336**	

	Amount Owed by ALI Subsidiaries to NORTH EASTERN COMMERCIAL CORP.			
	Receivable Balance per NECC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	400	400	400	
ALI Commercial Center, Inc.	2,589,425	2,589,425	2,589,425	
ALI Triangle Hotel Ventures, Inc.	60,359,538	60,359,538	60,359,538	
ALI-CII Development Corporation	470	470	470	
Alveo Land Corporation	1,936,775	1,936,775	1,936,775	
Amaia Land Corporation	96,275,549	96,275,549	96,275,549	
Arvo Commercial Corporation	56,908,139	56,908,139	56,908,139	
Avida Land Corporation	(1,520,945)	(1,520,945)	(1,520,945)	
Ayala Property Management Corporation	162,172	162,172	162,172	
Ayalaland Estates, Inc.	1,298,698	1,298,698	1,298,698	
Ayalaland Logistics Holdings Corp.	114,690,758	114,690,758	114,690,758	
Ayalaland Malls Northeast, Inc.	3,000	3,000	3,000	
Ayalaland Malls Synergies, Inc.	2,210,276	2,210,276	2,210,276	
AyalaLand Malls, Inc.	1,005	1,005	1,005	
Ayalaland Metro North, Inc.	29,679	29,679	29,679	
Bay City Commercial Ventures Corp.	93,298,946	93,298,946	93,298,946	
BellaVita Land Corp.	3,342	3,342	3,342	
Cagayan De Oro Gateway Corporation	6,267,688	6,267,688	6,267,688	
Capitol Central Commercial Ventures Corp.	5,200,393	5,200,393	5,200,393	
Cebu Holdings, Inc.	46,217,894	46,217,894	46,217,894	
Cebu Leisure Company, Inc.	2,673	2,673	2,673	
Central Block Developers, Inc.	77,273,650	77,273,650	77,273,650	
Crans Montana Property Holdings Corporation	5,076,067	5,076,067	5,076,067	
Hillsford Property Corporation	55,129,820	55,129,820	55,129,820	
HLC Development Corporation	5,039,861	5,039,861	5,039,861	
Laguna Technopark Inc.	96,243,358	96,243,358	96,243,358	
Leisure and Allied Industries Phils. Inc.	25,215	25,215	25,215	
Makati Development Corporation	50,060,307	50,060,307	50,060,307	
North Triangle Depot Commercial Corp	197,051	197,051	197,051	
North Triangle Hotel Ventures, Inc.	39,072,986	39,072,986	39,072,986	
North Ventures Commercial Corp.	9,396	9,396	9,396	
NorthBeacon Commercial Corporation	3,251	3,251	3,251	
Portico Land Corp.	93	93	93	
Soltea Commercial Corp.	5,810	5,810	5,810	
South Innovative Theater Management Inc.	10,550	10,550	10,550	
Station Square East Commercial Corp	6,760	6,760	6,760	
Subic Bay Town Center Inc.	10,067	10,067	10,067	
Summerhill Commercial Ventures Corp.	11,648,168	11,648,168	11,648,168	
Ten Knots Philippines, Inc.	155,701,626	155,701,626	155,701,626	
Ten Knots Philippines, Inc.	1,892,381	1,892,381	1,892,381	
Sub-Total	**983,342,291**	**983,342,291**	**983,342,291**	

	Amount Owed by ALI Subsidiaries to NORTH TRIANGLE DEPOT COMMERCIAL CORP.			
	Receivable Balance per NTDCC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	8,067	8,067	8,067	
Airswift Transport, Inc.	875,769	875,769	875,769	
ALI Commercial Center, Inc.	5,941,937	5,941,937	5,941,937	
ALI Triangle Hotel Ventures, Inc.	142,531	142,531	142,531	
Alveo Land Corporation	501,592	501,592	501,592	
Amaia Land Corporation	58,529,565	58,529,565	58,529,565	
Arvo Commercial Corporation	41,194,058	41,194,058	41,194,058	
Avida Land Corporation	179,294	179,294	179,294	
Avida Sales Corp	46,112	46,112	46,112	
Ayala Theaters Management, Inc.	67,200	67,200	67,200	
Ayalaland Logistics Holdings Corp.	5,072,510	5,072,510	5,072,510	
AyalaLand Malls, Inc.	29,770	29,770	29,770	
Ayalaland Medical Facilities Leasing Inc.	119,340	119,340	119,340	
Ayalaland Metro North, Inc.	87,430	87,430	87,430	

Bay City Commercial Ventures Corp.	51,245	51,245	51,245	
BG South Properties, Inc.	(383,949)	(383,949)	(383,949)	
Cagayan De Oro Gateway Corporation	6,623,350	6,623,350	6,623,350	
Cebu Holdings, Inc.	75,003,513	75,003,513	75,003,513	
Cebu Leisure Company, Inc.	30,981	30,981	30,981	
Central Block Developers, Inc.	20,203,129	20,203,129	20,203,129	
Chirica Resorts Corporation	19,019	19,019	19,019	
Crans Montana Property Holdings Corporation	22,802,305	22,802,305	22,802,305	
Econorth Resorts Ventures, Inc.	129,004	129,004	129,004	
HLC Development Corporation	11,776,725	11,776,725	11,776,725	
Laguna Technopark Inc.	37,039,950	37,039,950	37,039,950	
Leisure and Allied Industries Phils. Inc.	17,815	17,815	17,815	
Lio Resort Ventures Inc	195,660	195,660	195,660	
Makati Cornerstone Leasing Corp.	28,620	28,620	28,620	
Makati Development Corporation	838,832	838,832	838,832	
North Eastern Commercial Corp.	379,557	379,557	379,557	
North Triangle Hotel Ventures, Inc.	78,470	78,470	78,470	
North Ventures Commercial Corp.	138,206	138,206	138,206	
NorthBeacon Commercial Corporation	2,072	2,072	2,072	
Sicogon Island Tourism Estate Corp.	62,079,460	62,079,460	62,079,460	
Sicogon Island Tourism Estate Corp.	131,780	131,780	131,780	
Sicogon Town Hotel, Inc.	8,117,281	8,117,281	8,117,281	
Soltea Commercial Corp.	24,827,509	24,827,509	24,827,509	
South Innovative Theater Management Inc.	115,760	115,760	115,760	
Station Square East Commercial Corp	103,652	103,652	103,652	
Subic Bay Town Center Inc.	23,844	23,844	23,844	
Summerhill Commercial Ventures Corp.	1,471	1,471	1,471	
Ten Knots Philippines, Inc.	42,745,283	42,745,283	42,745,283	
Sub-Total	**425,915,719**	**425,915,719**	**425,915,719**	

	Amount Owed by ALI Subsidiaries to NORTH VENTURES COMMERCIAL CORP.			
	Receivable Balance per NVCC	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	1,420	1,420	1,420	
Airswift Transport, Inc.	34,902,555	34,902,555	34,902,555	
Alabang Commercial Corporation	4,170	4,170	4,170	
ALI Commercial Center, Inc.	1,146,763	1,146,763	1,146,763	
ALI Triangle Hotel Ventures, Inc.	465,014	465,014	465,014	
Amaia Land Corporation	8,742,014	8,742,014	8,742,014	
Arca South Integrated Terminal, Inc	5,182,501	5,182,501	5,182,501	
Arvo Commercial Corporation	18,673,245	18,673,245	18,673,245	
Avida Land Corporation	(1,014,198)	(1,014,198)	(1,014,198)	
Avida Sales Corp	2,240	2,240	2,240	
Ayala Property Management Corporation	1,792,451	1,792,451	1,792,451	
Ayalaland Malls Synergies, Inc.	1,944	1,944	1,944	
Ayalaland Medical Facilities Leasing Inc.	53,030	53,030	53,030	
Ayalaland Metro North, Inc.	1,150	1,150	1,150	
Bay City Commercial Ventures Corp.	35,183,306	35,183,306	35,183,306	
Cagayan De Oro Gateway Corporation	5,200	5,200	5,200	
Capitol Central Commercial Ventures Corp.	82,227,441	82,227,441	82,227,441	
Capitol Central Hotel Ventures, Inc.	76,995	76,995	76,995	
Cebu Holdings, Inc.	647,519	647,519	647,519	
Central Block Developers, Inc.	49,423,672	49,423,672	49,423,672	
Chirica Resorts Corporation	38,816	38,816	38,816	
Crans Montana Property Holdings Corporation	4,368,656	4,368,656	4,368,656	
HLC Development Corporation	8,102,155	8,102,155	8,102,155	
Laguna Technopark Inc.	66,607,457	66,607,457	66,607,457	
Leisure and Allied Industries Phils. Inc.	5,364,850	5,364,850	5,364,850	
Makati Development Corporation	2,742,315	2,742,315	2,742,315	
North Eastern Commercial Corp.	10,379	10,379	10,379	
North Triangle Depot Commercial Corp	294,126	294,126	294,126	
NorthBeacon Commercial Corporation	1,600	1,600	1,600	
Sicogon Island Tourism Estate Corp.	10,119,172	10,119,172	10,119,172	
Solinea Inc.	2,734	2,734	2,734	
Soltea Commercial Corp.	4,089,041	4,089,041	4,089,041	
South Innovative Theater Management Inc.	10,520	10,520	10,520	
Station Square East Commercial Corp	19,080	19,080	19,080	
Summerhill Commercial Ventures Corp.	8,019	8,019	8,019	
Ten Knots Philippines, Inc.	97,033,339	97,033,339	97,033,339	
Ten Knots Philippines, Inc.	425,566	425,566	425,566	
Sub-Total	**436,756,257**	**436,756,257**	**436,756,257**	-

	Amount Owed by ALI Subsidiaries to NORTH BEACON COMMERCIAL CORP.			
	Receivable Balance per NBCC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	11,252	11,252	11,252	
Airswift Transport, Inc.	15,724,629	15,724,629	15,724,629	
Alabang Commercial Corporation	6,512	6,512	6,512	
ALI Commercial Center, Inc.	164,079	164,079	164,079	
ALI Triangle Hotel Ventures, Inc.	177,557	177,557	177,557	
Alveo Land Corporation	370,262	370,262	370,262	
Amaia Land Corporation	3,693,722	3,693,722	3,693,722	
APRISA Business Process Solutions, Inc	1,200	1,200	1,200	
Arvo Commercial Corporation	18,545,673	18,545,673	18,545,673	
Avida Land Corporation	(0)	(0)	(0)	
Avida Sales Corp	26,596	26,596	26,596	
Ayalaland Logistics Holdings Corp.	97,601,486	97,601,486	97,601,486	
AyalaLand Malls, Inc.	1,822	1,822	1,822	
Ayalaland Metro North, Inc.	19,743	19,743	19,743	
Cagayan De Oro Gateway Corporation	11,252	11,252	11,252	
Capitol Central Commercial Ventures Corp.	7,141,050	7,141,050	7,141,050	
Cavite Commercial Towncenter Inc.	64,340,419	64,340,419	64,340,419	
Cebu Holdings, Inc.	15,163,313	15,163,313	15,163,313	
Central Block Developers, Inc.	19,074,219	19,074,219	19,074,219	
Hillsford Property Corporation	5,898	5,898	5,898	
Laguna Technopark Inc.	345,996	345,996	345,996	
Leisure and Allied Industries Phils. Inc.	(103,451)	(103,451)	(103,451)	
Makati Cornerstone Leasing Corp.	106,486	106,486	106,486	
North Eastern Commercial Corp.	67,721	67,721	67,721	
North Triangle Depot Commercial Corp	102,089	102,089	102,089	
North Ventures Commercial Corp.	1,334	1,334	1,334	
Nuevocentro, Inc.	2,986,714	2,986,714	2,986,714	
Orion Land, Inc.	600	600	600	
Sicogon Island Tourism Estate Corp.	5,071,961	5,071,961	5,071,961	
Sicogon Island Tourism Estate Corp.	86,196	86,196	86,196	
Soltea Commercial Corp.	23,825,407	23,825,407	23,825,407	
South Innovative Theater Management Inc.	2,860	2,860	2,860	
Station Square East Commercial Corp	17,048	17,048	17,048	
Subic Bay Town Center Inc.	(4,773)	(4,773)	(4,773)	
Tutuban Properties, Inc.	5,977	5,977	5,977	
ALI Capital	123,790	123,790	123,790	
Sub-Total	**274,716,638**	**274,716,638**	**274,716,638**	

	Amount Owed by ALI Subsidiaries to NUEVOCENTRO INC., (Conso)			
	Receivable Balance per NUEVOCENTRO	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Airswift Transport, Inc.	8,534	8,534	8,534	
ALI Triangle Hotel Ventur	60,814	60,814	60,814	
Alveo Land Corporation	9,000	9,000	9,000	
Alviera Country Club, Inc	37,394,363	37,394,363	37,394,363	
Amaia Land Corp.	2,552,388	2,552,388	2,552,388	
Arvo Commercial Corp	157,510	157,510	157,510	
Aurora Properties, Inc.	100	100	100	
Avida Land Corp.	15,634	15,634	15,634	
Ayalaland Estates, Inc.	1,100	1,100	1,100	
Bay City Commercial Ventures Corp.	22,240,469	22,240,469	22,240,469	
Cebu Holdings, Inc.	8,029,912	8,029,912	8,029,912	
CECI Realty Corp.	139,150	139,150	139,150	
Crans Montana Property Holdings Corporation	26,563,502	26,563,502	26,563,502	
Eco North Resort Ventures	435,321	435,321	435,321	
HLC Development Corporation	433,695,911	433,695,911	433,695,911	
Laguna Technopark Inc.	2,674,841	2,674,841	2,674,841	
Nuevocentro Inc.	(37,394,363)	(37,394,363)	(37,394,363)	
Prow Holdings, Inc.	199,255,639	199,255,639	199,255,639	
Vesta Prop. Holdings, Inc	26,154	26,154	26,154	
Sub-Total	**695,865,981**	**695,865,981**	**695,865,981**	-

	Amount Owed by ALI Subsidiaries to ONE DELA PROPERTY DEVELOPMENT, INC.			
	Receivable Balance per ODR	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	121,551	121,551	121,551	
Airswift Transport, Inc.	13,582,349	13,582,349	13,582,349	

ALI Triangle Hotel Ventures, Inc.	41,189,478	41,189,478	41,189,478	
Alveo Land Corporation	33,114	33,114	33,114	
Amaia Land Corporation	170,643,021	170,643,021	170,643,021	
Arvo Commercial Corporation	80,539,895	80,539,895	80,539,895	
Ayala Property Management Corporation	248,738	248,738	248,738	
Ayalaland Logistics Holdings Corp.	5,688,274	5,688,274	5,688,274	
Ayalaland Malls Synergies, Inc.	1,988,235	1,988,235	1,988,235	
Bay City Commercial Ventures Corp.	386,891,522	386,891,522	386,891,522	
Cagayan De Oro Gateway Corporation	100,921	100,921	100,921	
Capitol Central Commercial Ventures Corp.	31,340,560	31,340,560	31,340,560	
Cavite Commercial Towncenter Inc.	100,217,708	100,217,708	100,217,708	
Cebu Holdings, Inc.	42,018,238	42,018,238	42,018,238	
Central Block Developers, Inc.	115,609,899	115,609,899	115,609,899	
Crans Montana Property Holdings Corporation	48,594,653	48,594,653	48,594,653	
Econorth Resorts Ventures, Inc.	119,225	119,225	119,225	
First Gateway Real Estate Corp	7,491,933	7,491,933	7,491,933	
HLC Development Corporation	119,644,900	119,644,900	119,644,900	
Makati North Hotel Ventures, Inc.	54,208,000	54,208,000	54,208,000	
Soltea Commercial Corp.	37,788,693	37,788,693	37,788,693	
Sunnyfield E-Office Corp	25,371,674	25,371,674	25,371,674	
Westview Commercial Ventures Corp.	21,722,132	21,722,132	21,722,132	
Sub-Total	**1,305,154,715**	**1,305,154,715**	**1,305,154,715**	

	Amount Owed by ALI Subsidiaries to PHILIPPINE INTEGRATED ENERGY SOLUTIONS, INC.			
	Receivable Balance per PHIL. ENERGY	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	(1,150,767)	(1,150,767)	(1,150,767)	
Airswift Transport, Inc.	20,093,849	20,093,849	20,093,849	
Bay City Commercial Ventures Corp.	10,091,057	10,091,057	10,091,057	
Cagayan De Oro Gateway Corporation	14,365,458	14,365,458	14,365,458	
Capitol Central Commercial Ventures Corp.	15,735,979	15,735,979	15,735,979	
Cebu Holdings, Inc.	59,105,519	59,105,519	59,105,519	
Greenhaven Property Venture, Inc.	10,147,826	10,147,826	10,147,826	
North Triangle Depot Commercial Corp	5,953,532	5,953,532	5,953,532	
Northgate Hotel Ventures, Inc.	122,641	122,641	122,641	
Southcrest Hotel Ventures, Inc.	349,564	349,564	349,564	
Summerhill Commercial Ventures Corp.	281,478	281,478	281,478	
Ten Knots Philippines, Inc.	162,244	162,244	162,244	
	162,590	162,590	162,590	
Sub-Total	**135,420,970**	**135,420,970**	**135,420,970**	-

	Amount Owed by ALI Subsidiaries to PRIMAVER TOWNCENTRE, INC.			
	Receivable Balance per PRIMAVERA	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Amaia Land Corporation	127,183	127,183	127,183	
Arvo Commercial Corporation	401,906	401,906	401,906	
Avida Land Corporation	93,317	93,317	93,317	
AyalaLand Malls, Inc.	5,705	5,705	5,705	
First Gateway Real Estate Corp	837,584	837,584	837,584	
North Ventures Commercial Corp.	3,749	3,749	3,749	
Sub-Total	**1,469,444**	**1,469,444**	**1,469,444**	-

	Amount Owed by ALI-Subsidiaries to RED CREEK PROPERTIES, INC.			
	Receivable Balance per RCPI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
BellaVita Land Corp.	57,098,165	57,098,165	57,098,165	
Sub-Total	**57,098,165**	**57,098,165**	**57,098,165**	-

	Amount Owed by ALI, ALI-Subsidiaries to REGENT WISE INVESTMENTS, LTD. (Conso)			
	Receivable Balance per RWIL (Conso)	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
AyalaLand Real Estate Investments, Inc.	580,015,018	580,015,018	580,015,018	
Sub-Total	**580,015,018**	**580,015,018**	**580,015,018**	-

	Amount Owed by ALI, ALI-Subsidiaries to SERENDRA			
	Receivable Balance per SOLTEA	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Alveo Land Corporation	2,243,214	2,243,214	2,243,214	

Amaia Land Corporation	1,529,207,392	1,529,207,392	1,529,207,392	
Amicassa Process Solutions, Inc	2,818,809	2,818,809	2,818,809	
Avida Land Corporation	748,700	748,700	748,700	
Ayala Property Management Corporation	333,119	333,119	333,119	
BellaVita Land Corp.	958	958	958	
BG West Properties, Inc	17,001,618	17,001,618	17,001,618	
Cebu Holdings, Inc.	59,450,512	59,450,512	59,450,512	
HLC Development Corporation	2,524,703	2,524,703	2,524,703	
Leisure and Allied Industries Phils. Inc.	127,360,688	127,360,688	127,360,688	
Makati Development Corporation	183,195	183,195	183,195	
Summerhill Commercial Ventures Corp.	173,463	173,463	173,463	
Sub-Total	**1,742,046,371**	**1,742,046,371**	**1,742,046,371**	-

	Amount Owed by ALI-Subsidiaries to SOLTEA COMMERCIAL CORP.			
	Receivable Balance per SOLTEA	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Alabang Commercial Corporation	3,800	3,800	3,800	
ALI Commercial Center, Inc.	974,906	974,906	974,906	
Alveo Land Corporation	(1,059,307)	(1,059,307)	(1,059,307)	
Amaia Land Corporation	107,736	107,736	107,736	
Arvo Commercial Corporation	5,066	5,066	5,066	
Avida Land Corporation	1,269,449	1,269,449	1,269,449	
Ayalaland Malls Synergies, Inc.	1,020,049	1,020,049	1,020,049	
AyalaLand Malls, Inc.	20,509	20,509	20,509	
Ayalaland Metro North, Inc.	2,430	2,430	2,430	
Cavite Commercial Towncenter Inc.	35,847	35,847	35,847	
Cebu Leisure Company, Inc.	14,000	14,000	14,000	
North Eastern Commercial Corp.	6,500	6,500	6,500	
North Triangle Depot Commercial Corp	75,510	75,510	75,510	
North Ventures Commercial Corp.	1,000	1,000	1,000	
South Innovative Theater Management Inc.	8,030	8,030	8,030	
Station Square East Commercial Corp	8,695	8,695	8,695	
Summerhill Commercial Ventures Corp.	4,400	4,400	4,400	
Sub-Total	**2,498,620**	**2,498,620**	**2,498,620**	-

	Amount Owed by SOUTHPORTAL PROPERTIES, INC.			
	Receivable Balance per SOUTHPORTAL	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Amaia Land Corporation	40,433,952	40,433,952	40,433,952	
Arca South Commercial Ventures Corp.	16,433,413	16,433,413	16,433,413	
Arvo Commercial Corporation	523,367	523,367	523,367	
Avida Land Corporation	146,675	146,675	146,675	
Ayalaland Logistics Holdings Corp.	5,075,785	5,075,785	5,075,785	
Ayalaland Metro North, Inc.	3,452	3,452	3,452	
Bay City Commercial Ventures Corp.	66,755,667	66,755,667	66,755,667	
Cagayan De Oro Gateway Corporation	9,243,169	9,243,169	9,243,169	
Capitol Central Commercial Ventures Corp.	315,356	315,356	315,356	
Cebu Holdings, Inc.	6,027,451	6,027,451	6,027,451	
Central Block Developers, Inc.	33,079,406	33,079,406	33,079,406	
HLC Development Corporation	1,102,535	1,102,535	1,102,535	
Laguna Technopark Inc.	199,868	199,868	199,868	
Sicogon Island Tourism Estate Corp.	6,169,501	6,169,501	6,169,501	
Sicogon Town Hotel, Inc.	2,030,546	2,030,546	2,030,546	
Solinea Inc.	304	304	304	
Summerhill Commercial Ventures Corp.	543,740	543,740	543,740	
Ten Knots Development Corporation	90,346	90,346	90,346	
Ten Knots Philippines, Inc.	55,154,042	55,154,042	55,154,042	
	167,653	167,653	167,653	
Sub-Total	**243,496,226**	**243,496,226**	**243,496,226**	

	Amount Owed by STATION SQUARE EAST COMMERCIAL CORP.			
	Receivable Balance per SSECC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	760	760	760	
Airswift Transport, Inc.	110,138	110,138	110,138	
ALI Commercial Center, Inc.	2,958,715	2,958,715	2,958,715	
Alveo Land Corporation	1,707,539	1,707,539	1,707,539	
Amaia Land Corporation	884,568	884,568	884,568	
Amicassa Process Solutions, Inc	3,281,799	3,281,799	3,281,799	
APRISA Business Process Solutions, Inc	8,506,207	8,506,207	8,506,207	

Arvo Commercial Corporation	3,622,785	3,622,785	3,622,785	
Avida Land Corporation	1,094,244	1,094,244	1,094,244	
Avida Sales Corp	2,000	2,000	2,000	
AyalaLand Malls, Inc.	19,118	19,118	19,118	
Ayalaland Metro North, Inc.	9,540	9,540	9,540	
Bay City Commercial Ventures Corp.	115,896,862	115,896,862	115,896,862	
BellaVita Land Corp.	16,092	16,092	16,092	
BG North Properties Inc.	1,521,855	1,521,855	1,521,855	
BG South Properties, Inc.	716,435	716,435	716,435	
Cagayan De Oro Gateway Corporation	39,202	39,202	39,202	
Capitol Central Commercial Ventures Corp.	15,940,552	15,940,552	15,940,552	
Cebu Holdings, Inc.	859,884	859,884	859,884	
Cebu Leisure Company, Inc.	18,375	18,375	18,375	
Central Block Developers, Inc.	17,907,028	17,907,028	17,907,028	
Circuit Makati Hotel Ventures, Inc.	5,728,333	5,728,333	5,728,333	
Crans Montana Property Holdings Corporation	36,942,560	36,942,560	36,942,560	
HLC Development Corporation	13,282,953	13,282,953	13,282,953	
Laguna Technopark Inc.	176,896	176,896	176,896	
Leisure and Allied Industries Phils. Inc.	709,015	709,015	709,015	
Makati Development Corporation	322,000	322,000	322,000	
MDC Build Plus, Inc.	226,000	226,000	226,000	
North Eastern Commercial Corp.	38,563	38,563	38,563	
North Triangle Depot Commercial Corp	268,267	268,267	268,267	
North Ventures Commercial Corp.	1,400	1,400	1,400	
NorthBeacon Commercial Corporation	3,390	3,390	3,390	
Serendra Inc.	841,900	841,900	841,900	
Sicogon Island Tourism Estate Corp.	12,195,680	12,195,680	12,195,680	
Sicogon Island Tourism Estate Corp.	144,925	144,925	144,925	
Solinea Inc.	199,653	199,653	199,653	
Soltea Commercial Corp.	14,979,896	14,979,896	14,979,896	
South Innovative Theater Management Inc.	7,630	7,630	7,630	
Ten Knots Development Corporation	1,446	1,446	1,446	
Ten Knots Philippines, Inc.	36,896,944	36,896,944	36,896,944	
Ten Knots Philippines, Inc.	457,828	457,828	457,828	
ALI Capital Corp.	26,821	26,821	26,821	
Sub-Total	**298,565,798**	**298,565,798**	**298,565,798**	-

	Amount Owed by ALI-Subsidiaries to SUBIC BAY TOWN CENTER, INC.			
	Receivable Balance per SBTCI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	3,090	3,090	3,090	
ALI Commercial Center, Inc.	73,200	73,200	73,200	
Amaia Land Corporation	47,200,392	47,200,392	47,200,392	
Arvo Commercial Corporation	3,010,032	3,010,032	3,010,032	
Avida Land Corporation	84,089	84,089	84,089	
Ayalaland Metro North, Inc.	740	740	740	
Bay City Commercial Ventures Corp.	3,323,575	3,323,575	3,323,575	
Cebu Holdings, Inc.	50,292,691	50,292,691	50,292,691	
Crans Montana Property Holdings Corporation	32,902,093	32,902,093	32,902,093	
Econorth Resorts Ventures, Inc.	140,583	140,583	140,583	
Leisure and Allied Industries Phils. Inc.	214,449	214,449	214,449	
North Triangle Depot Commercial Corp	34,885	34,885	34,885	
North Ventures Commercial Corp.	1,500	1,500	1,500	
Soltea Commercial Corp.	5,599,732	5,599,732	5,599,732	
South Innovative Theater Management Inc.	1,740	1,740	1,740	
Station Square East Commercial Corp	1,000	1,000	1,000	
Ten Knots Philippines, Inc.	42,083	42,083	42,083	
Sub-Total	**142,925,873**	**142,925,873**	**142,925,873**	-

	Amount Owed by ALI to SUMMERHILL COMMERCIAL VENTURES CORP.			
	Receivable Balance per SUMMERHILL	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	870	870	870	
Alabang Commercial Corporation	1,760	1,760	1,760	
ALI Capital Corp.	145,258	145,258	145,258	
ALI Commercial Center, Inc.	1,398,122	1,398,122	1,398,122	
Arca South Commercial Ventures Corp.	6,111,656	6,111,656	6,111,656	
Arvo Commercial Corporation	25,025	25,025	25,025	
Ayalaland Logistics Holdings Corp.	15,229,074	15,229,074	15,229,074	
Ayalaland Malls Synergies, Inc.	40,519	40,519	40,519	
Ayalaland Metro North, Inc.	18,853	18,853	18,853	

AyalaLand Offices, Inc.	1,394	1,394	1,394	
Bay City Commercial Ventures Corp.	289,554,654	289,554,654	289,554,654	
Cebu Holdings, Inc.	740	740	740	
Direct Power Services Inc.	153,013	153,013	153,013	
Leisure and Allied Industries Phils. Inc.	(433,211)	(433,211)	(433,211)	
Makati Development Corporation	589,064	589,064	589,064	
North Eastern Commercial Corp.	7,536	7,536	7,536	
North Triangle Depot Commercial Corp	261,403	261,403	261,403	
North Triangle Hotel Ventures, Inc.	17,248	17,248	17,248	
North Ventures Commercial Corp.	5,323	5,323	5,323	
NorthBeacon Commercial Corporation	1,993	1,993	1,993	
Soltea Commercial Corp.	250	250	250	
South Innovative Theater Management Inc.	10,390	10,390	10,390	
Station Square East Commercial Corp	36,200	36,200	36,200	
Subic Bay Town Center Inc.	1,776	1,776	1,776	
Sub-Total	**313,178,910**	**313,178,910**	**313,178,910**	-

	Amount Owed by ALI to SUNNYFIELD E-OFFICE CORP.			
	Receivable Balance per SUNNYFIELD	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Amicassa Process Solutions, Inc	262,080	262,080	262,080	
Sub-Total	**262,080**	**262,080**	**262,080**	-

	Amount Owed by ALI to TEN KNOTS DEVELOPMENT CORP.			
	Receivable Balance per TKDC	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Airswift Transport, Inc.	21,695,858	21,695,858	21,695,858	
ALI Triangle Hotel Ventur	48,652	48,652	48,652	
Arca South Comm.Vent.Corp	168,944	168,944	168,944	
Arvo Commercial Corp	7,178	7,178	7,178	
Avida Land Corp.	256,908	256,908	256,908	
AYALALAND HOTELS AND RES	208,433	208,433	208,433	
Ayalaland Medical Facilities Leasing Inc.	15,891	15,891	15,891	
Cebu Holdings, Inc.	6,212,628	6,212,628	6,212,628	
Chirica Resorts Corporation	7,981,154	7,981,154	7,981,154	
DirectPower Services, Inc	9,458	9,458	9,458	
Eco North Resort Ventures	53,585	53,585	53,585	
Ecoholdings Company, Inc.	500	500	500	
Kingfisher Capital Resources Corporation	364,658	364,658	364,658	
Lio Resort Ventures Inc	116,155,741	116,155,741	116,155,741	
Pangulasian Isl Rsrt Corp	7,807,427	7,807,427	7,807,427	
Regent Horizons Conservation Company, Inc.	529,087	529,087	529,087	
Sicogon Island Tourism Estate Corp.	20,641,686	20,641,686	20,641,686	
Sicogon Town Hotel, Inc.	1,465,257	1,465,257	1,465,257	
Soltea Commercial Corp.	94,511	94,511	94,511	
Summerhill Commercial Ventures Corp.	2,710,744	2,710,744	2,710,744	
Ten Knots Dev., Corp.	(12,713,220)	(12,713,220)	(12,713,220)	
Ten Knots Philippines, In	565,316,440	565,316,440	565,316,440	
Sub-Total	**739,031,519**	**739,031,519**	**739,031,519**	-

	Amount Owed by ALI to TEN KNOTS PHILIPPINES, INC.			
	Receivable Balance per TKPI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Airswift Transport, Inc.	35,492,696	35,492,696	35,492,696	
ALI Triangle Hotel Ventur	4,054,867	4,054,867	4,054,867	
AYALALAND HOTELS AND RES	1,750	1,750	1,750	
Ayalaland Metro North, Inc.	2,004,354	2,004,354	2,004,354	
Cebu Holdings, Inc.	7,050,788	7,050,788	7,050,788	
Chirica Resorts Corporation	19,601,218	19,601,218	19,601,218	
Eco North Resort Ventures	15,211,246	15,211,246	15,211,246	
Ecoholdings Company, Inc.	1,122,657	1,122,657	1,122,657	
Green Coast Property Ventures, Inc.	18,000	18,000	18,000	
Integrated Eco-Resort Inc	362,415	362,415	362,415	
Pangulasian Isl Rsrt Corp	22,370,736	22,370,736	22,370,736	
Phil Integ Energy Sol,Inc	2,350	2,350	2,350	
Regent Horizons Conservation Company, Inc.	1,560,946	1,560,946	1,560,946	
Sicogon Island Tourism Estate Corp.	916,686	916,686	916,686	
Sicogon Town Hotel, Inc.	612,271	612,271	612,271	
Ten Knots Dev., Corp.	45,057,664	45,057,664	45,057,664	
Sub-Total	**155,440,644**	**155,440,644**	**155,440,644**	-

	Amount Owed by ALI to VESTA PROPERTY HOLDINGS, INC.			
	Receivable Balance per VPHI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Airswift Transport, Inc.	50,585,312	50,585,312	50,585,312	
ALI Triangle Hotel Ventures, Inc.	5,068,497	5,068,497	5,068,497	
Alveo Land Corporation	34,841,018	34,841,018	34,841,018	
Amaia Land Corporation	9,000	9,000	9,000	
Arvo Commercial Corporation	195,630,958	195,630,958	195,630,958	
Aurora Properties, Inc.	150	150	150	
Avida Land Corporation	12,441,854	12,441,854	12,441,854	
Ayala Land International Sales, Inc	181,061	181,061	181,061	
Ayalaland Logistics Holdings Corp.	312,076,593	312,076,593	312,076,593	
Ayalaland Medical Facilities Leasing Inc.	2,795,983	2,795,983	2,795,983	
Bay City Commercial Ventures Corp.	379,988,453	379,988,453	379,988,453	
Cavite Commercial Towncenter Inc.	66,479,982	66,479,982	66,479,982	
Cebu Holdings, Inc.	113,508,586	113,508,586	113,508,586	
Central Block Developers, Inc.	93,363,595	93,363,595	93,363,595	
HLC Development Corporation	67,088,308	67,088,308	67,088,308	
Laguna Technopark Inc.	10,120,396	10,120,396	10,120,396	
North Eastern Commercial Corp.	35,150	35,150	35,150	
North Triangle Hotel Ventures, Inc.	790,219	790,219	790,219	
Nuevocentro, Inc.	1,535,095	1,535,095	1,535,095	
Soltea Commercial Corp.	201,819,054	201,819,054	201,819,054	
Summerhill Commercial Ventures Corp.	21,089,036	21,089,036	21,089,036	
Ten Knots Philippines, Inc.	425,205,922	425,205,922	425,205,922	
ALI Capital Corp.	387,877	387,877	387,877	
Sub-Total	**1,995,042,102**	**1,995,042,102**	**1,995,042,102**	**-**

	Amount Owed by ALI to WESTVIEW COMMERCIAL VENTURES CORP.			
	Receivable Balance per WESTVIEW	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Adauge Commercial Corp.	2,900	2,900	2,900	
Amaia Land Corporation	577,624	577,624	577,624	
Avida Land Corporation	326,282	326,282	326,282	
Capitol Central Commercial Ventures Corp.	135,524	135,524	135,524	
Cebu Holdings, Inc.	5,210	5,210	5,210	
Leisure and Allied Industries Phils. Inc.	(902,757)	(902,757)	(902,757)	
North Triangle Depot Commercial Corp	5,210	5,210	5,210	
Subic Bay Town Center Inc.	9,983	9,983	9,983	
Sub-Total	**159,976**	**159,976**	**159,976**	**-**

	Amount Owed by ALI to WHITEKNIGHT HOLDINGS, INC.			
	Receivable Balance per WHITEKNIGHT	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI)				
Ayalaland Medical Facilities Leasing Inc.	2,928,214	2,928,214	2,928,214	
Summerhill Commercial Ventures Corp.	556,880	556,880	556,880	
Sub-Total	**3,485,094**	**3,485,094**	**3,485,094**	**-**

TOTAL ELIMINATED RECEIVABLES	**130,512,922,822**	**130,512,922,822**	**130,512,922,822**	**-**

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
As of December 31, 2019

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE/ FACILITY AGREEMENT	CURRENT PORTION OF LONG-TERM DEBT (in '000)	LONG-TERM DEBT (NET OF CURRENT PORTION) (in '000)	Interest Rate	No. of Periodic Installment	Maturity Date
Ayala Land, Inc.:						
Bonds						
Philippine Peso	4,000,000	4,000,000.00	-	4.625%	N/A, Bullet	October 10, 2020
Philippine Peso	9,000,000	-	8,937,450.00	4.246%	N/A, Bullet	November 06, 2021
Philippine Peso	5,650,000	-	5,645,304.00	6.000%	N/A, Bullet	April 27, 2022
Philippine Peso	7,000,000	-	6,968,807.00	4.500%	N/A, Bullet	April 29, 2022
Philippine Peso	8,000,000	-	7,925,898.00	7.024%	N/A, Bullet	October 05, 2023
Philippine Peso	7,000,000	-	6,961,631.00	3.892%	N/A, Bullet	October 07, 2023
Philippine Peso	15,000,000	-	14,931,966.84	5.000%	N/A, Bullet	January 30, 2024
Philippine Peso	3,000,000	-	2,979,164.00	4.758%	N/A, Bullet	September 30, 2024
Philippine Peso	8,000,000	-	7,952,880.00	5.625%	N/A, Bullet	April 25, 2025
Philippine Peso	7,000,000	-	6,955,765.00	4.750%	N/A, Bullet	October 25, 2025
Philippine Peso	8,000,000	-	7,946,612.00	4.850%	N/A, Bullet	March 23, 2026
Philippine Peso	8,000,000	-	7,909,802.00	6.369%	N/A, Bullet	May 06, 2026
Philippine Peso	1,000,000	-	952,029.00	4.990%	N/A, Bullet	February 06, 2027
Philippine Peso	7,000,000	-	6,972,611.00	5.262%	N/A, Bullet	May 02, 2027
Philippine Peso	10,000,000	-	9,896,154.00	5.920%	N/A, Bullet	April 27, 2028
Philippine Peso	2,000,000	-	1,985,276.00	6.000%	N/A, Bullet	October 10, 2033
Fixed rate corporate notes (FXCNs)						
Philippine Peso	5,000,000	50,000	4,700,000	4.500%	33	March 10, 2023
Philippine Peso	1,000,000	10,000	945,460	7.525%	11	January 19, 2026
Bank loan -US Dollar						
Bank Loan *(MBTC)*	6,329,375	-	6,329,375	Various floating rates	N/A, Bullet	November 06, 2024
Bank loan -Peso						
Bank Loan *(BDO)*	8,200,000	82,000	7,954,000	4.500%	8	February 28, 2026
Bank Loan *(BPI)*	609,875	34,705	470,039	4.500%	Various	Various from 2021 to 2023
Bank Loan *(DBP)*	4,817,000	2,351,050	1,430,000	4.725%	Various	Various from 2020 to 2021
Bank Loan *(LBP)*	5,000,000	50,000	4,829,930	4.939%	39	March 19, 2028
Bank Loan *(MBTC)*	10,000,000	225,000	9,736,493	4.949%	28	March 21, 2027
Bank Loan *(PNB)*	13,000,000	338,000	12,435,682	Various fixed rates	39	March 28, 2029
Bank Loan *(RCBC)*	1,900,000	47,500	1,738,500	4.500%	26	March 30, 2023
Sub-Total	**165,506,250**	**7,188,255.00**	**155,490,829.00**			
Subsidiaries:						
Bonds	5,000,000		4,988,337	5.320%	N/A, Bullet	June 06, 2021
Fixed rate corporate notes (FXCNs)	Various	1,350,000	-	Various fixed rates	Various	Various from 2018 to 2020
Bank loan -Peso						
Bank Loan *(BPI)*	Various	1,207,289	12,603,466	Various fixed and floating rates	Various	Various from 2015 to 2027
Bank Loan *(BDO)*	1,083,000		1,083,000	4.750%	-	November 15, 2022
Bank Loan *(LandBank of the Phil)*	Various	3,322,300	708,400	Various fixed rates	Various	Various from 2020 to 2022
Bank Loan *(PNB)*	Various	3,125,000	-	Various fixed rates	Various	Various from 2020 to 2027
Bank Loan (UBP)	3,000,000	937,500	937,500	5.25%	Various	March 30, 2022
Bank Loan *(RCBC)*	1,143,000	117,300	-	5.000%	12	January 30, 2020
Bank loan -MYR	Various	3,062	1,813	Various	Various	Various
Sub-Total		**10,062,451.00**	**20,322,516.00**			
		17,250,706.00	**175,813,345.00**			

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE E - Indebtedness to Related Parties (Long-Term Loans from Related Parties)
(Long Term Loans from Related Companies)
As of December 31, 2019

NAME OF RELATED PARTY	BALANCE AT BEGINNING OF PERIOD (in '000)		BALANCE AT END OF PERIOD (in '000)	
Bank of the Philippine Islands	Php	9,696,981	Php	14,315,498

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2019

NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE COMPANY FOR W/C THIS STATEMENT IS FILED	TITLE OF ISSUE OF EACH CLASS OF SECURITIES GUARANTEED	TOTAL AMOUNT GUARANTEED & OUTSTANDING	AMOUNT OWNED BY PERSON FOR W/C STATEMENT IS FILED	NATURE OFGUARANTEE
	NOT APPLICABLE			

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE G- CAPITAL STOCK
As of December 31, 2019

TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING AT SHOWN UNDER RELATED STATEMENT OF FINANCIAL POSITION CAPTION				NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION AND OTHER RIGHTS	NUMBER OF SHARES HELD BY RELATED PARTIES	DIRECTORS, OFFICERS AND EMPLOYEES	OTHERS
		ISSUED	SUBSCRIBED	TREASURY SHARES	TOTAL				
Common Stock	20,000,000,000	14,632,062,456	113,272,391	(25,372,746)	14,719,962,101	305,415	6,545,946,579	132,534,851	
Preferred Stock	15,000,000,000	13,066,494,759			13,066,494,759		12,163,180,640	480	

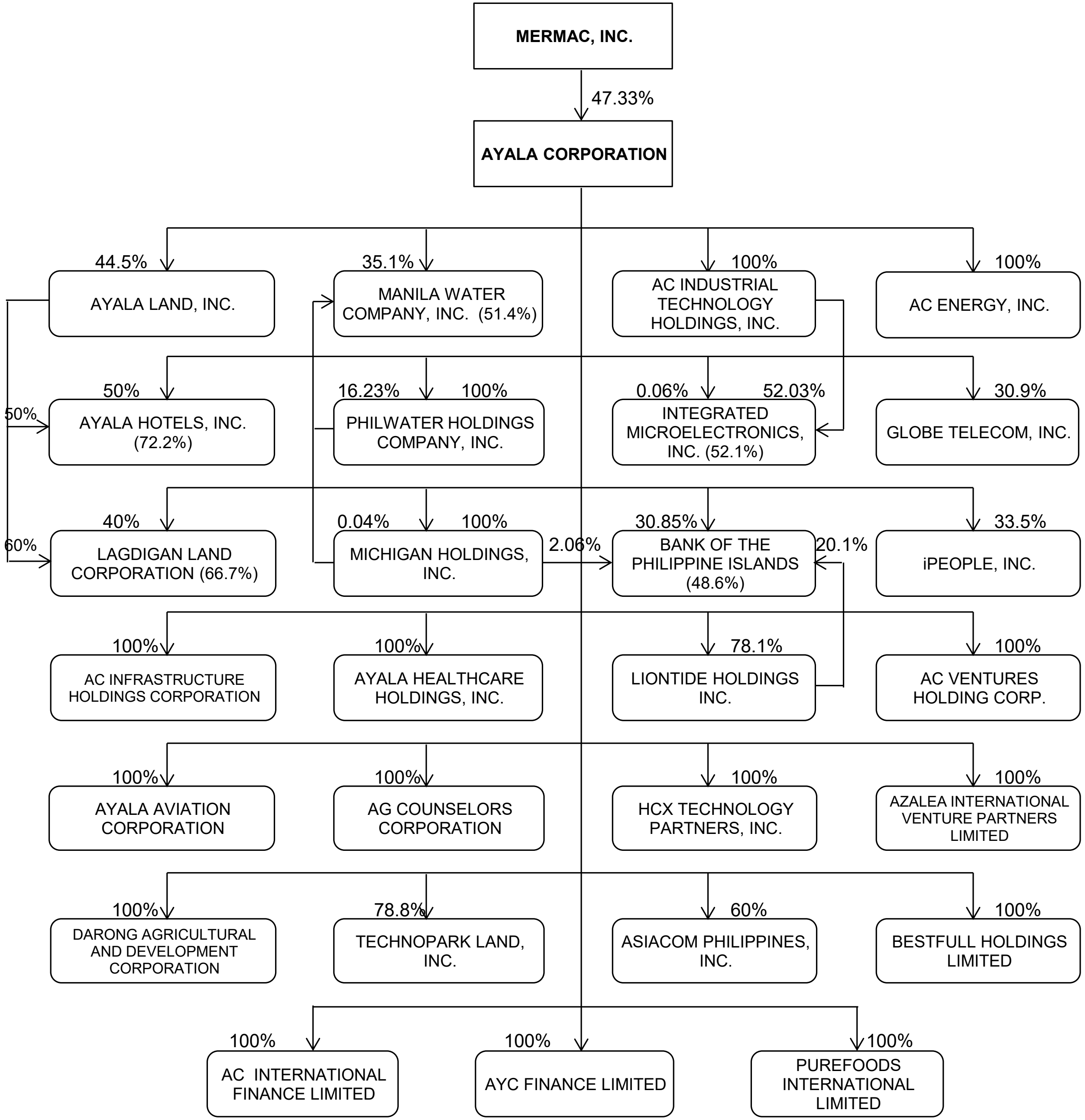
AYALA LAND, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2019
Reconciliation Of Retained Earnings Available For Dividend Declaration

Items		Amount
Unappropriated Retained Earnings, beginning	**Php**	**56,244,722,057**
Less adjustments:		
Treasury shares		
Deferred tax assets		(2,996,391,774)
Fair Value adjustment		(593,852,588)
Unappropriated Retained Earnings, as adjusted, beginning		**52,654,477,695**
Net Income based on the face of AFS	Php	13,225,107,412
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the year		1,178,492,077
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Adjustment due to deviation from PFRS/GAAP – loss		
Loss on fair value adjustment of investment property (after tax)		
Net Income Actual/Realized	**Php**	**14,403,599,489**
Less: Other adjustments		
Dividend declarations during the period		(7,721,500,201)
Effects of changes in accounting standard		(84,597,959)
Treasury shares		(1,104,352,627)
		5,493,148,702
Unappropriated Retained Earnings, as adjusted, ending		**58,147,626,397**

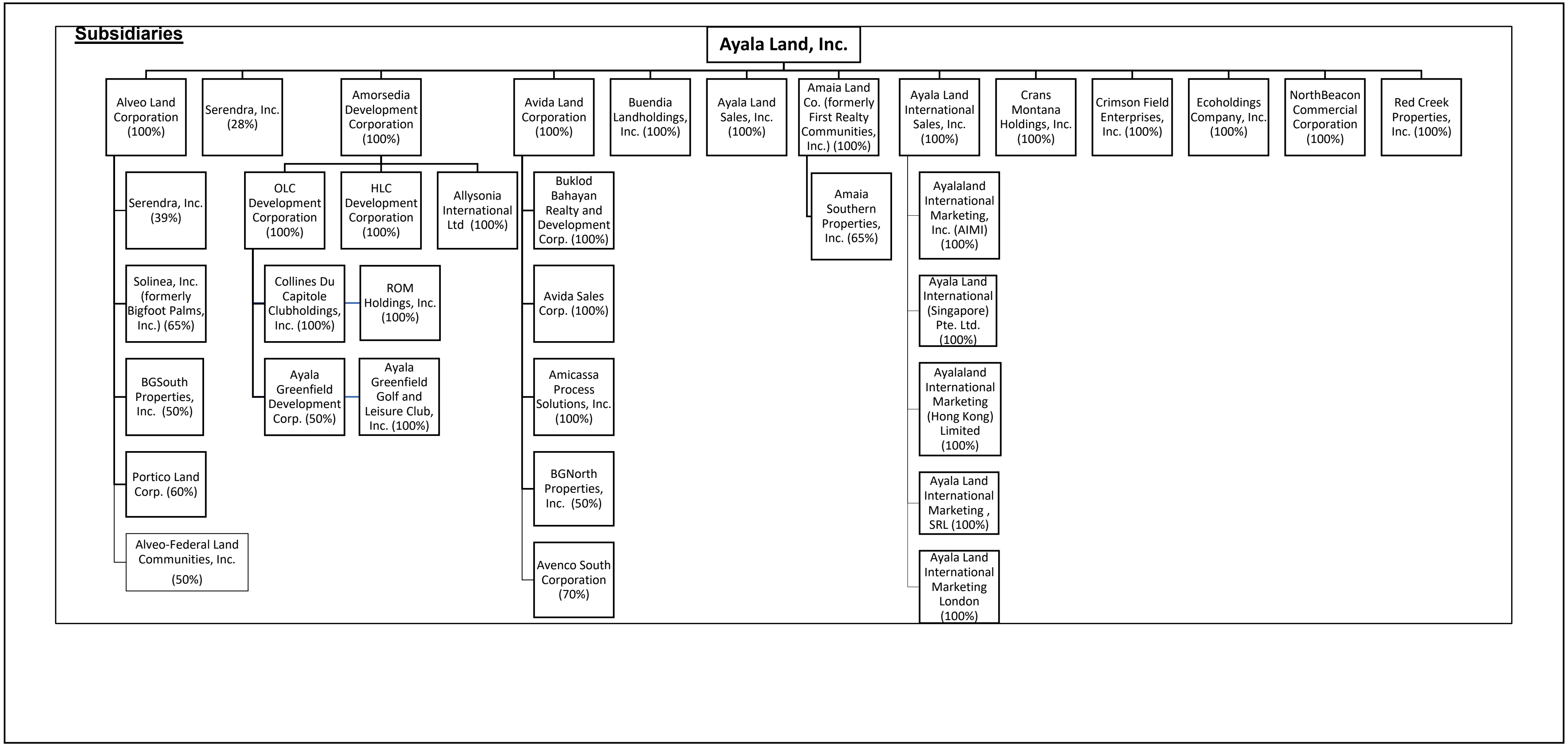
AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE FINANCIAL SOUNDNESS INDICATORS
December 31, 2019

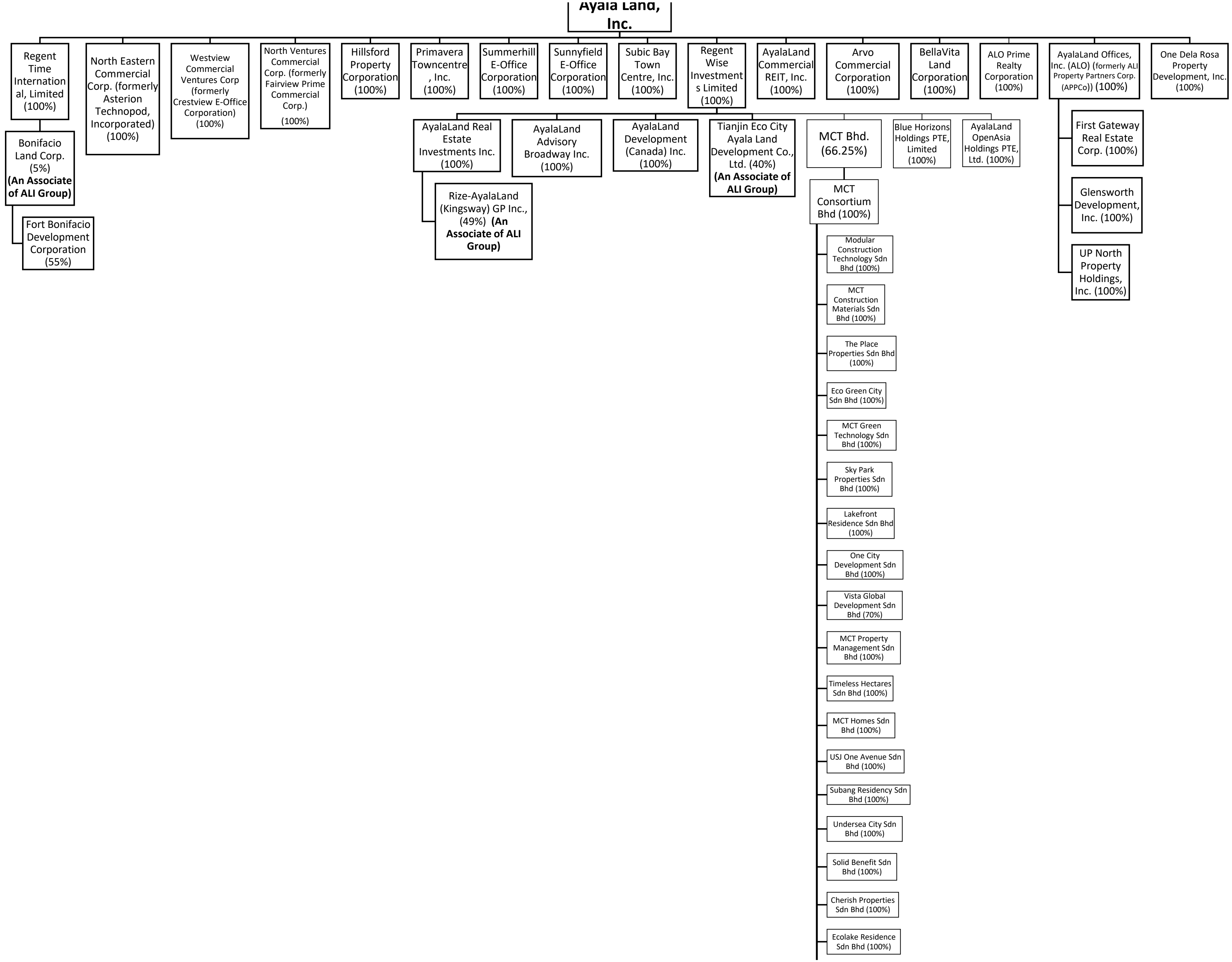
Ratio	Formula	Current Year	Prior Year
Current ratio	Current sssets / Current liabilities	1.30	1.26
Acid test ratio	Quick sssets / Current liabilities (Quick assets includes current assets and inventory)	0.77	0.82
Solvency ratio	EBITDA / Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	0.31	0.29
Debt-to-equity ratio	Total debt / Consolidated stockholders' equity	0.87	0.85
Asset-to-equity ratio	Total assets / Consolidated stockholders' equity	2.94	3.04
Interest rate coverage ratio	EBITDA / Interest expense	6.27	6.09
Return on equity	Net income attributable to equity holders of the company / Average total stockholders' equity	0.17	0.17
Return on assets	Net income after tax / Average total assets	0.05	0.05
Net profit margin	Net income attributable to equity holders of the company / Total consolidated revenue	0.20	0.18

AYALA CORPORATION AND SUBSIDIARIES
CORPORATE ORGANIZATIONAL CHART
As of December 31, 2019



Legend:
% of ownership appearing outside the box - direct % of economic ownership
% of ownership appearing inside the box - effective % of economic ownership



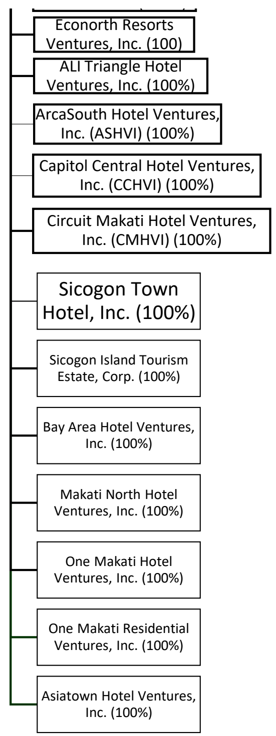


Ayala Land, Inc.
Regent Time International, Limited (100%)
Bonifacio Land Corp. (5%) **(An Associate of ALI Group)**
Fort Bonifacio Development Corporation (55%)
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated) (100%)
Westview Commercial Ventures Corp (formerly Crestview E-Office Corporation) (100%)
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.) (100%)
Hillsford Property Corporation (100%)
Primavera Towncentre, Inc. (100%)
Summerhill E-Office Corporation (100%)
Sunnyfield E-Office Corporation (100%)
Subic Bay Town Centre, Inc. (100%)
Regent Wise Investments Limited (100%)
AyalaLand Real Estate Investments Inc. (100%)
Rize-AyalaLand (Kingsway) GP Inc., (49%) **(An Associate of ALI Group)**
AyalaLand Advisory Broadway Inc. (100%)
AyalaLand Development (Canada) Inc. (100%)
Tianjin Eco City Ayala Land Development Co., Ltd. (40%) **(An Associate of ALI Group)**
MCT Bhd. (66.25%)
MCT Consortium Bhd (100%)
Modular Construction Technology Sdn Bhd (100%)
MCT Construction Materials Sdn Bhd (100%)
The Place Properties Sdn Bhd (100%)
Eco Green City Sdn Bhd (100%)
MCT Green Technology Sdn Bhd (100%)
Sky Park Properties Sdn Bhd (100%)
Lakefront Residence Sdn Bhd (100%)
One City Development Sdn Bhd (100%)
Vista Global Development Sdn Bhd (70%)
MCT Property Management Sdn Bhd (100%)
Timeless Hectares Sdn Bhd (100%)
MCT Homes Sdn Bhd (100%)
USJ One Avenue Sdn Bhd (100%)
Subang Residency Sdn Bhd (100%)
Undersea City Sdn Bhd (100%)
Solid Benefit Sdn Bhd (100%)
Cherish Properties Sdn Bhd (100%)
Ecolake Residence Sdn Bhd (100%)
Blue Horizons Holdings PTE, Limited (100%)
AyalaLand OpenAsia Holdings PTE, Ltd. (100%)
AyalaLand Commercial REIT, Inc. (100%)
Arvo Commercial Corporation (100%)
BellaVita Land Corporation (100%)
ALO Prime Realty Corporation (100%)
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo)) (100%)
First Gateway Real Estate Corp. (100%)
Glensworth Development, Inc. (100%)
UP North Property Holdings, Inc. (100%)
One Dela Rosa Property Development, Inc. (100%)

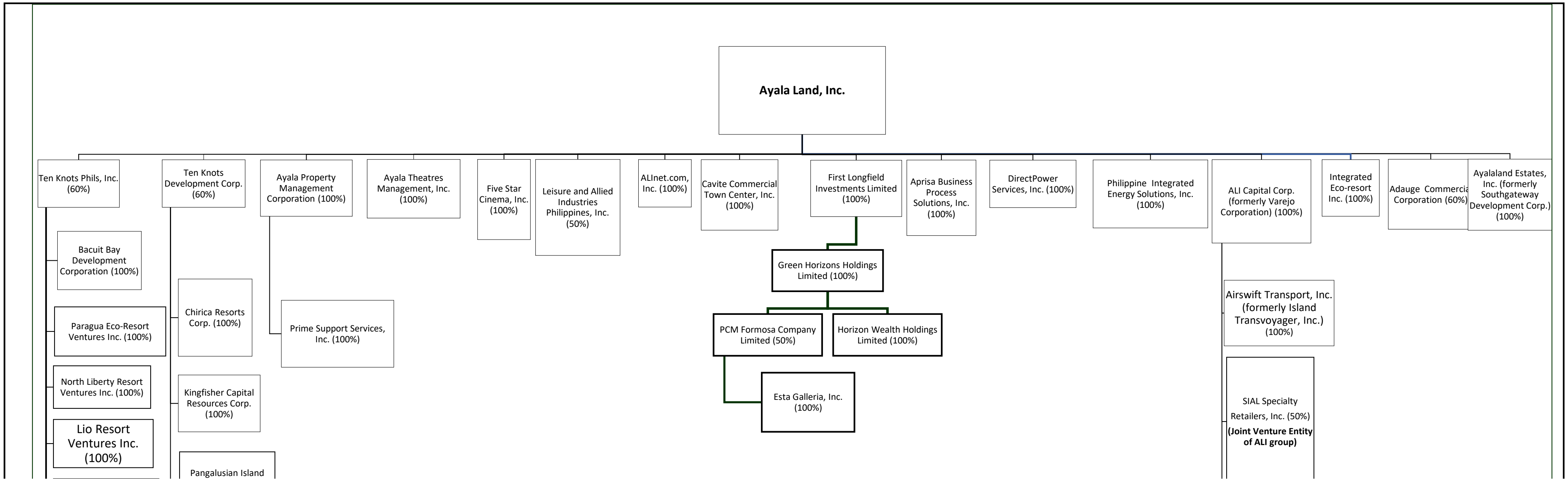
- Leisure Event Sdn Bhd (100%)
- MCT Properties Sdn Bhd (100%)
- Premium Cinema Sdn Bhd (100%)
- Roaring Gain Sdn Bhd (100%)
- Skypark Fitness Sdn Bhd (100%)
- Solid Interest Sdn Bhd (100%)
- Solid Recommendation Sdn Bhd (100%)
- MCT Store Sdn Bhd (100%)
- One Residence Sdn Bhd (100%)
- Next Delta Sdn Bhd (100%)
- SPCJ Green Tech Sdn Bhd (100%)
- Nexus Advertising Sdn Bhd (100%)

Ayala Land, Inc.

- Aurora Properties, Incorporated (80%)
  - Soltea Commercial Corp. (20%)
- Vesta Property Holdings, Inc. (78%)
- Station Square East Commercial Corporation (69%)
- Accendo Commercial Corp. (67%)
  - Avenco South Corporation (30%)
  - Aviana Development Corporation (10%)
- Cagayan de Oro Gateway Corp. (70%)
- Ceci Realty, Inc. (60%)
  - Soltea Commercial Corp. (20%)
- CMPI Holdings, Inc. (60%)
  - CMPI Land, Inc. (60%)
- ALI-CII Development Corporation (50%)
- Roxas Land Corporation (50%)
- Makati Development Corporation (100%)
  - MDC - Subic (100%)
  - MDC - Build Plus (100%)
  - MDC Equipment Solutions, Inc. (100%)
  - MDC Conqrete Inc. (100%)
  - MDBI Construction Corp. (67%)
- Ayala Hotels, Inc. (50%)
- AyalaLand Hotels and Resorts Corporation (100%)
  - Enjay Hotels, Inc. (100%)
  - Cebu Insular Hotel Company, Inc. (63%)
  - Greenhaven Property Venture, Inc. (100%)
  - Bonifacio Hotel Ventures, Inc. (100%)
  - Southcrest Hotel Ventures, Inc. (67%)
  - Northgate Hotel Ventures, Inc. (70%)
  - North Triangle Hotel Ventures, Inc. (100%)
  - Ecosouth Hotel Ventures, Inc. (100%)
  - ALI Makati Hotels & Residences, Inc. (80%)
  - ALI Makati Hotel Property, Inc. (80%)
  - Regent Horizons Conservation Company, Inc. (formerly Asian Conservation Company, Inc. (100%)
    - Ten Knots Phils, Inc. and Subsidiary (40%)
    - Ten Knots Development, Corp. and Subs (40%)
  - Sentera Hotel Ventures Inc. (100%)
- Lagdian Land Corporation (60%)

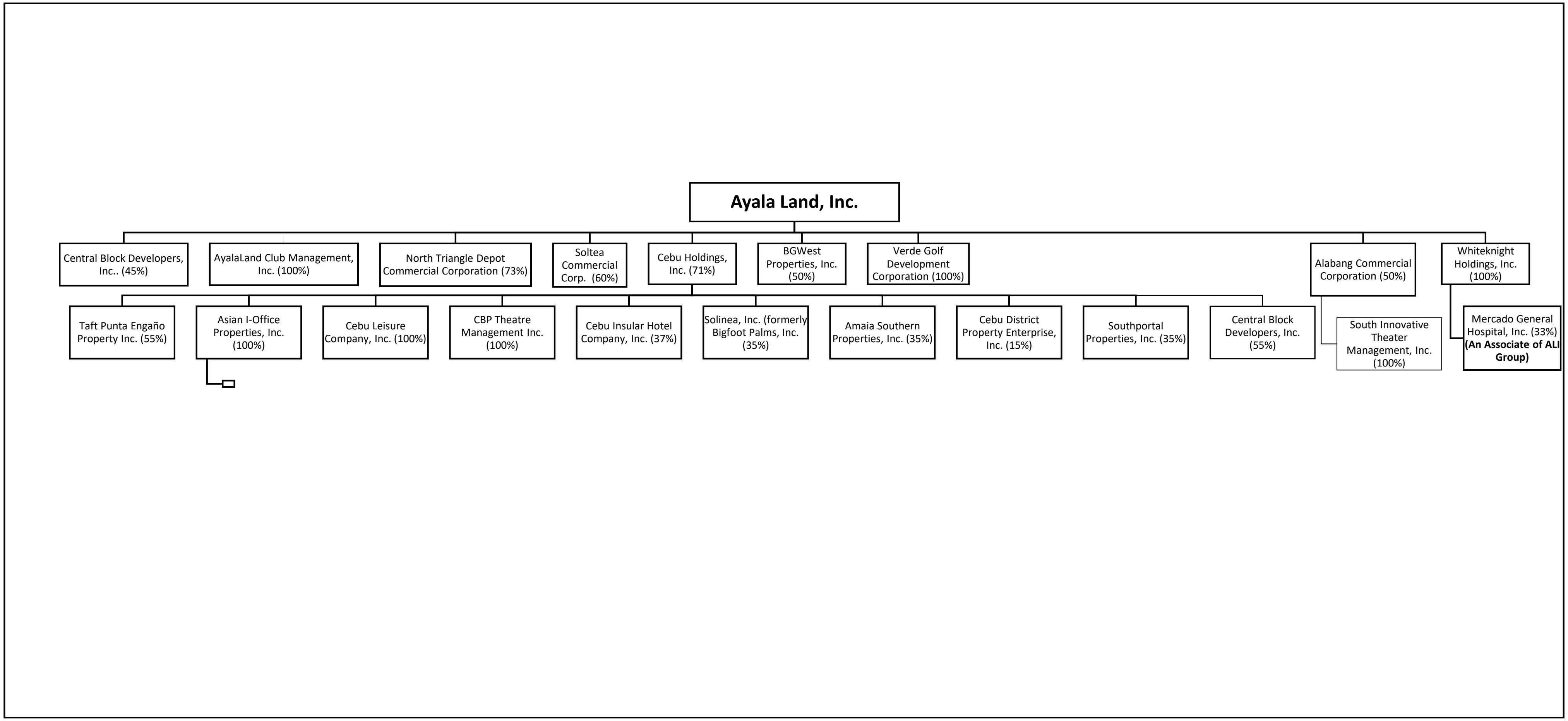


Econorth Resorts Ventures, Inc. (100)
ALI Triangle Hotel Ventures, Inc. (100%)
ArcaSouth Hotel Ventures, Inc. (ASHVI) (100%)
Capitol Central Hotel Ventures, Inc. (CCHVI) (100%)
Circuit Makati Hotel Ventures, Inc. (CMHVI) (100%)
Sicogon Town Hotel, Inc. (100%)
Sicogon Island Tourism Estate, Corp. (100%)
Bay Area Hotel Ventures, Inc. (100%)
Makati North Hotel Ventures, Inc. (100%)
One Makati Hotel Ventures, Inc. (100%)
One Makati Residential Ventures, Inc. (100%)
Asiatown Hotel Ventures, Inc. (100%)

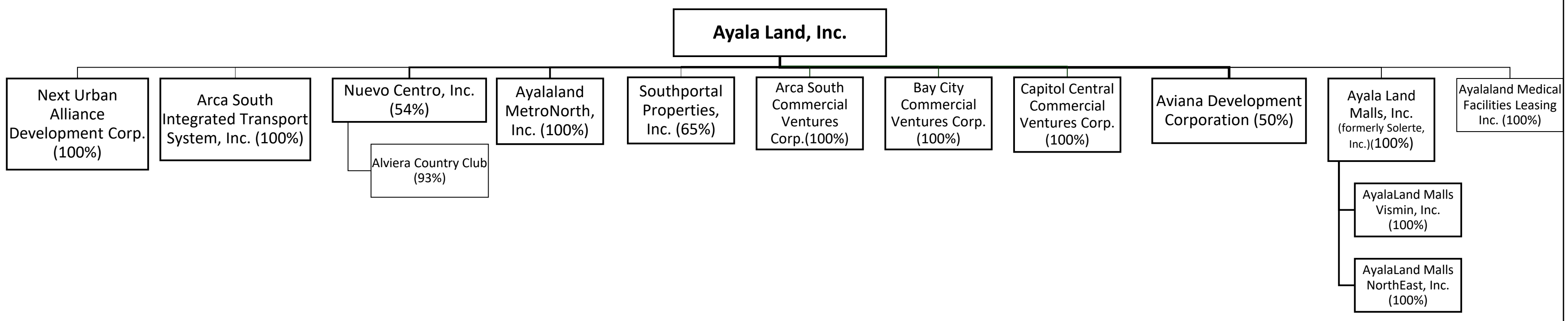


Ayala Land, Inc.
Ten Knots Phils, Inc. (60%)
Ten Knots Development Corp. (60%)
Ayala Property Management Corporation (100%)
Ayala Theatres Management, Inc. (100%)
Five Star Cinema, Inc. (100%)
Leisure and Allied Industries Philippines, Inc. (50%)
ALInet.com, Inc. (100%)
Cavite Commercial Town Center, Inc. (100%)
First Longfield Investments Limited (100%)
Aprisa Business Process Solutions, Inc. (100%)
DirectPower Services, Inc. (100%)
Philippine Integrated Energy Solutions, Inc. (100%)
ALI Capital Corp. (formerly Varejo Corporation) (100%)
Integrated Eco-resort Inc. (100%)
Adauge Commercial Corporation (60%)
Ayalaland Estates, Inc. (formerly Southgateway Development Corp.) (100%)
Bacuit Bay Development Corporation (100%)
Paragua Eco-Resort Ventures Inc. (100%)
North Liberty Resort Ventures Inc. (100%)
Lio Resort Ventures Inc. (100%)
Chirica Resorts Corp. (100%)
Kingfisher Capital Resources Corp. (100%)
Pangalusian Island
Prime Support Services, Inc. (100%)
Green Horizons Holdings Limited (100%)
PCM Formosa Company Limited (50%)
Horizon Wealth Holdings Limited (100%)
Esta Galleria, Inc. (100%)
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.) (100%)
SIAL Specialty Retailers, Inc. (50%)
(Joint Venture Entity of ALI group)

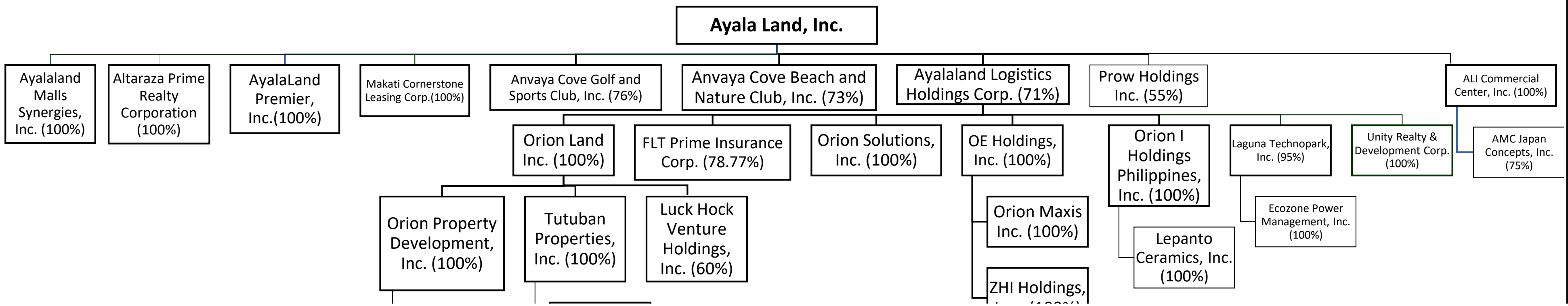
Lio Tourism Estate Management Corp(100%)
Resort Corporation (100%)
AyaGold Retailers, Inc. (50%) (Joint Venture Entity of ALI group)



Ayala Land, Inc.
Central Block Developers, Inc.. (45%)
AyalaLand Club Management, Inc. (100%)
North Triangle Depot Commercial Corporation (73%)
Soltea Commercial Corp. (60%)
Cebu Holdings, Inc. (71%)
BGWest Properties, Inc. (50%)
Verde Golf Development Corporation (100%)
Alabang Commercial Corporation (50%)
Whiteknight Holdings, Inc. (100%)
Taft Punta Engaño Property Inc. (55%)
Asian I-Office Properties, Inc. (100%)
Cebu Leisure Company, Inc. (100%)
CBP Theatre Management Inc. (100%)
Cebu Insular Hotel Company, Inc. (37%)
Solinea, Inc. (formerly Bigfoot Palms, Inc. (35%)
Amaia Southern Properties, Inc. (35%)
Cebu District Property Enterprise, Inc. (15%)
Southportal Properties, Inc. (35%)
Central Block Developers, Inc. (55%)
South Innovative Theater Management, Inc. (100%)
Mercado General Hospital, Inc. (33%) (An Associate of ALI Group)

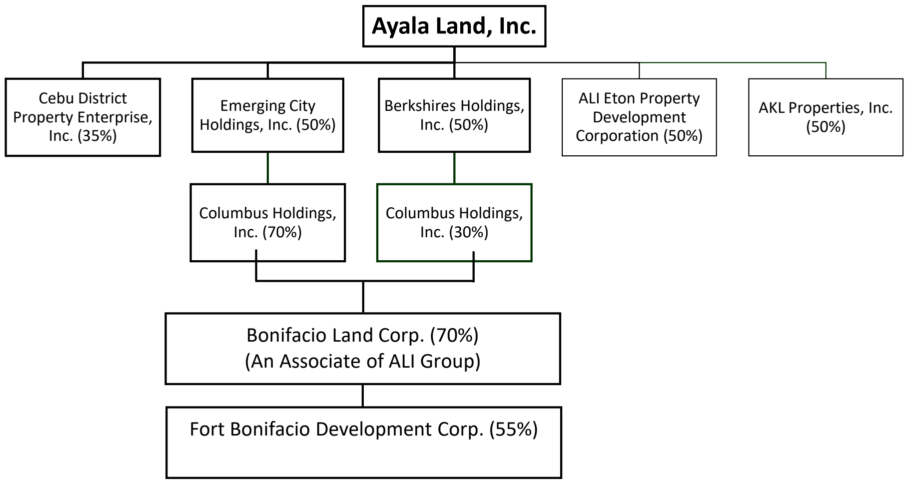


Ayala Land, Inc.
Next Urban Alliance Development Corp. (100%)
Arca South Integrated Transport System, Inc. (100%)
Nuevo Centro, Inc. (54%)
Alviera Country Club (93%)
Ayalaland MetroNorth, Inc. (100%)
Southportal Properties, Inc. (65%)
Arca South Commercial Ventures Corp.(100%)
Bay City Commercial Ventures Corp. (100%)
Capitol Central Commercial Ventures Corp. (100%)
Aviana Development Corporation (50%)
Ayala Land Malls, Inc. (formerly Solerte, Inc.)(100%)
AyalaLand Malls Vismin, Inc. (100%)
AyalaLand Malls NorthEast, Inc. (100%)
Ayalaland Medical Facilities Leasing Inc. (100%)

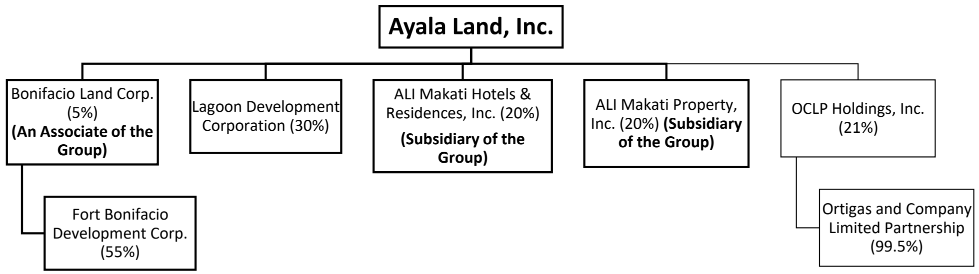


Ayala Land, Inc.
Ayalaland Malls Synergies, Inc. (100%)
Altaraza Prime Realty Corporation (100%)
AyalaLand Premier, Inc.(100%)
Makati Cornerstone Leasing Corp.(100%)
Anvaya Cove Golf and Sports Club, Inc. (76%)
Anvaya Cove Beach and Nature Club, Inc. (73%)
Ayalaland Logistics Holdings Corp. (71%)
Prow Holdings Inc. (55%)
ALI Commercial Center, Inc. (100%)
AMC Japan Concepts, Inc. (75%)
Orion Land Inc. (100%)
FLT Prime Insurance Corp. (78.77%)
Orion Solutions, Inc. (100%)
OE Holdings, Inc. (100%)
Orion I Holdings Philippines, Inc. (100%)
Laguna Technopark, Inc. (95%)
Unity Realty & Development Corp. (100%)
Orion Property Development, Inc. (100%)
Tutuban Properties, Inc. (100%)
Luck Hock Venture Holdings, Inc. (60%)
Orion Maxis Inc. (100%)
ZHI Holdings,
Lepanto Ceramics, Inc. (100%)
Ecozone Power Management, Inc. (100%)

Direct Investments in Joint Ventures



Direct Investments in Associates



Schedule H – Bond Proceeds

P9.0 Billion Fixed Rate Bonds due 2021 and P1.0 Billion Fixed Rate Bonds due 2027

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**10,000,000,000.00**	**10,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	3,093,125.00	3,093,125.00
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	37,500,000.00	37,500,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	4,206,571.43
Marketing/Printing/Photocopying Costs and OPEs	1,000,000.00	118,285.00
Listing Fee	150,000.00	253,611.12
Total Expenses	125,743,125.00	124,378,163.98
Net Proceeds	**9,874,256,875.00**	**9,875,621,836.02**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P10.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P9.88 billion. Net proceeds were used to partially finance various projects.

P3.0 Billion Fixed Rate Bonds due 2024

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**3,000,000,000.00**	**3,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	757,500.00	757,500.00
Documentary Stamp Tax	22,500,000.00	22,500,000.00
Underwriting Fee	11,250,000.00	11,025,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	3,965,234.71
Marketing/Printing/Photocopying Costs and OPEs	1,000,000.00	69,300.00
Listing Fee	150,000.00	151,708.34
Total Expenses	44,657,500.00	42,433,977.76
Net Proceeds	**2,955,342,500.00**	**2,957,566,022.24**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P3.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P2.96 billion. Net proceeds were used to partially finance various projects.

P8.0 Billion Fixed Rate Bonds due 2026

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,588,125.00	2,588,125.00
Documentary Stamp Tax	60,000,000.00	60,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	6,066,185.05
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	338,659.20
Listing Fee	150,000.00	218,166.66
Total Expenses	106,738,125.00	99,211,135.91
Net Proceeds	**7,893,261,875.00**	**7,900,788,864.09**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.90 billion. Net proceeds were used to partially finance various projects.

P8.0 Billion Fixed Rate Bonds due 2023

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,020,000.00	2,020,000.00
Documentary Stamp Tax	60,000,000.00	60,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	4,044,234.00
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	49,875.00
Listing Fee	100,000.00	100,000.00
Total Expenses	106,120,000.00	96,214,109.00
Net Proceeds	**7,893,880,000.00**	**7,903,785,891.00**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.90 billion. Net proceeds were used to partially finance various projects.

P10.0 Billion Fixed Rate Bonds due 2028

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**10,000,000,000.00**	**10,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,525,000.00	2,525,000.00
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	37,500,000.00	37,500,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	4,901,842.56
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	622,938.20
Listing Fee	200,000.00	200,000.00
Total Expenses	129,225,000.00	120,749,780.76
Net Proceeds	**9,870,775,000.00**	**9,879,250,219.24**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P10.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P9.88 billion. Net proceeds were used to partially finance various projects.

P7.0 Billion Fixed Rate Bonds due 2027

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**7,000,000,000.00**	**7,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	1,767,500.00	1,767,500.00
Documentary Stamp Tax	35,000,000.00	35,000,000.00
Underwriting Fee	26,250,000.00	26,250,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	3,161,187.20
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	990,430.17
Listing Fee	100,000.00	100,000.00
Total Expenses	74,617,500.00	67,269,117.37
Net Proceeds	**6,925,382,500.00**	**6,932,730,882.63**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P10.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P6.92 billion. Net proceeds were used to partially finance various projects.

P7.0 Billion Fixed Rate Bonds due 2023 and P3.0 Billion Homestarter Bonds due 2019

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**10,000,000,000.00**	**10,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,525,000.00	2,525,000.00
Documentary Stamp Tax	50,000,000.00	50,000,000.00
Underwriting Fee	44,250,000.00	26,250,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	2,960,000.00
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	201,849.33
Listing Fee	200,000.00	200,000.00
Total Expenses	110,975,000.00	82,136,849.33
Net Proceeds	**9,889,025,000.00**	**9,917,863,150.67**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P10.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P9.9 billion. Net proceeds were used to partially finance various projects.

P7.0 Billion Fixed Rate Bonds due 2025

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**7,000,000,000.00**	**8,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	1,767,500.00	1,767,500.00
Documentary Stamp Tax	35,000,000.00	35,000,000.00
Underwriting Fee	26,250,000.00	26,250,000.00
Estimated Professional Expenses & Agency fees	7,500,000.00	2,301,963.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	248,847.18
Listing Fee	100,000.00	100,000.00
Total Expenses	73,117,500.00	65,668,310.18
Net Proceeds	**6,926,882,500.00**	**6,934,331,689.82**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P7.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P6.9 billion. Net proceeds were used to partially finance various projects.

P8.0 Billion Fixed Rate Bonds due 2026

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,588,125.00	2,588,125.00
Documentary Stamp Tax	40,000,000.00	40,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
Estimated Professional Expenses & Agency fees	7,500,000.00	3,651,246.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	398,937.60
Listing Fee	100,000.00	100,000.00
Total Expenses	82,688,125.00	76,738,308.60
Net Proceeds	**7,917,311,875.00**	**7,923,261,691.40**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects.

P7.0 Billion Fixed Rate Bonds due 2022

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**7,000,000,000.00**	**7,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	-	-
Documentary Stamp Tax	35,000,000.00	35,000,000.00
Underwriting Fee	26,250,000.00	25,724,999.99
Estimated Professional Expenses & Agency fees	5,740,000.00	3,058,763.32
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	19,307.59
Listing Fee	100,000.00	100,000.00
Total Expenses	69,590,000.00	63,903,070.90
Net Proceeds	**6,930,410,000.00**	**6,936,096,929.10**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P7.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P6.9 billion. Net proceeds were used to partially finance various projects.

P5.0 Billion Fixed Rate Bonds due 2021

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**5,000,000,000.00**	**5,000,000,000.00**
Expenses		
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration	1,812,500.00	1,812,500.00
Legal Research Fee	18,125.00	18,125.00
Upfront Fees	-	-
Underwriting Fee	18,750,000.00	18,750,000.00
Professional Expenses and Agency Fees	3,828,500.00	4,051,801.20
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	275,128.39
Total Expenses	**52.051.125.00**	**49,907,554.59**
Net Proceeds	**4,947,978,875.00**	**4,950,092,445.41**

Balance of Proceeds as of 12.31.2019 **NIL**

Cebu Holdings, Inc. raised from the Bonds gross proceeds of P5.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P4.95 billion. Net proceeds were used to partially finance various projects.

P8 Billion Fixed Rate Callable Bonds due 2025

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Expenses		
Documentary Stamp Tax	40,000,000.00	40,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	7,748,500.00	7,178,064.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	126,279.00
Listing Fee	168,000.00	100,000.00
Total Expenses	**84,772,125.00**	**81,759,968.00**
Net Proceeds	**7,915,227,875.00**	**7,918,240,032.00**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects.

P4.0 Billion in Fixed Rate Bonds due 2020 and P2.0 Billion Fixed Rate Bonds due 2033

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**6,000,000,000.00**	**6,000,000,000.00**
Expenses		
Documentary Stamp Tax	30,000,000.00	30,000,000.00
Upfront Fees		
Underwriting Fee (375 bps + GRT)	22,500,000.00	22,500,000.00
Professional Expenses	1,457,500.00	2,517,808.07
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	1,000,000.00	5,530.00
Total Expenses	**55,057,500.00**	**55,123,338.07**
Net Proceeds	**5,944,942,500.00**	**5,944,876,661.93**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P6.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P5.9 billion. Net proceeds were used to partially finance various projects.

P15.0 Billion Fixed Rate Bonds due 2024

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration	5,812,500.00	5,812,500.00
Legal Research Fee	58,125.00	58,125.00
Upfront Fees		
Underwriting Fee	56,250,000.00	56,250,000.00
Professional Expenses	7,336,000.00	401,082.05
Trustee	20,000.00	20,000.00
Registry Account Opening Fee	150,000.00	150,000.00
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	97,807.91
Total Expenses	**147,226,625.00**	**137,889,514.96**
Net Proceeds	**14,852,773,375.00**	**14,862,110,485.04**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects.

P9.35 Billion Fixed Rate Callable Bonds due 2019 and ₱5.65 Billion Fixed Rate Callable Bonds due 2022

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	54,035,000.00	54,035,000.00
Rating Fee	5,040,000.00	4,125,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	1,960,000.00	3,064,146.00
Marketing/Printing/Photocopying Costs and OPEs	500,000.00	383,755.82
Registry and Paying Agency Fee	337,500.00	1,056,314.87
Trustee Fees	112,500.00	20,000.00
Listing Fee	100,000.00	443,666.68
Total Expenses	**141,440,625.00**	**142,483,508.37**
Net Proceeds	**14,858,559,375.00**	**14,857,516,491.63**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects.

HOMESTARTER BONDS 6

(in pesos)	PROSPECTUS	ACTUAL
Issue Amount	**2,000,000,000.00**	**2,000,000,000.00**
Expenses		
Underwriting and Other Professional Fees	15,000,000.00	15,060,000.00
Issue Management Fee	2,000,000.00	2,000,000.00
Underwriting Fee	12,500,000.00	12,500,000.00
Legal Fee – Joint Underwriters	500,000.00	560,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,486,780.27
Documentary Stamp Tax	10,000,000.00	10,000,000.00
Total Expenses	**27,200,000.00**	**26,546,789.27**
Net Proceeds	**1,972,800,000.00**	**1,973,453,210.73**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P2.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P1.97 billion. Net proceeds were used to partially finance various projects.

HOMESTARTER BONDS 5

(in pesos)	PROSPECTUS	ACTUAL
Issue Amount	**1,000,000,000.00**	**1,000,000,000.00**
Expenses		
SEC Registration	1,325,625.00	1,325,625.00
Underwriting and Other Professional Fees	8,000,000.00	9,421,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,587,085,83
Registry and Paying Agency Fees	200,000.00	154,090.30
Documentary Stamp Tax	10,000,000.00	5,000,000.00
Total Expenses	**21,725,625.00**	**17,487,801.13**
Net Proceeds	**978,274,375.00**	**982,512,198.87**

Balance of Proceeds as of 12.31.2019 **NIL**

Ayala Land raised from the Bonds gross proceeds of P1.0Bn. After issue-related expenses, actual net proceeds amounted to P982.5 million. Net proceeds were used to partially finance various projects.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	2	7	4	7					

COMPANY NAME

AYALA LAND, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
investorrelations@ayalaland.com.ph	908-3677	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,862	04/22	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Angelica L. Salvador	salvador.angel@ayalaland.com.ph	908-3681	

CONTACT PERSON's ADDRESS

30th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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

SGV
Building a better
working world

A member firm of Ernst & Young Global Limited

SyCip Gorres Velayo & Co.
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1226 Makati City
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ayala Land, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 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	
	2019	2018 (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	
	2019	2018 (As restated - 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	**₱37,515,031**	₱33,216,589	₱28,165,659
Other comprehensive income (loss)			
Item that may be reclassified to profit or loss in subsequent years:			
Cumulative translation adjustment	**(617,831)**	451,195	1,001,986
Items that will not be reclassified to profit or loss in subsequent years:			
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	**₱36,776,552**	₱33,679,955	₱29,361,484
Total comprehensive income attributable to:			
Equity holders of of Ayala Land, Inc.	**₱32,449,920**	₱29,701,637	₱26,500,790
Non-controlling interests	**4,326,632**	3,978,318	2,860,694
	₱36,776,552	₱33,679,955	₱29,361,484

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	Remeasurement 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)	Treasury Stocks (Note 19)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2019, as previously reported	**₱16,041,530**	**₱47,985,990**	**(₱1,676,556)**	**₱8,000,000**	**₱124,090,020**	**₱65,462**	**(₱219,782)**	**(₱454,138)**	**₱868,271**	**(₱7,400,945)**	**₱–**	**₱187,299,852**	**₱32,921,345**	**₱220,221,197**
Effect of adoption of PFRS 16, *Leases*	**–**	**–**	**–**	**–**	**(616,683)**	**–**	**–**	**–**	**–**	**–**	**–**	**(616,683)**	**(299,348)**	**(916,031)**
Balances at January 1, 2019, as restated	**16,041,530**	**47,985,990**	**(1,676,556)**	**8,000,000**	**123,473,337**	**65,462**	**(219,782)**	**(454,138)**	**868,271**	**(7,400,945)**	**–**	**186,683,169**	**32,621,997**	**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**	**–**	**344,486**	**(3,991,324)**	**(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**	**₱48,598,641**	**(₱1,878,179)**	**₱8,000,000**	**₱148,940,236**	**₱42,279**	**(₱337,210)**	**(₱457,358)**	**₱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	(₱1,537,126)	₱8,000,000	₱101,976,450	₱99,064	(₱160,015)	₱40,530	₱1,001,986	(₱6,152,115)	₱–	₱166,754,611	₱25,508,747	₱192,263,358
Effect of adoption of new accounting standards	–	–	–	–	358,605	–	–	(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)	–	–	–	–	–	–	–	–	–	–	–
Acquisition of control on previously held interest	–	–	–	–	–	–	–	–	(584,910)	–	–	(584,910)	4,773,524	4,188,614
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	(1,248,830)	–	(1,248,830)	(509,596)	(1,758,426)
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	(₱219,782)	(₱454,138)	₱868,271	(₱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	Remeasurement 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	₱16,019,331	₱46,928,521	(₱1,385,682)	₱8,000,000	₱83,798,555	₱89,697	(₱356,918)	₱43,594	₱–	(₱5,432,003)	₱147,705,095	₱24,978,092	₱172,683,187
Net income	–	–	–	–	25,304,965	–	–	–	–	–	25,304,965	2,860,694	28,165,659
Other comprehensive income (loss)	–	–	–	–	–	–	196,903	(3,064)	1,001,986	–	1,195,825	–	1,195,825
Total comprehensive income	–	–	–	–	25,304,965	–	196,903	(3,064)	1,001,986	–	26,500,790	2,860,694	29,361,484
Cost of stock options	–	144,478	–	–	–	9,367	–	–	–	–	153,845	–	153,845
Collection of subscription receivable	–	–	242,063	–	–	–	–	–	–	–	242,063	–	242,063
Stock options exercised	12,265	381,242	(393,507)	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(586,010)	(586,010)	(1,247,563)	(1,833,573)
Increase in non-controlling interest	–	–	–	–	–	–	–	–	–	(134,102)	(134,102)	408,138	274,036
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	(387,883)	(387,883)
Cash dividends declared	–	–	–	–	(7,127,070)	–	–	–	–	–	(7,127,070)	(1,102,731)	(8,229,801)
As of December 31, 2017	₱16,031,596	₱47,454,241	(₱1,537,126)	₱8,000,000	₱101,976,450	₱99,064	(₱160,015)	₱40,530	₱1,001,986	(₱6,152,115)	₱166,754,611	₱25,508,747	₱192,263,358

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	**(₱22,293)**	(₱865,006)	(₱4,658,694)
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)	**₱20,413,041**	₱23,996,570	₱20,998,089

See accompanying Notes to Consolidated Financial Statements.

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

1. **Corporate Information**

Ayala Land, Inc. (the Parent Company or ALI) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines with corporate life of fifty years. The Parent Company's parent is Ayala Corporation (AC). AC is a publicly listed company which is 47.33%-owned by Mermac, Inc. and the rest by the public as of December 31, 2019. The Parent Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

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

The consolidated financial statements of Ayala Land, Inc. and Subsidiaries as of December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 were endorsed for approval by the Audit Committee on February 11, 2020 and were approved and authorized for issue by the Board of Directors (BOD) on February 20, 2020.

The consolidated financial statements represent the consolidation of the financial statements of the Parent Company and the following domestic and foreign subsidiaries:

	December 31	
	2019*	2018*
Real Estate:		
Alveo Land Corporation (Alveo)	**100%**	100%
Serendra, Inc.	**39**	39
Solinea, Inc. (Solinea)	**65**	65
BGSouth Properties, Inc. (BGS)	**50**	50
Portico Land Corp. (Portico)	**60**	60
Serendra, Inc.	**28**	28
Amorsedia Development Corporation (ADC)	**100**	100
OLC Development Corporation and Subsidiary	**100**	100
HLC Development Corporation	**100**	100
Allysonia International Ltd.	**100**	100
Avida Land Corporation (Avida)	**100**	100
Buklod Bahayan Realty and Development Corp.	**100**	100
Avida Sales Corp. and Subsidiaries	**100**	100
Amicassa Process Solutions, Inc.	**100**	100
Avencosouth Corp. (Avencosouth)	**70**	70
BGNorth Properties, Inc. (BGN)	**50**	50
Amaia Land Co. (Amaia)	**100**	100
Amaia Southern Properties, Inc. (ASPI)	**65**	65
AyalaLand Premier, Inc.	**100**	100
Ayala Land International Sales, Inc. (ALISI)	**100**	100
Ayala Land International Marketing, Inc. (AIMI)	**100**	100
Ayala Land International (Singapore) Pte. Ltd	**100**	100
Ayala Land International Marketing (Hong Kong) Ltd	**100**	100
Ayala Land International Marketing, SRL (ALIM SRL)	**100**	100

(Forward)

	December 31	
	2019*	2018*
Ayala Land International Marketing London	**100%**	100%
Ayala Land Sales, Inc.	**100**	100
Southportal Properties, Inc. (Southportal)	**65**	65
Buendia Landholdings, Inc.	**100**	100
Crans Montana Holdings, Inc.	**100**	100
Crimson Field Enterprises, Inc.	**100**	100
Ecoholdings Company, Inc. (ECI)	**100**	100
NorthBeacon Commercial Corporation (NBCC)	**100**	100
Red Creek Properties, Inc.	**100**	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	100
North Eastern Commercial Corp. (NECC)	**100**	100
Westview Commercial Ventures Corp. (Westview)	**100**	100
North Ventures Commercial Corporation	**100**	100
Hillsford Property Corporation (Hillsford)	**100**	100
Primavera Towncentre, Inc. (PTI)	**100**	100
Summerhill E-Office Corporation (Summerhill)	**100**	100
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	100
Subic Bay Town Centre, Inc. (SBTCI)	**100**	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**	100
AyalaLand Real Estate Investments Inc. (Canada)	**100**	100
AyalaLand Advisory Broadway Inc. (Canada)	**100**	100
AyalaLand Development (Canada) Inc.	**100**	100
AyalaLand OpenAsia Holdings PTE, Ltd (Singapore)	**100**	100
Blue Horizons Holdings PTE, Ltd (Singapore)	**100**	100
MCT, Bhd. (MCT) (Malaysia)	**66**	66
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**	100
Arvo Commercial Corporation (Arvo)	**100**	100
BellaVita Land Corporation (BellaVita)	**100**	100
Nuevo Centro, Inc. (Nuevo Centro)	**54**	54
Alviera Country Club, Inc. (Alviera)	**50**	50
Cavite Commercial Town Center, Inc. (CCTCI)	**100**	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	**90**	90
AyalaLand Offices, Inc. (ALO)	**100**	100
First Gateway Real Estate Corp.	**100**	100
Glensworth Development, Inc. (Glensworth)	**100**	100
UP North Property Holdings, Inc.	**100**	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	**10**	10
ALO Prime Realty Corporation	**100**	100
Makati Cornerstone Leasing Corp. (MCLC)	**100**	100
Arca South Commercial Ventures Corp.	**100**	100
Capitol Central Commercial Ventures Corp.	**100**	100
Bay City Commercial Venture Corp. (BCCVC)	**100**	100
Laguna Technopark, Inc. (LTI) and Subsidiary	**–**	20
Aurora Properties Incorporated	**81**	81
Soltea Commercial Corp.	**16**	16
Vesta Property Holdings, Inc. (VPHI)	**78**	70
Altaraza Prime Realty Corporation (Altaraza)	**100**	100
Prow Holdings, Inc.	**55**	55
Station Square East Commercial Corporation (SSECC)	**69**	69

(Forward)

	December 31	
	2019*	2018*
Next Urban Alliance Development Corp.	**100%**	100%
Accendo Commercial Corp. (Accendo)	**67**	67
Avencosouth Corp.	**20**	20
Aviana Development Corporation	**7**	7
Aviana Development Corporation	**50**	50
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	70
Ceci Realty, Inc. (Ceci)	**60**	60
Soltea Commercial Corp.	**12**	12
Soltea Commercial Corp.	**60**	60
CMPI Holdings, Inc.	**60**	60
CMPI Land, Inc.	**36**	36
ALI-CII Development Corporation (ALI-CII)	**50**	50
Roxas Land Corporation (RLC)	**50**	50
Adauge Commercial Corporation (Adauge)	**60**	60
AyalaLand Estates, Inc	**100**	100
Ayalaland MetroNorth, Inc. (AMNI)	**100**	100
Verde Golf Development Corp.	**100**	100
North Triangle Depot Commercial Corporation (NTDCC)	**73**	73
BGWest Properties, Inc. (BGW)	**50**	50
Lagdigan Land Corp. (Lagdigan)	**60**	60
Central Block Developers, Inc. (CBDI)	**45**	45
Cebu Holdings, Inc. (CHI)	**71**	70
Cebu Leisure Company, Inc.	**71**	70
CBP Theatre Management Inc.	**71**	70
Taft Punta Engaño Property Inc. (TPEPI)	**39**	39
Cebu Insular Hotel Company, Inc. (CIHCI)	**26**	26
Solinea, Inc.	**25**	25
Amaia Southern Properties, Inc. (ASPI)	**25**	25
Southportal Properties, Inc. (Southportal)	**25**	25
Central Block Developers, Inc. (CBDI)	**39**	39
Alabang Commercial Corporation (ACC)	**50**	50
South Innovative Theater Management (SITMI)	**50**	50
ALI Commercial Center, Inc.	**100**	100
AMC Japan Concepts, Inc.	**75**	75
AyalaLand Logistics Holdings Corp. (ALLHC) (formerly Prime Orion Philippines, Inc.)	**71**	67
Orion Solutions, Inc.	**71**	70
Orion I Holdings Philippines, Inc.	**71**	70
OE Holdings, Inc.	**71**	70
Orion Land, Inc.	**71**	70
Lepanto Ceramics, Inc.	**71**	70
Laguna Technopark, Inc. and Subsidiary	**68**	50
Unity Realty & Development Corp. (URDC)	**71**	–
FLT Prime Insurance Corporation	**56**	55
Ayalaland Malls Synergies, Inc.	**100**	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	**100**	100
Ayalaland Malls Vismin, Inc.	**100**	100
Ayalaland Malls NorthEast, Inc.	**100**	100

(Forward)

	December 31	
	2019*	2018*
Construction:		
Makati Development Corporation (MDC)	**100%**	100%
MDC Subic, Inc.	**100**	100
MDC Build Plus, Inc.	**100**	100
MDC Conqrete, Inc. (MCI)	**100**	100
MDC Equipment Solutions, Inc. (MESI)	**100**	100
MDBI Construction Corp.	**67**	67
Hotels and Resorts:		
Ayala Hotels, Inc. (AHI)	**50**	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**	100
ALI Makati Hotel & Residences, Inc.	**80**	80
ALI Makati Hotel Property, Inc.	**80**	80
Regent Horizons Conservation Company, Inc.	**100**	100
Enjay Hotels, Inc. (Enjay)	**100**	100
Greenhaven Property Venture, Inc. (GPVI)	**100**	100
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**	63
Bonifacio Hotel Ventures, Inc.	**100**	100
Southcrest Hotel Ventures, Inc.	**67**	67
Northgate Hotel Ventures, Inc.	**70**	70
North Triangle Hotel Ventures, Inc.	**100**	100
Ecosouth Hotel Ventures, Inc.	**100**	100
Sentera Hotel Ventures, Inc.	**100**	100
Econorth Resorts Ventures, Inc.	**100**	100
ALI Triangle Hotel Ventures, Inc.	**100**	100
Circuit Makati Hotel Ventures, Inc.	**100**	100
Capitol Central Hotel Ventures, Inc.	**100**	100
Arca South Hotel Ventures, Inc.	**100**	100
Sicogon Town Hotel, Inc.	**100**	100
Bay Area Hotel Ventures, Inc.	**100**	100
Makati North Hotel Ventures, Inc. (MNHVI)	**100**	100
One Makati Hotel Ventures, Inc. (OMHVI)	**100**	100
Sicogon Island Tourism Estate Corp. (SITE Corp.)	**100**	100
Asiatown Hotel Ventures, Inc.	**100**	100
One Makati Residential Ventures, Inc.	**100**	100
ALI Makati Hotels & Residences, Inc.	**20**	20
ALI Makati Hotel Property, Inc.	**20**	20
Ten Knots Phils., Inc. (TKPI)	**60**	60
Bacuit Bay Development Corporation	**60**	60
Lio Resort Ventures, Inc.	**60**	60
North Liberty Resort Ventures, Inc.	**60**	60
Paragua Eco-Resort Ventures, Inc.	**60**	60
Lio Tourism Estate Management Corporation	**60**	60
Ten Knots Development, Corp. (TKDC)	**60**	60
Chirica Resorts Corp.	**60**	60
Kingfisher Capital Resources Corp.	**60**	60
Pangulasian Island Resort Corporation	**60**	60
Property Management:		
Ayala Property Management Corporation (APMC)	**100**	100
Prime Support Services, Inc.	**100**	100
Ayala Theatres Management, Inc. (ATMI) and Subsidiaries	**100**	100
DirectPower Services, Inc. (DirectPower)	**100**	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100

(Forward)

	December 31	
	2019*	2018*
Entertainment:		
Five Star Cinema, Inc.	**100%**	100%
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	50
Others:		
ALInet.com, Inc. (ALInet)	**100**	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	**100**	100
Green Horizons Holdings Limited and Subsidiaries	**100**	100
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	100
AyalaLand Club Management, Inc.	**100**	100
ALI Capital Corp. (formerly Varejo Corp.) (ALICap)	**100**	100
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.) (Airswift)	**100**	100
Integrated Eco-resort, Inc.	**–**	100
Integrated Eco-resort, Inc.	**100**	–
Arca South Integrated Terminal, Inc.	**100**	100
Whiteknight Holdings, Inc.	**100**	100
Ayalaland Medical Facilities Leasing, Inc.	**100**	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)	**73**	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	**76**	76

*represents the Group's percentage and effective ownership

The above companies are domiciled in the Philippines except for the foreign entities which are domiciled and incorporated in the country as mentioned above.

AC owns the other 50.0% of AHI. The Parent Company exercises control over AHI. Likewise, the Parent Company, through its 50.0% effective ownership and by virtue of a management contract or shareholders' agreement, exercises control over the operations and management of ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP. Accordingly, the accounts of AHI, ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP are consolidated to the accounts of the Parent Company (see Note 3).

The following were the changes in the group structure during 2019:
On April 30, 2018, ALI and ALLHC executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of ALLHC for an aggregate subscription price of ₱3.0 billion in exchange for 30,186 common shares of LTI. The subscription and exchange shall be subject to and deemed effective only upon the issuance by the Securities and Exchange Commission (SEC) of the confirmation of valuation of the shares. The SEC issued its approval on February 28, 2019. This increased ALI's ownership in ALLHC to 69.5%.

On February 4, 2019, The Executive Committee of ALI approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in LTI, equivalent to 8,051 common shares, with a total value of ₱800.0 million. Subsequently on June 10, 2019, ALI exchanged the 20% equity interest in LTI for additional shares of stock in ALLHC, equivalent to 323,886,640 common shares for a consideration of ₱800.0 million, subject to conditions to be fulfilled by ALLHC. This resulted to an increase in ALI's ownership to 70.36%

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

On July 19, 2019, ALLHC purchased 100% of common shares of URDC, which owns a property in Mabalacat Pampanga, a prime location for a new industrial park development with an area of 192 hectares. ALI owns 69.17% of ALLHC.

On September 9, 2019, OLI sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This resulted to increasing ALI's effective ownership in ALLHC to 71.46%.

On April 17, 2019 ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling ₱88.7 million resulting in ALI's increase in ownership from 70.4% to 71.1%.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency and all values are rounded to the nearest thousand (₱000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019 as of 2018 for the following implementation issues of PFRS 15 affecting the real estate industry:

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
d. Adoption of PIC Q&A No. 2018-14: *PFRS 15 – Accounting for Cancellation of Real Estate Sales*

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019.

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable.

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

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

<u>Reclassifications</u>
On September 27, 2019, the Philippine Interpretations Committee (PIC) issued a letter to the various organizations in the real estate industry to clarify certain issues in relation to the PFRS 15 Implementation Issues and other accounting issues affecting real estate industry. The letter includes the clarification on the conclusion of PIC Q&A 2018-12D Step 3 on the recording of contract asset for the difference between the consideration received from the customer and the transferred goods or services to a customer. In the letter, the PIC would allow for the meantime, the recording of the difference between the consideration received from the customer and the transferred goods or services to a customer as either a contract asset or unbilled receivable. If presented as contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be followed.

As a result, the Group elected to record in 2019 the difference between the consideration received from the customer and the transferred goods or services to a customer as installment contracts receivable which differs from the 2018 presentation where the difference was recognized as a contract asset.

Accordingly, the affected assets and liabilities accounts as of December 31, 2018 have been reclassified to conform with the 2019 presentation of accounts. Details as follow:

	As previously reported December 31, 2018	Reclassification	As adjusted December 31, 2018
		(In Thousands)	
Current assets			
Accounts and notes receivable (Note 7)	₱78,245,866	₱48,473,011	₱126,718,877
Contract assets	48,473,011	(48,473,011)	–
Noncurrent assets			
Noncurrent accounts and notes receivable (Note 7)	3,367,890	35,437,047	38,804,937
Noncurrent contract assets	35,437,047	(35,437,047)	–
Current liabilities			
Deposits and other current liabilities (Note 17)	6,669,865	21,874,681	28,544,546
Contract liabilities	21,874,681	(21,874,681)	–
Noncurrent liabilities			
Deposits and other noncurrent liabilities (Note 18)	42,292,671	8,630,235	50,922,906
Contract liabilities - net of current portion	8,630,235	(8,630,235)	–
	₱244,991,266	₱–	₱244,991,266

As the restatements have no significant impact on the Group's total assets, total liabilities and total equity as of January 1, 2018, management believes that the presentation of the consolidated statements of financial position as at beginning of the earliest period presented is not necessary.

The reclassification did not impact the consolidated statement of cash flows for the year ended December 31, 2018.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new accounting pronouncements which became effective January 1, 2019.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  These amendments have no impact to the consolidated financial statements of the Group.

- PFRS 16, *Leases*
  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the consolidated statement of financial position.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 did not have an impact for leases where the Group is the lessor. Unlike lessors, the Group as lessee is required to recognize right-of-use assets and lease liabilities.

As lessee, the Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. Under the modified retrospective approach, the Group recognized right-of-use asset based on its carrying amount as if PFRS 16 had always been applied while the lease liability is recognized at date of adoption, January 1, 2019. The difference between the right-of-use asset and lease liability is recognized in the beginning Retained Earnings as at January 1, 2019.

The Group has lease contracts for various items of property and equipment. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to the accounting policy for leases prior to January 1, 2019.

Except for short-term leases and leases of low-value assets, upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases. Refer to the accounting policy for leases prior to January 1, 2019. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases
Except for short-term leases and leases of low-value assets, the Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets for all leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the above, as at January 1, 2019:
- Right-of -use assets of ₱14,024.6 million were recognized and presented separately in the consolidated statement of financial position.
- Lease liabilities of ₱16,985.9 million were recognized.
- Other current assets of ₱110.1 million related to previous operating leases arising from straight lining under PAS 17 were derecognized.
- Leasehold rights under other noncurrent assets of ₱397.8 million was derecognized.
- Construction in progress under investment properties of ₱888.8 million was recognized.
- Accrued payables under accounts and other payables and deposits and other noncurrent liabilities of ₱275.9 million and ₱1,001.1 million, respectively, related to previous operating leases arising from straight lining under PAS 17 were derecognized.
- Deferred tax assets and liabilities increased by ₱3,319.7 million and ₱2,932.4 million, respectively, because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings (₱616.7 million) and noncontrolling interest (₱299.3 million).

In a tabular format, the effect of adoption PFRS 16 as at January 1, 2019 follows (in thousands):

	Increase (decrease)
Assets	
Right-of-use assets	₱14,024,594
Other current assets	(110,092)
Other noncurrent assets	(397,778)
Investment properties	888,774
Deferred tax assets	3,319,705
	₱17,725,203
Liabilities	
Lease liabilities	₱16,985,922
Accounts and other payables	(275,942)
Deposits and other noncurrent liabilities	(1,001,146)
Deferred tax liabilities	2,932,400
	18,641,234
Equity	
Retained earnings	(616,683)
Non-controlling interests	(299,348)
	(916,031)
	₱17,725,203

The lease liability as at January 1, 2019 as can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments as at December 31, 2018 (Note 33)	₱43,158,571
Weighted average incremental borrowing rate at January 1, 2019	8.68%
Lease liabilities recognized at January 1, 2019	₱16,985,922

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

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

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

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

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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

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

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

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted.

  Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

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

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

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

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  The Philippine Interpretation did not have an impact on the Group’s consolidated financial statements.

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

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

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

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

    These amendments are currently not applicable to the Group but may apply to future transactions.

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

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

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

    These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

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

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

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

    Upon adoption, the Group does not expect any effect on its consolidated financial statements.

  - IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

    In March 2019, the Interpretations Committee of the IASB issued IFRIC Update summarizing the decisions reached by the Committee in its public meetings. The March 2019 IFRIC Update includes the Committee's Agenda Decision on the capitalization of borrowing cost on over time transfer of constructed goods. The IFRIC Agenda Decision clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development (building) which are sold to customers prior to start of construction or completion of the development. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the Group's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer capitalized.

The Group does not expect any effect on its consolidated financial statements as they are already aligned with the provisions of PAS 23.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments are not expected to have a significant impact on the Group.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

  The Group is currently assessing the impact of adopting these amendments.

Current and Noncurrent Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

(a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(b) Held primarily for the purpose of trading;
(c) Expected to be realized within 12 months after reporting date; or
(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by corporate finance after discussion with and approval by the Parent Company’s audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of change in value.

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for residential, commercial and office development receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments and accounts and notes receivables.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes investment in Unit Investment Trust Fund (UITF), investment in ARCH Capital Asian Partners L.P. (ARCH Capital Fund) and investment in bonds as held for trading and classified these as financial assets at FVPL.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables and a vintage analysis for residential, commercial and office development receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include “Accounts and other payables” (other than “Taxes payable” which is covered by another accounting standard), “Short-term and long-term debts” and “Lease liabilities”.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to short term and long term debt.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

c. Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Financial Instruments – initial recognition and subsequent measurement prior to January 1, 2018</u>
<u>Financial Instruments</u>
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income under "Interest and investment income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading, net of interest income accrued on these assets, are recognized in the consolidated statement of income under “Other income” or “Other charges”.

Financial assets may be designated at initial recognition as FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2017, the Group holds its investment in Unit Investment Trust Fund (UITF) and investment in ARCH Capital Asian Partners L.P. (ARCH Capital Fund) as held for trading and classified these as financial assets at FVPL. Management takes the view that these are held for trading and such portfolios are managed by professional managers.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the consolidated statement of financial position captions “Short-term investments” and “Accounts and notes receivable”.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. The amortization is included in the “Interest income from real estate sales” in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income under the “Other expenses” account. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as at FVPL, HTM, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as “Net unrealized gain on available-for-sale financial assets” in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income under “Other income” account or “Other charges” account. Where the Group holds more than one investment in the same security, these are deemed to be disposed on a weighted average basis. The losses arising from impairment of such investments are recognized in the consolidated statement of income under the “Other charges” account.

When the fair value of the AFS financial assets cannot be measured reliably because of lack of reliable estimation of future cash flows and discount rates necessary to calculate the fair value of computed equity instruments, these investments are carried at cost less allowance for impairment losses. AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from reporting date.

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the rights to receive cash flows from the asset have expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
c. the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a ‘pass-through’ arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability has expired, or is discharged or is cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors’ ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income under "Other charges" account.

Interest income continues to be recognized based on the original effective interest rate of the asst. Receivable, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

Financial asset carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than six (6) months for quoted equity securities. The Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities (see Note 10). Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income in the "Other charges" account. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in equity through the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Interest and investment income" account in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deposits
Deposits are measured initially at fair value. After initial recognition, deposits are subsequently measured at amortized cost using the effective interest method.

The difference between the cash received and its fair value is deferred and amortized using the straight-line method under the “Real estate revenue” account in the consolidated statement of income.

Concession Receivable
The Group accounts for its concession arrangement with the DOTr under the Financial Asset model as it has an unconditional contractual right to receive cash or other financial asset for its construction services from or at the direction of the grantor. Under the concession arrangement, the Group is awarded the right to build and operate an integrated transport terminal for Metro Manila and its adjacent provinces. The legal title to these assets shall be transferred to the government at the end of the concession period.

The “Concession Financial Receivable” pertains to the fair value of the Annual Grantor Payment related to the operating and maintenance services and recovery of construction costs of the terminal facility. These are amortized using the effective interest rate over the life of the related concession.

In addition, the Group recognizes and measures construction revenues and costs in accordance with ‘percentage of completion method’. Contract revenue and costs from construction works are recognized as “Construction Revenue” and “Construction Costs” in profit or loss in the period in which the work is performed.

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

Cost includes:
- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

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

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, and insurance.

Input Value-Added Tax (VAT)
Input VAT arises from the purchase of goods and services. These are applied against output VAT. The remaining balance is recoverable in future periods. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Deposits in Escrow
Deposits in escrow pertain to the proceeds from the sale of the Group's projects that have only been granted temporary License to Sell (LTS) as of reporting date. These proceeds are deposited in a local bank and earn interest at prevailing bank deposit rates.

Materials, Parts and Supplies
Materials, parts and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

An allowance for inventory losses is provided for slow-moving, obsolete and defective materials, parts and supplies based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Advances to Other Companies and Advances to Contractors and Suppliers
Advances to other companies and advances to contractors and suppliers are carried at cost less impairment losses, if any.

Investments in Associates and Joint Ventures
Investments in associates and joint ventures (investee companies) are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Operation
Makati Development Corporation (MDC), a subsidiary of the Parent Company, has an interest in joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. MDC recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Constructions-in-progress are carried at cost (including borrowing cost) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties which is comprised of buildings, ranges from 20-40 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2019 and 2018. The Group's investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Property and Equipment
Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings and improvements	20-40
Machinery and construction equipment	5
Furniture, fixtures and equipment	3-10
Transportation equipment	3-5
Hotel property and equipment	20-50

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Leasehold rights with finite lives are amortized using the straight-line method over the estimated useful life of 20 to 23 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

As of December 31, 2019 and 2018 intangible asset pertaining to leasehold right is included under “Other noncurrent assets”.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 (effective January 1, 2018) either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain. The Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognized at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree’s identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the period before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Combinations of entities under common control
Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the current period presented and on retained earnings at the beginning of the current period presented are eliminated to the extent possible.

Asset Acquisitions
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired (e.g. investments in associates and joint ventures, investment properties, property and equipment and right-of-use assets). If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. If such is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in the consolidated statement of income.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes: a) service costs comprising current service costs, past-service costs, b) gains and losses on curtailments and non-routine settlements, and c) net interest cost on benefit obligation.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Share-based Payments
The Group has equity-settled, share-based compensation plans with its employees.

PFRS 2 Options
For options granted after November 7, 2002 that have not vested on or before January 1, 2005, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Black-Scholes model, further details of which are given in Note 28.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instrument that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pre-PFRS 2 Options
For options granted before November 7, 2002 that has vested before January 1, 2005, the intrinsic value of stock options determined as of grant date is recognized as expense over the vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 28).

Employee Stock Ownership Plan
The Parent Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares. The Parent Company recognizes stock compensation expense over the holding period. The Parent Company treats its ESOWN plan as option exercisable within a given period. These are accounted for similar to the PFRS 2 options. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the employees still have the option to subscribe in the future, these are accounted for as options.

Equity
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Equity reserves pertain to the excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. 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 developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized as trade receivables under residential and office development receivables account. Any excess of collections over the total of recognized trade receivables is included in the "customer's deposit" account in the liabilities section of the consolidated statement of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

Cost recognition

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Hotel and resorts revenue
The Group recognizes room accommodation services over time since the guest simultaneously receives and consumes the services provided by the Group. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Construction revenue and cost
Revenue from fixed price construction contracts are recognized overtime using the milestone-based revenue recognition which is in reference to the output method. The output method is determined based on the start and completion of a task of the contract work inclusive of uninstalled goods and materials delivered to the site.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Group’s right to receive the payment is established.

Customers’ deposit
Customers’ deposit is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a customers’ deposit is recognized when the payment is made or the payment is due (whichever is earlier). Customers’ deposit are recognized as revenue when the Group performs under the contract.

Customers’ deposit also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as

earned. Commission expense is included in the “Real estate costs and expenses” account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rental income
Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Revenue Recognition prior to January 1, 2018

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer’s commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with PIC Q&A 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the physical proportion of contract work. The percentage of completion is determined by the Group's project engineers.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales is recognized consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

Revenue from construction contracts included in the "Real estate" account in the consolidated statement of income is recognized using the percentage-of-completion method, based on the completion of a physical proportion of the contract work inclusive of the uninstalled goods and materials delivered to the site.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Rooms revenue from hotel and resort operations is recognized when the services are rendered.

Revenue from banquets and other special events are recognized when the events take place.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Group's right to receive the payment is established.

Commissions
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized. Commission expense is included in the “Real estate costs and expenses” account in the consolidated statement of income.

Expense Recognition
Expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in “Investment properties” and “Property and equipment” accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases effective January 1, 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any

accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Building	20-40
Aircraft	10
Others	5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted on a straight-line basis over the lease term and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases prior to January 1, 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as lessor
Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under “Cumulative translation adjustments” account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group’s share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. Calculation of dilutive EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 of the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Distinction of land between real estate inventories and investment properties
The Group determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories). All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

Property acquisitions and business combinations
The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Consolidation of entities in which the Group holds only 50% or less than majority of voting rights
The Group considers that it controls the following entities even though it owns 50% or less than majority of the voting rights.

ACC
For ACC, ALI holds 50% of the voting rights, and is also the single largest shareholder and the remaining 50% of the equity shares are held by several shareholders. The second largest stockholder of ACC holds 8.3% share while the other shareholders' equity interest ranges from 2.1% to 8.3%. In addition, ALI has an existing management services agreement with ACC which gives ALI the exclusive control and decision over the relevant activities of ACC.

BG Entities (BGWest, BGNorth and BGSouth)
For the BG entities, wherein ALI and the other shareholder each own 50% of the voting rights, ALI controls the investee through exercise of its exclusive project development and marketing agreement as well as the ability to decide on the financing, operating and strategic policies of the investees. This enabled ALI to conclude that it has control.

AHI, RLC, ALI-CII and LAIP
ALI has an existing management services agreement with AHI, RLC, ALI-CII and LAIP which gives ALI the exclusive control and decision over the relevant activities of AHI, RLC, ALI-CII and LAIP.

Significant influence on BLC and OHI
The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies (see Note 11).

Service concession agreement
The Group has made a judgment that the concession agreement with DOTr qualifies under Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Management has assessed that DOTr controls and regulates the service, determines to whom this service will be provided and controls the price. In addition, management has also determined that the DOTr has the significant control over the residual interest of the Terminal at the end of the term. Management has also made a judgment that the Terminal and commercial assets (mall facilities) are physically separable and are capable of being operated independently.

Management has further assessed that said concession agreement qualifies under the Financial Asset model as it has an unconditional contractual right to receive cash or other financial assets (i.e. the Annual Grantor Payment) for its construction, operating and maintenance services directly from DOTr.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense of these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Note 35).

Sale of real estate receivables
The Group has entered into arrangements with banks wherein it discounted its real estate receivables without recourse. The Group believes that the sales transactions are not more than infrequent and that the receivables discounted is insignificant in value both individually and in aggregate. The Group continue with the objective of collecting contractual cash flows until maturity.

Jugments effective January 1, 2018

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:
Quantitative criteria – for residential, commercial and office development receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Jugments effective January 1, 2019

Determination of lease term of contracts with renewal and termination options – Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether the provisions to renew or terminate the lease is enforceable. For leases where the Group has the unilateral option to renew or terminate, it then applies judgment on whether it is reasonably certain or not to exercise the option. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

<u>Management's Use of Estimates</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition on real estate projects
The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quanitity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers). The Group also includes land in the calculation of POC since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. See Notes 20 and 22 for the related balances.

Similarly, the commission is determined using the percentage of completion.

Accounting for business combination
In 2018, the Group, through its wholly owned subsidiary, RWIL, has acquired additional 39.4% in MCT for a total consideration of ₱5.98 billion which brings its ownership to 72.3%. Management has measured the inventories, property and equipment and investment properties that were acquired using the appraisal report that was prepared by the external appraiser. These appraisals involve selecting the appropriate valuation methodology and making various assumptions such as price per sqm, adjustment factors, discount rate, location, size and time element factors. The properties were valued using the sales comparison approach. Significant assumptions used include comparable property prices adjusted for nature, location and condition of the land.

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. See Note 8 for the related balances.

Share-based payments
The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Group. See Note 28 for the related balances.

Estimating pension liabilities and other retirement benefits
The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Significant assumptions are disclosed in Note 26 and include among others, discount rate and salary increase rate.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on 1994 Group Annuity Mortality Table and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions could materially affect retirement obligations. See Note 26 for the related balances.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology. See Note 29 for the related balances.

Estimates effective January 1, 2018

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables other than residential, commercial and office development receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for residential, commercial and office development receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 7 and 29.

Estimates effective January 1, 2019

Estimating the incremental borrowing rate for leases
The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities as of December 31, 2019 amounted to ₱17,463.7 million (see Note 33).

4. Cash and Cash Equivalents

This account consists of:

	2019	2018
	(In Thousands)	
Cash on hand	**₱73,215**	₱56,862
Cash in banks	**14,555,033**	14,461,269
Cash equivalents	**5,784,793**	9,478,439
	₱20,413,041	₱23,996,570

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

The annual interest rates of the cash equivalents are as follows:

	2019	2018
Philippine Peso	**2.8% to 4.0%**	2.5% to 6.9%
US Dollar	**1.1% to 1.8%**	1.0% to 3.5%

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

5. Short-term Investments

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

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

	2019	2018
Philippine Peso	**3.0%**	1.8% to 2.9%
US Dollar	**1.8% to 2.0%**	2.2% to 3.3%

6. Financial Assets at FVTPL

This account consists of:

	2019	2018
	(In Thousands)	
Investment in ARCH Capital Fund	**₱389,031**	₱390,521
Investment in Unit Investment Trust Funds (UITF)	**96,405**	85,724
	₱485,436	₱476,245

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

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

As of December 31, 2019, the Group invested in BPI Money Market Fund (MMF) with a fair value of ₱80.9 million. The BPI MMF's Net Asset Value (NAV) was at ₱23,980.6 million with duration of 131 days.

As of December 31, 2018, the Group invested in BPI MMF with a fair value of ₱71.6 million. The BPI MMF's NAV was at ₱8,331.5 million with duration of 150 days.

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

2019

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	**December 31, 2019**	**₱96,405**	**₱–**	**₱96,405**	**₱–**
Investment in ARCH Capital Fund	**December 31, 2019**	**389,031**	**–**	**–**	**389,031**

2018

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	December 31, 2018	₱85,724	₱–	₱85,724	₱–
Investment in ARCH Capital Fund	December 31, 2018	390,521	–	–	390,521

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

Reconciliation of fair value measurement of Investment in ARCH Fund is shown below:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**₱390,521**	₱457,628
Redemptions	**(24,387)**	(69,803)
Additions	**30,145**	2,696
Unrealized loss	**(7,248)**	–
Balance at end of year	**₱389,031**	₱390,521

Reconciliation of fair value measurement of Investment in UITF is shown below:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**₱85,724**	₱82,978
Redemptions	**(741,376)**	(1,887)
Additions	**746,774**	–
Unrealized gains included under "Other income"	**5,283**	4,633
Balance at end of year	**₱96,405**	₱85,724

7. **Accounts and Notes Receivable**

Accounts and notes receivable account consists of:

	2019	2018 (As restated - see Note 2)
		(In Thousands)
Trade:		
Residential, commercial and office development	**₱104,260,962**	₱120,340,412
Corporate business	**3,828,160**	4,885,870
Shopping centers	**3,684,650**	2,686,281
Construction contracts	**1,553,320**	1,873,091
Management fees	**99,263**	86,047
Others	**4,558,543**	3,100,997
Advances to other companies	**18,984,210**	19,823,781
Accrued receivables	**7,788,796**	6,803,160
Receivables from related parties (Note 25)	**6,130,303**	5,683,236
Receivables from employees	**901,261**	1,113,207
	151,789,468	166,396,082
Less allowance for impairment losses	**1,186,293**	872,268
	150,603,175	165,523,814
Less noncurrent portion	**45,563,869**	38,804,937
	₱105,039,306	₱126,718,877

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

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 6.3% to 13.5%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

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

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

Receivables from hotel operations and other support services included under other trade receivables are normally due within 30 to 90 days upon billing.

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

Advances to other companies also includes receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances made by NTDCC to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement. As of December 31, 2019 and 2018, receivables from MRTDC shareholders amounted to ₱422.3 million and ₱436.7 million, respectively.

On December 17, 2014, NTDCC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from the Group.

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

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group’s employees which are collectible through salary deduction, are interest-bearing (6.0% per annum) and payable on various maturity dates.

Receivables amounting to ₱1,186.3 million and ₱872.3 million as of December 31, 2019 and 2018, respectively, were impaired and fully provided for. Movements in the allowance for impairment losses follow:

2019

	Trade							
	Residential and office Development	Shopping Centers	Construction Contracts	Corporate Business	Management Fees	Others	Advances to Other Companies	Total
				(In Thousands)				
Balance at beginning of year	**₱13,555**	**₱558,059**	**₱26,547**	**₱86,663**	**₱5,948**	**₱175,596**	**₱5,900**	**₱872,268**
Provisions during the year (Note 22)	**–**	**269,619**	**11,231**	**128,692**	**730**	**12,310**	**253,341**	**675,923**
Reversal (Note 22)	**–**	**(13,599)**	**–**	**(16,192)**	**–**	**(76,319)**	**(1,038)**	**(107,148)**
Accounts written off	**–**	**(41,314)**	**–**	**(16,955)**	**–**	**(1,178)**	**(195,051)**	**(254,498)**
Translation adjustment	**–**	**(252)**	**–**	**–**	**–**	**–**	**–**	**(252)**
Balance at end of year	**₱13,555**	**₱772,513**	**₱37,778**	**₱182,208**	**₱6,678**	**₱110,409**	**₱63,152**	**₱1,186,293**

2018

	Trade							
	Residential and office Development	Shopping Centers	Construction Contracts	Corporate Business	Management Fees	Others	Advances to Other Companies	Total
				(In Thousands)				
Balance at beginning of year	₱13,555	₱560,817	₱26,547	₱79,209	₱3,012	₱31,860	₱10,946	₱725,946
Provisions during the year(Note 22)	–	59,092	–	23,793	2,936	143,736	6,491	236,048
Reversal (Note 22)	–	(61,198)	–	(16,339)	–	–	(11,537)	(89,074)
Accounts written off	–	(652)	–	–	–	–	–	(652)
Translation adjustment	–	–	–	–	–	–	–	–
Balance at end of year	₱13,555	₱558,059	₱26,547	₱86,663	₱5,948	₱175,596	₱5,900	₱872,268

As of December 31, 2019 and 2018, nominal amounts of trade receivables from residential, commercial and office development totaling ₱122,258.0 million and ₱137,767.9 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group's receivables as of December 31, 2019 and 2018 follow:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**₱17,427,468**	₱10,332,147
Additions during the year	**8,460,511**	14,137,399
Accretion for the year (Note 20)	**(7,890,972)**	(7,042,078)
Balance at end of year	**₱17,997,007**	₱17,427,468

The Group entered into agreements with BPI Asset Management and Trust Corporation in 2019 and 2018 for the assignment of interest-bearing employee receivables amounting to ₱108.9 million and ₱11.3 million, respectively. The transactions were without recourse and did not result to any gain or loss.

The Group sold residential receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, amounting to ₱9,976.3 million in 2019 and ₱12,867.2 million in 2018. These were sold at a discount with total proceeds of ₱9,281.2 million and ₱12,041.9 million, respectively. The Group recognized loss on sale (under "Other expenses") amounting to ₱775.2 million and ₱825.3 million in 2019 and 2018, respectively (see Note 22).

8. Inventories

This account consists of:

	2019	2018
	(In Thousands)	
Real estate - at cost		
Residential and condominium units	**₱65,659,786**	₱49,675,074
Residential and commercial lots	**52,363,671**	52,116,837
Offices - at cost	**2,264,229**	2,579,700
	₱120,287,686	₱104,371,611

A summary of the movements in inventories is set out below:

2019

	Residential and commercial lots	**Residential and condominium units**	**Offices**	**Total**
		(In Thousands)		
Balances at beginning of year	**₱52,116,837**	**₱49,675,074**	**₱2,579,700**	**₱104,371,611**
Land acquired during the year	**7,598,083**	**–**	**–**	**7,598,083**
Construction/development costs incurred	**7,160,927**	**42,984,189**	**6,248,089**	**56,393,205**
Borrowing costs capitalized	**–**	**122,682**	**–**	**122,682**
Disposals (recognized as cost of real estate sales) (Note 22)	**(15,772,399)**	**(37,211,541)**	**(6,369,061)**	**(59,353,001)**
Transfers from (to) investment properties (Notes 12 and 37)	**1,260,223**	**10,089,382**	**(194,499)**	**11,155,106**
Balances at end of year	**₱52,363,671**	**₱65,659,786**	**₱2,264,229**	**₱120,287,686**

2018

	Residential and commercial lots	Residential and condominium units	Offices	Total
		(In Thousands)		
Balances at beginning of year	₱44,106,425	₱44,321,347	₱2,417,836	₱90,845,608
Land acquired during the year	6,694,113	73,850	466,474	7,234,437
Acquisition through business combination (Note 24)	–	13,620,873	–	13,620,873
Construction/development costs incurred	23,640,668	23,287,225	6,030,005	52,957,898
Borrowing costs capitalized	–	167,036	–	167,036
Disposals (recognized as cost of real estate sales) (Note 22)	(29,520,948)	(32,044 ,896)	(6,218,244)	(67,784,088)
Transfers from (to) investment properties (Notes 12 and 37)	7,196,579	249,639	(116,371)	7,329,847
Balances at end of year	₱52,116,837	₱49,675,074	₱2,579,700	₱104,371,611

The Group has no purchase commitments pertaining to its inventories as of December 31, 2019 and 2018.

There are no liens and encumbrances on the Group's real estate inventories.

9. Other Current Assets

This account consists of:

	2019	2018
	(In Thousands)	
Value-added input tax	**₱14,515,697**	₱13,763,265
Prepaid expenses	**14,355,646**	12,574,213
Advances to contractors and suppliers	**13,217,858**	11,400,879
Creditable withholding taxes	**4,710,840**	3,586,572
Materials, parts and supplies - at cost	**999,883**	659,363
Others	**791,708**	2,196,930
	₱48,591,632	₱44,181,222

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

Prepaid expenses consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. The cost to obtain contracts which includes prepaid commissions and advances to brokers amounted to ₱2,876.2 million and ₱2,662.0 million in 2019 and 2018, respectively. In line with the Group's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits (Note 14).

Advances to contractors and suppliers represents prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

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

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

10. Financial Assets at Fair Value through OCI

This account consists of:

	2019	2018
	(in Thousands)	
Shares of stock:		
Quoted	**₱1,478,444**	₱1,425,412
Unquoted	**505,484**	521,912
	1,983,928	1,947,324
Net unrealized loss	**(454,749)**	(451,529)
	₱1,529,179	₱1,495,795

Investments in quoted shares of stock include shares held for clubs wherein the Group does not exercise control or demonstrate significant influence.

Investments in unquoted shares of stock include unlisted shares of public utility companies which the Group will continue to carry as part of the infrastructure that it provides to its real estate projects.

Movements in the reserves for financial assets at FVOCI as of December 31, 2019 and 2018 are as follows:

	2019	2018
	(In Thousands)	
Balance at beginning of year	**(₱451,529)**	(₱523,467)
Fair value changes during the year	**(3,220)**	71,938
Balance at end of year	**(₱454,749)**	(₱451,529)

As of December 31, 2019 and 2018 reserves for financial assets at FVOCI attributable to non-controlling interests amounted to ₱2.6 million.

The following table provides the fair value hierarchy of the Group's financial assets at fair value through OCI which are measured at fair value as of December 31, 2019 and 2018 (in thousands):

December 31, 2019

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Quoted					
Real estate	**December 31, 2019**	**₱525,541**	**₱525,541**	**₱–**	**₱–**
Tourism and leisure	**December 31, 2019**	**282,927**	**282,927**	**–**	**–**
Financial asset management	**December 31, 2019**	**81,622**	**81,622**	**–**	**–**
Retail	**December 31, 2019**	**54,658**	**54,658**	**–**	**–**
Utilities and energy	**December 31, 2019**	**15,965**	**15,965**	**–**	**–**
Telecommunication	**December 31, 2019**	**2,816**	**2,816**	**–**	**–**
Unquoted					
Tourism and leisure	**Various**	**533,101**	**–**	**–**	**533,101**
Utilities and energy	**Various**	**19,787**	**–**	**–**	**19,787**
Real estate	**Various**	**11,888**	**–**	**–**	**11,888**
Telecommunication	**Various**	**874**	**–**	**–**	**874**
		₱1,529,179	**₱963,529**	**₱–**	**₱565,650**

December 31, 2018

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Quoted					
Real estate	December 31, 2018	₱554,655	₱554,655	₱–	₱–
Tourism and leisure	December 31, 2018	182,300	182,300	–	–
Retail	December 31, 2018	109,079	109,079	–	–
Financial asset management	December 31, 2018	65,261	65,261	–	–
Utilities and energy	December 31, 2018	2,273	2,273	–	–
Telecommunication	December 31, 2018	149	149	–	–
Unquoted					
Tourism and leisure	Various	549,480	–	–	549,480
Utilities and energy	Various	19,833	–	–	19,833
Real estate	Various	11,888	–	–	11,888
Telecommunication	Various	877	–	–	877
		₱1,495,795	₱913,717	₱–	₱582,078

11. **Investments in Associates and Joint Ventures**

This account consists of:

	2019	2018
	(In Thousands)	
Investment in stocks - cost		
Balance at beginning of year	**₱19,492,702**	₱21,643,179
Additions	**1,529,688**	3,724,958
Disposals	**–**	(83,369)
Acquisition of control on previously held interest	**–**	(5,792,066)
Balance at end of year	**21,022,390**	19,492,702
Accumulated equity in net earnings:		
Balance at beginning of year	**₱3,787,105**	₱4,462,790
Equity in net earnings	**965,787**	749,924
Dividends received	**(386,241)**	(331,461)
Acquisition of control on previously held interest	**–**	(1,094,148)
Balance at end of year	**4,366,651**	3,787,105
Subtotal	**25,389,041**	23,279,807
Equity share in cumulative translation adjustment	**(71,460)**	109,945
	₱25,317,581	₱23,389,752

The equity share in cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

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

	Percentages of Ownership		Carrying Amounts	
	2019	2018	**2019**	2018
			(In Thousands)	
Joint ventures:				
Emerging City Holdings, Inc. (ECHI)	**50%**	50%	**₱4,075,620**	₱3,911,350
ALI-ETON Property Development Corporation	**50**	50	**3,294,858**	2,108,668
AKL Properties, Inc. (AKL)	**50**	50	**2,274,254**	1,942,622
Berkshires Holdings, Inc. (BHI)	**50**	50	**2,002,726**	1,933,313
Cebu District Property Enterprise, Inc. (CDPEI)	**35**	35	**1,443,220**	1,464,432
Alveo-Federal Land Communities, Inc.	**50**	50	**904,452**	789,078
AyaGold Retailers, Inc. (AyaGold)	**50**	50	**160,429**	160,485
BYMCW, Inc.	**30**	30	**55,500**	55,500
SIAL Specialty Retailers, Inc. (SIAL Specialty)	**50**	50	**31,744**	26,462
			14,242,803	12,391,910
Associates:				
OCLP Holdings, Inc.(OHI)	**21**	21	**8,540,155**	8,090,085
Bonifacio Land Corp. (BLC)	**10**	10	**1,479,284**	1,427,555
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	**49**	49	**448,613**	793,945
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	**40**	40	**474,486**	470,118
Mercado General Hospital, Inc. (MGHI)	**33**	33	**96,551**	178,044
Lagoon Development Corporation	**30**	30	**35,689**	38,095
			11,074,778	10,997,842
			₱25,317,581	₱23,389,752

Financial information of the associate with material interest

BLC

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

Set out below is the summarized financial information for BLC:

	2019	2018
	(In Thousands)	
Current assets	**₱10,996,893**	₱5,036,409
Noncurrent assets	**32,437,784**	37,539,401
Current liabilities	**(3,066,467)**	(3,798,971)
Noncurrent liabilities	**(7,175,865)**	(6,558,980)
Equity	**33,192,345**	32,217,859
Less: noncontrolling interest	**14,896,099**	14,491,952
Equity attributable to Parent Company	**18,296,246**	17,725,907
Proportion of Group's ownership	**10.1%**	10.1%
Group's share in identifiable net assets	**1,847,921**	1,790,317
Carrying amount of the investment	**1,479,284**	1,427,555
Negative goodwill	**(₱368,637)**	(₱362,762)
Dividends received	**₱80,836**	₱70,731

Net assets attributable to the equity holders of BLC amounted to ₱18,296.2 million and ₱17,725.9 million as of December 31, 2019 and 2018, respectively.

	2019	2018
	(In Thousands)	
Revenue	**₱5,790,288**	₱4,925,102
Cost and expenses	**(3,150,446)**	(2,906,515)
Net income (continuing operations)	**2,639,842**	2,018,587
Net loss attributable to minority interest	**(1,242,515)**	(944,922)
Net income attributable to parent	**1,397,327**	1,073,665
Group's share in net income for the year	**141,130**	108,440
Total comprehensive income attributable to equity holders of the Parent Company	**1,397,327**	1,073,665
Group's share in total comprehensive income for the year	**141,130**	108,440

Aggregate financial information on the associates with immaterial interest (OHI, Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others) follows:

	2019	2018
	(In Thousands)	
Carrying amount	**₱9,595,494**	₱9,570,287
Share in net income from continuing operations	**261,526**	286,171
Share in total comprehensive income	**261,526**	286,171

Financial information of joint ventures

Aggregate financial information on joint ventures with immaterial interest (ECHI, BHI, CDPEI, Alveo-Federal, ALI-Eton, SIAL CVS, SIAL Specialty, AyaGold and BYMCW, Inc.) is as follows:

	2019	2018
	(In Thousands)	
Carrying amount	**₱14,242,804**	₱12,391,910
Share in net income from continuing operations	**563,131**	355,313
Share in total comprehensive income	**563,131**	355,313

The following are the significant transactions affecting the Group's investments in associates and joint ventures:

Investment in OHI

In 2016, ALI acquired a 21.1% stake in OHI consistent with its thrust of expanding its operations to other areas within and outside of Metro Manila through partnerships. The acquisition was made possible via the purchase of shares from existing OHI shareholders, and this was recorded under "Investments in associates and joint ventures" account for ₱7,320.7 million. In 2017, the Group finalized the purchase price allocation of its acquisition of OHI through business combination in March 2016. The final purchase price allocation resulted in gain from bargain purchase of ₱148.0 million. OHI owns 99.5% interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses.

Investments in ECHI, BHI and BLC

The Parent Company's 5.3% direct investment in BLC and 4.8% through Regent Time is accounted for using the equity method because the Parent Company has significant influence over BLC. As disclosed in Note 3, the Parent Company has significant influence over BLC because it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Investment in Rize-Ayalaland
Rize-Ayalaland (Kingsway) GP, Inc. was incorporated on January 25, 2013 under the laws of British Columbia, Canada. The Company's effective ownership is 49.0% through its Vancouver-based subsidiary, AyalaLand Real Estate Investments, Inc.

Investment in Cebu District Property Enterprise, Inc.
Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between the Company and Aboitiz Land, Inc. CDPEI's main purpose is to create a mixed-use commercial and residential district with the 15.4 hectare property in Subangdaku, Mandaue.

Investment in Alveo-Federal Land Communities, Inc.
Alveo Land Corp. signed a Joint Venture Agreement (JVA) with Federal Land, Inc. last April 29, 2015 for equal ownership over AFLCI. The JV is for the development of Treveia Nuvali located in Laguna near Nuvali.

Investment in ALI-ETON Property Development Corporation
ALI-ETON Property Development Corporation was incorporated on March 13, 2016. The company is a joint venture between Ayala Land, Inc. and LT Group, Inc. ALI and LT Group, Inc. entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

In 2019 and 2018, the Parent Company made additional equity infusions to ALI-Eton to fund the development requirements of Parklinks amounting to ₱1,195.0 million and ₱1,534.0 million as of December 31, 2019 and 2018 respectively.

Investment in BYMCW, Inc.
On August 2, 2017, Bouygues Travaux Publics Philippines Inc. (BYTPPI) incorporated BYMCW Inc. (BYMCW) to engage in general building and contracting business. BYMCW's registered office address is at 2nd floor, Welfare Building, LRTA Compound, Aurora Blvd., Barangay 189, Pasay City, Metro Manila.

On December 6, 2017, MDC acquired 30% ownership over BYMCW after buying fifty one (51) million shares held by BYTPPI.

Investment in AyaGold Retailers, Inc.
AyaGold Retailers, Inc., a joint venture between Entenso Equities Incorporated (EEI, a wholly owned subsidiary of Puregold Price Club, Inc.) and ALI Capital Corp. (a wholly owned subsidiary of the Company and the holding company for its retail-related initiatives), was incorporated on October 2, 2013. It is organized primarily to finance, build and operate mid-market supermarkets for some of Company's new integrated and mixed-use developments. The mid-market supermarkets will be carried under a new brand to be jointly developed by both ALI Capital Corp. and EEI. The partnership with EEI will enable the Company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

Investment in SIAL Specialty
SIAL Specialty was incorporated on September 27, 2012 as a joint venture between ALI Capital Corp. and Store Specialist, Inc. (SSI). ALICap is a wholly owned subsidiary of the Parent Company. SSI is one of the largest specialty retail companies in the Philippines with the exclusive distribution rights to a variety of brands from around the world.

The partnership, which combines the Company's expertise in developing mixed-use developments and SSI's proven track record in retail, is aimed at pursuing retail solutions to address the growing and changing lifestyle needs of the market.

SIAL Specialty was organized primarily for the investment and operation of mid-market department stores and to pursue other investment opportunities in the Philippine retail sector.

Investment in SIAL CVS
SIAL CVS is an equally owned joint venture between ALI Capital Corp., the Company's wholly owned subsidiary and SII, SSI's wholly owned subsidiary.

SIAL CVS shall be the vehicle for the investment in the operation of convenience stores in the Philippines. SIAL CVS capitalizes on the Company's expertise in mixed-use developments and SSI's experience in the Philippine retail market. The Parties agreed to incorporate a special purpose vehicle that shall form a partnership with FamilyMart Co. Ltd. and Itochu Corporation for the operation of FamilyMart convenience stores in the Philippines.

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

PFM is the official Area Franchisee of the Family Mart brand of convenience stores in the Philippines, with a current network of 67 company-owned and franchised stores all over the country. PNX is the leading independent and fastest-growing oil company in the Philippines, with a wide network of retail stations and commercial and industrial clients all over the Philippines.

The transaction was approved by the Philippine Competition Commission (PCC) last January 3, 2018. Accordingly, the Group no longer has any investment in SIAL CVS after the conclusion of the sale of outstanding shares of PFM.

Investment in MGHI
In July 2013, the Company entered into an agreement with the Mercado Family to acquire Whiteknight Holdings, Inc. (WHI), a 33% equity stockholder of MGHI. Its acquisition of WHI will allow the Company to build a strategic partnership with the Mercado Group and support MGHI's future growth. This partnership also enhances the potential of Ayala Land's development of mixed-use communities by offering the critical component of medical services to complement the residential, shopping centers, office and hotel developments therein.

Investment in AKL
In 2018, the Parent Company invested ₱1,959.7 million in AKL, which is a 50:50 joint venture between the Parent Company and Royal Asia Land, Inc., and is organized primarily for future mixed-use development in South Luzon area.

On June 26, 2019, the Parent Company approved the equity call to fund the advance payment to Manila Jockey Club, Inc. (MJCI) upon signing the Memorandum of Agreement (MOA) for the 60 ha. Property in Carmona, Cavite between AKL and MJCI. The Parent Company's share in the additional total capital requirement amounted to ₱250.0 million.

On Sept. 12, 2019, the Parent Company approved the equity call for the minimum subscription to increase the Authorized Capital Stock (ACS) of AKL from ₱4,545.0 million to ₱7,250.0 million which was approved in the AKL board meeting on May 14, 2019. The increase in the ACS shall cover the land acquisition requirements in Carmona and Silang, Cavite for the next 3 years. The 50% share of the Parent Company in the minimum paid-up capital (25% of the minimum subscription) of the increase amounted to ₱84.7 million.

12. **Investment Properties**

The rollforward analysis of this account follows:

2019

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year, as previously reported	**₱83,523,538**	**₱117,553,349**	**₱55,359,319**	**₱256,436,206**
Effect of adoption of PFRS 16 (Note 2)	**–**	**–**	**888,774**	**888,774**
Balance at beginning of year, as restated	**83,523,538**	**117,553,349**	**56,248,093**	**257,324,980**
Additions	**16,965,958**	**10,567,896**	**9,484,719**	**37,018,573**
Disposals	**(1,341,800)**	**(2,502,913)**	**(3,146)**	**(3,847,859)**
Cumulative translation difference	**(93,531)**	**(135,484)**	**–**	**(229,015)**
Transfers (Notes 8,13, 33 and 37)	**(11,461,735)**	**1,649,546**	**(1,715,853)**	**(11,528,042)**
Balance at end of year	**87,592,430**	**127,132,394**	**64,013,813**	**278,738,637**
Accumulated Depreciation				
Balance at beginning of year	**–**	**31,327,471**	**–**	**31,327,471**
Depreciation (Note 22)	**–**	**4,404,491**	**–**	**4,404,491**
Disposals	**–**	**(178,584)**	**–**	**(178,584)**
Cumulative translation difference	**–**	**(406)**	**–**	**(406)**
Transfers	**–**	**39,392**	**–**	**39,392**
Balance at end of year	**–**	**35,592,364**	**–**	**35,592,364**
Accumulated impairment losses				
Balance at beginning and end of year	**102,825**	**–**	**–**	**102,825**
Net Book Value	**₱87,489,605**	**₱91,540,030**	**₱64,013,813**	**₱243,043,448**

2018

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	₱84,893,792	₱93,046,926	₱49,660,702	₱227,601,420
Additions	6,336,730	16,789,386	13,725,237	36,851,353
Acquisition through business combination (Note 24)	1,223,498	4,489,137	–	5,712,635
Disposals	(1,642,908)	(83,917)	–	(1,726,825)
Foreign currency exchange differences	209,538	78,540	–	288,078
Transfers (Notes 8,13 and 37)	(7,497,112)	3,233,277	(8,026,620)	(12,290,455)
Balance at end of year	83,523,538	117,553,349	55,359,319	256,436,206
Accumulated Depreciation				
Balance at beginning of year	–	27,258,780	–	27,258,780
Depreciation (Note 22)	–	4,052,276	–	4,052,276
Disposals	–	(3,892)		(3,892)
Foreign currency exchange differences	–	20,307	–	20,307
Balance at end of year	–	31,327,471	–	31,327,471
Accumulated impairment losses				
Balance at beginning and end of year	102,825	–	–	102,825
Net Book Value	₱83,420,713	₱86,225,878	₱55,359,319	₱225,005,910

Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit.

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

The aggregate fair value of the Group's investment properties amounted to ₱495,845.1 million and ₱328,057.2 million as of December 31, 2019 and 2018, respectively.

The fair values of the investment properties were determined by independent professionally qualified appraisers.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2019 and 2018:

2019

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Land properties	**Various**	**₱278,165,996**	**₱–**	**₱–**	**₱278,165,996**
Retail properties	**Various**	**109,835,314**	**–**	**–**	**109,835,314**
Office properties	**Various**	**106,628,343**	**–**	**–**	**106,628,343**
Hospital properties	**Various**	**1,215,483**	**–**	**–**	**1,215,483**

2018

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Land properties	Various	₱152,670,030	₱–	₱–	₱152,670,030
Retail properties	Various	73,034,911	–	–	73,034,911
Office properties	Various	101,208,761	–	–	101,208,761
Hospital properties	Various	1,143,511	–	–	1,143,511

The values of the land were arrived using the Market Data Approach. Market Data Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For Market Data Approach, the higher the price per sqm., the higher the fair value.

The values of the buildings (retail, office, hospital) were arrived using the Income Approach. Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

The significant unobservable inputs to valuation of investment properties ranges from ₱1,500-₱278,000 per sqm.

Interest capitalized amounted to ₱22.8 million, ₱19.0 million and ₱17.7 million in 2019, 2018 and 2017, respectively. The capitalization rates are 4.41%-7.00%, 2.00%-7.65% and 2.50%-4.75% in 2019, 2018 and 2017, respectively (see Note 16).

Consolidated rental income from investment properties amounted to ₱31,687.1 million, ₱28,522.4 million and ₱24,321.3 million in 2019, 2018 and 2017, respectively (see Note 20). Consolidated direct operating expenses arising from the investment properties in 2019, 2018 and 2017 amounted to ₱6,822.3 million, ₱5,906.2 million and ₱4,690.5 million, respectively (see Note 22).

Depreciation and amortization expense pertaining to investment properties amounted to ₱4,404.5 million, ₱4,052.3 million and ₱3,483.0 million in 2019, 2018 and 2017, respectively (see Note 22).

13. **Property and Equipment**

The rollforward analysis of this account as of December 31 follow:

2019

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
Balance at beginning of year	₱11,822,391	₱14,042,526	₱6,657,181	₱3,331,104	₱18,927,960	₱54,781,162
Additions	2,880,599	948,850	1,999,517	165,395	4,525,214	10,519,575
Disposals	(16,107)	(502,089)	(7,578)	(31,885)	–	(557,659)
Foreign currency exchange difference	(46,248)	(54,065)	(3,990)	(1,623)	–	(105,926)
Transfers (Notes 12 and 37)	(124,646)	–	–	–	596,297	471,651
Balance at end of year	14,515,989	14,435,222	8,645,130	3,462,991	24,049,471	65,108,803
Accumulated Depreciation and Amortization						
Balance at beginning of year	3,546,838	7,741,047	4,174,491	1,206,464	2,363,122	19,031,962
Depreciation and amortization (Note 22)	954,929	1,553,999	550,519	275,265	516,270	3,850,982
Disposals	(20,903)	(421,333)	(9,090)	(22,371)	–	(473,697)
Foreign currency exchange difference	(30,535)	896	9,247	4,873		(15,519)
Transfers	(39,392)	–	–	–	–	(39,392)
Others	(202,614)	(10,308)	(38,127)	(17,682)	(39,159)	(307,890)
Balance at end of year	4,208,323	8,864,301	4,687,040	1,446,549	2,840,233	22,046,446
Net Book Value	₱10,307,666	₱5,570,921	₱3,958,090	₱2,016,442	₱21,209,238	₱43,062,357

2018

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
Balance at beginning of year	₱8,015,559	₱12,550,628	₱6,605,459	₱3,160,878	₱13,992,854	₱44,325,378
Additions	2,533,458	772,825	61,284	236,897	395,951	4,000,415
Additions through business combination (Note 24)	3,078,371	1,356,321	128,848	35,883	–	4,599,423
Disposals	(2,023,545)	(1,268,959)	(261,752)	(176,768)	(361,870)	(4,092,894)
Foreign currency exchange difference	218,548	631,664	123,806	74,214	–	1,048,232
Transfers (Notes 12 and 37)	–	47	(464)	–	4,901,026	4,900,609
Balance at end of year	11,822,391	14,042,526	6,657,181	3,331,104	18,927,961	54,781,163
Accumulated Depreciation and Amortization						
Balance at beginning of year	2,911,988	6,090,829	3,729,850	780,804	2,287,820	15,801,291
Depreciation and amortization (Note 22)	526,797	360,317	272,763	247,094	475,648	1,882,619
Disposals	(71,176)	(191,780)	(68,765)	(52,802)	(343,028)	(727,551)
Foreign currency exchange difference	93,903	292,142	123,806	75,295	–	585,146
Others	85,326	1,189,540	116,837	156,074	(57,318)	1,490,459
Balance at end of year	3,546,838	7,741,048	4,174,491	1,206,465	2,363,122	19,031,964
Net Book Value	₱8,275,553	₱6,301,478	₱2,482,690	₱2,124,639	₱16,564,839	₱35,749,200

The depreciation and amortization of property and equipment (included under various consolidated statements of income accounts) amounted to ₱3,851.0 million, ₱1,882.6 million and ₱1,517.6 million in 2019, 2018 and 2017, respectively. No interest was capitalized in 2019 and 2018 (see Note 16).

14. Other Noncurrent Assets

This account consists of:

	2019	2018
	(In Thousands)	
Advances to contractors and suppliers	**₱13,664,137**	₱9,355,940
Prepaid expenses	**10,667,666**	9,026,562
Leasehold rights	**3,684,840**	4,266,310
Deposits – others	**2,452,299**	2,134,677
Investment in bonds	**2,309,867**	–
Deferred input VAT	**1,676,155**	3,025,078
Net pension assets (Note 26)	**74,332**	62,065
Development rights	**63,314**	49,157
Others	**287,867**	584,208
	₱34,880,477	₱28,503,997

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

Prepaid expenses consist of project costs incurred for unlaunched projects of the Group, advance rental payments and noncurrent prepaid management fees. This also includes the noncurrent portion of cost to obtain contracts (see Note 9) which includes prepaid commissions and advances to brokers, which amounted to ₱442.4 million and ₱261.0 million in 2019 and 2018, respectively.

Leasehold rights consist of the following:
- Through the acquisition of ALLHC, ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR) (see Note 33).
- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.
- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.

Movements of leasehold rights follow:

	2019	2018
	(In Thousands)	
As of January 1, 2019, as previously reported	**₱4,266,310**	₱4,463,861
Effect of adoption of PFRS 16	**(397,778)**	–
As of January 1, 2019, as restated	**3,868,532**	4,463,861
Amortization	**(183,692)**	(197,551)
Balance at end of year	**₱3,684,840**	₱4,266,310

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

Investment in bonds pertain to non-interest bearing bonds with a term of 36-months. The Group recorded the investment as financial asset at fair value through profit or loss. The fair value of the investment in bonds is determined using the binomial lattice approach. The fair value of the investment is categorized under Level 3.

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

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

Others pertain to prepayments for expenses that is amortized for more than one year. The noncurrent portion of cost to obtain contracts which includes prepaid commissions and advances to brokers amounted to ₱442.4 million and ₱261.0 million in 2019 and 2018, respectively.

15. Accounts and Other Payables

This account consists of:

	2019	2018
	(In Thousands)	
Accounts payable	**₱84,659,801**	₱101,055,160
Taxes payable	**22,488,327**	20,101,227
Accrued project costs	**18,269,215**	18,072,293
Liability for purchased land	**9,936,887**	2,544,623
Accrued salaries and employee benefits	**5,792,122**	6,025,804
Retentions payable	**4,094,175**	4,372,925
Accrued professional and management fees	**3,837,477**	4,666,896
Accrued utilities	**2,334,623**	2,436,233
Interest payable	**2,156,213**	1,887,310
Accrued repairs and maintenance	**1,902,797**	2,667,501
Accrued advertising and promotions	**1,317,500**	1,266,336
Accrued rentals	**1,082,496**	870,599
Payable to related parties (Note 25)	**1,034,283**	702,189
Dividends payable	**632,000**	664,546
Development rights payment (DRP) obligation	**–**	236,362
Other accrued expenses	**3,441,253**	4,429,418
	₱162,979,169	₱171,999,422

Accounts payable and accrued expenses are noninterest-bearing and are normally settled on 30- to 60-day terms.

Taxes payable pertains to the Group's output VAT, expanded withholding tax, capital gains tax and fringe benefit tax.

Accrued project costs are billings not yet received from suppliers for direct materials, and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead, and provision for repairs and maintenance.

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

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

DRP obligation pertains to the current portion of the liability arising from the assignment agreement between the Group and MRTDC of the latter's development rights (Notes 7 and 14). In consideration of the lease, the Group will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Group's commercial center business. Of the 5% variable amount due, 2.42% shall be directly paid by the Group to the minority shareholders of Monumento Rail Transit Corporation, 28.47% shall be paid directly to Metro Global Holdings Corporation and the remaining 69.11% shall be applied against receivables. This amount has been reclassified in line with the adoption of PFRS 16 (Note 2).

Other accrued expenses consist mainly of accruals from commissions, royalty, transportation and travel, janitorial and security, postal and communication and other expenses.

16. Short-term and Long-term Debts

The short-term debt amounting to ₱18,032.8 million and ₱14,386.7 million as of December 31, 2019 and 2018, respectively, represents both peso and foreign currency-denominated bank loans. Peso-denominated short-term loans had a weighted average cost of 4.98% and 5.00% per annum in 2019 and 2018.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱24,416.9 million and ₱14,170.3 million as of December 31, 2019 and 2018 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,451.2 million and ₱2,618.9 million as of December 31, 2019 and 2018, respectively, which is accounted as part of the “Investment properties” account.

Long-term debt consists of:

	2019	2018
	(In Thousands)	
Parent Company:		
Bonds:		
Due 2019	**₱–**	₱12,332,530
Due 2020	**4,000,000**	4,000,000
Due 2021	**9,000,000**	–
Due 2022	**12,650,000**	12,650,000
Due 2023	**15,000,000**	15,000,000
Due 2024	**18,000,000**	15,000,000
Due 2025	**15,000,000**	15,000,000
Due 2026	**16,000,000**	8,000,000
Due 2027	**8,000,000**	7,000,000
Due 2028	**10,000,000**	10,000,000
Due 2033	**2,000,000**	2,000,000
Short-dated notes	**–**	7,100,000
Fixed rate corporate notes (FXCNs)	**5,710,000**	5,770,000
Php - denominated long-term loan	**41,885,094**	29,465,677
US Dollar - denominated long-term loan	**6,329,375**	–
	163,574,469	143,318,207
Subsidiaries:		
Bonds	**5,000,000**	5,000,000
Bank loans - Philippine Peso	**24,046,410**	20,350,585
Bank loans - Malaysian Ringgit	**4,875**	3,385,586
Fixed rate corporate notes	**1,350,000**	1,387,500
	30,401,285	30,123,671
	193,975,754	173,441,878
Less unamortized transaction costs	**911,703**	729,756
	193,064,051	172,712,122
Less current portion	**17,250,706**	23,265,173
	₱175,813,345	₱149,446,949

ALI Parent
Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term (Years)	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands) 2019	2018	Features
2012	7.0	5.6250%	₱9,350,000	**₱–**	₱9,341,196	Fixed rate bond due 2019
2012	10.0	6.0000%	5,650,000	**5,645,304**	5,644,680	Fixed rate bond due 2022
2013	7.0	4.6250%	4,000,000	**3,995,321**	3,989,546	Fixed rate bond due 2020
2013	20.0	6.0000%	2,000,000	**1,985,276**	1,984,613	Fixed rate bond due 2033
2013	10.5	5.0000%	15,000,000	**14,936,647**	14,923,051	Fixed rate bond due 2024
2014	11.0	5.6250%	8,000,000	**7,952,880**	7,945,703	Fixed rate bond due 2025
2015	7.0	4.5000%	7,000,000	**6,968,807**	6,960,744	Fixed rate bond due 2022
2016	9.5	4.7500%	7,000,000	**6,955,765**	6,949,421	Fixed rate bond due 2025
2016	10.0	4.8500%	8,000,000	**7,946,612**	7,939,468	Fixed rate bond due 2026
2016	3.0	3.0000%	2,982,530	**–**	2,971,976	Homestarter Bond due 2019
2016	7.0	3.8915%	7,000,000	**6,961,631**	6,952,613	Fixed rate bond due 2023
2017	10.0	5.2624%	7,000,000	**6,972,611**	6,969,630	Fixed rate bond due 2027
2018	10.0	5.9203%	10,000,000	**9,896,154**	9,886,828	Fixed rate bond due 2028
2018	5.0	7.0239%	8,000,000	**7,925,898**	7,909,305	Fixed rate bond due 2023
2019	7.0	6.3690%	8,000,000	**7,909,802**	–	Fixed rate bond due 2026
2019	5.0	4.7580%	3,000,000	**2,979,164**	–	Fixed rate bond due 2024
2019	2.0	4.2463%	9,000,000	**8,937,450**	–	Fixed rate bond due 2021
2019	7.25	4.9899%	1,000,000	**952,029**	–	Fixed rate bond due 2027
Total				**₱108,921,351**	₱100,368,774	

Philippine Rating Services Corporation (PhilRatings) rated the Parent Company's 2019 bond issue "PRS Aaa" with a stable outlook, and maintained the "PRS Aaa" rating with a stable outlook for all other outstanding bonds. PRS Aaa is the highest rating assigned by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong and that that it has the smallest degree of investment risk. On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A Stable Outlook indicates that the rating is likely to be maintained or to remain unchanged in the next twelve months.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Parent Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.6% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances. The Parent Company fully paid the ₱9,350.0 million bond in April 2019.

Philippine Peso 5-year and 10-year and 6-month Bonds due 2024
In July 2013, the Parent Company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP. In 2019, the Parent Company issued a total of ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.758% p.a. under its new shelf registration. PhilRatings assigned a PRS Aaa rating on the bonds.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Parent Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.6% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Parent Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 11-year Bonds due 2025
In April 2014, the Parent Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.6% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Parent Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 9-year and 6-month Bonds due 2025
In April 2016, the Parent Company issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000.0 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7-year and 10-year Bonds due 2026
In March 2016, the Parent Company issued a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds is the first tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings. In May 2019, the Parent Company issued an ₱8,000.0 million fixed rate bond due 2026 at a rate equivalent to 6.369% p.a. The Bonds represent the first tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 3-Year Homestarter Bond due 2019 and 7-year Bonds due 2023
In October 2016, the Parent Company issued a total of ₱10,000.0 million bonds, broken down into a ₱3,000.0 million Homestarter bond due 2019 at a fixed rate of 3.0% p.a. and a ₱7,000.0 million fixed rate bond due 2023 at a rate equivalent to 3.8915% p.a. The Bonds represent the first tranche of Homestarter Bonds series and the third tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In 2017, the Parent Company paid ₱9.1 million as an early down payment of the outstanding 3-Year Homestarter Bond. In 2018, the Parent Company paid ₱8.4 million as an early down payment of the outstanding 3-Year Homestarter Bond. The Parent Company fully paid the remaining Homestarter Bond on October 21 and December 23, 2019.

Philippine Peso 7-year and 3-month and 10-year Bonds due 2027
In May 2017, the Parent Company issued a ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.2624% p.a. The Bonds represent the fourth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, the Parent Company issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.9899 % p.a. This was the third tranche of bonds issued under the new ₱50,000.0 million shelf registration of the Parent Company. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028
In April 2018, the Parent Company issued a ₱10,000.0 million fixed rate bond due 2028 at a rate equivalent to 5.9203% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.9203% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC,and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2023
In October 2018, the Parent Company issued a ₱8,000.0 million fixed rate bond due 2023 at a rate equivalent to 7.0239% p.a. The Bonds represent the sixth and final tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 2-year Bonds due 2021
In November 2019, the Parent Company issued a ₱9,000.0 million fixed rate bond due 2021 at a rate equivalent to 4.2463% p.a. The Bonds form part of the third tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

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

Philippine Peso 15-month Note due 2019
In November 2017, the Parent Company issued and listed on the PDEx Corp. a ₱3,100.0 million Corporate Note. This Note issue is an SEC-registration exempt transaction under Section 10.1(l) of the Securities Regulation Code (SRC) and Section 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC. Thus, the Note was offered on a limited basis to juridical persons or entities who, at the point of offer or sale, were Qualified Buyers. The Notes bear a fixed interest rate of 3.25% p.a. The Parent Company fully paid the matured Corporate Notes in February 2019.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Parent Company issued ₱10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.6% to 7.5% p.a. depending on the term of the notes. The Company prepaid ₱1,950.0 million of notes due in 2016 on January 19, 2013. In 2014, the Parent Company paid ₱43.0 million for the matured portion of the loan. In January 2016, the Parent Company paid ₱3,750 million notes for the matured portion of the loan. In 2017, the Parent Company paid ₱43.0 million for the matured portion of the loan. In 2018, the Company prepaid ₱3,234.0 million notes and paid ₱10.0 million for the matured portion of the loan. In 2019, the Parent Company paid ₱10.0 million for the matured portion of the loan. As of December 31, 2019 and 2018, the remaining balance of the FXCN amounted to ₱960.0 million and ₱970.0 million, respectively.

Philippine Peso 10-year Note due 2023
In December 2012, the Parent Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.5%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, ₱50.0 million was prepaid by the Company. In 2016, another ₱50.0 million worth of amortization was paid by the Parent Company. In 2017, the Parent Company paid another amortization in the amount of ₱50.0 million. In 2018, another ₱50.0 million worth of amortization was paid by the Company. In 2019, the Parent Company paid another amortization in the amount of ₱50.0 million. As of December 31, 2019 and 2018, the remaining balance of the note amounted to ₱4,750.0 million and ₱4,800.0 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Parent Company assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.7% p.a. and terms ranging from 4.4 years to 10.5 years. As of December 31, 2019 and 2018, the remaining balance of the assumed long-term facilities amounted to ₱14,107.8 million and ₱14,503.2 million respectively.

In March 2017, the Company executed a ₱10,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn an initial ₱5,000.0 million. The loan carries a fixed interest rate of 4.949% p.a. and a term of 10 years. The balance of facility of ₱5,000.0 million was drawn in April 2017.

In March 2018, the Company executed a ₱5,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn the entire facility amount.

In March 2019, the Company executed a ₱13,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn an initial ₱6,500.0 million. The loan carries a fixed interest rate of 6.272% p.a. and a term of 10 years. The ₱6,500.0 million balance was drawn in April 2019 at an interest rate of 6.307% per annum.

As of December 31, 2019 and 2018, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱41,885.1 million and ₱29,465.7 million, respectively.

US Dollar-denominated Long-term Loans
In October 2012, the Parent Company executed and had fully drawn a US$58.5 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The loan will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In January 2014 and October 2015, the Company made partial prepayments on the loan in the amount of US$5.8 million and US$12.8 million, respectively.

Subsequently in March 2016, a US$30.0 million long-term facility was assigned by ALI Makati Hotel Property, Inc. to the Parent Company. The assigned loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly and had a remaining term of 3 years and 4 months from the time of assignment. The Parent Company fully paid the remaining dollar-denominated loans on December 20, 2018

In November 2019, the Parent Company executed and had simultaneously drawn a US$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The proceeds were onlent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

As of December 31, 2019 and 2018, the remaining aggregate balance of US Dollar-denominated long term loans amounted to ₱6,329.4 million and nil, respectively.

<u>Subsidiaries</u>
The subsidiaries' loans will mature on various dates up to 2028. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R2 or and fixed interest rates ranging from 3.89% to 3.92% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. or (iii) the average of the Bangko Sentral ng Pilipinas Overnight Deposit Rate and Term Deposit Facility with a term closed to the 90-day interest period. The total outstanding balance of the subsidiaries' loans as of December 31, 2019 and 2018 amounted to ₱25,401.29 million and ₱25,123.67 million loans, respectively.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In June 2014, Cebu Holdings, Inc. issued a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.3% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

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

Interest capitalized amounted to ₱145.5 million and ₱196.2 million in 2019 and 2018, respectively. The capitalization rates are 4.41%-7.01% in 2019 and 2%-7.65% in 2018 (see Notes 8 and 12).

Transaction costs capitalized amounted to ₱333.8 million and ₱251.4 million in 2019 and 2018, respectively. Amortization amounted to ₱151.9 million and ₱178.2 million in 2019 and 2018, respectively, and included under "Interest and other financing charges" (see Note 22).

17. Deposits and Other Current Liabilities

This account consists of:

	2019	2018 (As restated - see Note 2)
	(In Thousands)	
Current portion of customers' deposits	**₱20,487,113**	₱21,874,681
Security deposits	**4,642,202**	5,544,289
Others	**343,266**	1,125,576
	₱25,472,581	₱28,544,546

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

The amount of revenue recognized from amounts included in customers' deposits at the beginning of the year amounted to ₱22,826.6 million and ₱11,479.4 million in 2019 and 2018, respectively.

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

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

18. **Deposits and Other Noncurrent Liabilities**

This account consists of:

	2019	2018 (As restated - see Note 2)
	(In Thousands)	
Deposits	**₱13,646,810**	₱18,844,346
Customers' deposit - noncurrent portion	**8,809,357**	8,630,235
Retentions payable	**6,752,120**	5,722,577
Contractors payable	**6,595,611**	7,264,642
Liability for purchased land	**5,341,766**	6,019,262
Deferred output VAT	**1,721,402**	1,923,754
Subscriptions payable	**498,175**	498,175
DRP obligation	**–**	1,001,146
Other liabilities	**638,395**	1,018,769
	₱44,003,636	₱50,922,906

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

Customers' deposits consist of excess of collections over the recognized receivables based on percentage of completion.

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

Contractors payable represents accrued costs incurred for property development that are not yet billed.

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

Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.

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

On April 25, 1995, Central Bay, a wholly owned subsidiary of Cyber Bay, entered into a Joint Venture Agreement with the Philippine Reclamation Authority (PRA; formerly Public Estates Authority) for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the Project) consisting of three partially reclaimed and substantially eroded islands (the Three Islands) along Emilio Aguinaldo Boulevard in Parañaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at Central Bay's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area.

On March 30, 1999, the PRA and Central Bay executed an Amended Joint Venture Agreement (AJVA) to enhance the Philippine Government's share and benefits from the Project which was approved by the Office of the President of the Philippines on May 28, 1999.

On July 9, 2002, the Supreme Court (SC) (in the case entitled "Francisco Chavez vs. Amari Coastal Bay and Reclamation Corp.") issued a ruling declaring the AJVA null and void. Accordingly, PRA and Central Bay were permanently enjoined from implementing the AJVA.

On July 26, 2002, Central Bay filed a Motion for Reconsideration (MR) of said SC decision. On May 6, 2003, the SC En Banc denied with finality Central Bay's MR. On May 15, 2003, Central Bay filed a Motion for Leave to Admit Second MR. In an En Banc Resolution of the SC dated July 8, 2003, the SC resolved to admit the Second MR of Central Bay.

On November 11, 2003, the SC rendered a 7-7 split decision on Central Bay's Second MR. Because of the new issues raised in the SC's latest resolution that were never tried or heard in the case, Central Bay was constrained to file on December 5, 2003 a Motion for Re-deliberation of the SC's latest resolution which motion was denied with finality by the SC.

With the nullification of the AJVA, Central Bay has suspended all Project operations. On August 10, 2007, in view of the failure by the PRA to comply with its obligations and representations under the AJVA, Cyber Bay and Central Bay have filed their claims for reimbursement of Project expenses in the amount of ₱10,200.0 million with the PRA. Cyber Bay and Central Bay provided the PRA with the summary and details of their claims on September 5, 2007. On July 15, 2008, Cyber Bay sent a follow-up letter to the PRA. The PRA, in its letter dated July 18, 2008, informed Cyber Bay that its claim is still being evaluated by the PRA. As of 2019, the claim is still being evaluated by the PRA.

As at December 31, 2019 and 2018, the Group has unpaid subscription in Cyber Bay amounting to ₱481.7 million. The investment in Cyber Bay under "financial assets through FVOCI" amounted to ₱513.6 million and ₱548.3 million as of December 31, 2019 and 2018, respectively (see Note 10).

DRP obligation pertains to the liability arising from the assignment agreement between NTDCC and MRTDC of the latter's development rights (see Note 35). In consideration of the lease, NTDCC will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from NTDCC's commercial center business. This amount has been reclassified in line with the adoption of PFRS 16 (Note 2)

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

19. Equity

The details of the number of shares follow:

December 31, 2019

	Number of Shares		Amount	
	Preferred	Common	Preferred	Common
		(In Thousands)		
Authorized	**15,000,000**	**20,000,000**	**₱1,500,000**	**₱20,000,000**
Issued	**13,066,495**	**14,632,062**	**₱1,306,649**	**₱14,632,062**
Subscribed	**–**	**113,273**	**–**	**113,273**
Issued and outstanding	**13,066,495**	**14,745,335**	**₱1,306,649**	**₱14,745,335**

December 31, 2018

	Number of Shares		Amount	
	Preferred	Common	Preferred	Common
	(In Thousands)			
Authorized	15,000,000	20,000,000	₱1,500,000	₱20,000,000
Issued	13,066,495	14,614,387	₱1,306,649	₱14,614,387
Subscribed	–	120,494	–	120,494
Issued and outstanding	13,066,495	14,734,881	₱1,306,649	₱14,734,881

Preferred Shares (₱0.10 par value per share)
The Parent Company's preferred shares prior to 2012 were subscribed and issued through a stock rights offer with the following features: (a) non-voting; (b) dividend rate of 4.6% p.a., payable annually, noncumulative; (c) nonparticipating; (d) convertible at the option of the holder at a ratio of one (1) preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (e) no pre-emptive rights; (f) non-redeemable; (g) non-listed; and, (h) preferred in liquidation to the extent of par value.

The dividends for preferred shares are declared upon the sole discretion of the Parent Company's BOD.

On February 20, 2012, the BOD approved the following restructuring exercise in order to comply with the regulatory requirement on Filipino-ownership following the Supreme Court's ruling that nonvoting shares do not count as equity when computing for a Parent Company's Filipino-ownership level:

a. Redemption and retirement of the 13.0 billion outstanding preferred shares with par value of ₱0.10.
b. Reclassification of the 1,970.0 million unissued preferred shares to voting preferred shares through an amendment of Article Seventh of the Articles of Incorporation.
c. Increase in authorized capital stock by ₱1,300.0 million creating new voting preferred shares and a stock rights offer of 13,000 million voting preferred shares from the increase in the authorized capital stock.

On April 18, 2012, the stockholders ratified the BOD resolution on the capital restructuring. The voting preferred shares shall have the following features, rights, and privileges: (a) voting; (b) dividend rate of 4.7% per annum, equivalent to 90.0% of the 10-year PDST R2 (repriced every ten (10) years from issue date), payable annually, non-cumulative; (c) convertible at the option of the holder at a ratio of one (1) voting preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (d) no pre-emptive rights; (e) redeemable at par at the sole option of the corporation; (f) non-listed; and, (g) preferred in liquidation to the extent of par value.
The SEC approved on January 31, 2013 the following:

a. The decrease in authorized capital stock by ₱1,303.5 million, the aggregate par value of the 13,034.6 million preferred shares which have been redeemed and retired, from ₱22,803.5 million to ₱21,500.0 million, and

b. The amendments to Articles of Incorporation reflecting the decrease in capital stock.

As of December 31, 2019 and 2018, the Parent Company's authorized and outstanding preferred shares amounted to ₱1,500.0 million and ₱1,306.6 million, respectively.

Common Shares (₱1.00 par value per share)
On April 7, 2014, the stockholders resolved to approve the amendment of the Seventh Article of the Articles of Incorporation exempting from pre-emptive rights (1) the issuance of 1 billion common shares for properties or assets needed for the business of the Parent Company or for cash to acquire properties or assets needed for the business of the Parent Company or in payment of a debt contracted prior to the issuance of such shares, and (2) the issuance of common shares covered by the Parent Company's Stock Option Plans for members of the management committees of the Parent Company's subsidiaries or affiliates.

Likewise, the stockholders resolved to approve the amendment of the Stock Option Plan of the Parent Company to include the members of the Management Committees of the Parent Company's subsidiaries and affiliates as eligible grantees of stock options.

The rollforward analysis of the outstanding common shares follows:

	Number of Shares		**Amount**	
	2019	2018	**2019**	2018
		(In Thousands)		
Issued capital stock				
At beginning of year	**14,614,387**	14,606,355	**₱14,614,387**	₱14,606,355
Issued shares	**17,675**	8,032	**17,675**	8,032
At end of year	**14,632,062**	14,614,387	**14,632,062**	14,614,387
Subscribed capital stock				
At beginning of year	**120,494**	118,592	**120,494**	118,592
Issued shares	**(17,675)**	(8,032)	**(17,675)**	(8,032)
Additional subscriptions	**10,454**	9,934	**10,454**	9,934
At end of year	**113,273**	120,494	**113,273**	120,494
	14,745,335	14,734,881	**₱14,745,335**	₱14,734,881

No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Parent Company.

On January 9, 2015, the Executive Committee of the Parent Company approved a top-up placement of 484,848,500 common shares of the Parent Company at a price of ₱33.00 per share. The placement was conducted via an accelerated bookbuilt offering structured as a top-up placement, whereby AC sold 484,848,500 listed common shares of stock to qualified third party buyers and subscribe to the same number of new shares from the Parent Company. The Parent Company completed the placement on January 12, 2015, raising an aggregate of ₱16,000.0 million in paid-up capital. The price was at 3.9% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱194.0 million.

On April 13, 2013, the stockholders resolved to approve the amendment of the Seventh Article of the Company's Articles of Incorporation for the purpose of excluding or exempting treasury shares from the pre-emptive rights of stockholders.

On March 6, 2013, the Parent Company's Board resolved to approve the placement made by AC of its existing 320,000,000 listed common shares of the Company to certain qualified third party buyers or investors at ₱30.50 per share. The Parent Company completed the top-up placement, raising an aggregate of ₱12,200.0 million in paid up capital. The price was at 3.6% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱162.4 million.

On July 10, 2012, the Parent Company's executive committee approved the placement of 680 million listed common shares of stock with par value of ₱1.00 per share, at a price of ₱20.00 per share, and the issuance of equal number of new shares of the Parent Company, at the same price of ₱20.00 per share, with AC as the seller of the placement tranche and subscriber of the subscription tranche. The

Parent Company completed the top-up placement, raising an aggregate of ₱13,600 million in paid up capital. The price was at 5.0% discount to the closing price. Transaction cost charged to additional paid-in capital amounted to ₱200.0 million.

On April 2, 2008, the Parent Company's stockholders approved the allotment and subsequent issuance of the shares for the above-mentioned purposes and for the further amendment of the Amended Articles of Incorporation of the Parent Company to exclude the issuance of shares from the pre-emptive rights of the stockholders pursuant to Section 39 of the Philippine Corporation Code.

On February 12, 2008, the BOD approved the allotment and subsequent issuance of up to 1 billion common shares of stock with an aggregate par value of ₱1,000.0 million for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Parent Company via issuance of equity or equity-linked instruments, the price and the terms and conditions of which shall be determined by the BOD based on prevailing market conditions or on agreements negotiated.

On July 5, 1991, the Parent Company launched its initial public offering where a total of 400 million common shares were offered at an offering price of ₱26.00 per share. The registration statement was approved on July 20, 1992. The Parent Company has 9,009 and 9,102 existing shareholders as of December 31, 2019 and 2018, respectively.

Treasury Shares
On March 5, 2019, the Parent Company purchased a total of 10,372,746 of its common shares at ₱43.20 per share through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱448.10 million in relation to its share buyback program. On November 26, 2019, the Parent Company also acquired a total of 15,000,000 of its common shares at ₱43.75 per share for a total purchase price of ₱656.25 million.

The amendment of the Articles of Incorporation on April 17, 2013 allowed the re-selling of the 79,528,299 listed common shares as part of the top-up placement transaction completed in July 2013. Treasury common shares were sold at ₱30.50 per share resulting to additional paid-in capital of ₱1,601.6 million.

On July 16, 2012, the Parent Company redeemed the 13.0 billion outstanding non-voting preferred shares through payment of the redemption price of ₱0.10 per share. As of December 31, 2012, the redeemed preferred shares were treated as treasury shares and were subsequently retired upon approval of the Parent Company's SEC application for the decrease in authorized capital stock on January 31, 2013.

On August 12, 2008, the BOD approved a share buyback program. It is part of the Parent Company's balance sheet management program and aims to (i) improve the Parent Company's balance sheet structure and capital efficiency and (ii) enhance shareholder value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Parent Company as not reflective of its fair corporate value.

In 2008, the Parent Company repurchased a total of 79,528,228 of its common shares through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱823.9 million in relation to its share buyback program.

Retained Earnings
The BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.52, ₱0.51 and ₱0.48 per share in 2019, 2018 and 2017, respectively, to all issued and outstanding shares.

On February 27, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on March 29, 2019 to the shareholders on record as of March 13, 2019.

On May 27, 2019, the BOD declared annual cash dividends of 4.7% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 21, 2019 to the shareholders on record as of June 7, 2019.

On October 31, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on November 29, 2019 to the shareholders on record as of November 15, 2019.

On February 20, 2018, the BOD approved the declaration of cash dividends amounting to ₱0.252 per outstanding common share and was paid out on April 3, 2018 to the shareholders on record as of March 12, 2018. Further, on the same date, the BOD declared annual cash dividends of 4.8% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 29, 2018 to the shareholders on record as of June 15, 2018.

On August 17, 2018, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.252 per share. The cash dividend was paid out on October 2, 2018 to stockholders of common shares on record as of September 6, 2018.

On February 20, 2017, the BOD approved the declaration of cash dividends amounting to ₱0.24 per outstanding common share and was paid out on March 22, 2017 to the shareholders on record as of March 6, 2017. Further, on the same date, the BOD declared annual cash dividends of 4.8% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 29, 2017 to the shareholders on record as of June 15, 2017.

On August 18, 2017, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.24 per share. The cash dividend was paid out on September 15, 2017 to stockholders of common shares on record as of September 5, 2017.

Total dividends for common shares declared for 2019, 2018 and 2017 amounted to ₱7,659.5 million, ₱7,423.9 million and ₱7,065.0 million, respectively. Total dividends for preferred shares declared for 2019, 2018 and 2017 amounted to ₱62.0 million each year.

Retained earnings of ₱8,000.0 million are appropriated for future expansion. The increase of ₱2,000.0 million in 2016 represents a continuing appropriation for land banking activities and planned building construction projects. Each year, the Parent Company incurs capital expenditures for property development which include among others land banking and building construction projects. The appropriation is being fully utilized to cover part of the annual expenditure requirement of the Parent Company.

The Parent Company has earmarked additional funds for expansion projects in the residential, shopping centers, office and hotel business segments, as well as various infrastructure projects for the Parent Company's mixed-use developments.

The following are among the major capital expenditures of the Parent Company which were approved by the BOD:

a) Ayala Triangle Garden 2 with product offering for a Triple A HQ Office Building, a 5-Star Hotel and 3-level Retail Podium with gardens and civic spaces which was approved by the Board on May 29, 2015. The project was launched in June 2015 and expected to be completed in 2020.

b) Ayala Center Redevelopment which will offer intermodal transport facility, a 5-storey regional mall, 2 BPO towers, a SEDA hotel and a 300-units residential for lease was approved by the Board on November 27, 2015. The project was launched in January 2016 and expected to be completed in 2021.

Retained earnings also include undistributed net earnings amounting to ₱72,669.7 million and ₱46,486.7 million as of December 31, 2019 and 2018, respectively, representing accumulated equity in the net earnings of subsidiaries, associates and joint ventures. These are not available for dividend distribution unless declared by subsidiaries and other investees.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2019 and 2018 amounted to ₱58.1 billion and ₱52.7 billion, respectively.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

Cumulative Translation Adjustment
The cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

Equity Reserves
In September 2019, ALI purchased additional 648,177 shares of VPHI for ₱799.42 million increasing the Parent Company's ownership to 78.41%.

On April 17, 2019 ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling ₱88.7 million resulting in ALI's ownership from 70.4% to 71.1%.

On April 30, 2018, ALI and ALLHC executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of ALLHC for an aggregate subscription price of ₱3.0 billion in exchange for 30,186 common shares of LTI. The subscription and exchange shall be subject to and deemed effective only upon the issuance by the SEC of the confirmation of valuation of the shares. The SEC issued its approval on February 28, 2019. This increased ALI's ownership to 69.50%. This resulted in an decrease in equity reserve amounting to ₱664.9 million.

On February 4, 2019, The Executive Committee of Ayala Land, Inc. (ALI) approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 8,051 common shares, with a total value of ₱800 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in Prime Orion Philippines, Inc. (POPI), equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI. On May 10, 2019, Prime Orion Philippines, Inc., changed its corporate name to Ayalaland Logistics Holdings Corp. (ALLHC). On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of ₱800 million resulting to increase in ALI's ownership from 69.5% to 70.36%.

On September 9, 2019, OLI sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This resulted to ALI's effective ownership in ALLHC from 70.36% to 71.46%.

The transactions were accounted for as an equity transaction since there were no changes in control. The movements within equity are accounted for as follows:

	2019		
	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
8.41% in VPHI	₱799,420	₱68,916	₱730,504
0.69% in CHI	88,734	73,977	14,757
0.86% in ALLHC	800,000	825,447	(25,447)
1.10% in ALLHC	628,100	1,033,335	(405,235)
	₱2,316,254	₱2,001,675	₱314,579

In January 2018, ALI purchased additional 202,774,547 shares of ALLHC from Genez Investment Corporation for ₱497.7 million increasing the Parent Company's ownership from 62.9% to 67%.

In December 2018, ALI acquired 8,051 common shares of LTI for ₱800.0 million increasing its ownership from 75% to 95%.

In 2018, ALI acquired additional 59,631,200 common shares of CHI totaling to ₱352.8 million. Further, an additional 77,742,516 shares was acquired as a result of swap of CPVDC shares for a total consideration of ₱229.3 million which brings Parent Company's ownership to 70.4%.

In March 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, the current ownership stake of ALI in MCT is 66.25%. This resulted in an increase in Equity reserve amounting to ₱1,044.5 million.

The transactions were accounted for as an equity transaction since there were no changes in control. The movements within equity are accounted for as follows:

	2018		
	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
4.14% in ALLHC	₱497,652	₱315,951	₱181,701
20.00% in LTI	800,000	528,295	271,705
1.53% net reduction in CHI	582,106	826,752	(244,646)
	₱1,879,758	₱1,670,998	₱208,760

In 2017, ALI purchased additional 97,763,900 common shares of CHI from BPI Securities Corporation totaling ₱575.0 million which increased the Company's ownership to 72% of the total outstanding capital stock of CHI.

In February 2017, ALI purchased additional 631,000 common shares of ALLHC from BPI Securities Corporation for ₱1.26 million. ALI's interest remains at 51% of the total ALLHC's outstanding capital stock.

In June 2017, Orion Land, Inc. (OLI), a subsidiary of ALLHC, acquired 512,480,671 common shares equivalent to 11.69% ownership at ₱2.45 share amounting to ₱1,255.58 million. The acquisition of ALLHC shares by OLI was treated as an acquisition of non-controlling interest resulting to a debit to equity reserve of ₱405.18 million. This increased ALI's effective ownership from 51.36% to 63.05%.

The transactions were accounted for as an equity transaction since there were no change in control. The movements within equity are accounted for as follows:

	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
5.09% in CHI	₱574,994	₱394,907	₱180,087
11.69% in ALLHC	1,258,579	852,656	405,923
	₱1,833,573	₱1,247,563	₱586,010

In August 2017, AHRC entered into a memorandum of agreement with Sicogon Development Corporation (SIDECO) and an individual to develop Sicogon Island into a new leisure destination. The investment of SIDECO and an individual to SITEC changed the ownership interest of AHRC in SITEC from 100% to 77% without a loss of control. The difference between the amount by which non-controlling interest of 23% are adjusted and the fair value of consideration paid is recognized directly to equity amounting to ₱134.1 million.

Below are several acquisitions of shares in existing subsdiaries in 2013 up to 2016 that resulted to equity reserves. Details follow:

	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
2016			
10.5% in CHI	₱1,209,784	₱748,746	₱461,038
2015			
6.7% in CHI	₱649,927	₱434,074	₱215,853
9.4% in NTDCC	778,356	174,770	603,586
1.9% in API	58,157	45,540	12,617
	₱1,486,440	₱654,384	₱832,056
2013			
6.7% in CHI	₱3,520,000	₱797,411	₱2,722,589
9.4% in NTDCC	2,000,000	1,413,960	586,040
	₱5,520,000	₱2,211,371	₱3,308,629

Non-controlling interests

The Parent Company considers a subsidiary as a subsidiary with material NCI, an associate and a joint venture with material interest if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the subsidiary compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group. The financial information on the Company's significant subsidiaries with material NCI follows:

CHI and Subsidiaries

CHI, a publicly-listed company, was incorporated in the Republic of the Philippines. It is engaged in real estate development, sale of subdivided land, residential and office condominium units, sports club shares, and lease of commercial spaces. The registered office address of CHI is at 20F ACC Tower, Bohol St., Cebu Business Park, Cebu City, Philippines.

	2019	2018
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**28.9%**	29.6%
Accumulated balances of material non-controlling interests	**₱2,315,716**	₱3,543,749
Net income allocated to material non-controlling interests	**478,743**	291,009
Comprehensive income allocated to material non-controlling interests	**478,743**	302,984

The summarized financial information of CHI is provided below. This information is based on amounts before inter-company eliminations.

	2019	2018
	(In Thousands)	
Statements of financial position		
Current assets	**₱4,295,804**	₱3,598,044
Noncurrent assets	**24,946,742**	22,743,784
Current liabilities	**(10,240,011)**	(9,455,296)
Noncurrent liabilities	**(6,877,676)**	(6,816,128)
Total equity	**12,124,859**	10,070,404
Attributable to:		
Equity holders of CHI	**9,401,730**	8,073,365
Non-controlling interests	**2,723,129**	1,997,039
Dividends paid to non-controlling interests	**–**	–

	For the years ended December 31 2019	2018
	(In Thousands)	
Statements of comprehensive income		
Revenue	**₱4,797,053**	₱3,721,840
Cost and expenses	**(2,631,960)**	(2,479,081)
Income before income tax	**2,165,093**	1,242,759
Provision for income tax	**(495,612)**	(272,729)
Income from operations	**1,669,481**	970,030
Other comprehensive income	**5,266**	39,917
Total comprehensive income	**1,674,747**	1,009,947
Attributable to:		
Equity holders of CHI	**₱1,662,834**	₱897,028
Non-controlling interests	**11,913**	112,919

	For the years ended December 31 2019	2018
	(In Thousands)	
Statements of cash flows		
Operating activities	**₱2,559,418**	₱5,661,910
Investing activities	**(2,800,650)**	(5,231,452)
Financing activities	**329,653**	(382,782)
Effect of exchange rate changes	**207**	59
Net increase in cash and cash equivalents	**₱88,628**	₱47,735

The fair value of the investment in CHI amounted to ₱9,971.1 million and ₱9,722.3 million as of December 31, 2019 and 2018, respectively.

ALLHC and Subsidiaries
ALLHC was incorporated in the Republic of the Philippines. It is engaged in real estate and property development, manufacturing and retailing/distribution, non-life insurance and other allied services, organized under a number of intermediate holding companies. The Company wholly owns Tutuban Properties, Inc., which holds the lease and development rights over Tutuban Center in downtown Divisoria.

	2019	2018
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**29.1%**	33%
Accumulated balances of material non-controlling interests	**₱3,924,400**	₱3,970,448
Net income allocated to material non-controlling interests	**215,944**	182,279
Comprehensive income allocated to material non-controlling interests	**215,944**	182,279

The summarized financial information of ALLHC is provided below. This information is based on amounts before inter-company eliminations (In Thousands).

	December 31, 2019	December 31, 2018
Statements of financial position		
Current assets	**₱6,661,508**	₱5,219,448
Noncurrent assets	**12,684,534**	7,738,121
Current liabilities	**(5,542,833)**	(2,045,059)
Noncurrent liabilities	**(2,625,391)**	(1,038,260)
Total equity	**11,177,818**	9,874,250
Attributable to:		
Equity holders of ALLHC	**₱11,056,221**	₱9,245,493
Non-controlling interests	**121,597**	628,757
Dividends paid to non-controlling interests		–

	For the years ended December 31 2019	2018
Statements of comprehensive income		
Revenue	**₱5,345,981**	₱3,480,091
Cost and expenses	**(4,584,689)**	(2,773,181)
Income before income tax	**761,292**	706,910
Provision for income tax	**(119,873)**	(152,195)
Income from operations	**641,419**	554,715
Other comprehensive income	–	–
Total comprehensive income	**641,419**	554,715
Attributable to:		
Equity holders of ALLHC	**₱595,838**	₱441,907
Non-controlling interests	**45,581**	112,808
Statements of cash flows		
Operating activities	**₱546,946**	₱538,031
Investing activities	**(2,919,486)**	(746,879)
Financing activities	**2,311,988**	217,512
Net decrease in cash and cash equivalents	**(₱60,552)**	(₱8,664)

The fair value of the investment in ALLHC amounted to ₱13,135.2 million and ₱6,407.1 million as of December 31, 2019 and 2018, respectively.

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2019 and 2018, the Group had the following ratios:

	2019	2018
Debt to equity	**0.87:1**	0.85:1
Net debt to equity	**0.78:1**	0.72:1

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and financial assets at FVPL. Equity, which the Group considers as capital, pertains to the total equity. The Group excludes the “Fair value reserve of financial assets at FVOCI” attributable to the equity holders of the Company in computing the debt to equity ratio.

The Group is subject to externally imposed capital requirements due to loan covenants (see Note 16). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2019 and 2018.

Financial risk assessment
The Group’s financial condition and operating results would not be materially affected by the current changes in interest, currency, credit, liquidity and market conditions.

Exposure to changes in interest rates is reduced by a debt portfolio mix of both fixed and floating interest rates. The Group’s ratio of fixed to floating rate debt stood at 90:10 and 89:11 as of December 31, 2019 and 2018, respectively. As a result, any adverse movement in interest rates is mitigated.

Exposure to foreign currency holdings is at MYR278.4 million and US$8.3 million as of December 31, 2019, and MYR130.8 million and US$96.5 million as of December 31, 2018, respectively.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group’s base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Liquidity risk is addressed with long term funding already locked in, while funds are placed on cash equivalents, short term investment and financial assets at FVTPL.

20. **Revenue**

This account consists of:

	2019	2018	2017
		(In Thousand)	
Revenue from contracts with customers			
Residential development	**₱117,580,972**	₱120,396,794	₱101,797,865
Hotels and resorts	**7,624,159**	6,386,896	5,621,164
Construction	**3,394,744**	2,393,683	1,559,430
Other	**5,452,595**	5,297,101	5,208,000
Rental income (Note 12)	**31,687,075**	28,522,420	24,321,316
Equity in net earnings of associates and joint venture	**965,787**	749,924	865,566
Total Revenue	**₱166,705,332**	₱163,746,818	₱139,373,341

The Group derives revenue from the transfer of goods and services over time and at a point in time in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Residential development

	2019	2018
	(In thousands)	
Type of Product		
Middle income housing	**₱36,023,183**	₱33,401,701
Coremid	**34,813,550**	33,694,884
Condominium	**29,326,334**	35,046,620
Lot only	**17,417,905**	18,253,589
	₱117,580,972	₱120,396,794

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Hotels and resorts

	2019	2018
	(In thousands)	
Type of Product		
Rooms	**₱4,447,172**	₱3,909,395
Food and beverage	**2,090,953**	2,116,548
Others	**324,322**	64,904
Other operated department	**761,712**	296,049
	₱7,624,159	₱6,386,896

The Group's construction revenue pertains to transactions with related parties such as joint ventures and associates.

Set-out below is the reconciliation of contracts with customers with the amounts disclosed in segment information (in millions):

	2019					
	Residential Development	**International**	**Construction**	**Hotels and Resorts**	**Property Management and Others**	**Total**
Sales to external customer	**₱102,981**	**₱6,709**	**₱3,395**	**₱7,624**	**₱5,453**	**₱126,162**
Interest	**7,891**	**–**	**–**	**–**	**–**	**7,891**
Total revenue from contracts with customers	**₱110,872**	**₱6,709**	**₱3,395**	**₱7,624**	**₱5,453**	**₱134,053**

	2018					
	Residential Development	International	Construction	Hotels and Reosrts	Property Management and Others	Total
Sales to external customer	₱105,752	₱7,602	₱2,394	₱6,387	₱5,297	₱127,432
Interest	7,042	–	–	–	–	7,042
Total revenue from contracts with customers	₱112,794	₱7,602	₱2,394	₱6,387	₱5,297	₱134,474

21. Interest and Investment Income and Other Income

Interest and investment income consists of:

	2019	2018	2017
		(In Thousands)	
Interest income from banks	**₱724,817**	₱657,920	₱476,737
Interest income from advances to officers/employees and other companies	**164,531**	252,630	101,000
Gain on sale of equipment and other properties	**40,870**	46,570	69,566
Gain on sale of investments	**–**	588	25,713
Others	**227**	528	2,035
	₱930,445	₱958,236	₱675,051

Other income consists of:

	2019	2018	2017
		(In Thousands)	
Marketing and management fees	**₱482,427**	₱254,483	₱402,238
Others - net (Note 24)	**675,508**	1,286,234	1,846,321
	₱1,157,935	₱1,540,717	₱2,248,559

Other income mainly consists of gain on business combination, realized and unrealized gain on financial asset at FVTPL, financial impact of net foreign exchange transactions and gain from disposal of subsidiary. It also includes reversal of impairment losses amounting to ₱1,298.44 million in 2017. In 2017, the Group reversed its allowance for impairment in inventories due to higher fair value than its carrying amount.

22. Costs and Expenses and Other Charges

Real estate costs and expenses consist of:

	2019	2018	2017
		(In Thousands)	
Cost of real estate sales (Note 8)	**₱59,353,001**	₱67,784,088	₱59,864,430
Depreciation and amortization	**7,419,920**	4,858,275	4,113,833
Marketing and management fees	**4,678,323**	5,165,668	4,492,983
Hotels and resorts operations	**3,001,616**	3,030,787	5,435,408
Manpower costs	**2,046,960**	1,800,424	1,212,904
Materials and overhead	**999,999**	1,341,224	531,180
Rental (Note 2)	**483,645**	3,960,419	2,105,239
Direct operating expenses:			
Commission	**3,946,907**	2,124,226	1,459,921
Light and water	**3,934,328**	4,440,156	2,830,100
Taxes and licenses	**3,665,445**	2,873,125	2,726,850
Repairs and maintenance	**2,213,593**	1,582,239	1,082,041
Insurance	**204,256**	271,700	125,526
Professional fees	**199,848**	172,226	183,563
Transportation and travel	**161,113**	170,781	118,059
Entertainment, amusement and recreation	**25,971**	28,243	27,539
Others	**2,417,014**	1,475,549	1,611,488
	₱94,751,939	₱101,079,130	₱87,921,064

General and administrative expenses consist of:

	2019	2018	2017
		(In Thousands)	
Manpower costs (Notes 26 and 28)	**₱4,719,739**	₱4,685,180	₱3,756,307
Taxes and licenses	**1,115,766**	818,797	595,027
Depreciation and amortization	**825,766**	640,608	484,707
Security and Janitorial	**691,011**	603,404	431,002
Professional fees	**386,146**	744,679	672,843
Utilities	**340,805**	324,402	274,623
Repairs and maintenance	**324,277**	304,003	246,796
Rent	**100,295**	195,669	135,569
Transport and travel	**96,894**	106,366	113,229
Dues and fees	**90,733**	61,447	63,693
Supplies	**70,795**	64,550	50,674
Advertising	**69,163**	103,423	59,381
Donations and contribution	**53,482**	76,059	42,667
Training and seminars	**46,776**	79,023	88,439
Entertainment, amusement and recreation	**38,203**	41,970	50,587
Insurance	**23,917**	74,139	39,510
Others	**373,591**	177,609	169,791
	₱9,367,359	₱9,101,328	₱7,274,845

Manpower costs included in the consolidated statements of income follows:

	2019	2018	2017
		(In Thousands)	
Real estate costs and expenses			
Cost of real estate	**₱1,784,450**	₱1,534,290	₱1,203,777
Hotels and resorts operations	**262,510**	266,134	9,127
General and administrative expenses	**4,719,739**	4,685,180	3,756,307
	6,766,699	₱6,485,604	₱4,969,211

Depreciation and amortization expense included in the consolidated statements of income follows:

	2019	2018	2017
		(In Thousands)	
Real estate costs and expenses:			
Cost of real estate	**₱7,419,920**	₱4,858,275	₱4,113,833
Hotels and resorts operations	**813,024**	633,563	581,252
General and administrative expenses	**825,766**	640,608	484,707
	₱9,058,710	₱6,132,446	₱5,179,792

Other expenses consist of:

	2019	2018	2017
		(In Thousands)	
Write-offs and other charges	**₱1,076,207**	₱1,123,307	₱1,040,218
Net provision for (reversals of) impairment losses on:			
Receivables (Note 7)	**568,775**	146,974	(416,143)
Inventories	**–**	–	523,001
Investment properties	**–**	–	49,000
	₱1,644,982	₱1,270,281	₱1,196,076

Interest and other financing charges consist of:

	2019	2018	2017
		(In Thousands)	
Interest expense on:			
Long-term debt	**₱9,153,067**	₱7,259,118	₱7,393,070
Short-term debt	**1,206,577**	1,668,340	337,384
Lease liabilities (Note 33)	**1,066,543**	–	–
Other financing charges	**773,571**	666,545	183,872
	₱12,199,758	₱9,594,003	₱7,914,326

23. **Income Tax**

Net deferred tax assets:

	2019	2018
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱9,148,055**	₱10,197,204
Lease liability	**3,681,191**	–
Allowance for probable losses	**667,194**	649,222
Accrued expenses	**524,891**	396,403
Retirement benefits	**505,768**	365,488
NOLCO	**14,853**	489,446
Unrealized foreign exchange losses	**–**	789,217
Advanced rentals	**–**	58,464
Others	**385,883**	515,196
	14,927,835	13,460,640
Deferred tax liabilities on:		
Right-of-use assets	**(2,862,294)**	–
Capitalized interest and other expenses	**(485,077)**	(434,023)
Unrealized foreign exchange gains	**(45,027)**	–
Others	**(7,792)**	14,376
	(3,400,190)	(419,647)
	₱11,527,645	₱13,040,993

Net deferred tax liabilities:

	2019	2018
	(In Thousands)	
Deferred tax assets on:		
Lease liability	**₱555,071**	₱–
Accrued expense	**184,672**	55,935
Difference between tax and book basis of accounting for real estate transactions	**92,021**	43,621
Allowance for probable losses	**51,820**	84,617
Unrealized foreign exchange loss	**11,664**	179
NOLCO	**3,871**	40,994
Others	**192,762**	53,901
	1,091,881	279,247

(Forward)

	2019	2018
	(In Thousands)	
Deferred tax liabilities on:		
Fair value adjustment arising from business combination	**(₱3,904,145)**	(₱3,912,586)
Difference between tax and book basis of accounting for real estate transactions	**(2,018,940)**	(1,662,926)
Right-of-use assets	**(462,684)**	–
Capitalized interest and other expenses	**(297,873)**	(144,668)
Insurance recovery	**(98,244)**	–
Retirement benefits	**(27,480)**	119,229
Unrealized foreign exchange gain	**(3,047)**	(6,124)
Prepaid expenses	**–**	(38,435)
Others	**(370,222)**	(528,442)
	(7,182,635)	(6,173,952)
	(₱6,090,754)	(₱5,894,705)

As of December 31, 2019 and 2018 deferred tax liabilities have not been recognized on the undistributed earnings and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future.

Certain subsidiaries of the Parent Company have NOLCO amounting to ₱2,244.6 million and ₱2,109.2 million as of December 31, 2019 and 2018, respectively, and MCIT amounting to ₱152.0 million and ₱427.1 million as of December 31, 2019 and 2018, respectively. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. As of December 31, 2019 and 2018, total unrecognized NOLCO amounted to ₱2,182.2 million and ₱341.1 million, respectively. As of December 31, 2019 and 2018, total unrecognized MCIT amounted to ₱148.1 million and ₱18.6 million, respectively. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2016	₱452,178	₱452,178	₱–	2019
2017	666,258	–	666,258	2020
2018	990,792	–	990,792	2021
2019	587,561	–	587,561	2022
	₱2,696,789	₱452,178	₱2,244,611	

MCIT:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2016	₱2,371	₱2,371	₱–	2019
2017	16,332	–	16,332	2020
2018	130,127	–	130,127	2021
2019	5,576	–	5,576	2022
	₱154,406	₱2,371	₱152,035	

Reconciliation between the statutory and the effective income tax rates follows:

	2019	2018	2017
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Equity in net earnings of associates and joint ventures	**(1.90)**	(1.66)	(2.28)
Income under tax holiday and other nontaxable income	**(0.96)**	(0.92)	(0.57)
Interest income and capital gains taxed at lower rates	**(0.53)**	(0.30)	(0.91)
Others - net	**(0.42)**	(0.60)	(0.38)
Effective income tax rate	**26.19%**	26.51%	25.86%

Deferred tax related to remeasurement gain on defined benefit plans recognized in OCI amounted to ₱50.3 million and ₱25.6 million in 2019 and 2018, respectively.

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

Board of Investments (BOI) Incentives

The Board of Investments issued certificates of registrations to the following companies in accordance with the existing Omnibus Investment Code. The projects have been granted an Income Tax Holiday (ITH) for a fixed period from the date of registration or actual start of operations, whichever is earlier.

	Registration Date	**Project Location**	**ITH Start**	**ITH Period**
Econorth Resort Ventures Inc.	November 21, 2017	Seda Lio	March 2018	4 years
Capitol Central Hotel Ventures, Inc.	September 08, 2017	Seda Capitol Central	January 2018	4 years
Sentera Hotel Ventures, Inc.	September 11, 2015	Seda Nuvali	December 2015	4 years
Ecosouth Hotel Ventures, Inc.	June 09, 2014	Seda Nuvali Hotel	June 2014	4 years
Greenhaven Properrty Ventures, Inc.	December 06, 2011	Holiday Inn & Makati Suites	April 2013	6 years
Bonifaco Hotel Ventures, Inc.	January 11, 2012	Seda BGC	June 2018	6 years
Bonifaco Hotel Ventures, Inc.	May 22, 2019	Seda BGC Expansion	May 2019	3 years
Northgate Hotel Ventures Inc.	February 09, 2012	Seda Centrio	February 2012	6 years
Makati North Hotel Ventures, Inc.	August 16, 2019	Seda Residences Makati	August 2019	4 years
MDC Conqrete, Inc.	November 10, 2015	Modular Housing	November 2015	4 years
BellaVita Land Corporation	September 17, 2015	San Pablo, Laguna	September 2015	4 years
BellaVita Land Corporation	May 05, 2015	Porac, Pampanga	May 2015	4 years
Amaia Land Corp	July 18, 2018	Amaia Scapes Bulacan Sector 3B	July 2018	3 years
Amaia Land Corp.	April 26, 2017	Amaia Steps Alabang - Delicia	April 2017	3 years
Amaia Land Corp.	April 20, 2017	Amaia Steps Capitol Central	April 2017	3 years
Amaia Land Corp.	April 20, 2017	Amaia Steps Sucat - Isabela	April 2017	3 years
Amaia Land Corp.	December 15, 2016	Novaliches, QC	December 2016	3 years
Amaia Land Corp.	September 29, 2016	Amaia Scapes Iloilo	September 2016	4 years
Amaia Land Corp	November 24, 2015	Amaia Cabuyao S2	November 2015	3 years
Amaia Land Corp	September 29, 2015	Amaia Steps Capitol Central	September 2015	4 years
Amaia Land Corp	August 24, 2015	Amaia Scapes CDO S1	August 2015	4 years
Amaia Land Corp	August 19, 2015	Amaia Nuvali Parkway	August 2015	3 years
Amaia Land Corp	August 10, 2015	Amaia Scapes San Pablo	August 2015	4 years
Amaia Land Corp	July 24, 2015	Amaia Steps Altaraza B-A	July 2015	4 years
Amaia Land Corp	July 23, 2015	Amaia Gen. Trias S2	July 2015	3 years
Amaia Land Corp	July 21, 2015	Amaia Novaliches	July 2015	3 years
Amaia Land Corp	July 20, 2015	Amaia Steps Pasig 1B	July 2015	3 years
Amaia Land Corp	June 18, 2015	Amaia Scapes Bauan S1	June 2015	4 years

(Forward)

	Registration Date	Project Location	ITH Start	ITH Period
Amaia Land Corp.	June 4, 2015	Amaia Scapes Camsur S1	June 2015	4 years
Amaia Land Corp.	March 24, 2015	Amaia Steps Mandaue	March 2015	3 years
Amaia Land Corp.	May 21, 2015	Amaia Scapes Batangas	May 2015	4 years
Amaia Land Corp.	May 21, 2015	Amaia Cabuyao S1	May 2015	4 years
Amaia Land Corp.	March 11, 2015	Amaia Scapes Pampanga	March 2015	4 years
Amaia Land Corp.	March 11, 2015	Amaia Scapes Trese S1	March 2015	4 years
Amaia Land Corp.	March 11, 2015	Amaia Shaw T1	March 2015	3 years
Amaia Land Corp.	February 11, 2015	Urdaneta Pangasinan	February 2015	4 years
Amaia Land Corp.	February 11, 2015	Amaia Steps Nuvali	February 2015	4 years
Avida Land Corp.	September 4, 2015	Avida Prime Taft Tower 3	September 2015	3 years
Avida Land Corp.	June 16, 2015	Avida Atria Tower 2	July 2015	3 years
Avida Land Corp.	June 16, 2015	Avida Serin East Tower 1	July 2015	3 years
Avida Land Corp.	April 30, 2015	Avida Altura Tower 2	May 2015	3 years
Avida Land Corp.	April 30, 2015	Avida Asten Tower 2	May 2015	3 years

24. Business Combinations and Acquisition of Non-controlling Interests

Business Combinations

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

On January 5, 2018, the transfer of shares was completed and it increased RWIL's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the BOD of MCT, to acquire all remaining shares of the Company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement.
The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. on February 19, 2018. Owners of 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%. Total consideration paid is ₱5.98 billion (see Note 11).

Subsequently, the Group remeasured its previously held interest in MCT based on its acquisition-date fair value which resulted to a remeasurement loss of ₱1.79 billion.

The Group finalized the purchase price allocation of its acquisition of MCT through business combination in December 2018. The final purchase price allocation resulted in gain from bargain purchase of ₱1.85 billion.

The net gain of ₱60 million from the acquisition is presented under 'Other income' account in the 2018 consolidated statements of income.

The following are the fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash and cash equivalents	₱1,078,224
Trade and other receivables	2,833,560
Inventories	13,620,873
Investment properties	5,712,635
Property, plant and equipment	4,599,423
Other noncurrent assets	69,222
	27,913,937

(Forward)

Liabilities	
Accounts and other payables	₱5,506,336
Borrowings	2,752,114
Income tax payable	128,551
Deferred tax liabilities	2,287,772
	10,674,773
Net assets	17,239,164
Total net assets acquired	12,465,640
Acquisition cost	(10,611,567)
Negative goodwill	₱1,854,073

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

From January 8 to December 31, 2018, the Group's share in MCT's revenue and net income amounted to ₱7.6 billion and ₱1.3 billion.

Acquisition of Non-controlling Interests

Ayala Land Logistics Holdings Corp. (ALLHC)
On April 30, 2018, ALI and ALLHC executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of ALLHC for an aggregate subscription price of ₱3.0 billion in exchange for 30,186 common shares of LTI. The subscription and exchange shall be subject to and deemed effective only upon the issuance by the SEC of the confirmation of valuation of the shares. The SEC issued its approval on February 28, 2019. This increased ALI's ownership to 69.50%.

On February 4, 2019, The Executive Committee of ALI approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in LTI, equivalent to 8,051 common shares, with a total value of ₱800.0 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in ALLHC, equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by ALLHC.

On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of ₱800.0 million. This increased ALI's ownership to 70.36%.

On September 9, 2019, OLI sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱ 628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This increased ALI's effective ownership in ALLHC from 70.36% to 71.46%.

In January 2018, ALI purchased additional 202,774,547 shares of ALLHC from Genez Investment Corporation for ₱497.7 million which increased the Company's ownership from 62.9% to 67%.

In February 2017, ALI purchased additional 631,000 common shares of ALLHC from BPI Securities Corporation for ₱1.26 million. ALI's interest remains at 51% of the total ALLHC's outstanding capital stock.

In June 2017, Orion Land, Inc. (OLI), a subsidiary of ALLHC, acquired 512,480,671 common shares equivalent to 11.69% ownership at ₱2.45 share amounting to ₱1,255.58 million. The acquisition of ALLHC shares by OLI was treated as an acquisition of non-controlling interest which resulted to a debit to equity reserve of ₱405.18 million. This increased ALI's effective ownership to 63.05%.

Cebu Holdings, Inc. (CHI)
On April 17, 2019 ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling P88.7 million resulting in ALI's ownership from 70.4% to 71.1%.

In 2018, ALI acquired additional 59,631,200 common shares of CHI totaling to ₱352.8 million. Further, an additional 77,742,516 shares was acquired as a result of swap of CPVDC shares for a total consideration of ₱229.3 million which brings Parent Company's ownership to 70.4%.

On various dates in 2017, ALI acquired a total of 5.1% additional ownership interest in CHI for a total consideration of ₱574.99 million. This brought ALI's ownership from 66.9% to 72.0% of the outstanding capital stock of CHI and there was no change in control.

Laguna Technology, Inc. (LTI)
In December 2018, ALI acquired 8,051 common shares of LTI for ₱800.0 million increasing its ownership to 95%.

25. **Related Party Transactions**

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

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

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (in thousands):

a. Transactions with Bank of the Philippine Islands (BPI), an associate of Ayala Corporation (AC)

   Cash and cash equivalents earn interest from 2.5% to 6.0% per annum for Philippine Peso-denominated and 1.0% to 3.0% per annum for USD-denominated investments. Investment in FVPL are UITF which earns interest depending on the duration of time invested in the fund. Interest earned with investments in BPI for the year amounted to ₱125.5 million, ₱129.3 million, and ₱123.0 million in 2019, 2018 and 2017, respectively.

   Short-term debts are secured peso denominated bank loans with interest rate ranging from 5.5% to 5.6% while long-term debts bear fixed rates ranging from 4.5% to 6.9% and floating rates ranging from 5.4% to 6.5% per annum with remaining terms ranging from less than a year to 9.9 years. Interest expense incurred on borrowings from BPI amounted to ₱740.8 million, ₱1,460.0 million, and ₱458.17 million for the years ended December 31, 2019, 2018 and 2017, respectively.

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

	2019	2018
	(In Thousands)	
Cash in bank	**₱3,942,497**	₱4,105,565
Cash equivalents	**906,296**	3,312,150
Marketable securities	**80,000**	1,615,568
Short term debt	**9,399,330**	4,476,000
Long-term debt	**14,315,498**	9,696,981

b. Outstanding balances with parent company, associates and other related party

Receivables from/payables to other related parties pertain mostly to advances and reimbursement of operating expenses related to development cost and land acquisitions. Payables to related parties consist of expenses incurred on utilities, professional services and other miscellaneous services as well as purchases of vehicles. These are generally trade-related, noninterest-bearing and settled within one year.

Outstanding balances from/to related parties follow (amounts in thousands):

2019

	Receivable from related parties			Payable to related parties		
	Current	**Noncurrent**	**Total**	**Current**	**Noncurrent**	**Total**
AC	**₱143,781**	**₱–**	**₱143,781**	**₱286,718**	**₱–**	**₱286,718**
Associates	**5,108,188**	**–**	**5,108,188**	**244,619**	**–**	**244,619**
Other related parties:						
Globe Telecom (Globe)	**145,593**	**–**	**145,593**	**6,164**	**–**	**6,164**
Bank of the Philippine Islands	**176,014**	**–**	**176,014**	**59,800**	**–**	**59,800**
Columbus	**–**	**–**	**–**	**267,355**	**–**	**267,355**
Manila Water Philippine Ventures Inc.	**258,169**	**–**	**258,169**	**80,810**	**–**	**80,810**
Michigan Holdings, Inc.	**110,103**	**–**	**110,103**	**–**	**–**	**–**
Manila Water Company Inc.	**57,402**	**–**	**57,402**	**18,221**	**–**	**18,221**
Others	**131,053**	**–**	**131,053**	**70,596**	**–**	**70,596**
	878,334	**–**	**878,334**	**502,946**	**–**	**502,946**
	₱6,130,303	**₱–**	**₱6,130,303**	**₱1,034,283**	**₱–**	**₱1,034,283**

2018

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
AC	₱140,137	₱–	₱140,137	₱135,872	₱–	₱135,872
Associates	5,049,084	–	5,049,084	212,766	–	212,766
Other related parties:						
Globe Telecom (Globe)	149,638	–	149,638	2,878	–	2,878
Bank of the Philippine Islands	131,803	–	131,803	44,170	–	44,170
Columbus	1	–	1	267,355	–	267,355
Others	212,573	–	212,573	39,148	–	39,148
	494,015	–	494,015	353,551	–	353,551
	₱5,683,236	₱–	₱5,683,236	₱702,189	₱–	₱702,189

c. Revenue and expenses from related parties

The revenue from parent company, associates and other related parties pertains mostly to income from leasing and development projects while expenses composed of management fees and training expenses. These are usually non-interest bearing and not impaired. Transactions are settled within one year.

Revenue and expenses from related parties follow:

Revenue from related parties:

	2019	2018	2017
		(In Thousands)	
AC	**₱25,450**	₱28,081	₱5,114
Associates	**4,128,193**	4,703,524	1,564,343
Other Related Parties			
Bank of the Philippine Islands	**414,609**	330,519	192,803
Manila Water Philippine Ventures, Inc.	**272,709**	218,127	1,118
Globe Telecom, Inc.	**185,063**	193,899	113,889
Innove Communications	**7,295**	6,909	271
Manila Water Company, Inc. (MWCI)	**53,882**	2,653	2,384
Laguna AAA Waterworks Corp. (LAWC)	**1,500**	1,500	1,500
Michigan Holdings, Inc.	**179,739**	1,101	1,198
Psi Technologies	**–**	–	82,164
Panay Medical Ventures, Inc.	**–**	–	57,356
Others	**1,153**	868	2,522
	1,115,950	755,576	455,205
Total	**₱5,269,593**	₱5,487,181	₱2,024,662

Expenses from related parties:

	2019	2018	2017
		(In Thousands)	
AC	**₱4,216**	₱1,035	₱16,489
Associates	**322,114**	3,153,547	206,050
Other Related Parties			
Manila Water Company, Inc.	**398,648**	385,925	222,386
Bank of the Philippine Islands	**213,257**	296,002	195,143
Innove Communications, Inc.	**92,003**	68,805	52,129
AG Counselors Corp.	**199,222**	60,718	172,799
Globe Telecom, Inc.	**88,188**	53,920	50,131
Manila Water Philippine Ventures, Inc.	**108,765**	53,038	117,078
LAWC	**10,184**	6,202	5,564
Others	**422,681**	371,342	77,406
	1,532,948	1,295,952	892,636
Total	**₱1,859,278**	₱4,450,534	₱1,115,175

The following describe the nature of the material transactions of the Group with related parties as of December 31, 2019 and 2018:

- On January 12, 2016, the Parent Company has entered into a partnership with Manila Water Philippine Ventures, Inc., a wholly owned subsidiary of Manila Water Company, Inc., for the waterworks of ALI's projects nationwide. The MOA was signed by ALI and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp. Revenue and expense in 2019 amounted to ₱272.7 million and ₱108.8 million, respectively, and ₱218.1 million and ₱53 million amounted in 2018, respectively.
- Certain credit facilities with BPI with a total carrying value of ₱24,416.9 million and ₱14,170.3 million as of December 31, 2019 and 2018, respectively, are secured by a real estate mortgage. This is in compliance with BSP ruling on directors, officers, stockholders and related interests.

- In October 2012, BG South, a subsidiary of Alveo, entered into a contract with FBDC for the purchase of land in Bonifacio Global City. The Deed of Absolute Sale related to the contract was executed in 2012 for which the purchase price amounted to ₱806.4 million, plus VAT. As of 2018, ₱859.4 million, inclusive of VAT, were paid by BG South. Outstanding payable amounted to nil and ₱43.8 million as of December 31, 2019 and 2018, respectively.
- In November 2012, BG South, subsequently entered into a contract with FBDC for the purchase of land in Bonifacio Global City. The Deed of Absolute Sale related to the contract was executed in 2012 for which the purchase price amounted to 727.8 million, plus VAT. As of 2018, ₱811.9 million, inclusive of VAT, were paid by BG South. As of December 31, 2018, the contract has been fully paid.
- In July 2013, BG South, subsequently entered into a contract with FBDC for the purchase of land in Bonifacio Global City. The Deed of Absolute Sale related to the contract was executed in 2013 for which the purchase price amounted to ₱1,424 million, plus VAT. As of 2018, ₱1,595 million, inclusive of VAT, were paid by BG South. Outstanding payable amounted to nil and nil as of December 31, 2019 and 2018, respectively.
- On May 20, 2013, DirectPower and its customers, which are all within the Ayala Group, entered into a Retail Electricity Supply contract wherein DirectPower agreed to supply electricity at a specific rate pursuant to the provisions and implementing rules and regulations of R.A. No. 9136 or the Electric Power Industry Reform Acts of 2001. Among the customers of Direct Power are FBDC, LDC, BPI, San Lazaro BPO Complex and 6750 Ayala Ave.
- The Group sold residential receivables on a without recourse basis to BPI Family Savings Bank, Inc., a related party, amounting to ₱9,976.3 million and ₱10,070.0 million in 2019 and 2018, respectively. Proceeds of receivables sold to BPI amounted to ₱9,281.2 million in 2019 and ₱9,520.0 million in 2018. The Group recognized loss on sale (under “Other charges”) amounting to ₱775.2 million and ₱550.1 million in 2019 and 2018, respectively.
- Revenue from Globe pertains to development management fee and for lease of spaces.
- As of December 31, 2019 and 2018, the funds include investment in securities of its related parties with carrying value of ₱1.7 billion and ₱1.5 billion, respectively (see Note 26).

d. Remuneration of Key Management Personnel (KMP)

Key management personnel of the Group include all officers with position of vice president and up. Compensation of key management personnel amounted to ₱197.2 million and ₱172.2 million in 2019 and 2018, respectively.

Compensation of key management personnel by benefit type follows:

	2019	2018
	(In Thousands)	
Short-term employee benefits	**₱185,540**	₱156,678
Post-employment benefits (Note 26)	**11,622**	15,497
	₱197,162	₱172,175

The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the corporation that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

26. **Retirement Plan**

The Group has funded, noncontributory tax-qualified defined benefit type of retirement plans (the Plan) covering substantially all of their employees. The benefits are based on a defined benefit formula.

The Plan aims to maintain a full funding, i.e., the Plan's assets fully covered the Plan's liabilities, as measured through generally accepted actuarial methodologies. Such will provide a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns. The target funded status is within the range of 80% to 100%.

The Group's fund is in the form of a trust fund being maintained by the trustee banks such as BPI Asset Management and Trust Corporation (collectively the "Retirement Fund"). The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The components of expense (included in manpower costs under "General and administrative expenses") in the consolidated statements of income follows:

	2019	2018	2017
		(In Thousands)	
Current service cost	**₱443,364**	₱310,759	₱372,590
Past service cost	**–**	10,563	–
Net interest cost on benefit obligation	**117,607**	77,418	149,523
Total pension expense	**₱560,971**	₱398,740	₱522,113

The remeasurement effects recognized in other comprehensive income (included in Equity under "Remeasurement loss on defined benefit plans") in the consolidated statements of financial position follow:

	2019	2018	2017
		(In Thousands)	
Return on plan assets (excluding amount included in net interest)	**₱75,922**	₱184,923	₱22,169
Remeasurement loss (gain) due to liability experience	**1,544**	101,979	(55,893)
Remeasurement loss (gain) due to liability assumption changes - demographic	**145**	(2,476)	(14,319)
Remeasurement gain due to liability assumption changes - economic	**(245,365)**	(369,807)	329,333
Remeasurements in other comprehensive income	**(₱167,754)**	(₱85,381)	₱281,290

The funded status and amounts recognized in the consolidated statement of financial position for the retirement plan as of December 31, 2019 and 2018, are as follows:

	2019	2018
		(In Thousands)
Benefit obligations	**₱4,365,274**	₱3,676,584
Plan assets	**(2,452,003)**	(2,188,451)
Net pension liability position	**₱1,913,271**	₱1,488,133

As of December 31, 2019 and 2018 pension assets (included under "Other noncurrent assets") amounted to ₱74.3 million and ₱62.1 million, respectively, and pension liabilities amounted to ₱1,987.6 million and ₱1,550.2 million, respectively.

Changes in net defined benefit liability of funded plans in 2019 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					**Remeasurements in other comprehensive income**							
	January 1, 2019	**Current service cost**	**Past service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan Assets***	**Remeasurement gain due to liability experience**	**Remeasurement gain due to liability assumption changes - demographic**	**Remeasurement loss due to liability assumption changes - economic**	**Net remeasure-ment loss**	**Contribution by employer**	**Transfer in /(out)**	**December 31, 2019**
Present value of defined benefit obligation	**₱3,676,584**	**₱443,364**	**₱–**	**₱279,339**	**₱722,703**	**(₱277,699)**	**₱–**	**(₱1,544)**	**(₱145)**	**₱245,365**	**₱243,676**	**₱–**	**₱10**	**₱4,365,274**
Fair value of plan assets	**(2,188,451)**	**–**	**–**	**(161,732)**	**(161,732)**	**335,918**	**(75,922)**	**–**	**–**	**–**	**(75,922)**	**(361,816)**	**–**	**(2,452,003)**
Net defined benefit liability (asset)	**₱1,488,133**	**₱443,364**	**₱–**	**₱117,607**	**₱560,971**	**₱58,219**	**(₱75,922)**	**(₱1,544)**	**(₱145)**	**₱245,365**	**₱167,754**	**(₱361,816)**	**₱10**	**₱1,913,271**

*excluding amount included in net interest

Changes in net defined benefit liability of funded plans in 2018 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income							
	January 1, 2018	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan Assets*	Remeasurement loss due to liability experience	Remeasurement (gain) due to liability assumption changes - demographic	Remeasurement (gain) due to liability assumption changes - economic	Net remeasure-ment loss	Contribution by employer	Transfer in /(out)	December 31, 2018
Present value of defined benefit obligation	₱3,560,752	₱310,759	₱10,563	₱194,009	₱515,331	(₱120,720)	₱–	₱101,979	(₱2,476)	(₱369,807)	(₱270,304)	₱–	(₱8,475)	₱3,676,584
Fair value of plan assets	(2,101,603)	–	–	(116,591)	(116,591)	27,876	184,923	–	–	–	184,923	(232,588)	49,532	(2,188,451)
Net defined benefit liability (asset)	₱1,459,149	₱310,759	₱10,563	₱77,418	₱398,740	(₱92,844)	₱184,923	₱101,979	(₱2,476)	(₱369,807)	(₱85,381)	(₱232,588)	₱41,057	₱1,488,133

*excluding amount included in net interest

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market.

The plan assets have diverse investments and do not have any concentration risk.

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	December 31	
	2019	2018
	(In Thousands)	
Cash and cash equivalents	**₱27,197**	₱25,316
Equity investments		
Unit Investment Trust Funds	**363,357**	168,235
Mutual Funds	**158,991**	1,699
Holding Firms	**1,688**	145,042
Financials	**18,435**	56,256
Property	**95,074**	60,689
Industrials	**111,622**	14,229
Services	**20,696**	4,422
	769,863	450,572
Debt investments		
Government securities	**537,483**	513,434
AAA rated debt securities	**545,950**	549,416
Unit Investment Trust Funds	**66,128**	–
Mutual Funds	**6,146**	–
Not rated debt securities	**499,236**	649,140
	1,654,943	1,711,990
Other assets	**–**	573
	₱2,452,003	₱2,188,451

The Retirement Fund's investments will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the set benchmark for each asset class. In case of securities, the aggregate holdings of any security may not exceed 10% of the Plan assets. The criteria for including an asset class in the strategic policy include: (a) wide recognition and acceptance among institutional investors; (b) low correlation with other accepted asset classes; and (c) a meaningful performance history. The Group expects to make contributions of ₱527.82 million to its retirement fund in 2020.

The allocation of the fair value of plan assets follows:

	2019	2018
Investments in debt securities	**67.49%**	78.23%
Investments in equity securities	**31.40%**	20.59%
Others	**1.11%**	1.18%

Funds invested in debt securities include government securities, corporate notes and bonds and money market placements. Investments in equity securities consist of investments in PSE listed stocks and unit investment trust funds. Others were in the form of cash and cash equivalents.

The Group's transactions with the funds mainly pertain to contributions, benefit payments and settlements.

As of December 31, 2019 and 2018, the funds include investment in securities of its related parties (see Note 25). Details of the investment per type of security are as follows:

	December 31, 2019			December 31, 2018
	Carrying Value	**Fair Value**	**Unrealized (Gain) Loss**	Fair Value
	(In Thousands)			
Investments in debt securities	**₱1,126,228**	**₱1,142,062**	**(₱15,834)**	₱1,100,365
Investments in equity securities	**603,164**	**603,857**	**(693)**	334,123
Others	**13,319**	**13,393**	**(74)**	31,539
	₱1,742,711	**₱1,759,312**	**(₱16,601)**	₱1,466,027

The plan assets include shares of stock of the Parent Company with fair value amounting to ₱38.56 million and ₱27.7 million as of December 31, 2019 and 2018, respectively. The Parent Company gives the trustee bank the discretion to exercise voting rights over the shares. The plan assets include debt securities of the Parent Company amounting to ₱66.8 million and ₱62.9 million as of December 31, 2019 and 2018, respectively. The loss of the fund arising from investment in debt and equity securities of the Parent Company is nil.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2019	2018
Discount rates	**4.74 to 5.50%**	5.50 to 8.48%
Future salary increases	**4.00 to 8.00%**	3.0 to 8.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2019

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Discount rate	**(₱348,241)**	**₱382,527**
Salary increase rate	**363,629**	**(387,094)**

2018

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Discount rate	(₱174,364)	₱205,983
Salary increase rate	205,103	(176,441)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	**2019**	2018
	(In Thousands)	
1 year and less	**₱666,659**	₱457,984
more than 1 years to 5 years	**1,837,060**	1,847,382
more than 5 years to 10 years	**2,580,119**	1,965,131
more than 10 years to 15 years	**14,122,637**	4,614,824
more than 15 years to 20 years	**2,696,046**	1,469,983
more than 20 years	**26,270,099**	11,679,381

The average duration of the defined benefit obligation is 11.0 to 24.0 years and 5.3 to 24.0 years in 2019 and 2018, respectively.

27. Earnings Per Share

The following tables present information necessary to compute EPS (amounts in thousands except EPS):

EPS on net income attributable to equity holders of Ayala Land, Inc. are as follows:

	2019	2018	2017
	(In Thousands)		
Net income attributable to equity holders of Ayala Land, Inc.	**₱33,188,399**	₱29,240,880	₱25,304,965
Less: dividends on preferred stock	**(62,038)**	(62,038)	(62,038)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	**₱33,126,361**	₱29,178,842	₱25,242,927
Weighted average number of common shares for basic EPS	**14,742,690**	14,730,049	14,721,881
Add: dilutive shares arising from stock options	**3,783**	966	66,997
Adjusted weighted average number of common shares for diluted EPS	**14,746,473**	14,731,015	14,788,878
Basic and diluted EPS	**₱2.25**	₱1.98	₱1.71

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

The convertibility of the preferred shares will start on the 10th year from the issue date which was in 2012. This has an antidilutive effect on the computation of diluted EPS.

28. Stock Options and Ownership Plans

The Parent Company has stock option plans for key employees covering 2.5% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

ESOP
The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

The Parent Company has no ESOP grant and availment during 2019, 2018 and 2017.

ESOWN
In November 2001, the Parent Company offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, the Parent Company introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of the Parent Company or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to the Parent Company's right to repurchase.

The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula and Binomial Tree Model (BTM), taking into account the terms and conditions upon which the options were granted. The BSM Formula and BTM Model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate. The expected volatility was determined based on an independent valuation.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2019	**WAEP**	2018	WAEP
At January 1	**5,601,470**	**₱32.71**	5,150,628	₱19.31
Granted	**11,610,720**		10,384,365	
Subscribed	**(10,453,766)**	**43.70**	(9,933,523)	41.14
Availment	**487,585**		96,516	
Cancelled	**(6,940,594)**		(96,516)	
At December 31	**305,415**	**35.94**	5,601,470	₱32.71

The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date							
	March 21, 2019	March 28, 2018	March 01, 2017	April 05, 2016	March 20, 2015	March 20, 2014	March 18, 2013	March 13, 2012
Number of unsubscribed shares	–	–	–	181,304	–	1,369,887	1,713,868	3,967,302
Fair value of each option (BTM)	₱–	₱–	₱8.48	₱13.61	₱16.03	₱12.60	₱16.05	₱9.48
Fair value of each option (BSM)	₱17.13	₱12.71	₱–	₱18.21	₱20.63	₱12.16	₱11.85	₱6.23
Weighted average share price	₱44.70	₱41.02	₱39.72	₱35.58	₱36.53	₱31.46	₱30.00	₱21.98
Exercise price	₱44.49	₱45.07	₱35.81	₱26.27	₱29.58	₱22.55	₱21.45	₱14.69
Expected volatility	31.48%	34.04%	30.95%	32.03%	31.99%	33.50%	36.25%	33.00%
Dividend yield	1.16%	1.22%	1.34%	1.27%	1.02%	1.42%	1.93%	0.9%
Interest rate	5.57%	4.14%	4.41%	4.75%	4.11%	3.13%	2.78%	5.70%

Total expense (included under “General and administrative expenses”) recognized in 2019, 2018 and 2017 in the consolidated statements of income arising from share-based payments amounted to ₱142.86, ₱98.52 million, and ₱153.8 million, respectively (see Note 22).

ALLHC
ALLHC introduced the ESOWN Plan (the Plan) wherein grantees (employees within ALLHC Group) may subscribe in whole or in part to the shares awarded to them based on a discounted market price, but in no case lower than the par value, that was determined at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. To subscribe, the grantee must be an employee, officer or director of ALLHC as of June 30, 2015. In case the grantee resigns, unsubscribed shares are cancelled and returned to the plan pool, while the subscription payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares.

The BOD of ALLHC approved the allocation of 32 million shares (first tranche) for ESOWN plan which will be taken from the remaining unissued shares (with grant date in 2016) and the increase in authorized of stock of ALLHC, which was approved by the SEC in July 2016. In 2017, notice of grant for the 218 million shares (second tranche of ESOWN plan) was issued to employees for the right to subscribe to the common shares of ALLHC at ₱1.68 per share which were fully availed as of December 31, 2018. In 2019 and 2018, ALLHC has no ESOWN grant.

The fair values of these options are estimated on the date of grant using the Cox-Ross-Rubenstein option pricing model. The assumptions used to determine the fair value of the stock options are as follows:

	December 31, 2017
Share price at the date of grant	₱2.12
Risk free interest rate	5.6818%
Annualized volatility	49.68%
Annual dividend yield	–
Exit rates	–
Termination for cause	–
Voluntary resignation	–
Involuntary separation	7.29%

The resulting personnel expense recognized for the periods ended December 31, 2017 amounted to ₱33.34 million (nil for the years ended December 31, 2019 and 2018).

29. **Financial Assets and Liabilities**

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Financial Assets at FVPL*	**₱2,795,303**	**₱2,795,303**	₱476,245	₱476,245
Financial Assets at FVOCI				
Unquoted equity securities	**565,650**	**565,650**	582,078	582,078
Quoted equity securities	**963,529**	**963,529**	913,717	913,717
	1,529,179	**1,529,179**	1,495,795	1,495,795
	₱4,324,482	**₱4,324,482**	₱1,972,040	₱1,972,040
Financial assets at amortized cost				
Noncurrent trade residential and office development	**₱42,994,112**	**₱42,581,016**	₱35,437,047	₱33,829,603
Receivable from employees	**901,261**	**903,299**	1,113,207	1,119,854
	₱43,895,373	**₱43,484,315**	₱36,550,254	₱34,949,457
Other financial liabilities				
Long-term debt	**₱193,064,051**	**₱196,618,780**	₱172,712,122	₱155,719,341
Deposits and other noncurrent liabilities	**42,282,233**	**36,225,888**	39,607,119	38,193,626
	₱235,346,284	**₱232,844,668**	₱212,319,241	₱193,912,967

**In 2019, the Group acquired investment in bonds measured at fair value through profit or loss included under "Other noncurrent assets" in the consolidated statement of financial position (Note 14)*

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

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

Financial assets at FVPL - These are investments in fund and investment in bonds. Fair value of the funds is based on net asset values as of reporting dates while fair value of the bonds is based on binomial lattice approach.

Noncurrent accounts and notes receivables - The fair values of residential accounts and notes receivable, and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 6.25% to 13.50% and 2.90% to 6.37% as of December 31, 2019 and 2018.

Financial assets at FVOCI quoted equity securities - fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Liabilities - The fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged 3.18% to 7.02% and 7.28% to 8.79% as of December 31, 2019 and 2018, respectively. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

Quoted FVOCI financial assets amounting to ₱963.5 million and ₱913.7 million as of December 31, 2019, and 2018, respectively, were classified under Level 1 (see Note 10).

Unquoted FVOCI financial assets amounting to ₱565.7 million and ₱582.1 million as of December 31, 2019 and 2018, respectively, were classified under Level 3 (see Note 10).

Investment in Arch Capital Fund amounting to ₱389.0 million and ₱390.5 million as of December 31, 2019, and 2018, respectively, were classified under Level 3 (see Note 6).

Investment in Unit Investment Trust Fund (UITF) amounting to ₱96.4 million and ₱85.7 million as of December 31, 2019, and 2018, respectively, were classified under Level 2 (see Note 6).

Investment in bonds amounting to ₱2,309.9 million as of December 31, 2019 was classified under Level 3 (see Note 14).

There have been no reclassifications from Level 1 to Level 2 categories in 2019 and 2018.

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

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

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

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

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

There were no changes in the Group's financial risk management objectives and policies in 2019 and 2018.

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

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

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

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

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

The table summarizes the maturity profile of the Group's financial liabilities at December 31, 2019 and 2018 based on contractual undiscounted payments:

December 31, 2019

	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
		(In Thousands)		
Accounts and other payables	**₱138,334,629**	**₱–**	**₱–**	**₱138,334,629**
Short-term debt	**18,032,830**	**–**	**–**	**18,032,830**
Long-term debt	**17,250,706**	**85,827,970**	**89,985,375**	**193,064,051**
Deposits and other current liabilities	**25,129,315**	**–**	**–**	**25,129,315**
Deposits and other noncurrent liabilities	**–**	**34,002,066**	**1,684,557**	**35,686,623**
Interest payable*	**₱8,136,242**	**₱34,485,567**	**₱7,151,134**	**₱–**

**includes future interest payment*

December 31, 2018

	< 1 year	>1 to < 5 years	> 5 years	Total
		(In Thousands)		
Accounts and other payables	₱150,010,885	₱–	₱–	₱150,010,885
Short-term debt	14,386,717	–	–	14,386,717
Long-term debt	23,239,191	83,586,294	65,886,637	172,712,122
Deposits and other current liabilities	5,544,289	–	–	5,544,289
Deposits and other noncurrent liabilities	–	32,437,911	5,502	32,443,413
	193,181,082	116,024,205	65,892,139	375,097,426
Interest payable*	₱6,801,028	₱23,189,458	₱8,041,909	₱38,032,395

**includes future interest payment*

Cash and cash equivalents, short-term investments and financial assets at FVPL are used for the Group's liquidity requirements. Please refer to the terms and maturity profiles of these financial assets shown on the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. There are no undrawn loan commitments from long-term credit facilities as of December 31, 2019 and 2018.

Credit risk
Credit risk is a risk that a counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

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

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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

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

The Group's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2019 and 2018, the exposure at default amounts to ₱14,354.9 million and ₱9,849.9 million, respectively. The expected credit loss rate is 5.3% and 3.5% that resulted in the ECL of ₱1,186.3 million and ₱872.3 million as of December 31, 2019 and December 31, 2018, respectively.

As of December 31, 2019 and 2018, the aging analysis of past due but not impaired trade receivables presented per class follow:

December 31, 2019

	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential, commercial and office development	**₱93,504,125**	**₱4,304,075**	**₱911,803**	**₱589,709**	**₱670,084**	**₱4,267,611**	**₱10,743,282**	**₱13,555**	**₱104,260,962**
Shopping centers	**1,041,277**	**700,200**	**244,308**	**224,441**	**210,370**	**491,541**	**1,870,860**	**772,513**	**3,684,650**
Construction contracts	**582,635**	**24,010**	**10,479**	**42,662**	**186**	**855,570**	**932,907**	**37,778**	**1,553,320**
Corporate business	**3,174,308**	**21,857**	**65,603**	**20,766**	**52,067**	**311,351**	**471,644**	**182,208**	**3,828,160**
Management fees	**42,060**	**–**	**13,630**	**11,729**	**6,727**	**18,439**	**50,525**	**6,678**	**99,263**
Others	**4,237,501**	**63,107**	**9,499**	**12,496**	**25,981**	**99,550**	**210,633**	**110,409**	**4,558,543**
Advances to other companies	**12,017,162**	**217,231**	**847,194**	**72,611**	**160,274**	**5,606,586**	**6,903,896**	**63,152**	**18,984,210**
Accrued receivables	**6,087,195**	**124,387**	**97,970**	**11,424**	**90,977**	**1,376,843**	**1,701,601**	**–**	**7,788,796**
Related parties	**6,106,390**	**19,152**	**2,452**	**1,030**	**348**	**931**	**23,913**	**–**	**6,130,303**
Receivables from employees	**780,533**	**6,086**	**3,725**	**1,501**	**1,318**	**108,098**	**120,728**	**–**	**901,261**
	₱127,573,186	**₱5,480,105**	**₱2,206,663**	**₱988,369**	**₱1,218,332**	**₱13,136,520**	**₱23,029,989**	**₱1,186,293**	**₱151,789,468**

December 31, 2018

	Neither Past Due nor Impaired	Past Due but not Impaired						Individually Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential, commercial and office development	₱115,046,477	₱1,365,932	₱840,946	₱481,320	₱328,043	₱2,264,139	₱5,280,380	₱13,555	₱120,340,412
Shopping centers	940,598	404,359	293,804	278,678	57,862	152,921	1,187,624	558,059	2,686,281
Construction contracts	1,343,275	418,124	9,746	8,789	4,738	61,872	503,269	26,547	1,873,091
Corporate business	3,824,382	333,030	97,304	73,108	93,023	378,360	974,825	86,663	4,885,870
Management fees	49,203	–	8,896	4,690	5,699	11,611	30,896	5,948	86,047
Others	2,504,430	32,641	152,302	9,112	11,201	215,715	420,971	175,596	3,100,997
Advances to other companies	14,159,361	4,043	510,092	24,994	102,893	5,016,498	5,658,520	5,900	19,823,781
Accrued receivables	5,285,913	394,184	103,466	100,677	210,836	708,084	1,517,247	–	6,803,160
Related parties	5,677,422	2,961	944	140	–	1,769	5,814	–	5,683,236
Receivables from employees	841,056	26,343	9,860	11,352	13,596	211,000	272,151	–	1,113,207
	₱149,672,117	₱2,981,617	₱2,027,360	₱992,860	₱827,891	₱9,021,969	₱15,851,697	₱872,268	₱166,396,082

The table below shows the credit quality of the Company's financial assets as of December 31, 2019 and 2018:

December 31, 2019

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	**₱20,339,826**	**₱–**	**₱–**	**₱–**	**₱20,339,826**	**₱–**	**₱–**	**₱20,339,826**
Short-term investments	**617,149**	**–**	**–**	**–**	**617,149**	**–**	**–**	**617,149**
Financial assets at FVPL	**485,436**	**–**	**–**	**–**	**485,436**	**–**	**–**	**485,436**
Accounts and notes receivables:								
Trade:								
Residential, commercial and office development	**81,411,415**	**8,158,202**	**3,934,508**	**–**	**93,504,125**	**10,743,282**	**13,555**	**104,260,962**
Shopping centers	**1,041,277**	**–**	**–**	**–**	**1,041,277**	**1,870,860**	**772,513**	**3,684,650**
Construction contracts	**582,635**	**–**	**–**	**–**	**582,635**	**932,907**	**37,778**	**1,553,320**
Corporate business	**3,155,230**	**5,539**	**13,539**	**–**	**3,174,308**	**471,644**	**182,208**	**3,828,160**
Management fees	**23,478**	**8,762**	**9,820**	**–**	**42,060**	**50,525**	**6,678**	**99,263**
Others	**4,237,501**	**–**	**–**	**–**	**4,237,501**	**210,633**	**110,409**	**4,558,543**
Advances to other companies	**10,341,028**	**1,128,079**	**548,055**	**–**	**12,017,162**	**6,903,896**	**63,152**	**18,984,210**
Accrued receivables	**6,087,195**	**–**	**–**	**–**	**6,087,195**	**1,701,601**	**–**	**7,788,796**
Related parties	**6,106,390**	**–**	**–**	**–**	**6,106,390**	**23,913**	**–**	**6,130,303**
Receivable from employees	**780,533**	**–**	**–**	**–**	**780,533**	**120,728**	**–**	**901,261**
Financial Assets at FVOCI:								
Unquoted	**–**	**–**	**–**	**565,650**	**565,650**	**–**	**–**	**565,650**
Quoted	**963,529**	**–**	**–**	**–**	**963,529**	**–**	**–**	**963,529**
	₱136,172,622	**₱9,300,582**	**₱4,505,922**	**₱565,650**	**₱150,544,776**	**₱23,029,989**	**₱1,186,293**	**₱174,761,058**

December 31, 2018

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱23,939,708	₱–	₱–	₱–	₱23,939,708	₱–	₱–	₱23,939,708
Short-term investments	3,085,373	–	–	–	3,085,373	–	–	3,085,373
Financial assets at FVPL	476,245	–	–	–	476,245	–	–	476,245
Accounts and notes receivables:								
Trade:								
Residential, commercial and office development	109,009,649	3,217,699	2,819,129	–	115,046,477	5,280,380	13,555	120,340,412
Shopping centers	940,598	–	–	–	940,598	1,187,624	558,059	2,686,281
Construction contracts	1,343,275	–	–	–	1,343,275	503,269	26,547	1,873,091
Corporate business	3,697,448	104,806	22,128	–	3,824,382	974,825	86,663	4,885,870
Management fees	28,496	6,102	14,605	–	49,203	30,896	5,948	86,047
Others	2,504,430	–	–	–	2,504,430	420,971	175,596	3,100,997
Advances to other companies	13,537,359	288,451	333,551	–	14,159,361	5,658,520	5,900	19,823,781
Accrued receivables	5,285,913	–	–	–	5,285,913	1,517,247	–	6,803,160
Related parties	5,677,422	–	–	–	5,677,422	5,814	–	5,683,236
Receivable from employees	841,056	–	–	–	841,056	272,151	–	1,113,207
Financial Assets at FVOCI:								
Unquoted	–	–	–	582,078	582,078	–	–	582,078
Quoted	913,717	–	–	–	913,717	–	–	913,717
	₱171,280,689	₱3,617,058	₱3,189,413	₱582,078	₱178,669,238	₱15,851,697	₱872,268	₱195,393,203

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments, financial assets at FVTPL, financial assets at FVOCI quoted securities - based on the nature of the counterparty and the Group's internal rating system;

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment;

The unquoted financial assets at FVOCI are unrated.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio. The Company's ratio of fixed to floating rate debt stood at around 90:10 and 89:11 as of December 31, 2019 and 2018, respectively.

The following tables demonstrate the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2019 and 2018, with all variables held constant, (through the impact on floating rate borrowings):

December 31, 2019

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Floating rate borrowings	**(₱209,993)**	**₱209,993**

December 31, 2018

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Floating rate borrowings	(₱210,576)	₱210,576

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table (in thousands):

December 31, 2019

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱20,339,826	₱20,339,826	₱–	₱–	₱20,339,826
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	617,149	617,149	–	–	617,149
Accounts and notes receivable	Fixed at the date of sale	Date of sale	901,263	597,391	303,872	–	901,263
			₱21,858,238	₱21,554,366	₱303,872	₱–	₱21,858,238
Parent Company							
Short-term debt							
Floating-Peso	Variable	Monthly	₱15,708,000	₱15,708,000	₱–	₱–	₱15,708,000
Long-term debt							
Fixed							
Peso	Fixed at 6.0000%	10 years	5,650,000	–	5,645,304	–	5,645,304
Peso	Fixed at 4.6250% to 6.0000%	7,10 and 20 years	21,000,000	4,000,000	14,931,968	1,985,276	20,917,244
Peso	Fixed at 5.6250%	11 years	8,000,000	–	–	7,952,880	7,952,880
Peso	Fixed at 4.5000%	7 years	7,000,000	–	6,968,807	–	6,968,807
Peso	Fixed at 5.6250% to 7.5%	5, 10 and 15 years	960,000	10,000	39,764	905,696	955,460
Peso	Fixed at 4.50 to 6.307%	Up to 10.5 years	46,635,094	3,178,255	11,098,312	32,196,332	46,472,899
Peso	Fixed at 3.8915 to 4.85%	7, 9.5 and 10 years	22,000,000	–	6,961,631	14,902,377	21,864,008
Peso	Fixed at 5.2624%	10 years	7,000,000	–	–	6,972,611	6,972,611
Peso	Fixed at 5.9203%	10 years	10,000,000	–	–	9,896,154	9,896,154
Peso	Fixed at 7.0239%	5 years	8,000,000	–	7,925,898	–	7,925,898
Peso	Fixed at 3.1764% to 3.187%	5 years	6,329,375	–	6,329,375	–	6,329,375
Peso	Fixed at 4.2463% to 6.369%	2, 5, 7 and 7.25 years	21,000,000	–	11,840,995	8,937,450	20,778,445
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable	Monthly	2,324,830	2,324,830	–	–	2,324,830
Long-term debt							
Fixed							
Peso	Fixed at 4.5% to 5.265%	5 to 10 years	27,434,787	9,901,317	12,274,151	5,246,600	27,422,068
Floating							
Peso	Variable	3 months	2,966,498	161,134	1,811,764	990,000	2,962,898
			₱212,008,584	₱35,283,536	₱85,827,969	₱89,985,376	₱211,096,881

<u>December 31, 2018</u>

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
<u>Group</u>							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱23,939,708	₱23,939,708	₱–	₱–	₱23,939,708
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	3,085,373	3,085,373	–	–	3,085,373
Accounts and notes receivable	Fixed at the date of sale	Date of sale	1,113,205	220,227	892,978	–	1,113,205
			₱28,138,286	₱27,245,308	₱892,978	₱–	₱28,138,286
<u>Parent Company</u>							
Short-term debt							
Floating-Peso	Variable	Monthly	₱13,500,900	₱13,500,900	₱–	₱–	₱13,500,900
Long-term debt							
Fixed							
Peso	Fixed at 5.6250% to 6.0000%	7 and 10 years	15,000,000	9,341,196	5,644,680	–	14,985,876
Peso	Fixed at 4.6250% to 6.0000%	7,10.5 and 20 years	21,000,000	–	18,989,546	1,907,664	20,897,210
Peso	Fixed at 5.6250%	11 years	8,000,000	–	–	7,945,703	7,945,703
Peso	Fixed at 4.5000%	7 years	7,000,000	–	6,960,744	–	6,960,744
Peso	Fixed at 3.8915% to 4.85%	7, 9.5 and 10 years	22,000,000	–	6,952,613	14,888,889	21,841,502
Peso	Fixed at 3.00%	3 years	2,982,530	2,971,976	–	–	2,971,976
Peso	Fixed at 5.2624%	10 years	7,000,000	–	–	6,969,630	6,969,630
Peso	Fixed at 2.7500%	1.75 years	18,000,000	–	7,909,305	9,886,828	17,796,133
Peso	Fixed at 3.2500%	1.25 years	4,000,000	3,995,630	–	–	3,995,630
Peso	Fixed at 4.5000% to 7.8750%	5, 10 and 15 years	3,100,000	3,097,745	–	–	3,097,745
Peso	Fixed at 4.50% to 4.949%	Up to 10.5 years	5,770,000	60,000	4,800,000	904,859	5,764,859
Floating			29,465,677	488,719	8,113,458	20,785,262	29,387,439
USD	Variable	3.4 and 10.3 years					
<u>Subsidiaries</u>			–	–	–	–	–
Short-term debt							
Floating							
Peso	Variable	Monthly					
Long-term debt			885,817	885,817	–	–	885,817
Fixed							
Peso	Fixed at 3.627% to 5.75%	5 to 10 years	23,465,452	2,556,770	19,274,884	1,607,802	23,439,456
Floating							
MYR	Variable	Monthly	6,658,219	727,155	4,941,064	990,000	6,658,219
			₱187,828,595	₱37,625,908	₱83,586,294	₱65,886,637	₱187,098,839

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies amounted $162.6 million and MYR658.3 million as of December 31, 2019 and $158.4 million and MYR685.9 million as of December 31, 2018. The amount of the Group's foreign currency-denominated debt amounting to $154.3 million and MYR936.7 million as of December 31, 2019 and $61.9 million and MYR816.7 million as of December 31, 2018. As such, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2019 and December 31, 2018:

	December 31					
					2018	
	US Dollar	**MYR ringgit**	**Php Equivalent**	US Dollar	MYR ringgit	Php Equivalent
Financial Assets						
Cash and cash equivalents	**$22,910**	**MYR450,225**	**₱6,688,920**	$41,201	MYR333,726	₱6,377,767
Short-term investments	**8,483**	**–**	**429,573**	62,466	230,661	6,211,741
Accounts and notes receivable - net	**88,724**	**169,418**	**6,573,423**	47,722	82,505	3,561,610
Other current assets	**42,116**	**35,376**	**2,567,158**	6,532	–	340,619
Other noncurrent assets	**380**	**3,324**	**60,064**	484	39,001	516,739
Total	**162,613**	**658,343**	**16,319,138**	158,405	685,893	17,008,476
Financial Liabilities						
Accounts and other payables	**21,757**	**935,811**	**12,593,561**	11,915	479,143	6,676,292
Other current liabilities	**5,115**	**–**	**259,013**	217	–	10,594
Short-term debt	**–**	**–**	**–**	46,675	70,000	3,339,988
Long-term debt	**125,000**	**397**	**6,334,870**	–	267,540	3,385,587
Other noncurrent liabilities	**2,419**	**501**	**128,645**	3,053	–	160,698
Total	**154,291**	**936,709**	**19,316,089**	61,860	816,683	13,573,159
Net foreign currency denominated financial instruments	**$8,322**	**(MYR278,366)**	**(₱2,996,951)**	$96,545	(MYR130,790)	₱3,435,317

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rates used were ₱50.64 to US$1.00 and ₱52.58 to US$1.00, the Philippine Peso - US dollar exchange rates as of December 31, 2019 and 2018, respectively. The Philippine Peso- MY ringgit exchange rate as of December 31, 2019 and 2018 used was ₱12.28 to MYR1.00 and ₱12.66 to MYR1.00, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Effect on income before tax Increase (decrease)	
Change in exchange rate	**2019**	2018
USD		
₱1.00	**₱8,322**	₱96,545
(₱1.00)	**(8,322)**	(96,545)
MYR		
₱1.00	**(₱278,366)**	(₱130,790)
(₱1.00)	**278,366**	130,790

There is no other impact on the Group's equity other than those already affecting the net income.

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

The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The analysis below demonstrates the sensitivity to a reasonably possible change of market index with all other variables held constant, of the Group's equity.

	Effect on equity Increase (decrease)	
Change in PSEi index	**2019**	2018
	(In Thousands)	
+5%	**₱31,466**	₱34,690
-5%	**(31,466)**	(34,690)

Quoted financial assets at FVPL pertain to investment in UITF (Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

As of December 31, 2019 and 2018, the Group's investment in the Fund where all other variables held constant, the fair value, net income and equity will increase or decrease by: (i) BPI UITF ₱0.3 million with a duration of 0.36 year and ₱0.4 million with a duration of 0.41 year, respectively, for a 100 basis points decrease or increase, in interest rates.

30. Segment Information

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

- Property developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture; acquisition, development and sale of large-scale, mixed-use, master-planned communities; sale of override units or the Company's share in properties made available to subsidiaries for development
- International – development and sale of residential lots and units in MCT Berhad
- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities, gas stations and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Offices - development and lease or sale of office buildings; sale of industrial lots and lease of factory building
- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants
- Construction - land development and construction of the Group and third-party projects
- Property management and others - facilities management of the Group and third-party projects

Assets, liabilities, revenues and expenses of the Strategic Landbank Management and Visayas-Mindanao segment were reallocated to other business segments namely, shopping centers, corporate businesses and residential developments according to the nature of the products and services provided.

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

Management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

For the years ended December 31, 2019, 2018 and 2017, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Business segments
The following tables regarding business segments present assets and liabilities as of December 31 and revenue and profit information for each of the two years in the period ended December 31 (in millions):

2019

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱102,981	₱6,709	₱–	₱–	₱7,624	₱3,395	₱5,453	₱–	₱–	₱126,162
Interest income from real estate sales	7,891		–	–	–	–	–	–	–	7,891
Rental revenue	–	–	22,019	9,668	–	–	–	–	–	31,687
Intersegments sales	–	–	–	–	–	61,557	–		(61,557)	–
Equity in net earnings of associates and joint ventures	698	–	14	–	–	–	–	254	–	966
Total revenue	111,570	6,709	22,033	9,668	7,624	64,952	5,453	254	(61,557)	166,706
Real estate costs and expenses	75,986	4,665	8,921	3,197	5,667	60,423	5,778	976	(61,494)	104,119
Gross margin	35,584	2,044	13,112	6,471	1,957	4,529	(325)	(722)	(63)	62,587
Interest and investment income										930
Other charges										(1,645)
Interest and other financing charges										(12,200)
Other income										1,158
Provision for income tax										(13,315)
Net income										₱37,515
Net income attributable to:										
Equity holders of Ayala Land, Inc.										33,188
Non-controlling interests										4,327
										₱37,515
Other Information										
Segment assets	₱556,914	₱–	₱204,115	₱105,863	₱81,288	₱55,349	₱6,731	₱63,481	(₱396,663)	₱677,078
Investment in associates and joint ventures	24,938	–	36	–	–	55	192	97	–	25,318
	581,852	–	204,151	105,863	81,288	55,404	6,923	63,578	(396,663)	702,396
Deferred tax assets	1,890	–	811	170	333	85	60	1,351	6,828	11,528
Total assets	₱583,742	₱–	₱204,962	₱106,033	₱81,621	₱55,489	₱6,983	₱64,929	(₱389,835)	₱713,924
Segment liabilities	₱242,826	₱–	₱135,933	₱55,563	₱64,617	₱46,101	₱3,274	₱52,870	(₱136,057)	₱465,127
Deferred tax liabilities	1,902	–	189	125	9	–	–	24	3,842	6,091
Total liabilities	₱244,728	₱–	₱136,122	₱55,688	₱64,626	₱46,101	₱3,274	₱52,894	(₱132,215)	₱471,218
Segment additions to:										
Property and equipment	₱254	₱1,891	₱1,652	₱41	₱4,151	₱1,752	₱131	₱648	₱–	₱10,520
Investment properties	₱4,970	₱8,733	₱19,446	₱3,012	₱201	₱163	₱262	₱232	₱–	₱37,019
Depreciation and amortization	₱1,391	₱120	₱2,128	₱909	₱744	₱1,477	₱395	₱1,276	(₱1,477)	₱6,963
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱256	₱–	₱–	₱11	₱189	₱113	₱–	₱569

2018

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱105,753	₱7,602	₱–	₱–	₱6,387	₱2,394	₱5,297	₱–	₱–	₱127,433
Interest income from real estate sales	7,042	–	–	–	–	–	–	–	–	7,042
Rental revenue	–	–	19,908	8,614	–	–	–	–	–	28,522
Intersegments sales	–	–	–	–	–	69,027	–	–	(69,027)	–
Equity in net earnings of associates and joint ventures	451	–	10	–	–	–	–	289	–	750
Total revenue	113,246	7,602	19,918	8,614	6,387	71,421	5,297	289	(69,027)	163,747
Real estate costs and expenses	81,662	5,528	9,001	3,204	4,994	66,111	5,919	1,302	(67,541)	110,180
Gross margin	31,584	2,074	10,917	5,410	1,393	5,310	(622)	(1,013)	(1,486)	53,567
Interest and investment income										958
Other charges										(1,271)
Interest and other financing charges										(9,594)
Other income										1,541
Provision for income tax										(11,984)
Net income										₱33,217
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱29,241
Non-controlling interests										3,976
										₱33,217
Other Information										
Segment assets	₱274,128	₱21,774	₱69,488	₱46,013	₱34,190	₱54,955	₱6,590	₱460,890	(₱335,639)	₱632,389
Investment in associates and joint ventures	21,667	–	38	–	–	56	–	1,629	–	23,390
	295,795	21,774	69,526	46,013	34,190	55,011	6,590	462,519	(335,639)	655,779
Deferred tax assets	3,164	–	333	137	339	56	44	2,615	6,353	13,041
Total assets	₱298,959	₱21,774	₱69,859	₱46,150	₱34,529	₱55,067	₱6,634	₱465,134	(₱329,286)	₱668,820
Segment liabilities	₱170,872	₱10,348	₱27,659	₱16,855	₱13,631	₱47,355	₱3,176	₱264,436	(₱111,628)	₱442,704
Deferred tax liabilities	1,721	–	271	40	10	4	8	18	3,823	5,895
Total liabilities	₱172,593	₱10,348	₱27,930	₱16,895	₱13,641	₱47,359	₱3,184	₱264,454	(₱107,805)	₱448,599
Segment additions to:										
Property and equipment	(₱1,008)	₱4,570	(₱426)	₱833	₱524	₱2,774	₱833	(₱658)	₱–	₱7,442
Investment properties	₱4,289	₱7,683	₱6,143	₱3,883	₱3,337	₱787	(₱1)	₱16,881	(₱438)	₱42,564
Depreciation and amortization	₱707	₱618	₱2,724	₱1,555	₱207	₱1,475	₱242	₱266	(₱1,475)	₱6,319
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	(₱2)	₱–	₱–	₱–	₱142	₱7	₱–	₱147

2017

	Property Development	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue									
Sales to external customers	₱96,387	₱17,657	₱6,664	₱5,621	₱1,559	₱5,408	₱–	(₱198)	₱133,098
Interest income from real estate sales	5,410	–	–	–	–	–	–	–	5,410
Intersegments sales	–	–	–	–	65,841	–	–	(65,841)	–
Equity in net earnings of associates and joint ventures	529	(113)	–	–	–	–	450	–	866
Total revenue	102,326	17,544	6,664	5,621	67,400	5,408	450	(66,039)	139,374
Real estate costs and expenses	75,322	8,415	2,622	4,619	62,921	4,779	1,114	(64,596)	95,196
Gross margin	27,004	9,129	4,042	1,002	4,479	629	(664)	(1,443)	44,178
Interest and investment income									675
Other charges									(1,196)
Interest and other financing charges									(7,914)
Other income									2,248
Provision for income tax									(9,825)
Net income									₱28,166
Net income attributable to:									
Equity holders of Ayala Land, Inc.									₱25,305
Non-controlling interests									2,861
									₱28,166
Other Information									
Segment assets	₱474,286	₱135,479	₱96,243	₱44,494	₱50,014	₱7,696	₱20,026	(₱291,695)	₱536,543
Investment in associates and joint ventures	9,964	7,897	–	–	51	–	8,889	–	26,801
	484,250	143,376	96,243	44,494	50,065	7,696	28,915	(291,695)	563,344
Deferred tax assets	2,465	367	154	267	31	23	2,260	5,081	10,648
Total assets	₱486,715	₱143,743	₱96,397	₱44,761	₱50,096	₱7,719	₱31,175	(₱286,614)	₱573,992
Segment liabilities	₱227,905	₱113,880	₱54,234	₱37,194	₱42,381	₱3,303	₱12,769	(₱113,481)	₱378,185
Deferred tax liabilities	1,612	244	26	40	–	13	14	1,595	3,544
Total liabilities	₱229,517	₱114,124	₱54,260	₱37,234	₱42,381	₱3,316	₱12,783	(₱111,886)	₱381,729
Segment additions to:									
Property and equipment	₱359	₱119	₱304	₱1,058	₱1,122	₱655	₱279	(₱1,570)	₱2,326
Investment properties	₱1,774	₱20,967	₱12,971	₱2,998	₱–	₱6	₱17,220	(₱25,943)	₱29,993
Depreciation and amortization	₱267	₱2,151	₱927	₱586	₱1,570	₱258	₱990	(₱1,569)	₱5,180
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱39	₱21	₱–	₱–	₱–	₱96	₱–	₱156

31. **Performance Obligations**

Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii) service lot and house, and (ii) condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an unbilled receivable or customers' deposit.

After the delivery of the completed real estate unit, the Group provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

Hotels and resorts
Rooms revenue from hotel and resort operations is recognized when the services are rendered. Revenue from banquets and other special events are recognized when the events take place.

Construction
Revenue from fixed price construction contracts are recognized overtime using the milestone-based revenue recognition which is in reference to output method. The output method is determined based on the start and completion of a task of the contract work inclusive of uninstalled goods and materials delivered to the site.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2019 and 2018 are as follows:

	2019	2018
	(In Thousands)	
Within one year	₱191,472,340	₱47,937,926
More than one year	56,363,261	55,328,212
	₱247,835,601	₱103,266,138

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three to five years, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

32. **Registration with Philippine Economic Zone Authority (PEZA)**

Ayala Land Inc., the Parent Company, was registered with PEZA last December 13, 2017 as a Developer/Operator of the Southpark Corporate Center.

North Eastern Commercial Corporation, a wholly owned subsidiary, was registered with PEZA last November 28, 2017 as a Developer/Operator of the 30^{th} Coporate Center.

Ayala Land Inc., the Parent Company, was registered with PEZA last November 6, 2017 as a Developer/Operator of the Vertis North IT Park.

Central Block Developers, Inc., a wholly owned subsidiary, was registered with PEZA last June 22, 2017 as a Developer/Operator of the Central Bloc 1 & 2.

Ayalaland Metro North, Inc., a wholly owned subsidiary, was registered with PEZA last December 29, 2016 as a Developer/Operator of the UP Town Corporate Center.

Pangulasian Island Resort Corporation (PIRC), a subsidiary of Ten Knots Development Corporation which is a subsidiary of Ayala Land, Inc., is registered with the Philippine Economic Zone Authority (PEZA) under the Certificate of Registration number 16-055 and Registration Agreement dated March 21, 2016. The registration shall entitle PIRC to conduct activities limited to resort operations, travel/tours/leisure and recreation-related activities, and the importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merhandise directly used in its registered operations inside the Green Tourism Ecozone - Pangulasian.

Nuevo Centro, a wholly-owned subsidiary of Ayala Land, Inc., is registered with PEZA with Certificate of Registration number EZ 16-30 under Registration Agreement dated July 19, 2016. The registration as a Special Economic Zone Developer/Operator shall entitle Nuevo Centro, Inc. to establish, develop, administer, manage, and operate a Special Economic Zone to be known as Alviera Industrial Park. It has been designated a 311,954-square meter area located at Barangays Dolores and Banaba, Porac, Pampanga. The Company shall be exempt from payment of all national and local taxes, except real property taxes on land and shall pay a 5% final tax on gross income.

33. **Leases**

Operating Leases - Group as Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancellable operating leases of the Group follows:

	2019	2018
	(In Thousands)	
Within one year	**₱8,815,419**	₱8,300,061
After one year but not more than five years	**28,960,892**	27,223,203
More than five years	**23,871,373**	18,204,281
	₱61,647,684	₱53,727,545

Group as Lessee
The Group entered into lease agreements with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals payable under noncancellable operating leases of the Group follows:

	2019	2018
	(In Thousands)	
Within one year	**₱1,126,912**	₱969,402
After one year but not more than five years	**4,598,276**	3,214,368
More than five years	**56,765,009**	38,974,801
	₱62,490,197	₱43,158,571

Set out below are the carrying amounts of right-of-use assets recognized and the movements in 2019:

			2019		
	Land	Building	Aircraft	Others	Total
			(in thousands)		
Cost					
At January 1, as previously reported	₱–	₱–	₱–	₱–	₱–
Effect of adoption of standard	14,482,586	187,042	1,595,614	219,920	16,485,162
At January 1, as restated	14,482,586	187,042	1,595,614	219,920	16,485,162
Additions	228,344	29,794	–	–	258,138
At December 31	14,710,930	216,836	1,595,614	219,920	16,743,300
Accumulated Depreciation and Amortization					
At January 1	–	–	–	–	–
Effect of adoption of standard	2,265,749	89,223	86,047	19,549	2,460,568
At January 1, as restated	2,265,749	89,223	86,047	19,549	2,460,568
Depreciation	408,306	50,380	159,561	1,298	619,545
Capitalized as investment property	95,129	–	–	3,586	98,715
At December 31	2,769,184	139,603	245,608	24,433	3,178,828
Net Book Value	₱11,941,746	₱77,233	₱1,350,006	₱195,487	₱13,564,472

The rollforward analysis of lease liabilities follows:

	2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of standard	16,985,922
At January 1, 2019, as restated	16,985,922
Additions	251,419
Accretion of interest expense (Note 22)	1,066,543
Capitalized interest	388,242
Foreign exchange gain	(48,776)
Payments	(1,179,645)
As at December 31, 2019	₱17,463,705
Current lease liabilities	724,859
Noncurrent lease liabilities	₱16,738,846

The following are the amounts recognized in the consolidated statement of income:

	2019
Depreciation expense of right-of-use assets	₱619,545
Accretion of interest expense on lease liabilities (Note 22)	1,066,543
Rent expense - short-term leases	7,031
Rent expense - variable lease payments	323,093
Foreign exchange gain	(48,776)
Total amounts recognized in the consolidated statement of income	₱1,967,436

The Group has lease contracts for land that contains variable payments based on a certain percentage of gross rental income of the commercial centers. These terms are negotiated by management for certain commercial spaces without steady customer demand. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed Payments	Variable Payments	Total
Fixed	₱1,098,425	₱–	₱1,098,425
Variable rent with minimum payment	151,221	159,229	310,450
Variable rent only	–	170,895	170,895
At December 31	₱1,249,646	₱330,124	₱1,579,770

The significant leases entered into by the Group are as follows:

Parent Company
On January 2017, the Parent Company signed a Lease Agreement with Philippine Racing Club, Inc. for the lease of land located in Circuit Makati, Brgy. Carmona, Makati City with an aggregate area of 12,793 sqm. The term of the lease shall be twenty-three years and three months commencing from Delivery Date. The Lessee shall have the option to renew the lease under the same terms and conditions for another period of five years, provided that renewal period shall be mutually agreed by the Parties. For the period commencing from delivery date until sixty-three (63) months thereafter, the Lessee shall pay the Lessor the rent amounting to ₱100.00 million. Commencing on the sixty fourth month from execution of the contract until the end of the lease term, the Lessee shall pay the Lessor the rent equal to fifty percent (50%) of the Gross Income of the Lessee.

On September 2018, the Parent Company signed a Lease Agreement with Manila Seedling Bank Foundation, Inc. (MSBFI) for the lease of a 4.5-hectare portion of land located at the corner of EDSA and Quezon Avenue, Diliman, Quezon City. The term of the lease shall be coterminous with the Lessor's usufruct over the Leased Premises, or until September 20, 2027.

Bay City
On September 2, 2014, Parent Company signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. Parent Company signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and the Parent Company. The Parent Company assigned the parcels of land to Bay City in December 2017.

ALI also signed the Air Rights and Basement Rights over the leased property with an aggregate area of 1,686.48 sqm and 8,294 sqm, respectively, subject to the same terms and conditions as the contract of lease dated September 2, 2014.

AMNI
On January 28, 2011, the Board of Regents of the University of the Philippines awarded to the Parent Company the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Parent Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants. The rights were subsequently assigned by ALI to the Company in 2015.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area have been constructed on the property.

NTDCC
The Company entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to the Company in exchange for the Company's assumption of DRP obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration with escalation rate of 3% annually starting inception.

On October 29, 2015, the Company entered into a non-cancellable land lease agreement with GERI for the lease of an aggregate of 10,994.86 square meters undivided portions of the North Avenue Lot Pad A and North Avenue Lot Pad B to which the latter is entitled to development rights. The agreement shall be effective until August 8, 2047, subject to the extension of the development rights period.

During 2016, the Company entered into non-cancellable land lease agreement with Anglo, DBH and Allante which shall be effective until August 8, 2047.

ALICAP
In December 2017, the Company entered into 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1440 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$0.42 million. The ATR72-600 with MSN 1440 was delivered to the Company in February 2018 and has started flight operations in March 2018. The Company, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term for US$14.16 million.

In June 2018, the Company entered into another 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1492 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$0.42 million. The ATR72-600 with MSN 1492 was delivered to the Company on the same month and has started flight operations in August 2018. The Company, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term amounting to US$14.16 million.

AHRC
On January 30, 2018, the Company signed a Lease Agreement with Dunes & Eagle Land Development Corporation for the lease of ten parcels of land located at Barangay Mactan, Lapu-Lapu City, Mactan Island, Cebu with an aggregate area of 144,087 sqm. The term of the lease shall be for a period of fifty (50) years commencing from the date of execution of the agreement. Rent payment should be as follows: (a) ₱70 million per annum for the first 5 years (b) 5% of Gross Revenues or ₱70 million per annum whichever is higher for the 6th year to the 30th year, and (c) 5.5%of Gross Revenues or ₱70 million per annum whichever is higher for the 31st year to the 50th year.

On July 26, 2012, ALI entered into a renewable contract of lease with Province of Negros Occidental for 40,481 square meters area of land with a monthly lease of ₱73.00 per square meter which shall be escalated every five years by ten percent (10%) of the current rate of rent. The term of the lease shall be for a period of fifty (50) years commencing from the date of delivery subject to renewal by mutual agreement of the parties under such terms and conditions as may be mutually acceptable. The Company has assessed that the lease agreement is a non-cancellable lease. On December 23, 2014, ALI assigned its rights and obligations to Capitol Central Hotel Ventures, Inc. under the Contract of Lease Assignment over a portion on which Seda Capitol Central was constructed equivalent to an area of 3,714.80 square meters. The agreement on lease assignment transfers and conveys the Company to take over the lease of the assigned portion subject to the same terms and conditions contained in the contract of lease.

Bonifacio Hotel Ventures, Inc. entered into a non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which Seda BGC Tower 1 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel’s gross income for its 1st year of operation, 4% of the Hotel’s gross income for its 2nd year of operation, and 5% of the Hotel’s gross income for the succeeding years or ₱350 per square meter for the 1st year, ₱375 per square meter for the 2nd year and ₱400 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period. The Company entered into another non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which the Seda BGC Tower 2 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel's gross income for its 1st year of operation, 4% of the Hotel's gross income for its 2nd year of operation, and 5% of the Hotel's gross income for the succeeding years or ₱575 per square meter for the 1st year, ₱616.06 per square meter for the 2nd year and ₱657.15 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period.

<u>ALLHC</u>
On August 28, 1990, the Company, through a Deed of Assignment, acquired all the rights, titles, interests and obligations of Gotesco Investment, Inc. in a contract of lease of the land owned by PNR for the Tutuban Terminal. The contract provided for a payment of a guaranteed minimum annual rental plus a certain percentage of gross sales. The lease covers a period of 25 years until 2014 and is automatically renewable for another 25 years, subject to compliance with the terms and conditions of the lease agreement. On December 22, 2009, ALLHC entered into an agreement with PNR for the renewal of its lease contract for another 25 years beginning September 5, 2014.

<u>SSECC</u>
The Company has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement signed on July 2000, a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues.

<u>Capitol</u>
On April 26, 2012 Parent Company signed a Lease Agreement with the Province of Negros Occidental for the lease of a parcel of land with an aggregate area of 40,481 sq. m. located along Gatuslao cor. North and South Capitol Roads, Bacolod City, registered in the name of the Province of Negros Occidental. The Parent Company signed a 50-year lease contract with an option to renew as may be mutually agreed upon by the lessor and the Company. The Parent Company assigned the parcels of land to Capitol in December 2017.

<u>Arvo</u>
On October 15, 2014, Arvo entered into a property lease agreement with Rotonda Development Corporation for the construction, development and operation of a commercial and mall center. The terms of the lease shall be 42 years, with an option to renew for another 40 years subject to mutual agreement of the parties. The lease agreement provided rent-free period of 2 years and lease payments shall commence thereafter. Lease payments shall be paid annually at ₱60.00 per sqm, subject to an annual escalation of 4%.

34. Interest in Joint Operation

MDC has a 51.0% interest in Makati Development Corporation - First Balfour, Inc. Joint Venture (the Joint Venture), a joint operation whose purpose is to design and build St. Luke's Medical Center (the Project) in Fort Bonifacio Global City, Taguig. The application of PFRS 11 does not have significant impact on the Group's accounting of its interest in joint operation since it already reported its share in interest in joint operation using proportionate consolidation.

The Project, which started on January 31, 2007, is a world-class medical facility comprising, more or less, of a 611-bed hospital and a 378-unit medical office building, with an approximate gross floor area of 154,000 sqm, which meets international standards, and all standards and guidelines of applicable regulatory codes of the Philippines and complies with the criteria of the Environment of Care of the Joint Commission International Accreditation. The project was completed on October 30, 2009. Activities in 2011 to 2019 mainly pertain to winding down operations.

The share of MDC in the net assets and liabilities of the Joint Venture at December 31, 2019 and 2018 which are included in the consolidated financial statements follow:

	2019	2018
	(In Thousands)	
Current assets:		
Cash and cash equivalents	**₱7,100**	₱7,643
Other current assets	**37,368**	37,376
Total assets	**₱44,468**	₱45,019
Total liabilities	**₱–**	₱6,727

The following is the share of the MDC on the net income of the Joint Venture:

	2019	2018
	(In Thousands)	
Construction costs	**(₱125)**	(₱29)
Interest and other income	**6,315**	137
Income before income tax	**6,190**	108
Provision for income tax	**(14)**	(23)
Net income	**₱6,176**	₱85

There were no dividends declared in 2019 and 2018. Provision for income tax pertains to the final tax on interest income.

35. Long-term Commitments and Contingencies

Commitments

a. On December 8, 2017, ALI assigned to NTDCC development rights on certain portions of the North Triangle lot pads covered by a Deed of Assignment and Encroachment Settlement Agreement amounting to P631.2 million.

b. ALI and LT Group, Inc. (LTG) entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be an estate development that spans portions of Pasig City and Quezon City. A new company named, ALI-ETON Property Development Corporation, was incorporated on March 13, 2016.

   On January 15, 2018, the estate, named Parklinks was launched and is the greenest urban estate of Ayala Land in partnership with Eton Properties Inc. The first residential project of Ayala Land Premier, Parklinks North Tower was launched on the same year, while the Parklinks lifestyle mall broke ground as well, expected to provide a new destination for residents and office workers within the area when it opens in 2023. With the brisk residential sales of ALP's first project, the Parklinks South tower was launched in 2019, together with Alveo's first residential development "The Lattice".

   Also set to rise within the estate will be an iconic bridge that will conveniently connect the QC and Pasig parcels, offering a new route that can help ease vehicular traffic in the north eastern and eastern portions of Metro Manila. The bridge is expected to be completed by early 2021.

c. On August 11, 2015, the Group won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). The Company was awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc. property on which the future transport terminal will be built. The site of the ITS South Project is right next to ARCA South, where the Company is developing an integrated mixed-use estate. It is estimated that up to 4,000 buses and 160,000 passengers will feed into ITS South from SLEX every day. Full blast construction of the terminal to start by 2H 2018 and targeted to be operational by 1H 2020.

d. On June 30, 2015, the Parent Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Company and CHI (together with the Company collectively referred to as the "ALI Group"). Consistent with the agreed payment schedule in the Deed of Absolute Sale, as of August 1, 2018 the ALI Group has fully paid Php 4.56 billion, excluding taxes. The SM-ALI Group has finished with the joint masterplan and has secured the development permit last November 2019 from the Cebu City Council.

e. On August 8, 1997, an "Assignment Agreement" was executed between Department of Transportation and Communications (DOTC), Metro Rail and MRTDC whereby MRTDC agreed to be bound by all obligations in respect of the Development Rights and make payments to DOTC.

f. On February 21, 2002, MRTDC and NTDCC entered into an assignment agreement wherein the development rights of MRTDC over an 8.3 hectare portion of the MRT Depot (inclusive of project development costs incurred in relation thereto) was assigned to NTDCC in exchange for 32,600,000 shares of stock to be issued out of the increase in the authorized capital stock of NTDCC, each share with a par value of ₱10, or an aggregate par value of ₱326.00 million. The amount of development rights in excess of the aggregate par value of the shares subscribed was credited to additional paid-in capital.

   On January 13, 2006, the deed of assignment between MRTDC and NTDCC was acknowledged by DOTC making MRTDC and NTDCC jointly and severally liable for the DRP and all other obligations attached thereto. NTDCC has been paying rent to DOTC in behalf of MRTDC since January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration. As of December 31, 2019 and 2018, the DRP obligation amounted to ₱3,778.2 million and ₱1,001.1 million, respectively (see Notes 16 and 19).Total DRP obligation paid amounted to ₱236.4 million and ₱229.8 million in 2019 and 2018, respectively. Total rent expense recognized in the statements of comprehensive income under the "Real estate costs and expenses" account included in direct operating expenses amounted to nil and ₱318.0 million in 2019 and 2018, respectively.

   On March 21, 2007, DOTC, National Housing Authority (NHA), MRTDC, and NTDCC entered into a Memorandum of Agreement (MOA) whereby DOTC assigns, transfers and conveys to NHA, its successors or assigns, the right to demand and collect the Depot DRP Payable and Depot DRP. In the MOA, DOTC authorizes MRTDC/ NTDCC to remit the Depot DRP Payable and the Depot DRP to NHA directly which shall be credited by DOTC in favour of MRTDC/ NTDCC as payment for the DRP.

   On December 17, 2014, NTDCC, MRTDC and MRTDC shareholders executed a "Funding and Repayment Agreement" wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

g. On June 4, 2014, AHRC, a wholly owned subsidiary of the Parent Company has signed a long-term management agreement with the Mandarin Oriental Hotel Group to develop and operate luxury hotel in Makati City. Set to open its doors by 2021, the new Mandarin Oriental Manila will be featuring 276 spacious rooms complemented by an extensive range of modern amenities including premium selection of restaurants and a signature spa. AHRC is committed to pay $5 million (₱223.6 million) to Manila Mandarin Hotel, Inc. upon the opening of the New Hotel or June 30, 2017, whichever is earlier. In 2017, the Group fully paid the said amount.

h. On May 12, 2014, ALI has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. The Company will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

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

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

36. Concession Agreement with Department of Transportation (DOTr)

On January 26, 2016, the Group through ASITI entered into a Concession Agreement (CA) with the Department of Transportation (DOTr). The CA sets forth the rights and obligations of ASITI as concessionaire, including the construction and operation of the South Integrated Transport System Project (the Project) of DOTr. During the concession period, DOTr will monitor and review the performance of the concessionaire.

The concession will run for a period of 35 years from the start of the construction of the Project. Under the terms of the concession agreement, ASITI will design, engineer, construct, operate and maintain a mass transportation intermodal terminal at the outskirts of Metro Manila. The operation of the Project includes the collection and remittance of terminal fees to DOTr of the concessionaire during the concession period. In addition, ASITI will be permitted to develop and operate commercial leasing facilities.

Upon the start of the construction of the Project, DOTr will give ASITI the full, exclusive and uninterrupted use and possession of a 5.57 hectare property known as the Project Land. Ownership of the Project Land shall remain with DOTr at all times while the possession, custody and risk of loss or deterioration of the Project and commercial assets shall vest in the concessionaire during the concession period. ASITI shall transfer the Project and the related assets, free from any liens or encumbrances, to DOTr at the end of the concession period. ASITI will be entitled to annual payments from DOTr amounting to ₱277.9 million during the 35-year concession period, subject to meeting benchmarks set for certain key performance indicators enumerated in the CA.

As of December 31, 2019, construction of the Project has not yet commenced.

37. Notes to Consolidated Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

2019

	January 1, 2019	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2019
			(In Thousands)		
Short-term debt	**₱14,386,717**	**₱3,646,113**	**₱–**	**₱–**	**₱18,032,830**
Current long-term debt	**23,265,173**	**(23,265,173)**	**17,250,706**	**–**	**17,250,706**
Non-current long-term debt	**149,446,949**	**44,345,206**	**(17,250,706)**	**(728,103)**	**175,813,346**
Dividends payable (Note 16)	**664,546**	**(7,754,046)**	**7,721,500**	**–**	**632,000**
Lease liabilities	**16,985,922**	**(1,179,645)**	**1,706,204**	**(48,776)**	**17,463,705**
Deposits and other noncurrent liabilities	**50,922,906**	**(6,241,774)**	**(677,496)**	**–**	**44,003,636**
Total liabilities from financing activities	**₱255,672,213**	**₱9,550,681**	**₱8,750,208**	**(₱776,879)**	**₱273,196,223**

2018

	January 1, 2018	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2018
			(In Thousands)		
Short-term debt	₱17,644,350	(₱3,257,633)	₱–	₱–	₱14,386,717
Current long-term debt	6,572,775	(6,598,176)	23,265,173	25,401	23,265,173
Non-current long-term debt	150,168,631	18,880,582	(20,513,059)	910,795	149,446,949
Dividends payable (Note 16)	360,130	(7,181,498)	7,485,914	–	664,546
Deposits and other noncurrent liabilities	41,857,646	(5,584,237)	6,019,262	–	42,292,671
Total liabilities from financing activities	₱216,603,532	(₱3,740,962)	₱16,257,290	₱936,196	₱230,056,056

The noncash activities of the Group pertain the following:

2019

- transfer from investment properties to inventories amounting to ₱11,830.0 million
- transfer from inventories to investment properties amounting to ₱674.9 million
- transfer from investment properties to property and equipment amounting to ₱644.1 million
- transfer from property and equipment to investment properties to amounting to ₱133.1 million
- transfer from right-of-use assets to investment properties amounting to ₱98.7 million
- unpaid acquisition of investment properties amounting to ₱7,392.2 million

2018

- transfer from investment properties to inventories amounting to ₱7,446.2 million
- transfer from inventories to investment properties amounting to ₱116.4 million
- transfer from investment properties to property and equipment amounting to ₱4,900.6 million
- transfer from investment properties to other noncurrent assets amounting to ₱60.0 million, respectively
- unpaid acquisition of investment properties amounting to ₱4,029.4 million

2017

- transfer from inventories to investment properties amounting to ₱2,454.9 million
- transfer from investment properties to property and equipment amounting to ₱1,764.6 million
- transfer from investment properties to other current and noncurrent assets amounting to ₱86.3 million and ₱62.1 million, respectively

38. Events After Reporting Date

On February 20, 2020, the BOD approved the declaration of cash dividends amounting to ₱0.268 per outstanding common share. This reflects a 3% increase from the cash dividends declared in the first half of 2019 amounting to ₱0.26 per share. These will be paid on March 20, 2020 to shareholders on record as of March 6, 2020.

On the same date, the BOD approved the raising of up to ₱10 billion through the issuance of retail bonds under its current Shelf Registration program and will be listed on the Philippine Dealing and Exchange Corporation (PDEx) to partially finance general corporate requirements and to refinance maturing loans.

The BOD also approved the increase of additional ₱25 billion to the Parent Company's current share buyback program bringing the available balance to ₱26.1 billion. The program will be implemented through open market purchases executed via the trading facilities of the Philippine Stock Exchange.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-153-790-000
Name	: AYALA LAND INC
RDO	: 126
Form Type	: 1702
Reference No.	: 122000035363942
Amount Payable (Over Remittance)	: -6,145,353,533.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2019
Date Filed	: 04/08/2020
Tax Type	: IT

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	2	7	4	7					

C O M P A N Y   N A M E

AYALA LAND, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAPFS	SEC	

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
iru@ayalaland.com.ph	908-3681	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Angelica L. Salvador	salvador.angel@ayalaland.com.ph	908-3572	

CONTACT PERSON's ADDRESS

30th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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

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Fax: (632) 819 0872
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ayala Land, Inc.
31st Floor, Tower One and Exchange Plaza, Ayala Triangle
Ayala Avenue, Makati City

Opinion

We have audited the accompanying parent company financial statements of Ayala Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2019 and 2018, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then period ended 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 Parent Company Financial Statements* section of our report. We are independent of the Parent Company 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 parent company 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.

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company'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 Parent Company'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 parent company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 33 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Ayala Land, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

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.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018 (As restated – see Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 22 and 26)	**₱1,846,669,697**	₱1,123,468,643
Financial assets at fair value through profit or loss (Notes 5, 22 and 26)	**2,054,808**	1,969,029
Accounts and notes receivable (Notes 6, 22 and 26)	**97,439,312,591**	100,290,498,536
Inventories (Note 7)	**29,250,263,207**	25,375,032,394
Other current assets (Note 8)	**12,965,312,551**	11,317,254,276
Total Current Assets	**141,503,612,854**	138,108,222,878
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 6 and 26)	**14,949,564,409**	8,616,904,491
Financial assets at fair value through other comprehensive income (Notes 9 and 26)	**257,877,497**	247,401,447
Investments in subsidiaries, associates and joint ventures (Note 10)	**167,037,117,517**	151,498,802,354
Right-of-use assets (Note 29)	**347,026,728**	–
Investment properties (Note 11)	**84,293,206,476**	88,663,136,558
Property and equipment (Note 12)	**1,507,293,370**	1,066,994,712
Deferred tax assets - net (Note 21)	**1,239,970,367**	2,562,368,952
Other noncurrent assets (Note 13)	**3,903,726,039**	4,202,816,282
Total Noncurrent Assets	**273,535,782,403**	256,858,424,796
	₱415,039,395,257	₱394,966,647,674
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 15, 22 and 26)	**₱15,708,000,000**	₱13,500,900,000
Accounts and other payables (Notes 14, 22 and 26)	**83,773,976,384**	90,670,281,141
Current portion of lease liabilities (Note 29)	**16,187,902**	–
Current portion of long-term debt (Notes 15, 22 and 26)	**7,188,254,688**	20,255,266,261
Deposits and other current liabilities (Note 16)	**13,252,612,229**	13,072,757,175
Total Current Liabilities	**119,939,031,203**	137,499,204,577
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15, 22 and 26)	**155,490,830,377**	122,659,181,389
Pension liabilities - net (Note 23)	**1,626,840,803**	1,214,803,803
Lease liabilities - net of current portion (Note 29)	**269,242,178**	–
Deposits and other noncurrent liabilities (Notes 17 and 26)	**6,885,601,166**	7,170,169,930
Total Noncurrent Liabilities	**164,272,514,524**	131,044,155,122
Total Liabilities	**284,211,545,727**	268,543,359,699
Equity (Note 18)		
Paid-in capital	**62,772,445,971**	62,350,964,177
Stock options outstanding (Note 25)	**42,278,712**	65,461,806
Treasury shares	**(1,104,352,627)**	–
Retained earnings	**69,663,731,309**	64,244,722,057
Fair value reserve of financial assets at FVOCI (Note 9)	**13,789,928**	69,173,878
Remeasurement loss on defined benefit plans (Note 23)	**(560,043,763)**	(307,033,943)
Total Equity	**130,827,849,530**	126,423,287,975
	₱415,039,395,257	₱394,966,647,674

See accompanying Notes to Parent Company Financial Statements.

AYALA LAND, INC.
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2019	2018
REVENUE		
Real estate (Note 19)	**₱36,639,425,039**	₱40,938,668,136
Interest income from real estate sales (Notes 6 and 19)	**3,413,181,338**	1,701,410,613
	40,052,606,377	42,640,078,749
Interest income (Notes 4 and 22)	**529,530,487**	665,038,570
Dividend income	**9,413,464,200**	8,620,607,070
Other income (Note 20)	**927,523,395**	3,685,996,737
	10,870,518,082	12,971,642,377
	50,923,124,459	55,611,721,126
COSTS AND EXPENSES (Note 20)		
Real estate	**23,667,591,274**	28,585,376,175
General and administrative expenses	**2,022,586,873**	2,267,438,383
Interest expense and other financing charges	**10,345,753,816**	8,167,354,685
Other charges and expenses	**43,353,517**	94,798,254
	36,079,285,480	39,114,967,497
INCOME BEFORE INCOME TAX	**14,843,838,979**	16,496,753,629
PROVISION FOR INCOME TAX (Note 21)	**1,618,731,567**	1,297,802,845
NET INCOME	**₱13,225,107,412**	₱15,198,950,784
Earnings Per Share (Note 24)		
Basic and diluted	**₱0.89**	₱1.03

See accompanying Notes to Parent Company Financial Statements.

AYALA LAND, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
NET INCOME	**₱13,225,107,412**	₱15,198,950,784
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss in subsequent years:		
Fair value reserve of financial assets at FVOCI (Note 9)	**(55,383,950)**	29,686,527
Items that will not be reclassified to profit or loss in subsequent years:		
Remeasurement gain (loss) on pension liability (Note 23)	**(361,442,600)**	86,831,900
Income tax effect	**108,432,780**	(26,049,570)
Total other comprehensive income - net of tax	**(308,393,770)**	90,468,857
TOTAL COMPREHENSIVE INCOME	**₱12,916,713,642**	₱15,289,419,641

See accompanying Notes to Parent Company Financial Statements.

AYALA LAND, INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Subscriptions Receivable (Note 18)	Appropriated Retained Earnings (Note 18)	Unappropriated Retained Earnings (Note 18)	Stock Options Outstanding (Note 25)	Net Unrealized Gain on Available for Sale Financial Assets (Note 9)	Remeasurement Loss on Defined Benefit Plans (Note 23)	Treasury Shares	Total
As of January 1, 2019, as previously reported	**₱16,041,530,557**	**₱47,985,989,001**	**(₱1,676,555,381)**	**₱8,000,000,000**	**₱56,244,722,057**	**₱65,461,806**	**₱69,173,878**	**(₱307,033,943)**	**₱–**	**₱126,423,287,975**
Effect of adoption of PFRS 16, *Leases*	**–**	**–**	**–**	**–**	**(84,597,959)**	**–**	**–**	**–**	**–**	**(84,597,959)**
Balances at January 1, 2019, as restated	**16,041,530,557**	**47,985,989,001**	**(1,676,555,381)**	**8,000,000,000**	**56,160,124,098**	**65,461,806**	**69,173,878**	**(307,033,943)**	**–**	**126,338,690,016**
Net income	**–**	**–**	**–**	**–**	**13,225,107,412**	**–**	**–**	**–**	**–**	**13,225,107,412**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(55,383,950)**	**(253,009,820)**	**–**	**(308,393,770)**
Total comprehensive income	**–**	**–**	**–**	**–**	**13,225,107,412**	**–**	**(55,383,950)**	**(253,009,820)**	**–**	**12,916,713,642**
Cost of stock options	**–**	**166,039,180**	**–**	**–**	**–**	**(23,183,094)**	**–**	**–**	**–**	**142,856,086**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,104,352,627)**	**(1,104,352,627)**
Collections of subscription receivable	**–**	**–**	**255,442,614**	**–**	**–**	**–**	**–**	**–**	**–**	**255,442,614**
Stock options exercised	**10,453,766**	**446,612,047**	**(457,065,813)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends declared	**–**	**–**	**–**	**–**	**(7,721,500,201)**	**–**	**–**	**–**	**–**	**(7,721,500,201)**
As of December 31, 2019	**₱16,051,984,323**	**₱48,598,640,228**	**(₱1,878,178,580)**	**₱8,000,000,000**	**₱61,663,731,309**	**₱42,278,712**	**₱13,789,928**	**(₱560,043,763)**	**(₱1,104,352,627)**	**₱130,827,849,530**
As of January 1, 2018	₱16,031,597,034	₱47,454,239,398	(₱1,537,125,048)	₱8,000,000,000	₱48,563,943,910	₱99,063,674	₱39,487,351	(₱367,816,273)	₱–	₱118,283,390,046
Net income	–	–	–	–	15,198,950,784	–	–	–	–	15,198,950,784
Other comprehensive income	–	–	–	–	–	–	29,686,527	60,782,330	–	90,468,857
Total comprehensive income	–	–	–	–	15,198,950,784	–	29,686,527	60,782,330	–	15,289,419,641
Cost of stock options	–	132,121,289	–	–	–	(33,601,868)	–	–	–	98,519,421
Adjustment in prior year	–	–	–	–	(32,257,932)	–	–	–	–	(32,257,932)
Collections of subscription receivable	–	–	270,131,504	–	–	–	–	–	–	270,131,504
Stock options exercised	9,933,523	399,628,314	(409,561,837)	–	–	–	–	–	–	–
Cash dividends declared	–	–	–	–	(7,485,914,705)	–	–	–	–	(7,485,914,705)
As of December 31, 2018	₱16,041,530,557	₱47,985,989,001	(₱1,676,555,381)	₱8,000,000,000	₱56,244,722,057	₱65,461,806	₱69,173,878	(₱307,033,943)	₱–	₱126,423,287,975

See accompanying Notes to Parent Company Financial Statements.

AYALA LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018 (As restated – see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱14,843,838,979**	₱16,496,753,629
Adjustments for:		
Interest expense and amortization of transaction cost (Note 15 and 20)	**10,345,753,816**	8,167,354,685
Depreciation (Notes 11, 12 and 20)	**1,332,205,610**	1,214,401,615
Cost of share-based payments (Note 23)	**142,856,085**	98,519,421
Unrealized foreign exchange loss (gain) (Note 20)	**(174,507,160)**	(189,879,957)
Provision for impairment losses and write-offs (Note 20)	**43,353,517**	2,013,205
Gain on financial assets at fair value through profit or loss (Note 20)	**(85,779)**	(50,463)
Gain on sale of property and equipment (Note 20)	**(9,233,657)**	(20,261,459)
Gain on sale of investment in subsidiaries, associates and joint ventures (Note 20)	**(49,300,386)**	(3,072,132,224)
Gain on sale of investment property (Note 20)	**(176,544,327)**	–
Interest income	**(529,530,487)**	(665,038,570)
Dividend income	**(9,413,464,200)**	(8,620,607,070)
Operating income before changes in working capital	**16,355,342,011**	13,411,072,812
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts and notes receivable (Note 6)	**15,830,603,218**	(32,971,494,387)
Inventories (Notes 7 and 29)	**(434,329,005)**	2,203,290,407
Other current assets	**342,352,158**	2,225,411,824
Increase (decrease) in:		
Other current liabilities	**179,855,054**	11,731,089,501
Pension liabilities (Note 23)	**50,594,400**	89,142,100
Accounts and other payables (Note 14)	**(7,084,549,639)**	31,597,936,765
Cash generated from operations	**25,239,868,197**	28,286,449,022
Dividends received	**9,578,008,880**	8,898,190,029
Interest received	**529,534,271**	664,983,278
Income tax paid	**(2,268,568,279)**	(3,164,254,804)
Interest paid	**(10,030,205,154)**	(8,057,942,437)
Net cash provided by operating activities	**23,048,637,915**	26,627,425,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal/redemption of:		
Investment properties (Note 11)	**8,314,063,635**	8,487,327,932
Investments in subsidiaries, associates and joint ventures (Note 10)	**2,248,453,150**	1,713,057,874
Property and equipment (Note 12)	**12,390,160**	24,625,545
Decrease in other noncurrent assets	**268,330,016**	1,506,927,194
Decrease (Increase) in accounts and notes receivable – nontrade (Note 6)	**(19,519,979,172)**	8,095,297,443
Purchases/additions to:		
Financial assets at fair value through other comprehensive income	**(65,860,000)**	–

(Forward)

	Years Ended December 31	
	2019	2018 (As restated – see Note 2)
Property and equipment (Note 12)	**(₱647,161,452)**	(₱432,346,680)
Investment properties (Note 11)	**(8,281,012,167)**	(16,462,705,261)
Investments in subsidiaries, associates and joint ventures (Note 10)	**(17,737,467,927)**	(30,327,966,500)
Net cash used in investing activities	**(35,408,243,757)**	(27,395,782,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term and long-term debts (Note 15)	**149,281,502,931**	225,175,968,022
Proceeds from capital stock subscriptions	**255,442,615**	270,131,504
Decrease in deposits and other noncurrent liabilities (Note 17)	**(83,063,372)**	(5,512,650,790)
Payments of lease liability	**(108,471,353)**	–
Acquisition of treasury shares	**(1,104,352,627)**	–
Payments of cash dividends (Note 18)	**(7,721,500,201)**	(7,485,914,705)
Payments of short-term and long-term debts (Note 15)	**(127,463,478,122)**	(211,144,370,330)
Net cash provided by financing activities	**13,056,079,871**	1,303,163,701
NET INCREASE IN CASH AND CASH EQUIVALENTS	**696,474,029**	534,806,336
EFFECT OF FOREIGN EXCHANGE CHANGES	**26,727,025**	1,104,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,123,468,643**	587,557,457
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,846,669,697**	₱1,123,468,643

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

Ayala Land, Inc. (the “Parent Company”, or “ALI”) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines with corporate life of fifty years. The Parent Company is a subsidiary of Ayala Corporation (AC). AC is a publicly-listed company, 47.33%-owned by Mermac, Inc. and the rest by the public as of December 31, 2019. The Parent Company’s registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

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

The accompanying parent company financial statements were endorsed for approval by the Audit Committee on February 11, 2020 and were approved and authorized for issue by the Board of Directors (BOD) on February 20, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation
The parent company financial statements have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company’s functional currency and all amounts are rounded to the nearest peso, except when otherwise indicated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements of Ayala Land, Inc., which are prepared for submission to the Philippine Securities and Exchange Commission (SEC) and to the Bureau of Internal Revenue (BIR), have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019 as of 2018 for the following implementation issues of PFRS 15 affecting the real estate industry:

a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
d. Adoption of PIC Q&A No. 2018-14: *PFRS 15 – Accounting for Cancellation of Real Estate Sales*

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRSs which can be obtained from the Parent Company’s registered address.

Reclassifications
In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage of completion). The PIC allowed the real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Parent Company opted to recognize the difference between the consideration received from the customer and the transferred goods to the customer as installment contracts receivable. This resulted to the reclassification of contract asset to receivables as of December 31, 2018 as presented below.

Accordingly, the affected assets and liabilities accounts as of December 31, 2018 have been reclassified to conform with the 2019 presentation of accounts. Details as follow:

	December 31, 2018 As previously reported	Reclassification	December 31, 2018 As adjusted
Current assets			
Accounts and notes receivable	₱89,681,769,079	₱10,608,729,457	₱100,290,498,536
Contract assets	10,608,729,457	(10,608,729,457)	–
Noncurrent assets			
Noncurrent accounts and notes receivable	663,422,134	7,953,482,357	8,616,904,491
Noncurrent contract assets	7,953,482,357	(7,953,482,357)	–
Current liabilities			
Deposits and other current liabilities	2,596,506,307	10,476,250,868	13,072,757,175
Contract liabilities	10,476,250,868	(10,476,250,868)	–
Noncurrent liabilities			
Deposits and other noncurrent liabilities	4,026,622,637	3,143,547,293	7,170,169,930
Contract liabilities - net of current portion	3,143,547,293	(3,143,547,293)	–
	₱129,150,330,132	₱–	₱129,150,330,132

Management believes that the presentation of the parent company statement of financial position as at the beginning of the earliest period presented is not necessary as the reclassifications have no significant impact on the parent company's total assets, liabilities and total equity as of January 1, 2018.

The reclassification adjustment resulted to noncash transfers pertaining to the decrease of noncurrent contract assets amounting to ₱13,836.2 million from operating activities to investing activities and increase in Contract liabilities - net of current portion amounting to ₱290.5 million from operating activities to financing activities within the parent company statement of cash flow for the year ended December 31, 2018.

Adoption of New and Amended Accounting Standards and Interpretations
The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial year except for the adoption of the following new accounting pronouncements which became effective January 1, 2019.

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

amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

These amendments have no impact to the parent company financial statements.

- PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the parent company statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Parent Company is the lessor. Unlike lessors, the parent company as lessee is required to recognize right-of-use asset and lease liabilities.

As lessee, the Parent Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. Under the modified retrospective approach, the parent company recognized right-of-use asset based on its carrying amount as if PFRS 16 had always been applied while the lease liability is recognized at date of adoption, January 1, 2019. The difference between the right-of-use asset and lease liability is recognized in the beginning Retained Earnings as at January 1, 2019.

The Parent Company has lease contracts for various items of property and equipment. Before the adoption of PFRS 16, the Parent Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to the accounting policy for leases prior to January 1, 2019.

Upon adoption of PFRS 16, the Parent Company applied a single recognition and measurement approach for all leases. Refer to the accounting policy for leases prior to January 1, 2019. The standard provides specific transition requirements and practical expedients, which has been applied by the Parent Company.

Leases previously accounted for as operating leases
The Parent Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets for all leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Parent Company also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the above, as at January 1, 2019:

- Right-of -use assets of ₱403.0 million were recognized and presented separately in the parent company statement of financial position.
- Lease liabilities of ₱366.6 million were recognized.
- Other assets of ₱110.1 million related to previous operating leases arising from straight lining under PAS 17 were derecognized.
- Deferred tax assets and liabilities increased by ₱110.0 million and ₱120.9 million, respectively because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings ₱84.6 million.

In tabular format, the effect of adoption PFRS 16 as at January 1, 2019 is as follows:

	Increase (decrease)
Assets	
Right-of-use assets	₱403,004,914
Other current assets	(48,187,135)
Other noncurrent assets	(61,904,762)
Deferred tax assets	109,975,501
	₱402,888,518
Liabilities	
Lease liabilities	₱366,585,002
Deferred tax liabilities	120,901,475
	487,486,477
Equity	
Retained earnings	(84,597,959)
	₱402,888,518

The lease liability as at January 1, 2019 as can be reconciled to the operating lease commitments as of December 31, 2018 follows:

Operating lease commitments as at December 31, 2018 (Note 29)	₱616,684,632
Weighted average incremental borrowing rate at January 1, 2019	9.03%
Lease liabilities recognized at January 1, 2019	₱366,585,002

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

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

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

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

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Parent Company.

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

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

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

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Parent Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its parent company financial statements.

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

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

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

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  The Philippine Interpretation did not have an impact on the parent company financial statements.

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

    These amendments are currently not applicable to the Parent Company but may apply to future transactions.

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

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

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

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

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

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

    Upon adoption, the Parent Company does not expect any effect on its financial statements.

  - IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

    In March 2019, the Interpretations Committee of the IASB issued IFRIC Update summarizing the decisions reached by the Committee in its public meetings. The March 2019 IFRIC Update includes the Committee's Agenda Decision on the capitalization of borrowing cost on over time transfer of constructed goods. The IFRIC Agenda Decision clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development (building) which are sold to customers prior to start of construction or completion of the development. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the Group's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer capitalized.

The Parent Company does not expect any effect on its financial statements as they are already aligned with the provisions of PAS 23.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3*, Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments are not expected to have a significant impact on the Parent Company.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.
The new standard is not applicable since the Parent Company does not have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

  The Parent Company is currently assessing the impact of adopting these amendments.

<u>Current and Noncurrent Classification</u>
The Parent Company presents assets and liabilities in parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Parent Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by corporate finance after discussion with and approval by the Parent Company’s audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Parent Company, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets

Initial recognition of financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for residential, commercial and office development receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost includes "Cash and cash equivalents" and "Accounts and notes receivables".

Financial assets at fair value through OCI (debt instruments)
The Parent Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Parent Company does not have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the parent company statement of income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Parent Company's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of income.

This category includes investment in Unit Investment Trust Fund (UITF) as held for trading and classified this as financial assets at FVPL.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Parent Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

<u>Impairment of Financial Assets</u>
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for trade receivables and a vintage analysis for residential, commercial and office development receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date and default date. The Parent Company considers trade receivables and contract assets in default when contractual payment are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

Determining the stage for impairment
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities include "Accounts and other payables" (other than "Taxes payable and Interest payable" which is covered by other accounting standard), "Short-term and long-term debts", "Deposits and other liabilities" (other than "Unearned income" and "Customers' deposits") and "Lease liabilities".

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the parent company statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Parent Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income.

This category generally applies to “Short-term debt” and “Long-term debt”.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company statement of income.

c. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Deposits</u>
Deposits are measured initially at fair value. After initial recognition, deposits are subsequently measured at amortized cost using the effective interest method.

The difference between the cash received and its fair value is deferred and amortized using the straight-line method under the “Real estate revenue” account in the parent company statement of income.

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

Cost includes:
- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

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

<u>Prepaid Expenses</u>
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing and management fees, advertising and promotions, taxes and licenses, rentals and insurance.

Input Value-Added Tax (VAT)
Input VAT arises from the purchase of goods and services. These are applied against output VAT. The remaining balance is recoverable in future periods. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Advances to Other Companies, Advances to Contractors and Suppliers and Deposits on Land Purchases

Advances to other companies, advances to contractors and suppliers and deposits on land purchases are carried at cost less impairment losses, if any.

Investments in Subsidiaries, Associates and Joint Ventures
The Parent Company's investments in its subsidiaries, associates and joint ventures are accounted for under the cost method and are carried at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment or the investee reacquires its own equity instruments from the Parent Company.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Parent Company. It also includes land intended as investment property or with unintended future use.

The Parent Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties, which is comprised of buildings, ranges from 20 to 40 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the parent company statement of income in the year of retirement or disposal.
A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

The Parent Company discloses the fair values of its investment properties in accordance with PAS 40. The Parent Company engaged independent valuation specialist to assess fair value as at December 31, 2019 and 2018. The Parent Company's investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. Land were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Buildings (retail, office, hospital) were valued by converting future cash flow to a single current value.

<u>Property and Equipment</u>
Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings and improvements	20-40
Furniture, fixtures and office equipment	3-10
Transportation equipment	3-5

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Parent Companys of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in subsidiaries, associates and joint ventures
The Parent Company determines at each reporting date whether there is any objective evidence that the investment in subsidiaries, associates or joint ventures is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in the parent company statement of income.

Right-of-use asset
If the Parent Company determines that a right-of-use asset is impaired, it recognizes an impairment loss and measures the right-of-use asset at its carrying amount immediately after the impairment. The Parent Company subsequently depreciates, generally on a straight-line basis, the right-of-use asset from the date of the impairment to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, the depreciation period is the remaining useful life of the underlying asset if the lessee is reasonably certain to exercise an option to purchase the underlying asset or if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes: a) service costs comprising current service costs and past-service costs b) gains and losses on curtailments and non-routine settlements, and c) net interest cost on benefit obligation.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the parent company statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the parent company statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Share-based Payments

The Parent Company has equity-settled, share-based compensation plans with its employees.

PFRS 2 options
For options granted after November 7, 2002 that have not vested on or before January 1, 2005, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using the Black-Scholes model, further details of which are presented in Note 25.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instrument that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pre-PFRS 2 options
For options granted before November 7, 2002 that has vested before January 1, 2005, the intrinsic value of stock options determined as of grant date is recognized as expense over the vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 24).

Employee Stock Ownership Plan
The Parent Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares at a discounted price. The Parent Company recognizes stock compensation expense over the holding period. The Parent Company treats its ESOWN plan as option exercisable within a given period. These are accounted for similar to the PFRS 2 options.

Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the employees still have the option to subscribe in the future, these are accounted for as options.

<u>Equity</u>
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Parent Company less dividends declared.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of its own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized under "Additional paid-in capital". Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue from Contract with Customers
The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the project

engineers 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 developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as trade receivables under residential, commercial and office development receivables account. Any excess of collections over the total of recognized trade receivables is included in the customers' deposit account in the liabilities section of the parent company statements of financial position. The impact of the significant financing component on the transaction price has not been considered since the Parent Company availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

Cost recognition
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Parent Company's right to receive the payment is established.

Customers' deposit
A customers' deposit is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a customers' deposit is recognized when the payment is made or the payment is due (whichever is earlier). Customers' deposit are recognized as revenue when the Parent Company performs under the contract.

Customers' deposit also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to Obtain Contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the parent company statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
The Parent Company amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Parent Company determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Rental income
Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Expense Recognition
Expenses are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the parent company statement of income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Leases effective January 1, 2019
The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as lessee
The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Parent Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to

produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Building	20-40
Others	5

If ownership of the leased asset transfers to the Parent Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

ii) Lease liabilities
At the commencement date of the lease, the Parent Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Parent Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases
The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Parent Company as lessor
Leases where the Parent Company does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the parent company statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Leases prior to January 1, 2019</u>

<u>Leases</u>
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Parent Company as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the parent company statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Parent Company as lessor
Leases where the Parent Company does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the parent company statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Current Tax</u>
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. Calculation of dilutive EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 27 of the parent company financial statements.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying parent company financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The estimates and assumptions used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property.

Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits

will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

Sale of real estate receivables
The Parent Company has entered into arrangements with banks wherein it discounted its real estate receivables without recourse. The Parent Company believes that the sales transactions are not more than infrequent and that the receivables discounted is insignificant in value both individually and in aggregate. The Parent Company continue with the objective of collecting contractual cash flows until maturity.

Distinction of land between real estate inventories and investment properties
The Parent Company determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Parent Company considers whether the property will be sold in the normal operating cycle (real estate inventories). All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

Control of entities in which the Parent Company holds only 50% or less than majority of voting rights
The Parent Company considers that it controls the following entities even though it owns 50% or less than majority of the voting rights.

Alabang Commercial Corp. (ACC)
For ACC, the Parent Company holds 50% of the voting rights, and is also the single largest shareholder and the remaining 50% of the equity shares are held by several shareholders. The second largest stockholder of ACC holds 8.3% share while the other shareholders' equity interest ranges from 2.1% to 8.3%. In addition, the Parent Company has an existing management services agreement which gives the Parent Company the exclusive control and decision over the relevant activities of ACC.

BGWest Properties, Inc. (BG West)
For the BG West, wherein the Parent Company and the other shareholder each own 50% of the voting rights, the Parent Company controls the investee through exercise of its exclusive project development and marketing agreement as well as the ability to decide on the financing, operating and strategic policies of the investees. This enabled the Parent Company to conclude that it has control.

Ayala Hotels, Inc. (AHI), Roxas Land Corp. (RLC), ALI-CII Development Corp. (ALI-CII) and Leisure and Allied Industries Philippines, Inc. (LAIP).

Parent Company has an existing management services agreement with AHI, RLC, ALI-CII and LAIP which gives Parent Company the exclusive control and decision over the relevant activities of AHI, RLC, ALI-CII and LAIP.

Significant influence on OCLP Holdings, Inc.(OHI) and Bonifacio Land Corp (BLC)
The Parent Company considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies (see Note 10).

Contingencies
The Parent Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Parent Company currently does not believe that these proceedings will have a material effect on the Parent Company's financial position (see Note 30).

Definition of default and credit-impaired financial assets
The Parent Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Parent Company, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Parent Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Parent Company's expected loss calculation.

Incorporation of forward-looking information
The Parent Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Parent Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Parent Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Parent Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Parent Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Parent Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Parent Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Jugments effective January 1, 2019

Determination of lease term of contracts with renewal and termination options – Parent Company as a lessee
The Parent Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Parent Company has several lease contracts that include extension and termination options. The Parent Company applies judgment in evaluating whether the provisions to renew or terminate the lease is enforceable. For leases where the Parent Company has the unilateral option to renew or terminate, it then applies judgment on whether it is reasonably certain or not to exercise the option. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
Upon adoption of the Interpretation, the Parent Company has assessed whether it has any uncertain tax position. The Parent Company applies significant judgement in identifying uncertainties over its income tax treatments. The Parent Company determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the parent company financial statements.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition on real estate projects
The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate is recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quanitity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers). The Parent Company also includes land in calculation of POC since the Parent Company availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.. See Notes 19 and 20 for the related balances.

Similarly, the commission is determined using the percentage of completion.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Parent Company in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. See Note 7 for the related balances.

Share-based payments
The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Parent Company. See Note 25 for the related balances.

Estimating pension liabilities and other retirement benefits
The determination of the Parent Company's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Significant assumptions are disclosed in Note 23 and include among others, discount rate and salary increase rate.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions could materially affect retirement obligations. See Note 23 for the related balances.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded and disclosed in the parent company statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques and generally accepted market valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology. See Note 26 for the related balances.

Provision for expected credit losses of trade receivables
The Parent Company uses a provision matrix to calculate ECLs for trade receivables other than trade receivables from residential, commercial and office development. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and interest rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Parent Company uses vintage analysis approach to calculate ECLs for trade receivables from residential, commercial and office development. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interert rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's trade receivables is disclosed in Notes 6 and 26.

Estimates effective January 1, 2019

Estimating the incremental borrowing rate for leases

The Parent Company uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available.

The Parent Company’s lease liabilities as of December 31, 2019 amounted to ₱285.4 million.

4. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	**₱900,827**	₱905,774
Cash in banks	**1,683,708,046**	868,621,495
Cash equivalents	**162,060,824**	253,941,374
	₱1,846,669,697	₱1,123,468,643

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

The annual interest rates of the cash equivalents are as follows:

	2019	2018
Philippine Peso	**3.5% to 4.0%**	5.8% to 6.8%
US Dollar	**3.0%**	–

There is no restriction on the Parent Company’s cash and cash equivalents balances as of December 31, 2019 and 2018.

5. Financial Assets at FVPL

The Parent Company has investments in the BPI Money Market Fund (the Fund). The Fund, which is structured as a money market UITF, aim to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments and with no minimum holding period requirement.

As of December 31, 2019, the Parent Company invested in the Fund with a fair value of ₱2.1 million. The BPI MMF’s Net Asset Value (NAV) was at ₱23,980.6 million with duration of 131 days.

As of December 31, 2018, the Parent Company invested in the Fund with a fair value of ₱2.0 million. The BPI MMF’s Net Asset Value (NAV) was at ₱8,331.5 million with duration of 150 days.

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

2019

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment in UITF	**December 31, 2019**	**₱2,054,808**	**₱–**	**₱2,054,808**	**₱–**

2018

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment in UITF	December 31, 2018	₱1,969,029	₱–	₱1,969,029	₱–

The fair value of the investment in UITF is based on net asset values as of reporting dates.

Reconciliation of the fair value measurement is shown below:

	2019	2018
Balance at beginning of year	**₱1,969,029**	₱1,918,566
Unrealized gains included under "Other income" (see Note 20)	**85,779**	50,463
Balance at end of year	**₱2,054,808**	₱1,969,029

6. **Accounts and Notes Receivable**

Accounts and notes receivable account consists of:

	2019	2018 (As restated – see Note 2)
Trade		
Residential, commercial and office development	**₱39,478,590,890**	₱55,376,052,156
Corporate business	**773,533,547**	697,893,154
Shopping centers	**489,161,708**	562,286,311
Others	**1,837,546,247**	1,773,207,773
Receivable from related parties (Note 22)	**55,068,731,831**	37,692,233,291
Advances to other companies	**12,956,085,671**	10,752,450,763
Dividends receivable	**1,819,517,787**	1,984,062,467
Receivable from employees	**167,019,787**	227,170,279
Interest receivable (Note 22)	**12,707,620**	12,711,404
	112,602,895,088	109,078,067,598
Less allowance for impairment losses	**214,018,088**	170,664,571
	112,388,877,000	108,907,403,027
Less noncurrent portion	**14,949,564,409**	8,616,904,491
	₱97,439,312,591	₱100,290,498,536

The classes of trade receivables of the Parent Company follow:
- Residential, commercial and office development - pertains to receivables from the sale of high-end and upper middle-income residential lots and units, sale of commercial lots, sale of office units and leisure community developments.Corporate business - pertain to lease receivables of office buildings.
- Shopping centers - pertain to lease receivables from retail spaces

- Others - pertain mainly to receivables from lease of land, facility management and other support services.

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 6.3% to 12.5%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

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

Receivables from shopping centers and rent receivables are due within 30 days upon billing.

Receivables from facility management and other support services included under other trade receivables are normally due within 30 to 90 days upon billing.

Receivable from related parties, dividends receivable and interest receivable are due and demandable.

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

Receivables from employees pertain to housing, car, salary and other loans granted to the Parent Company's employees which are collectible through salary deduction, are interest-bearing (6.0% per annum) and payable on various maturity dates.

Receivables amounting to ₱214.0 million and ₱170.7 million as of December 31, 2019 and 2018, respectively, were impaired and fully provided with allowance. The movements in the allowance for ECLs on receivables follow:

2019

	Trade		
	Shopping centers	**Corporate business**	**Total**
Balance at beginning of year	**₱148,710,191**	**₱21,954,380**	**₱170,664,571**
Provisions during the year (Note 20)	**–**	**43,353,517**	**43,353,517**
Balance at end of year	**₱148,710,191**	**₱65,307,897**	**₱214,018,088**

2018

	Trade		
	Shopping centers	Corporate business	Total
Balance at beginning of year	₱146,696,986	₱21,954,380	₱168,651,366
Provisions during the year (Note 20)	2,013,205	–	2,013,205
Balance at end of year	₱148,710,191	₱21,954,380	₱170,664,571

As of December 31, 2019 and 2018, nominal amount of trade receivables from residential development amounting to ₱47,168.3 million and ₱61,573.8 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Parent Company's receivables as of December 31, 2019 and 2018 follow:

	2019	2018
Balance at beginning of year	**₱6,197,764,825**	₱2,907,162,426
Additions during the year	**4,905,120,824**	4,992,013,012
Accretion for the year (Note 19)	**(3,413,181,338)**	(1,701,410,613)
Balance at end of year	**₱7,689,704,311**	₱6,197,764,825

The Parent Company entered into agreements with BPI Asset Management and Trust Corporation in 2019 and 2018 for the assignment of interest-bearing employee receivables amounting to ₱108.9 million (nil in 2018). The transactions were without recourse and did not result to any gain or loss.

The Parent Company sold receivables on a without recourse basis to partner mortgage banks, which include BPI Family savings bank, a related party, amounting to ₱5,538.1 million in 2019 and ₱7,391.5 million in 2018. These were sold at discount with total proceeds ₱5,157.2 million and ₱6,933.3 million, respectively. The Parent Company recognized loss on sale (under "Interest and other financing charges") amounting to ₱422.5 million and ₱458.2 million in 2019 and 2018, respectively (see Note 20).

7. Inventories

This account consists of:

	2019	2018
Real estate – at cost		
Residential and commercial lots	**₱16,292,433,316**	₱17,430,924,850
Residential and commercial units	**12,957,829,891**	7,944,107,544
	₱29,250,263,207	₱25,375,032,394

A summary of the movements in inventories is set out below:

2019

	Residential and commercial lots	Residential and commercial units	Total
Balances at beginning of year	**₱17,430,924,850**	**₱7,944,107,544**	**₱25,375,032,394**
Construction/development costs incurred/adjustments	**778,541,506**	**15,736,029,226**	**16,514,570,732**
Disposals (recognized as cost of real estate sales) (Note 20)	**(4,293,590,495)**	**(11,786,651,232)**	**(16,080,241,727)**
Transfers from investment property (Note 11)	**2,376,557,455**	**1,064,344,353**	**3,440,901,808**
Balances at end of year	**₱16,292,433,316**	**₱12,957,829,891**	**₱29,250,263,207**

2018

	Residential and commercial lots	Residential and commercial units	Total
Balances at beginning of year	₱10,317,609,822	₱10,395,175,527	₱20,712,785,349
Construction/development costs incurred/adjustments	3,249,444,027	14,612,690,545	17,862,134,572
Disposals (recognized as cost of real estate sales) (Note 20)	(3,001,666,450)	(17,063,758,528)	(20,065,424,978)
Transfers from investment property (Note 11)	6,865,537,451	–	6,865,537,451
Balances at end of year	₱17,430,924,850	₱7,944,107,544	₱25,375,032,394

The Parent Company has no purchase commitments pertaining to its inventories as of December 31, 2019 and 2018.

None of these assets were used as collateral or as a security to the loans and obligations of the Parent Company.

8. Other Current Assets

This account consists of:

	2019	2018
Prepaid taxes and licenses	**₱6,498,340,008**	₱4,377,359,930
Advances to contractors and suppliers	**3,821,719,059**	3,409,868,454
Prepaid expenses	**2,328,056,090**	2,004,810,424
Value-added input tax – net	**317,197,394**	1,525,215,468
	₱12,965,312,551	₱11,317,254,276

Prepaid taxes and licenses pertains to the excess of payments made against current income tax due which can be claimed against income tax for future periods, and prepayments on other taxes and licenses.

Advances to contractors and suppliers represents prepayments for the construction of inventories.

Prepaid expenses mainly include prepayments for commissions, marketing and management fees, and rentals and insurance. The cost to obtain contracts which includes prepaid commissions, amounted to ₱283.0 million and ₱357.9 million in 2019 and 2018, respectively. In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits (see Note 13).

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

9. Financial Assets at Fair Value through OCI

As of December 31, 2019 and 2018, financial assets at FVOCI consists of investments in:

	2019	2018
Shares of stock:		
Unquoted	**₱157,041,007**	₱165,740,922
Quoted	**87,046,562**	12,486,647
	244,087,569	178,227,569
Net unrealized gain	**13,789,928**	69,173,878
	₱257,877,497	₱247,401,447

Investments in quoted shares of stock include shares held for clubs wherein the Parent Company does not exercise control or demonstrate significant influence.

Investments in unquoted shares of stock include unlisted shares of public utility companies which the Parent Company will continue to carry as part of the infrastructure that it provides to its real estate projects.

Movements in the reserves for financial assets at FVOCI as of December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	**₱69,173,878**	₱39,487,351
Fair value changes during the year	**(55,383,950)**	29,686,527
Balance at end of year	**₱13,789,928**	₱69,173,878

The following tables provide the fair value hierarchy of the Parent Company's financial assets at FVOCI which are measured at fair value as of December 31, 2019 and 2018:

2019

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Shares of stock:					
Quoted					
Tourism and leisure	**December 31, 2019**	**₱151,300,000**	**₱151,300,000**	**₱–**	**₱–**
Unquoted					
Tourism and leisure	**Various**	**86,100,000**	**–**	**–**	**86,100,000**
Utilities and energy	**Various**	**8,589,590**	**–**	**–**	**8,589,590**
Real estate	**Various**	**11,887,907**	**–**	**–**	**11,887,907**
		257,877,497	**151,300,000**	**–**	**106,577,497**

2018

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Quoted					
Tourism and leisure	December 31, 2018	₱69,073,950	₱69,073,950	₱–	₱–
Unquoted					
Tourism and leisure	Various	157,850,000	–	–	157,850,000
Utilities and energy	Various	8,589,590	–	–	8,589,590
Real estate	Various	11,887,907	–	–	11,887,907
		247,401,447	69,073,950	–	178,327,497

10. Investments in Subsidiaries, Associates and Joint Ventures

This account consists of:

	Percentages of Direct Ownership		Carrying Amounts	
	2019	2018	**2019**	2018
Subsidiaries:				
Regent Wise Investment Ltd. and Subsidiary (Regent Wise)	**100%**	100%	**₱16,654,593,351**	₱14,335,140,045
AyalaLand Hotels and Resorts Corporation and Subsidiaries (AHRC)	**100**	100	**15,370,432,000**	12,680,432,000
AyalaLand Logistics Holdings Corp. and Subsidiaries (ALLHC) (formerly Prime Orion Philippines, Inc.)	**71**	67	**10,582,725,757**	9,154,662,866
AREIT, Inc. (AREIT) (formerly One Dela Rosa Property Development, Inc.(ODR))	**90**	90	**8,815,000,000**	8,815,000,000
Amaia Land Corporation and Subsidiary (Amaia)	**100**	100	**7,006,931,640**	7,006,931,640
Avida Land Corporation and Subsidiaries (Avida)	**100**	100	**6,689,977,831**	6,689,977,831
AyalaLand Offices, Inc. and Subsidiaries (ALO)	**100**	100	**6,646,036,376**	6,769,686,376
Summerhill E-Office Corporation (Summerhill)	**100**	100	**6,579,990,035**	2,978,700,000
Bay City Commercial Ventures Corp. (BCCVC)	**100**	100	**4,929,421,699**	4,939,087,324
Cebu Holdings, Inc. and Subsidiaries (CHI)	**71**	70	**4,480,905,171**	4,392,171,631
AyalaLand Estates, Inc. (formerly Southgateway Development Corp. (SDC))	**100**	100	**4,005,642,479**	4,005,642,479
AyalaLand MetroNorth, Inc. (AMNI)	**100**	100	**3,895,726,210**	2,006,038,210
North Ventures Commercial Corp. (NVCC)	**100**	100	**3,784,145,284**	3,904,145,284
Alveo Land Corporation and Subsidiaries (Alveo)	**100**	100	**2,677,613,403**	2,677,613,403
North Triangle Depot Commercial Corporation (NTDCC)	**73**	73	**2,640,805,402**	2,640,805,402
ALI Capital Corp. (ALICap) (formerly Varejo Corp.)	**100**	100	**2,625,000,000**	2,625,000,000
Capitol Central Commercial Ventures Corp. (CCCVC)	**100**	100	**2,517,000,000**	2,156,642,500
Arca South Commercial Ventures Corp. (ASCVC)	**100**	100	**2,310,500,000**	2,310,500,000
BellaVita Land Corporation (BellaVita)	**100**	100	**2,300,000,000**	2,300,000,000
Amorsedia Development Corporation and Subsidiaries (ADC)	**100**	100	**2,274,943,627**	2,274,943,627
Makati Cornerstone Leasing Corp.(MCLC)	**100**	100	**2,213,961,000**	2,213,961,000
Central Block Developers, Inc. (CBDI)	**45**	45	**2,209,190,000**	1,495,017,000
Arvo Commercial Corporation (Arvo)	**100**	100	**1,800,000,000**	1,800,000,000
ALI Commercial Center, Inc. and Subsidiary (ACCI)	**100**	100	**1,692,680,000**	125,000,000
Vesta Property Holdings, Inc. (VPHI)	**78**	70	**1,338,608,230**	574,188,300
North Eastern Commercial Corp. (NECC)	**100**	100	**1,300,100,000**	1,300,100,000
Northbeacon Commercial Corporation (NBCC)	**100**	100	**1,288,100,000**	1,388,100,000
Aurora Properties Incorporated	**81**	81	**1,199,997,664**	1,199,997,664
Cavite Commercial Town Center, Inc. (CCTCI)	**100**	100	**1,124,160,793**	1,154,160,793
Aviana Development Corporation	**50**	50	**966,000,000**	966,000,000
Accendo Commercial Corp. (Accendo)	**67**	67	**874,697,062**	874,697,062
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	70	**867,680,000**	867,680,000
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100	**854,500,000**	854,500,000
Nuevo Centro, Inc. (Nuevo Centro)	**54**	54	**819,223,620**	819,223,620
Soltea Commercial Corp. (Soltea)	**60**	60	**796,416,740**	796,416,740
Makati Development Corporation and Subsidiaries (MDC)	**100**	100	**750,958,813**	750,958,813
ALO Prime Realty Corporation	**100**	100	**733,676,554**	733,676,554
Westview Commercial Ventures Corp. (Westview)	**100**	100	**731,075,299**	745,429,824
Ecoholdings Company, Inc. (ECI)	**100**	100	**718,368,400**	718,368,400
Ceci Realty, Inc. (Ceci)	**60**	60	**699,785,665**	699,785,665
Whiteknight Holdings, Inc. (WHI)	**100**	100	**693,925,952**	693,925,952
Prow Holdings, Inc. (Prow)	**55**	55	**670,273,870**	670,273,870
Anvaya Cove Golf & Sports Club, Inc. (Anvaya Cove Golf)	**76**	76	**616,436,215**	629,662,382
Adauge Commercial Corporation (Adauge)	**60**	60	**600,000,000**	600,000,000
ALI Makati Hotel Property, Inc.	**20**	20	**584,702,865**	584,702,865
Ayala Hotels, Inc. (AHI)	**50**	50	**564,772,538**	564,772,538
Anvaya Cove Beach & Nature Club Inc. (Anvaya Cove Beach)	**73**	73	**524,578,401**	527,834,847
Crans Montana Holdings, Inc.	**100**	100	**505,329,030**	505,329,030

(Forward)

	Percentages of Direct Ownership		Carrying Amounts	
	2019	2018	**2019**	2018
Ten Knots Development, Corporation and Subsidiaries (TKDC)	**60%**	60%	**₱495,000,000**	₱495,000,000
Integrated Eco-resort, Inc. (IERI)	**100**	–	**492,922,224**	–
Subic Bay Town Centre, Inc. (SBTCI)	**100**	100	**478,500,000**	508,500,000
Station Square East Commercial Corporation (SSECC)	**69**	69	**461,825,050**	461,825,050
Red Creek Properties, Inc. (RCPI)	**100**	100	**431,511,128**	431,511,128
Roxas Land Corp (RLC)	**50**	50	**327,022,960**	1,117,022,960
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**	100	**300,000,000**	300,000,000
Serendra, Inc.	**28**	28	**266,027,100**	266,027,100
Alabang Commercial Corporation (ACC)	**50**	50	**258,431,769**	258,431,769
Ayalaland Medical Facilities Leasing, Inc. (AMFLI)	**100**	100	**255,000,000**	255,000,000
BGWest Properties (BGW)	**50**	50	**250,000,000**	250,000,000
AMSI, Inc. (formerly Ayalaland Malls Synergies, Inc.) (AMSI)	**100**	100	**235,000,000**	235,000,000
Crimson Field Enterprises, Inc.	**100**	100	**219,714,272**	219,714,272
Southportal Properties, Inc. (Southportal)	**65**	65	**188,500,000**	188,500,000
Primavera Towncentre, Inc. (PTI)	**100**	100	**181,000,000**	91,000,000
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	100	**173,000,000**	173,000,000
First Longfield Investments Limited (First Longfield) (Hongkong Company)	**100**	100	**167,923,610**	167,923,610
Arca South Integrated Terminal, Inc.	**100**	100	**151,000,000**	151,000,000
Hillsford Property Corporation (Hillsford)	**100**	100	**150,000,000**	150,000,000
Ayala Land International Sales, Inc. (ALISI)	**100**	100	**138,700,000**	138,700,000
ALInet.com, Inc. (ALInet)	**100**	100	**130,482,764**	130,482,764
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	50	**106,300,000**	106,300,000
ALI-CII Development Corporation (ALI-CII)	**50**	50	**102,765,300**	102,765,300
Lagdigan Land Corp. (Lagdigan)	**60**	60	**99,000,000**	63,000,000
Ten Knots Phils., Inc.(TKPI)	**60**	60	**93,131,600**	93,131,600
Aprisa Business Process Solutions (Aprisa)	**100**	100	**40,000,000**	40,000,000
DirectPower Services, Inc. (DirectPower)	**100**	100	**40,000,000**	40,000,000
CMPI Holdings, Inc. (CMPI)	**60**	60	**28,800,000**	28,800,000
ALI Makati Hotel & Residences, Inc. (AMHRI)	**20**	20	**22,097,135**	22,097,135
Ayala Land Sales, Inc. (ALSI)	**100**	100	**10,000,000**	10,000,000
AyalaLand Malls, Inc. (ALMI) (formerly Solerte, Inc.)	**100**	100	**5,000,000**	5,000,000
Ayala Land Premier, Inc. (ALPI)	**100**	100	**5,000,000**	5,000,000
Altaraza Prime Realty Corporation (Altaraza)	**100**	100	**4,000,000**	4,000,000
Verde Golf Development Corp (Verde Golf)	**100**	100	**3,125,000**	3,125,000
Buendia Landholdings, Inc. (BLI)	**100**	100	**2,833,562**	2,833,562
Ayala Land Club Management, Inc.	**100**	100	**2,500,000**	2,500,000
Ayala Property Management Corporation (APMC)	**100**	100	**1,912,026**	1,912,026
Ayala Theatres Management, Inc. (ATMI)	**100**	100	**864,559**	864,559
Next Urban Alliance Development Corp.	**100**	100	**365,500**	365,500
Five Star Cinema, Inc. (FSCI)	**100**	100	**250,000**	250,000
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	100	**52**	52
Laguna Technopark, Inc. (LTI)	**–**	20	**–**	800,000,000
Joint Ventures:				
ALI-ETON Property Development Corporation	**50**	50	**3,371,000,000**	2,176,000,000
AKL Properties, Inc. (AKL)	**50**	50	**2,294,374,575**	1,959,687,075
Emerging City Holdings, Inc. (ECHI)	**50**	50	**1,555,004,550**	1,555,004,550
Cebu District Property Enterprise, Inc. (CDPEI)	**35**	35	**1,050,000,000**	1,050,000,000
Berkshires Holdings, Inc. (BHI)	**50**	50	**666,430,521**	666,430,521
Associates:				
OCLP Holdings, Inc. (OHI)	**21**	21	**7,190,241,828**	7,190,241,828
Bonifacio Land Corp. (BLC)	**10**	10	**346,881,162**	346,881,162
Lagoon Development Corporation (LDC)	**30**	30	**37,050,000**	37,050,000
			167,357,077,223	151,818,762,060
Less allowance for probable losses			**319,959,706**	319,959,706
			₱167,037,117,517	₱151,498,802,354

The above companies are domestic except for Regent Time which is domiciled and incorporated in British Virgin Islands and First Longfield and Regent Wise which are domiciled and incorporated in Hong Kong.

As of December 31, 2019, and 2018, the Parent Company had no commitments to its interests in joint ventures.

Investment in Regent Wise
In 2015 and 2014, the Parent Company's additional investments amounted to ₱6,096.5 million and ₱208.4 million, respectively, which increased the total investment in Regent Wise to ₱7,835.6 milllion and ₱1,739.1 million, respectively.

On April 6, 2015, Regent Wise has acquired 9.16% of the shares of Modular Construction Technology (MCT) Bhd. (formerly Malaysian company GW Plastics Holdings Bhd.), through a private placement for a total amount of US$43 million or ₱1.9 billion. MCT Bhd., first established in 1999 as a construction company, is a property development company specializing in mixed-use projects that include retail, office, hotel, and mid- to affordable residential. MCT Bhd. is able to deliver projects at lower costs by adhering to a modular construction technique and by being an integrated builder with an in-house design team, inhouse trading company, direct execution of specialist works and its own pre-cast and ready-mixed concrete plants.

In May 2015, Regent Wise entered into call option agreements with the two founders and majority shareholders of MCT, Barry Goh Ming Choon and Tong Seech Wi, that will give Regent Wise the opportunity to increase its shareholdings in MCT up to a maximum of 32.95%. Then, on October 15, 2015, Regent Wise exercised its option to acquire additional shares of Malaysian

development and construction company, MCT, Bhd. (MCT) for a total cost of US$92 million to bring its total shareholding from 9.16% to 32.95%. The increase in stake will provide the Parent Company with the opportunity to establish a stronger foothold in the Real Estate sector in Malaysia.

On January 2, 2018, Regent Wise signed a share purchase agreement to acquire an additional 17.24% share in MCT from Barry Goh Ming Choon for a total cost of RM202.5 million which brought Regent Wise's shareholding in MCT from 32.95% to 50.19%. Subsequently, Regent Wise conducted a mandatory take-over offer (MO) from the period January 26 to February 19, 2018 in accordance with the laws of Malaysia. Acceptances for 295,277,782 shares were received from the MO equivalent to 22.12% that increased Regent Wise's ownership stake to 72.13% as of February 19, 2018.

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

The Parent Company made additional cash infusions to Regent Wise amounting to ₱2,319.5 million and ₱6,499.5 million in 2019 and 2018, respectively. As of December 31, 2019 and 2018, the investment in Regent Wise amounted to ₱16,654.6 million and ₱14,335.1 million, respectively.

Investment in AHRC
In 2010, the Parent Company established AHRC to support the Parent Company's hotel and resort business.

In 2019 and 2018, the Parent Company made additional infusions amounting to ₱2,690.0 million and ₱1,823.5 million, respectively. As of December 31, 2019, and 2018, the Parent Company's investment amounted to ₱15,370.4 million and ₱12,680.4 million, respectively.

Investment in ALLHC
In 2018, ALI's 75% equity interest in LTI was exchanged into additional shares of stock in ALLHC amounting to ₱3,030.75 million. The Parent Company also purchased additional investment from Genez Investment Corporation amounting to ₱497.65 million increasing its investment to ₱9,154.7 million and its interest from 51% to 67%.

On February 4, 2019, The Executive Committee of ALI approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in LTI, equivalent to 8,051 common shares, with a total value of ₱800.0 million. Subsequently on June 10, 2019, ALI exchanged the 20% equity interest in LTI for additional shares of stock in ALLHC, equivalent to 323,886,640 common shares for a consideration of ₱800.0 million, subject to conditions to be fulfilled by ALLHC. This resulted to an increase in ALI's ownership from 67% to 70%.

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

On September 9, 2019, Orion Land, Inc. sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This increased ALI's ownership in ALLHC from 70% to 71%.

As of December 31, 2019 and 2018, the investment in ALLHC amounted to ₱10,582.7 million and ₱9,154.7 million, respectively.

Investment in AREIT
AREIT is a wholly-owned subsidiary of ALO, which is involved in leasing office and commercial spaces. In October 2018, AREIT increased its authorized capital stock by 881,500,000 shares which were subsequently acquired by ALI for ₱8,815.0 million, resulting to a 90% ownership in AREIT.

Investment in ALO
On July 18, 2014, the Board of Directors (BOD) and the stockholders of APPCo approved the change of its corporate name to AyalaLand Offices, Inc (ALO). On October 17, 2014, the amended Articles of Incorporation was executed and subsequently approved by SEC on November 18, 2014. In 2015, the Parent Company made additional infusions amounting to ₱3,270.5 million increasing its investment cost to ₱7,200.6 million as of December 31, 2015. In 2019 and 2018, the Parent Company redeemed preferred shares amounting to ₱123.7 million and ₱143.7 million, respectively. The Parent Company's investment amounted to ₱6,646.0 million and ₱6,769.7 million as of December 31, 2019 and 2018, respectively.

Investment in Summerhill
In 2019 and 2018, the Parent Company made additional capital infusions for a total cost of ₱3,601.3 million and ₱355.0 million, respectively which increased the Parent Company's investment to ₱6,580.0 million and ₱2,978.7 million as of December 31, 2019 and 2018, respectively.

Investment in BCCVC
Bay City Commercial Ventures Corp. was incorporated on November 3, 2017. BCCVC is a wholly owned subsidiary which was organized primarily for the development of Ayala Malls Bay City. The Parent Company made capital infusions for a total cost ₱2,473.0 million in 2018 which increased the Parent Company's investment to ₱4,939.1 million as of December 31, 2018. As of December 31, 2019, Parent Company's investment amounted to ₱4,929.4 million.

Investment in CHI
In 2018, ALI acquired additional 59,631,200 common shares of CHI totaling to ₱352.8 million. Further, an additional 77,742,516 shares was acquired as a result of swap of CPVDC shares for a total consideration of ₱229.3 million which brings Parent Company's ownership to 70.4%.

On April 17, 2019, ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling ₱88.7 million resulting in ALI's increase in ownership from 70.4% to 71.1%.

As of December 31, 2019 and 2018, the investment in CHI amounted to ₱4,480.9 million and ₱4,392.2 million, respectively.

Investment in AMNI
AMNI was incorporated in November 29, 2012 and is a wholly owned subsidiary of the Parent Company. It is established primarily to develop and operate shopping malls and offices.

In 2018, the Parent Company made subscription amounting to ₱340.3 million increasing its investment cost to ₱2,006.0 million as of December 31, 2018.

In 2019, the Parent Company made additional infusion amounting to ₱2,019.7 million and redeemed ₱130.0 million of its preference shares. The Parent Company's investment amounted to ₱3,895.7 million as of December 31, 2019.

Investment in NVCC
On July 31, 2014, the Board of Directors and stockholders of Fairview Prime Commercial Corp. approved the amendment of Fairview Prime's Articles of Incorporation to change its name to North Ventures Commercial Corp. The Amendment was subsequently approved by the SEC on December 3, 2014.

In 2019 and 2018, the Parent Company's investment in preferred shares of NVCC amounting to ₱120.0 million and ₱190.0 million was redeemed, which decreased the Parent Company's total investment in NVCC to ₱3,784.1 million and ₱3,904.1 million as of December 31, 2019 and 2018, respectively.

Investment in ALICap
In 2018, the Parent Company converted its intercompany receivable from ALI Capital Corp to equity securities amounting to ₱1,286 million increasing its investment. The carrying amount of the Parent Company's investment is ₱2,399.1 million, net of impairment amounting to ₱225.9 million as of December 31, 2019 and 2018.

Investment in CCCVC
Capitol Central Commercial Ventures Corp., a wholly-owned subsidiary was incorporated on December 4, 2017 for the development of Ayala Malls Capitol Central. In 2019 and 2018, the Parent Company made additional investments amounting to ₱360.4 million and ₱515.0 million, respectively. As of December 31, 2019 and 2018, the investment in CCCVC amounted to ₱2,517.0 million and ₱2,156.6 million, respectively.

Investment in ASCVC
Arca South Commercial Ventures Corp., a wholly owned subsidiary, was incorporated on November 16, 2017 for the development of Ayala Malls Arca South. The Parent Company's investment amounted to ₱1,367.3 million as of December 31, 2017.

In 2018, the Parent Company funded a construction which amounted to ₱943.2 million increasing its investment to ₱2,310.5 million as of December 31, 2019 and 2018.

Investment in CBDI
CBDI is a subsidiary of the Parent Company with pro-rata ownership of the ALI Parent Company's Cebu Companies, CPVDC and CHI. The project of CBDI is called Central Bloc and is located at the core of Cebu IT Park. The development includes two BPO towers, an Ayala branded hotel, and a 5-storey mall. On July 28, 2015, CBDI was registered in SEC. CBDI was organized to develop, sell, invest, own, acquire, lease, hold, mortgage, administer, or otherwise deal with commercial, residential, industrial, or agricultural lands, buildings, structures or apertures, or in any other profitable

business enterprise, venture or establishment, including to own, hold in ownership, manage deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and to the limit and extent permitted by law, alone or jointly with other persons, natural or artificial.

In 2019 and 2018, the Parent Company made additional infusion amounting to ₱714.2 million and ₱623.7 million, respectively. The carrying amount of Parent Company's investment in CBDI amounted to ₱2,209.2 million and ₱1,495.0 million as of December 31, 2019 and 2018, respectively.

Investment in ACCI
In 2019, the Parent Company made additional infusion amounting to ₱1,567.7 million which increased the Parent Company's total investment from ₱125.0 million in 2018 to ₱1,692.7 million as of December 31, 2019.

Investment in VPHI
In 2018, the Parent Company's investment in preferred shares of VPHI was redeemed amounting to ₱140.0 million. This decreased its investment in VPHI to its carrying amount of ₱574.2 million as of December 31, 2018.

In September 2019, The Parent Company purchased additional 648,177 shares of VPHI for ₱799.4 million increasing the Parent Company's ownership to 78.41%. Also during 2019, the Parent Company redeemed preferred shares amounting to ₱35.0 million. As of December 31, 2019, The Parent Company's investment amounted to ₱1,338.6 million.

Investment in NECC
Asterion Technopod Inc., a wholly-owned subsidiary was incorporated on July 8, 2008. ATI was organized to manage the operations of the commercial businesses in the northeast area of Metro Manila.

On August 16, 2016, the Board of Directors and stockholders of Asterion Technopod, Inc. approved the amendment of ATI's Articles of Incorporation to change its name to North Eastern Commercial Corp. The Amendment was subsequently approved by the SEC on September 29, 2017.

In 2017, the Parent Company made additional infusions amounting to ₱1,218.8 million which increased the Parent Company's investment amount to ₱1,300.1 million as of December 31, 2019 and 2018.

Investment in NBCC
In 2008, the Parent Company, through NBCC and as part of its ongoing development in North Luzon, started to develop a 70,000 square meter retail center dubbed as "The MarQuee" mall located in Angeles City, Pampanga.

In 2015, the Parent Company made additional infusion amounting to ₱910.0 million and redeemed ₱21.0 million of its preferred shares. The carrying amount of the Parent Company's investment amounted to ₱1,580.0 million as of December 31, 2015.

In 2017 and 2016, the Parent Company redeemed ₱131.0 million and ₱45.5 million of its preferred shares which decreased the total cost of its investment to ₱1,403.5 million and ₱1.534.5 million as of December 31, 2017 and 2016.

In 2019 and 2018, the Parent Company redeemed ₱100.0 million and ₱15.4 million of its preferred shares which decreased the total cost of its investment to ₱1,288.1 million and ₱1,388.1 million as of December 31, 2019 and 2018.

Investment in CCTCI
In 2015, the Parent Company made additional infusions amounting to ₱682.7 million. The Parent Company's investment amount is ₱1,086.1 million as of December 31, 2015.

In 2018 and 2017, the Parent Company redeemed ₱30.0 million and ₱31.0 million of its preference shares, respectively. Also, in 2018, the Parent Company made an additional infusion of ₱184.7 million thus increasing its investment to ₱ 1,154.2 million and ₱999.5 million as of December 31, 2018 and 2017, respectively.

In 2019, the Parent Company redeemed ₱30.0 million of its preference shares which decreased the Parent Company's investment amount to ₱1,124.2 million as of December 31, 2019.

Investment in Accendo
In November 2018, ALI invested ₱100.5 million in exchange for 10,050,000 common shares and 90,450,000 preferred shares of Accendo increasing its investment to ₱874.7 million as of December 31, 2018 and 2019.

Investment in ALO Prime Realty Corporation
In 2018 and 2017, the Parent Company made additional infusion amounting to ₱60 million and ₱160.0 million which increased the total cost of its investment to ₱733.7 million and ₱673.7 million as of December 31, 2018 and 2017,respectively. As of December 31, 2019, the Parent Company's investment amounted to ₱733.7 million

Investment in Westview
In 2018, the Parent Company made additional infusion amounting to ₱152.7 million increasing its investment which amounted to ₱745.4 million.

In 2019, the Parent Company redeemed ₱14.3 million of its investment in preferred shares in Westview, which decreased the Parent Company's total investment to ₱731.1 million as of December 31, 2019.

Investment in Anvaya Cove Golf
In 2016, the Parent Company reclassified its Investment in Anvaya Cove Golf to investment in subsidiaries, associates and joint ventures in compliance with Philippine Interpretations Committee (PIC) Q&A 2016-02 PAS 32 and PAS 38 – Accounting Treatment of Club Shares Held by an Entity. As of December 31, 2019 and 2018, the Parent Company's investment amounted to ₱616.4 million and ₱629.7 million.

Investment in Anvaya Cove Beach
In 2016, the Parent Company reclassified its Investment in Anvaya Cove Beach to investment in subsidiaries, associates and joint ventures in compliance with Philippine Interpretations Committee (PIC) Q&A 2016-02 PAS 32 and PAS 38 – Accounting Treatment of Club Shares Held by an Entity. As of December 31, 2019 and 2018, the Parent Company's investment amounted to ₱524.6 million and ₱527.8 million.

Investment in IERI
On May 6, 2019, the Parent Company and ALICap executed a Deed of Assignment wherein, ALICap assigned 100% of the total issued and outstanding shares in the capital stock of Integrated Eco-Resort, Inc, a corporation duly organized and existing under the laws of the Philippines to the Parent Company amounting to ₱492.9 million.

Investment in SBTCI
In 2019, the Parent Company redeemed ₱30.0 million of its investment in preferred shares in SBTCI, which decreased the Parent Company's total investment from ₱508.5 million in 2018 to ₱478.5 million as of December 31, 2019.

Investment in RLC
In 2019 and 2018, the Parent Company's investment in preferred shares of RLC amounting to ₱790.0 million and ₱244.0 million was redeemed, which decreased the Parent Company's total investment in RLC to ₱327.0 million and ₱1,117.0 million as of December 31, 2019 and 2018, respectively.

Investment in AMFLI
Ayalaland Medical Facilities Leasing, Inc. is a wholly owned subsidiary of the Parent Company. It was incorporated with SEC on April 13, 2015 to engage primarily in developing and lease of Built-to-suit structure for AMFLI's hospital operations and retail.

In 2018, the Parent Company made additional infusion amounting to ₱50.0 million. As of December 31, 2019 and 2018, the Parent Company's investment amounted to ₱255.0 million.

Investment in AMSI
AMSI is a wholly owned subsidiary that was incorporated on June 1, 2016. AMSI will house the Commercial Business Parent Company's allied businesses such as but not limited to the partnership with Meralco, LED, and operation of upcoming mall's food court.

In 2018, the Parent Company made additional capitalization amounting to ₱110.0 million increasing its investment to ₱235.0 million as of December 31, 2019 and 2018.

Investment in PTI
In 2019, the Parent Company made additional infusion amounting to ₱90.0 million which increased the Parent Company's total investment to ₱181.0 million as of December 31, 2019.

Investment in FLIL and ARCH Entities
In 2006, the Parent Company and AC entered into a Shareholders' Agreement with ARCH Capital and Great ARCH Co. Limited, wherein the Parent Company and AC committed to invest a total of US$75.0 million in a private equity fund that will explore property markets in Asia, excluding Japan and Philippines. In the same year, an Amendment and Adherence Agreement was entered into by the same parties, together with Fine State Parent Company Limited (Fine State) and Green Horizons Holdings Limited (Green Horizons), a wholly owned subsidiary of FLIL, transferring the interests of AC and the Parent Company in ARCH Capital into Fine State and Green Horizons, respectively. Fine State and Green Horizons are wholly owned Hong Kong subsidiaries of AC and the Parent Company, respectively.

The Parent Company (through Green Horizons) and AC (through Fine State) both have interests in the fund management company, ARCH Capital, which is tasked to raise third party capital and pursue investments for the private equity fund called ARCH Asian Partners, L.P. (Fund). As of December 31, 2015 and 2014, the Parent Company (through Green Horizon) and AC (through Fine State) owned a combined interest in ARCH Capital of 50%.

In 2012, the Parent Company's investment over the Fund was reclassified from associate to FVPL. The Parent Company lost significant influence over the Fund since its investments pertain to monetary interest and no longer equity interest.
As of December 31, 2015 and 2014, the Parent Company's remaining capital commitment with the Fund both amounted to nil.

In 2017, the Parent Company reversed the impairment of the investment which amounted to ₱36.4 million. The carrying amount of the Parent Company's investment amounted to ₱167.9 million as of December 31, 2019 and 2018.

Investment in Lagdigan
Lagdigan Land Corp. (Lagdigan) is a 60:40 joint venture between the Parent Company and AC. It was incorporated on March 17, 2014 and its main purpose is to develop Laguindingan's 500-hectare property owned by AC. The vision is to develop it as a mixed-use area that will be the primary growth area in Misamis Oriental. As of December 31, 2015 and 2014, investment in Lagdigan amounted to ₱12.0 million.

In 2017, the Parent Company made additional infusion amounting to ₱36.0 million, equivalent to 1,800,000 common shares and 16,200,000 preferred shares, increasing its investment to ₱48.0 million as of December 31, 2017.

In 2019 and 2018, the Parent Company made additional infusion amounting to ₱36.0 million and ₱15.0 million increasing its investment which amounted to ₱99.0 million and ₱63.0 million as of December 31, 2019 and December 31, 2018, respectively.

Investment in AMHRI
In December 2007, the Parent Company entered into a joint venture with Kingdom Hotel Investments, Inc. (KHI) to develop a 7,377-square meter property along Makati Avenue corner Arnaiz Avenue (formerly Pasay Road) into a luxury hotel complex comprising of a 300-room Fairmont Hotel, a 30-suite Raffles Hotel and 189 Raffles branded private residences.

The 7,377-square meter property developed was conveyed by the Parent Company to KAMI in exchange for 37,250 common shares, 38,250 redeemable preferred shares A and 16,758 preferred shares.

As of December 31, 2019 and 2018, the Parent Company's investment in AMHRI amounted to ₱22.1 million.

Investment in ALPI
AyalaLand Premier, Inc., is a wholly owned subsidiary which was registered with the SEC on July 7, 2017 to engage primarily in general contracting services. In 2018, the Parent Company made additional infusion amounting to ₱2.5 million thus increasing its investment from ₱2.5 million in December 31, 2017 to ₱5.0 million as of December 31, 2018.

Investment in LTI
On April 30, 2018, ALI and POPI executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of POPI for an aggregate subscription price of ₱3.0 billion in exchange for its 30,186 common shares of LTI equivalent to 75% ownership.

In December 2018, ALI acquired 8,051 common shares of LTI for ₱800.0 million which is equivalent to a 20% ownership.

In February 2019, the Executive Committee of ALI approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in LTI, which was subsequently exchanged for additional shares of stock in ALLHC, equivalent to 323,886,640 common shares for a consideration of ₱800.0 million. (See Investment in ALLHC.)

Investment in ALI-ETON Property Development Corporation
ALI-ETON Property Development Corporation was incorporated on March 13, 2016. The company is a joint venture between Ayala Land, Inc. and LT Parent Company, Inc. The ALI and LT Parent Company, Inc. entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

In 2019 and 2018, ALI made additional infusions amounting to ₱1,195.0 million and ₱1,534.0 million, respectively. The Parent Company's investment amounted to ₱3,371.0 million and ₱2,176.0 million as of December 31, 2019 and 2018.

Investment in AKL
In 2018, the Parent Company invested ₱1,959.7 million in AKL, which is a 50:50 joint venture between Ayala Land, Inc. and Royal Asia Land, Inc., and is organized primarily for future mixed-use development in South Luzon area.

In 2019, the Parent Company made additional infusion amounting to ₱334.7 million increasing its investment which amounted to ₱2,294.4 million as of December 31, 2019.

Investment in ECHI, BHI and BLC
The Parent Company's 5.3% direct investment in BLC is accounted for using the equity method because the Parent Company has significant influence over BLC. As disclosed in Note 3, the Parent Company has significant influence over BLC because it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Investment in CDPEI
Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between the Parent Company and Aboitiz Land, Inc. CDPEI's main purpose is to create a mixed-use commercial and residential district with the 15.4 hectare property in Subangdaku, Mandaue.

As of December 31, 2019 and 2018, the Parent Company's interest in CDPEI amounted to ₱1,050.0 million.

Investment in LDC
In 2016, the Parent Company redeemed ₱7.2 million of investment in LDC decreasing the total cost of investment amounting to ₱37.05 million as of December 31, 2019 and 2018.

11. Investment Properties

The rollforward analysis of this account follows:

2019

	Land	**Buildings**	**Construction in Progress**	**Total**
Cost				
Balance at beginning of year	**₱49,369,131,575**	**₱33,082,823,892**	**₱18,011,617,054**	**₱100,463,572,521**
Additions	**4,697,839,320**	**202,179,828**	**3,380,993,019**	**8,281,012,167**
Transfers (Note 7)	**(3,440,901,808)**	**–**	**–**	**(3,440,901,808)**
Disposals	**(1,314,115,969)**	**(589,346,983)**	**(6,488,294,566)**	**(8,391,757,518)**
Balance at end of year	**₱49,311,953,118**	**₱32,695,656,737**	**₱14,904,315,507**	**₱96,911,925,362**
Accumulated depreciation				
Balance at beginning of year	**–**	**11,697,610,481**	**–**	**11,697,610,481**
Depreciation (Note 20)	**–**	**1,072,521,133**	**–**	**1,072,521,133**
Disposals	**–**	**(254,238,210)**	**–**	**(254,238,210)**
Balance at end of year	**–**	**12,515,893,404**	**–**	**12,515,893,404**
Accumulated impairment losses				
Balance at beginning and end of year	**102,825,482**	**–**	**–**	**102,825,482**
Net Book Value	**₱49,209,127,636**	**₱20,179,763,333**	**₱14,904,315,507**	**₱84,293,206,476**

2018

	Land	Buildings	Construction in Progress	Total
Cost				
Balance at beginning of year	₱53,404,379,135	₱31,179,084,229	₱12,843,281,476	₱97,426,744,840
Additions	3,941,489,863	1,825,785,453	12,622,417,748	18,389,693,064
Transfers (Note 7)	(6,865,915,301)	77,954,210	(77,576,360)	(6,865,537,451)
Disposals	(1,110,822,122)	–	(7,376,505,810)	(8,487,327,932)
Balance at end of year	49,369,131,575	33,082,823,892	18,011,617,054	100,463,572,521
Accumulated depreciation				
Balance at beginning of year	–	10,673,185,915	–	10,673,185,915
Depreciation (Note 20)	–	1,024,424,566	–	1,024,424,566
Balance at end of year	–	11,697,610,481	–	11,697,610,481
Accumulated impairment losses				
Balance at beginning and end of year	102,825,482	–	–	102,825,482
Net Book Value	₱49,266,306,093	₱21,385,213,411	₱18,011,617,054	₱88,663,136,558

Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit.

Construction in progress (CIP) pertain to buildings under construction to be leased as retail and office spaces upon completion.

On April 28, 2019, the Parent Company sold to AyalaLand Estates, Inc. (ALEI), its development project, Vermosa Midtown Commercial Lots which is a campus-type commercial district with a lifestyle mall. Total saleable area of the project is 58,457 square meters. The carrying value of the project amounted to ₱1,286.8 million.

On September 24, 2019, the Parent Company sold to Manila Jockey Club, Inc. (MJCI) its office units and parking lots in Vertex One Building located in Sta. Cruz, Manila with a total leasable area of 13,517 square meters and book value of ₱335.1 million. The property was purchased for ₱511.7 million resulting to a gain on sale amounting to ₱176.5 million.

On November 13, 2019, the Parent Company sold at cost to Bay Area Hotel Ventures, Inc., a subsidiary of AyalaLand Hotels and Resorts Corp. (AHRC), the Seda Manila Bay which is a 11 storey hotel building located at Aseana City, Paranaque.The carrying value of the property amounted to ₱596.3 million.

On October 5, 2018, the Parent Company sold at cost to One Dela Rosa Properties, Inc. (ODRPI), a wholly-owned subsidiary, the Ayala North Exchange BPO and Mall which is still under construction located along Ayala Avenue, Makati City. The carrying value of the parcels of land and buildings amounted to ₱6,012.8 million.

The aggregate fair value of the Parent Company's investment properties amounted to ₱241,836.2 million and ₱217,179.8 million as of December 31, 2019, and 2018, respectively**.**

The fair value of the investment properties was determined by independent professionally qualified appraisers.

The following table provides the fair value hierarchy of the Parent Company's investment properties as of December 31, 2019 and 2018:

2019

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land properties	**Various**	**₱195,456,707,810**	**₱–**	**₱–**	**₱195,456,707,810**
Office properties	**Various**	**28,075,064,402**	**–**	**–**	**28,075,064,402**
Retail properties	**Various**	**18,304,439,585**	**–**	**–**	**18,304,439,585**

2018

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active Markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Land properties	Various	₱186,380,399,739	₱–	₱–	₱186,380,399,739
Retail properties	Various	19,187,659,074	–	–	19,187,659,074
Office properties	Various	11,611,761,976	–	–	11,611,761,976

The values of the land were arrived using the Market Data Approach. Market Data Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For Market Data Approach, the higher the price per sqm., the higher the fair value.

The values of the buildings were arrived using the Income Approach. Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

The significant unobservable inputs to valuation of investment properties ranges from ₱5,782 to ₱67,000 per sqm.

Rental income from investment properties amounted to ₱4,106.9 million and ₱4,061.9 million in 2019 and 2018, respectively (see Note 19). Direct operating expenses arising from the investment properties amounted to ₱2,460.4 million and ₱2,687.5 million in 2019 and 2018, respectively (see Note 20).

Depreciation expense pertaining to investment properties amounted to ₱1,072.5 million and ₱1,024.4 million in 2019 and 2018, respectively (see Note 20).

In 2019, the gain on sale of investment properties amounted to ₱176.5 million (nil in 2018) which is included under “Other income” in the parent company statements of income (see Note 20).

12. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

2019

	Land, Buildings and Improvements	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Total**
Cost				
Balance at beginning of year	**₱1,043,337,654**	**₱1,706,847,378**	**₱482,753,804**	**₱3,232,938,836**
Additions	**469,961,954**	**122,323,853**	**54,875,646**	**647,161,453**
Disposals	**(25,012)**	**–**	**(13,444,697)**	**(13,469,709)**
Balance at end of year	**1,513,274,596**	**1,829,171,231**	**524,184,753**	**3,866,630,580**
Accumulated depreciation				
Balance at beginning of year	**492,593,208**	**1,319,852,176**	**353,498,740**	**2,165,944,124**
Depreciation (Note 20)	**53,463,560**	**85,982,807**	**64,259,924**	**203,706,291**
Disposals	**(25,012)**	**–**	**(10,288,193)**	**(10,313,205)**
Balance at end of year	**546,031,756**	**1,405,834,983**	**407,470,471**	**2,359,337,210**
Net Book Value	**₱967,242,840**	**₱423,336,248**	**₱116,714,282**	**₱1,507,293,370**

2018

	Land, Buildings and Improvements	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost				
Balance at beginning of year	₱840,752,086	₱1,538,492,793	₱448,527,120	₱2,827,771,999
Additions	202,585,568	168,597,398	61,163,714	432,346,680
Disposals	–	(242,813)	(26,937,030)	(27,179,843)
Balance at end of year	1,043,337,654	1,706,847,378	482,753,804	3,232,938,836
Accumulated depreciation				
Balance at beginning of year	442,773,659	1,249,345,816	306,663,357	1,998,782,832
Depreciation (Note 20)	49,819,549	74,536,788	65,620,712	189,977,049
Disposals	–	(4,030,428)	(18,785,329)	(22,815,757)
Balance at end of year	492,593,208	1,319,852,176	353,498,740	2,165,944,124
Net Book Value	₱550,744,446	₱386,995,202	₱129,255,064	₱1,066,994,712

In 2019 and 2018, the gain on sale of Property plant and equipment amounted to ₱9.2 million and ₱20.3 million, respectively, included under “Other income” in the parent company statements of income (see Note 20).

Depreciation of property and equipment included in the general and administrative expenses amounted to ₱203.7 million and ₱190.0 million in 2019 and 2018, respectively (see Note 20). No interest was capitalized in 2019 and 2018.

13. Other Noncurrent Assets

This account consists of:

	2019	2018
Advances to contractors and supplies	**₱1,710,843,616**	₱1,411,252,859
Deposit on land purchases	**946,399,671**	946,399,671
Deferred charges	**681,567,475**	253,175,293
Recoverable deposits	**189,868,668**	209,404,293
Project costs	**96,350,653**	59,226,375
Other assets	**278,695,956**	1,323,357,791
	₱3,903,726,039	₱4,202,816,282

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

Deferred charges and project costs consist of project costs incurred for unlaunched projects of the Parent Company, advance rental payments, and noncurrent prepaid management fees. This also includes the noncurrent portion of cost to obtain contracts which includes prepaid commissions amounted to ₱422.2 million and ₱261.0 million as of December 31, 2019 and 2018, respectively.

Recoverable deposits pertain to various utility deposits and security deposits for leases.

Other assets pertain to prepayments for expenses that is amortized for more than one year and unamortized VAT portion from purchases of capital goods.

14. Accounts and Other Payables

This account consists of:

	2019	2018
Accounts payable	**₱35,082,619,623**	₱49,904,374,467
Payable to related parties (Note 22)	**23,918,841,408**	17,629,693,407
Accrued expenses		
Salaries and employee benefits	**4,860,452,757**	4,522,149,050
Project costs	**2,093,087,691**	2,606,919,785
Commissions	**1,135,307,449**	1,047,140,810
Advertising and promotions	**1,020,514,536**	902,238,760
Professional and management fees	**983,331,768**	936,518,992
Utilities	**940,658,389**	1,107,954,717
Representation	**382,143,930**	386,138,282
Repairs and maintenance	**339,916,562**	457,157,967
Rentals	**83,402,518**	124,712,711
Others	**157,414,323**	314,853,194
Taxes payable	**10,212,732,121**	8,543,051,783
Interest payable	**1,764,269,702**	1,540,004,242
Retentions payable	**501,483,465**	456,490,469
Liability for purchased land	**297,800,142**	190,882,505
	₱83,773,976,384	₱90,670,281,141

Accounts payable and accrued expenses are noninterest-bearing and are normally settled within 15-60 days. Other payables are noninterest-bearing and are normally settled within one year.

Accrued project costs are billings not yet received from suppliers for direct materials, and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead, and provision for repairs and maintenance. Other accrued expenses consist mainly of transportation and travel, janitorial and security, postal and communication, insurance and supplies.

Taxes payable pertain to statutory liabilities for expanded withholding tax, withholding tax on compensation, final tax and fringe benefit tax.

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

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

15. Short-term and Long-term Debt

The short-term debt of ₱15,708.0 million and ₱13,500.9 million as of December 31, 2019 and 2018, respectively, represents peso-denominated bank loans. Peso-denominated short term loans had a weighted average cost of 5.0% and 3.7% per annum in 2019 and 2018.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱9,585.7 million and ₱4,998.0 million as of December 31, 2019 and 2018 are secured by a real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,451.2 million and ₱2,618.9 million as of December 31, 2019 and 2018, respectively which is accounted as part of the "Investment properties" account. The remaining balance of ₱169,696.7 million and ₱152,121.1 million as of December 31, 2019 and 2018, respectively, are unsecured.

Long-term debt consists of:

	2019	2018
Bonds:		
Due 2019	**₱–**	₱12,332,530,000
Due 2020	**4,000,000,000**	4,000,000,000
Due 2021	**9,000,000,000**	
Due 2022	**12,650,000,000**	12,650,000,000
Due 2023	**15,000,000,000**	15,000,000,000
Due 2024	**18,000,000,000**	15,000,000,000
Due 2025	**15,000,000,000**	15,000,000,000
Due 2026	**16,000,000,000**	8,000,000,000
Due 2027	**8,000,000,000**	7,000,000,000
Due 2028	**10,000,000,000**	10,000,000,000
Due 2033	**2,000,000,000**	2,000,000,000
Short-dated notes	**–**	7,400,000,000

(Forward)

	2019	2018
Fixed rate corporate notes (FXCNs)	**₱5,710,000,000**	₱5,770,000,000
Php - denominated long term loan	**41,885,093,750**	29,465,676,562
US Dollar - denominated long term loan	**6,329,375,000**	–
	163,574,468,750	143,618,206,562
Less unamortized transaction costs	**895,383,685**	703,758,912
	162,679,085,065	142,914,447,650
Less current portion	**7,188,254,688**	20,255,266,261
	₱155,490,830,377	₱122,659,181,389

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term (Years)	Interest rate	Principal Amount	Carrying Value 2019	Carrying Value 2018	Features
2012	7.0	5.6250%	₱9,350,000,000	₱–	₱9,341,196,000	Fixed rate bond due 2019
2012	10.0	6.0000%	5,650,000,000	**5,645,303,849**	5,644,680,000	Fixed rate bond due 2022
2013	7.0	4.6250%	4,000,000,000	**3,995,320,903**	3,989,546,000	Fixed rate bond due 2020
2013	20.0	6.0000%	2,000,000,000	**1,985,275,846**	1,984,613,000	Fixed rate bond due 2033
2013	10.5	5.0000%	15,000,000,000	**14,936,647,278**	14,923,051,000	Fixed rate bond due 2024
2014	11.0	5.6250%	8,000,000,000	**7,952,879,530**	7,945,703,000	Fixed rate bond due 2025
2015	7.0	4.5000%	7,000,000,000	**6,968,807,211**	6,960,744,000	Fixed rate bond due 2022
2016	9.5	4.7500%	7,000,000,000	**6,955,764,739**	6,949,421,000	Fixed rate bond due 2025
2016	10.0	4.8500%	8,000,000,000	**7,946,612,317**	7,939,468,000	Fixed rate bond due 2026
2016	3.0	3.0000%	2,982,530,000	**–**	2,971,976,000	Homestarter Bond due 2019
2016	7.0	3.8915%	7,000,000,000	**6,961,630,823**	6,952,613,000	Fixed rate bond due 2023
2017	10.0	5.2624%	7,000,000,000	**6,972,611,037**	6,969,630,000	Fixed rate bond due 2027
2018	10.0	5.9023%	10,000,000,000	**9,896,154,193**	9,886,828,000	Fixed rate bond due 2028
2018	5.0	7.0239%	8,000,000,000	**7,925,898,274**	7,909,305,000	Fixed rate bond due 2023
(Forward)						
Year Issued	**Term (Years)**	**Interest rate**	**Principal Amount**	**Carrying Value 2019**	**Carrying Value 2018**	**Features**
2019	7.0	6.3690%	₱8,000,000,000	**₱7,909,801,618**	₱–	Fixed rate bond due 2026
2019	5.0	4.7580%	3,000,000,000	**2,979,163,972**	–	Fixed rate bond due 2024
2019	2.0	4.2463%	9,000,000,000	**8,937,450,478**	–	Fixed rate bond due 2021
2019	7.25	4.9899%	1,000,000,000	**952,029,044**	–	Fixed rate bond due 2027
Total				**₱108,921,351,112**	₱100,368,774,000	

Philippine Rating Services Corporation (PhilRatings) rated the Parent Company's 2019 bond issue "PRS Aaa" with a stable outlook, and maintained the "PRS Aaa" rating with a stable outlook for all other outstanding bonds. PRS Aaa is the highest rating assigned by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong and that that it has the smallest degree of investment risk. On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A Stable Outlook indicates that the rating is likely to be maintained or to remain unchanged in the next twelve months.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022

In April 2012, the Parent Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.6% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances. The Parent Company fully paid the ₱9,350.0 million bond in April 2019.

Philippine Peso 5-year and 10-year and 6-month Bonds due 2024

In July 2013, the Parent Company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP. In 2019, the Parent Company issued a total of ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.758% p.a. under its new shelf registration. PhilRatings assigned a PRS Aaa rating on the bonds.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Parent Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.6% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Parent Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 11-year Bonds due 2025
In April 2014, the Parent Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.6% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Parent Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 9-year and 6-month Bonds due 2025
In April 2016, the Parent Company issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000.0 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7-year and 10-year Bonds due 2026
In March 2016, the Parent Company issued a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds is the first tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings. In May 2019, the Parent Company issued an ₱8,000.0 million fixed rate bond due 2026 at a rate equivalent to 6.369% p.a. The Bonds represent the first tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 3-Year Homestarter Bond due 2019 and 7-year Bonds due 2023
In October 2016, the Parent Company issued a total of ₱10,000.0 million bonds, broken down into a ₱3,000.0 million Homestarter bond due 2019 at a fixed rate of 3.0% p.a. and a ₱7,000.0 million fixed rate bond due 2023 at a rate equivalent to 3.8915% p.a. The Bonds represent the first tranche of Homestarter Bonds series and the third tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In 2017, the Parent Company paid ₱9.1 million as an early down payment of the outstanding 3-Year Homestarter Bond. In 2018, the Parent Company paid ₱8.4 million as an early down payment of the outstanding 3-Year Homestarter Bond. The Parent Company fully paid the remaining Homestarter Bond on October 21 and December 23, 2019.

Philippine Peso 7-year and 3-month and 10-year Bonds due 2027
In May 2017, the Parent Company issued a ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.2624% p.a. The Bonds represent the fourth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

In November 2019, the Parent Company issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.9899 % p.a. This was the third tranche of bonds issued under the new ₱50,000.0 million shelf registration of the Parent Company. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028
In April 2018, the Parent Company issued a ₱10,000.0 million fixed rate bond due 2028 at a rate equivalent to 5.9203% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue

Date, at the higher of 5.9203% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC,and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2023
In October 2018, the Parent Company issued a ₱8,000.0 million fixed rate bond due 2023 at a rate equivalent to 7.0239% p.a. The Bonds represent the sixth and final tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 2-year Bonds due 2021
In November 2019, the Parent Company issued a ₱9,000.0 million fixed rate bond due 2021 at a rate equivalent to 4.2463% p.a. The Bonds form part of the third tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

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

Philippine Peso 15-month Note due 2019
In November 2017, the Parent Company issued and listed on the PDEx Corp. a ₱3,100.0 million Corporate Note. This Note issue is an SEC-registration exempt transaction under Section 10.1(l) of the Securities Regulation Code (SRC) and Section 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC. Thus, the Note was offered on a limited basis to juridical persons or entities who, at the point of offer or sale, were Qualified Buyers. The Notes bear a fixed interest rate of 3.25% p.a. The Parent Company fully paid the matured Corporate Notes in February 2019.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Parent Company issued ₱10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.6% to 7.5% p.a. depending on the term of the notes. The Company prepaid ₱1,950.0 million of notes due in 2016 on January 19, 2013. In 2014, the Parent Company paid ₱43.0 million for the matured portion of the loan. In January 2016, the Parent Company paid ₱3,750 million notes for the matured portion of the loan. In 2017, the Parent Company paid ₱43.0 million for the matured portion of the loan. In 2018, the Company prepaid ₱3,234.0 million notes and paid ₱10.0 million for the matured portion of the loan. In 2019, the Parent Company paid ₱10.0 million for the matured portion of the loan. As of December 31, 2019 and 2018, the remaining balance of the FXCN amounted to ₱960.0 million and ₱970.0 million, respectively.

Philippine Peso 10-year Note due 2023
In December 2012, the Parent Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.5%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, ₱50.0 million was prepaid by the Company. In 2016, another ₱50.0 million worth of amortization was paid by the Parent Company. In 2017, the Parent Company paid another amortization in the amount of ₱50.0 million. In 2018, another ₱50.0 million worth of amortization was paid by the Company. In 2019, the Parent Company paid another amortization in the amount of ₱50.0 million. As of December 31, 2019 and 2018, the remaining balance of the note amounted to ₱4,750.0 million and ₱4,800.0 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Parent Company assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.7% p.a. and terms ranging from 4.4 years to 10.5 years. As of December 31, 2019 and 2018, the remaining balance of the assumed long-term facilities amounted to ₱14,107.8 million and ₱14,503.2 million respectively.

In March 2017, the Parent Company executed a ₱10,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn an initial ₱5,000.0 million. The loan carries a fixed interest rate of 4.949% p.a. and a term of 10 years. The balance of facility of ₱5,000.0 million was drawn in April 2017.
In March 2018, the Parent Company executed a ₱5,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn the entire facility amount.

In March 2019, the Parent Company executed a ₱13,000.0 million long-term facility with a domestic bank, of which the Company had simultaneously drawn an initial ₱6,500.0 million. The loan carries a fixed interest rate of 6.272% p.a. and a term of 10 years. The ₱6,500.0 million balance was drawn in April 2019 at an interest rate of 6.307% per annum.

As of December 31, 2019 and 2018, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱41,885.1 million and ₱29,465.7 million, respectively.

US Dollar-denominated Long-term Loans
In October 2012, the Parent Company executed and had fully drawn a US$58.5 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The loan will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In January 2014 and October 2015, the Company made partial prepayments on the loan in the amount of US$5.8 million and US$12.8 million, respectively.

Subsequently in March 2016, a US$30.0 million long-term facility was assigned by ALI Makati Hotel Property, Inc. to the Parent Company. The assigned loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly and had a remaining term of 3 years and 4 months from the time of assignment. The Parent Company fully paid the remaining dollar-denominated loans on December 20, 2018

In November 2019, the Parent Company executed and had simultaneously drawn a US$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The proceeds were onlent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

As of December 31, 2019 and 2018, the remaining aggregate balance of US Dollar-denominated long term loans amounted to ₱6,329.4 million and nil, respectively.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Parent Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Parent Company as of December 31, 2018 and 2017.

Transaction costs capitalized amounted to ₱333.8 million and ₱251.4 million in 2019 and 2018, respectively. Amortization amounted to ₱142.2 million and ₱149.5 million in 2019 and 2018, respectively, and included under “Interest and other financing charges” (see Note 20).

16. Deposits and Other Current Liabilities

This account consists of:

	2019	2018
Deposits	**₱8,455,354,937**	₱1,998,803,799
Current portion of customers’ deposits	**4,183,219,230**	10,476,250,868
Unearned income	**614,038,062**	597,702,508
	₱13,252,612,229	₱13,072,757,175

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

Customers’ deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion. The amount of revenue recognized from amounts included in customers’ deposits at the beginning of the year amounted to ₱10,476.3 million and ₱3,924.4 million in 2019 and 2018, respectively.

Unearned income pertains to rents and other charges paid in advance by the tenants and are being deferred monthly.

17. Deposits and Other Noncurrent Liabilities

This account consists of:

	2019	2018
Customers’ deposits – noncurrent portion	**₱3,012,224,882**	₱3,143,547,293
Liability for purchased land	**1,900,518,567**	2,102,023,959
Deposits	**1,851,985,938**	1,777,573,330
Subscriptions payable	**25,875,052**	25,875,052
Retentions payable	**9,516,739**	33,479,744
Others	**85,479,988**	87,670,552
	₱6,885,601,166	₱7,170,169,930

Customers’ deposits consist of excess of collections over the recognized receivables based on percentage of completion.

Liability for purchased land pertains to the portion of unpaid investment in land acquired during the year. It is payable in annual installment payments within five (5) years.

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

Retentions payable pertain to retentions from the contractors' progress billings which will be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Subscription payable mainly pertains to the Parent Company's subscription payable to its subsidiaries and associates. The outstanding balance pertains to subscriptions to Batangas Asset Corp., Crimson Field Enterprises, Regent Time and Las Lucas Development Corp.

Others pertain to non-trade payables which are expected to be paid beyond 12 months.

18. **Equity**

The details of the number of shares follow:

December 31, 2019

	Number of Shares		**Amount**	
	Preferred	**Common**	**Preferred**	**Common**
Authorized	**15,000,000,000**	**20,000,000,000**	**₱15,000,000,000**	**₱20,000,000,000**
Issued	**13,066,494,760**	**14,632,062,456**	**₱1,306,649,476**	**₱14,632,062,456**
Subscribed	**–**	**113,272,391**	**–**	**113,272,391**
Treasury	**–**	**(25,372,746)**	**–**	**(25,372,746)**
Outstanding	**13,066,494,760**	**14,719,962,101**	**₱1,306,649,476**	**₱14,719,962,101**

December 31, 2018

	Number of Shares		Amount	
	Preferred	Common	Preferred	Common
Authorized	15,000,000,000	20,000,000,000	₱1,500,000,000	₱20,000,000,000
Issued	13,066,494,760	14,614,387,486	₱1,306,649,476	₱14,614,387,486
Subscribed	–	120,493,595	–	120,493,595
Outstanding	13,066,494,760	14,734,881,081	₱1,306,649,476	₱14,734,881,081

The additional paid-in capital amounted to ₱48,598.6 million and ₱47,986.0 million as of December 31, 2019 and 2018, respectively.

Preferred Shares (₱0.10 par value per share)
The Parent Company's preferred shares prior to 2012 were subscribed and issued through a stock rights offer with the following features: (a) non-voting; (b) dividend rate of 4.6% p.a., payable annually, noncumulative; (c) nonparticipating; (d) convertible at the option of the holder at a ratio of one (1) preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (e) no pre-emptive rights; (f) non-redeemable; (g) non-listed; and, (h) preferred in liquidation to the extent of par value.

The dividends for preferred shares are declared upon the sole discretion of the Parent Company's BOD.

On February 20, 2012, the BOD approved the following restructuring exercise in order to comply with the regulatory requirement on Filipino-ownership following the Supreme Court's ruling that nonvoting shares do not count as equity when computing for a company's Filipino-ownership level:

a. Redemption and retirement of the 13.0 billion outstanding preferred shares with par value of ₱0.10.
b. Reclassification of the 1,970.0 million unissued preferred shares to voting preferred shares through an amendment of Article Seventh of the Articles of Incorporation.
c. Increase in authorized capital stock by ₱1,300.0 million creating new voting preferred shares and a stock rights offer of 1,300 million voting preferred shares from the increase in the authorized capital stock.

On April 18, 2012, the stockholders ratified the BOD resolution on the capital restructuring. The voting preferred shares shall have the following features, rights, and privileges (a) voting; (b) dividend rate of 4.75% per annum, equivalent to 90% of the 10-year PDST R2 (repriced every ten (10) years from issue date), payable annually, non-cumulative; (c) convertible at the option of the holder at a ratio of one (1) voting preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (d) no pre-emptive rights; (e) redeemable at par at the sole option of the corporation; (f) non-listed; and (g) preferred in liquidation to the extent of par value.

The SEC approved on January 31, 2013 the following:

a. The decrease in authorized capital stock by ₱1,303.5 million, the aggregate par value of the 13,034.6 preferred shares which have been redeemed and retired, from ₱22,803.5 million to ₱21,500.0 million, and

b. The amendments to Articles of Incorporation reflecting the decrease in capital stock.

As of December 31, 2019 and 2018, the Parent Company's authorized and outstanding preferred shares amounted to ₱1,500.0 million and ₱1,306.6 million, respectively.

Common Shares (₱1.00 par value per share)

On April 7, 2014, the stockholders resolved to approve the amendment of the Seventh Article of the Articles of Incorporation exempting from pre-emptive rights (1) the issuance of 1 billion common shares for properties or assets needed for the business of the Parent Company or for cash to acquire properties or assets needed for the business of the Parent Company or in payment of a debt contracted prior to the issuance of such shares, and (2) the issuance of common shares covered by the Parent Company's Stock Option Plans for members of the management committees of the Parent Company's subsidiaries or affiliates.

Likewise, the stockholders resolved to approve the amendment of the Stock Option Plan of the Parent Company to include the members of the Management Committees of the Parent Company's subsidiaries and affiliates as eligible grantees of stock options.

The rollforward of the outstanding number of common shares follows:

	Number of Shares		**Amount**	
	2019	2018	**2019**	2018
Issued capital stock				
At beginning of year	**14,614,387,486**	14,606,355,313	**₱14,614,387,486**	₱14,606,355,313
Issued shares	**17,674,970**	8,032,173	**17,674,970**	8,032,173
Treasury shares	**(25,372,746)**	–	**(1,104,352,627)**	–
At end of year	**14,606,689,710**	14,614,387,486	**13,527,709,829**	14,614,387,486

(Forward)

	Number of Shares		Amount	
	2019	2018	**2019**	2018
Subscribed capital stock				
At beginning of year	**120,493,595**	118,592,245	**₱120,493,595**	₱118,592,245
Issued shares	**(17,674,970)**	(8,032,173)	**(17,674,970)**	(8,032,173)
Additional subscriptions	**10,453,766**	9,933,523	**10,453,766**	9,933,523
At end of year	**113,272,391**	120,493,595	**113,272,391**	120,493,595
	14,719,962,101	14,734,881,081	**₱13,640,982,220**	₱14,734,881,081

No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Parent Company.

On January 9, 2015, the Executive Committee of the Parent Company approved a top-up placement of 484,848,500 common shares of the Parent Company at a price of ₱33.00 per share. The placement was conducted via an accelerated book built offering structured as a top-up placement, whereby AC sold 484,848,500 listed common shares of stock to qualified third party buyers and subscribe to the same number of new shares from the Parent Company. The Parent Company completed the placement on January 12, 2015, raising an aggregate of ₱16,000.0 million in paid-up capital. The price was at 3.9% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱194.0 million.

On April 13, 2013, the stockholders resolved to approve the amendment of the Seventh Article of the Parent Company's Articles of Incorporation for the purpose of excluding or exempting treasury shares from the pre-emptive rights of stockholders.

On March 6, 2013, the Parent Company's Board resolved to approve the placement made by AC of its existing 320,000,000 listed common shares of the Parent Company to certain qualified third-party buyers or investors at ₱30.50 per share. The Parent Company completed the top-up placement, raising an aggregate of ₱12,200.0 million in paid up capital. The price was at 3.6% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱162.4 million.

On July 10, 2012, the Parent Company's executive committee approved the placement of 680 million listed common shares of stock with par value of ₱1.00 per share, at a price of ₱20 per share, and the issuance of equal number of new shares of the Parent Company, at the same price of ₱20 per share, with AC as the seller of the placement tranche and subscriber of the subscription tranche. The Parent Company completed the top-up placement, raising an aggregate of ₱13,600 million in paid up capital. The price was at 5.0% discount to the closing price. Transaction cost charged to additional paid-in capital amounted to ₱200.0 million.

On April 2, 2008, the Parent Company's stockholders approved the allotment and subsequent issuance of the shares for the above-mentioned purposes and for the further amendment of the Amended Articles of Incorporation of the Parent Company to exclude the issuance of shares from the pre-emptive rights of the stockholders pursuant to Section 39 of the Philippine Corporation Code.

On February 12, 2008, the BOD approved the allotment and subsequent issuance of up to 1.0 billion common shares of stock of the Parent Company with an aggregate par value of ₱1,000 million for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Parent Company via issuance of equity or equity-linked instruments, the price and the terms and conditions of which shall be determined by the BOD based on prevailing market conditions or on agreements negotiated.

On July 5, 1991, the Parent Company launched its Initial Public Offering where a total of 400 million common shares were offered at an offering price of ₱26 per share. The registration statement was approved on July 20, 1992. The Parent Company has 9,102 and 9,209 existing certified shareholders as of December 31, 2018 and 2017, respectively.

Subscription receivable amounted to ₱1,878.2 million and ₱1,676.6 million as of December 31, 2019 and 2018, and presented as a reduction in paid-in capital.

Treasury Shares
On March 5, 2019, the Company purchased a total of 10,372,746 of its common shares at ₱43.20 per share through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱448.1 million in relation to its share buyback program. On November 26, 2019, the Company also acquired a total of 15,000,000 of its common shares at ₱43.75 per share for a total purchase price of ₱656.3 million.

The amendment of the Articles of Incorporation on April 17, 2013 allows the re-selling of the 79,528,299 listed common shares as part of the top-up placement transaction completed in July 2013. Treasury common shares were sold at ₱30.5 per share resulting to additional paid-in capital of ₱1,601.6 million.

On July 16, 2012, the Parent Company redeemed the 13.0 billion outstanding non-voting preferred shares through payment of the redemption price of ₱0.10 per share. As of December 31, 2012, the redeemed preferred shares were treated as treasury shares and was subsequently retired upon approval of the Parent Company's SEC application for the decrease in authorized capital stock on January 31, 2013.

On August 12, 2008, the BOD approved the creation of a share buyback program. It is part of the Parent Company's financial position management program and aims to: (i) improve the Parent Company's financial position structure and capital efficiency; and (ii) enhance shareholder value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Parent Company as not reflective of its fair corporate value.

In 2008, the Parent Company repurchased a total of 79,528,228 of its common shares through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱823.9 million in relation to its share buyback program.

Retained Earnings
The BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.52 and ₱0.51 per share in 2019 and 2018, respectively, to all issued and outstanding shares.

On February 27, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on March 29, 2019 to the shareholders on record as of March 13, 2019.

On May 27, 2019, the BOD declared annual cash dividends of 4.7% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 21, 2019 to the shareholders on record as of June 7, 2019.

On October 31, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on November 29, 2019 to the shareholders on record as of November 15, 2019.

On February 20, 2018, the BOD approved the declaration of cash dividends amounting to ₱0.252 per outstanding common share and was paid out on April 3, 2018 to the shareholders on record as of March 12, 2018. Further, on the same date, the BOD declared annual cash dividends of 4.8% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 29, 2018 to the shareholders on record as of June 15, 2018.

On August 17, 2018, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.252 per share. The cash dividend was paid out on October 2, 2018 to stockholders of common shares on record as of September 6, 2018.

Total dividends for common shares declared for 2019 and 2018 amounted to ₱7,659.5 million and ₱7,423.9 million, respectively.

Retained earnings of ₱8,000.0 million are appropriated for future expansion. The increase of ₱2,000.0 million in 2016 represents a continuing appropriation for land banking activities and planned building construction projects. Each year, the Parent Company incurs capital expenditures for property development which include among others land banking and building construction projects. The appropriation is being fully utilized to cover part of the annual expenditure requirement of the Parent Company.

The Parent Company has earmarked additional funds for expansion projects in the residential, shopping centers, office and hotel business segments, as well as various infrastructure projects for the Parent Company's mixed-use developments.

The following are among the major capital expenditures of the Parent Company which were approved by the BOD:

a) Ayala Triangle Garden 2 with product offering for a Triple A HQ Office Building, a 5-Star Hotel and 3-level Retail Podium with gardens and civic spaces which was approved by the Board on May 29, 2015. The project was launched in June 2015 and expected to be completed in 2020.
b) Ayala Center Redevelopment which will offer intermodal transport facility, a 5-storey regional mall, 2 BPO towers, a SEDA hotel and a 300-units residential for lease was approved by the Board on November 27, 2015. The project was launched in January 2016 and expected to be completed in 2021.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings, after reconciling items, available for dividend declaration as of December 31, 2019 and 2018 amounted to ₱58,147.6 million and ₱52,672.3 million, respectively.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

Capital Management

The primary objective of the Parent Company's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Parent Company establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Parent Company considers debt as a stable source of funding. The Parent Company lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Parent Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both gross debt and net debt basis. As of December 31, 2019, and 2018, the Parent Company had the following ratios:

	2019	2018
Debt to equity	**1.363:1**	1.238:1
Net debt to equity	**1.349:1**	1.229:1

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents and financial assets at FVPL. Equity, which the Parent Company considers as capital, pertains to the total equity. The Parent Company excludes the "Fair value reserve of financial assets at FVOCI" in computing the debt to equity ratio.

The Parent Company is not subject to externally imposed capital requirements due to loan covenants (see Note 15). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2019 and 2018.

Financial risk assessment
The Parent Company's financial condition and operating results would not be materially affected by the current changes in interest, currency, credit, liquidity and market conditions.

Exposure to changes in interest rates is reduced by a debt portfolio mix of both fixed and floating interest rates. The Parent Company's ratio of fixed to floating rate debt stood at 91:9 as of December 31, 2019, and 2018, respectively. As a result, any adverse movement in interest rates is mitigated.

Exposure to foreign currency holdings is at US$124.0 million and US$0.4 million as of December 31, 2019 and 2018, respectively.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Parent Company's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on cash equivalents and financial assets at FVPL.

19. Revenue

This account consists of:

	2019	2018
Revenue from contracts with customer		
Residential development	**₱30,221,976,167**	₱34,169,017,010
Interest income from real estate sales (Note 6)	**3,413,181,338**	1,701,410,613
Management and marketing fees	**2,310,585,410**	2,707,735,466
Rental income (Note 11)	**4,106,863,462**	4,061,915,660
	₱40,052,606,377	₱42,640,078,749

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

Residential development

	2019	2018
Type of Product		
Condominium	**₱22,244,900,616**	₱20,555,866,948
House and lot	**10,353,694,773**	14,002,831,485
Lot only	**1,036,562,116**	1,311,729,190
	₱33,635,157,505	₱35,870,427,623

All of the Parent Company's real estate sales from residential development are revenue from contracts with customers recognized over time.

Management and marketing fees

	2019	2018
Segment		
Property development	**₱1,449,456,895**	₱1,965,960,813
Shopping centers	**624,556,188**	504,821,488
Offices	**236,572,327**	236,953,165
	₱2,310,585,410	₱2,707,735,466

Set-out below is the reconciliation of contracts with customers with the amounts disclosed in segment information (in millions):

	2019				
	Property Development	Shopping Centers	Offices	Property Management and Others	Total
Sales to external customers	₱28,205	₱625	₱237	₱3,466	₱32,533
Interest income from real estate sales	3,413	–	–	–	3,413
Total revenue from contracts with customers	₱31,618	₱625	₱237	₱3,466	₱35,946

	2018				
	Property Development	Shopping Centers	Offices	Property Management and Others	Total
Sales to external customers	₱32,192	₱505	₱237	₱3,943	₱36,877
Interest income from real estate sales	1,701	–	–	–	1,701
Total revenue from contracts with customers	₱33,893	₱505	₱237	₱3,943	₱38,578

20. Costs and Expenses and Other Income (Charges)

Real estate costs and expenses consist of:

	2019	2018
Cost of real estate sales (Note 7)	**₱16,080,241,727**	₱20,065,424,978
Marketing and management fees	**2,771,991,590**	3,876,840,445
Depreciation (Notes 11 and 29)	**1,128,499,319**	1,024,424,566
Manpower costs	**187,205,553**	261,012,975
Rental	**159,393,984**	274,075,041
Direct operating expenses		
Commissions	**1,034,193,740**	1,145,995,148
Taxes and licenses	**728,735,771**	670,987,949
Security	**366,343,395**	441,168,172
Repairs and maintenance	**126,337,696**	86,638,174
Transportation and travel	**37,916,535**	37,167,702
Supplies	**5,071,905**	8,792,980
Others	**1,041,660,059**	692,848,045
	₱23,667,591,274	₱28,585,376,175

General and administrative expenses consist of:

	2019	2018
Manpower costs (Note 23)	**₱1,273,838,545**	₱1,224,725,271
Professional fees	**236,228,993**	408,404,622
Depreciation (Note 12)	**203,706,291**	189,977,049
Repairs and maintenance	**65,026,456**	57,817,433
Advertising	**52,476,523**	81,919,922
Donations and contribution	**43,702,302**	70,643,570
Utilities	**28,309,421**	35,253,703
Transportation and travel	**27,069,472**	33,882,774
Entertainment, amusement and recreation	**20,534,114**	25,492,552
Security and janitorial	**14,386,073**	15,497,593
Supplies	**9,076,119**	12,559,089
Rentals	**1,680,220**	23,297,294
Others	**46,552,345**	87,967,511
	₱2,022,586,874	₱2,267,438,383

Depreciation expense included in the parent company statements of income follow:

	2019	2018
Included in:		
Real estate costs and expenses (Note 11)	**₱1,072,521,133**	₱1,024,424,566
Amortization of right-of-use asset (Note 29)	**55,978,186**	–
General and administrative expenses (Note 12)	**203,706,291**	189,977,049
	₱1,332,205,610	₱1,214,401,615

Interest expense and other financing charges consist of:

	2019	2018
Interest expense on:		
Long-term debt	**₱7,754,961,311**	₱6,647,234,838
Short-term debt	**891,705,161**	612,065,190
Intercompany loans	**439,080,586**	34,872,454
Accretion of interest from lease liabilities (Note 29)	**27,316,431**	–
Other financing charges	**1,232,690,327**	873,182,203
	₱10,345,753,816	₱8,167,354,685

Other financing charges pertain mainly to transaction costs from availment of short-term loans, availment of intercompany loans and bank charges.

Other charges consist of net realized/unrealized loss on foreign exchange transactions amounting to ₱92.8 million for 2018 (nil for 2019).

Other expenses consists of provision for impairment loss and write-off of receivables amounting to ₱43.4 million and ₱2.0 million for 2019 and 2018, respectively (Note 6).

Other income consists of:

	2019	2018
Unrealized gain on foreign exchange	**₱198,797,594**	₱–
Gain on sale of investment property (Note 11)	**176,544,327**	–
Gain on sale of investment in subsidiaries, associates and joint ventures (Note 10)	**49,300,386**	3,072,132,224
Gain on sale of property and equipment (Note 12)	**9,233,657**	20,261,459
Unrealized gain on financial assets at FVPL (Note 5)	**85,779**	50,463
Others	**493,561,652**	593,552,591
	₱927,523,395	₱3,685,996,737

21. Income Tax

The components of net deferred tax assets are as follows:

	2019	2018
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱680,069,461**	₱2,074,436,786
Allowance for probable losses	**530,278,353**	530,278,353
Employee benefits	**471,558,634**	344,661,740
Lease liability	**85,629,024**	–
Allowance for impairment losses	**64,205,426**	51,199,371
	1,831,740,898	3,000,576,250
Deferred tax liabilities on:		
Deferred tax liabilities on capitalized interest	**(431,100,156)**	(434,022,823)
Right-of-use assets	**(104,108,018)**	–
Unrealized foreign exchange gain	**(56,562,357)**	(4,184,475)
	(591,770,531)	(438,207,298)
	₱1,239,970,367	₱2,562,368,952

There are no income tax consequences for the payment of dividends by the Parent Company to its shareholders.

Provision for income tax consists of:

	2019	2018
Deferred	**₱1,419,905,391**	(₱407,096,763)
Current	**185,352,099**	1,687,765,787
Final	**13,474,077**	17,133,821
	₱1,618,731,567	₱1,297,802,845

Reconciliation between the statutory and the effective income tax rates follows:

	2019	2018
Statutory income tax rate	**30.00%**	30.00%
Tax effects of:		
Interest income and capital gains taxed at lower rates	**0.03**	0.05
Dividend income	**(19.02)**	(15.68)
Others – net	**(0.10)**	(6.50)
Effective income tax rate	**10.91%**	7.87%

Deferred tax related to remeasurement gain (loss) on defined benefit plans recognized in OCI amounted to (₱108.4 million) and ₱26.0 million in 2019 and 2018, respectively.

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

22. Related Party Transactions

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

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

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Parent Company does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the corporation that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

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

a. Transactions with Bank of the Philippine Islands (BPI), an associate of AC***:***

   i. As of December 31, 2019 and 2018, the Parent Company maintains current and savings account, money market placements, UITF investments, short-term debt and long-term debt payable with BPI broken down as follows:

	2019	2018
Cash in bank	**₱875,073,965**	₱188,135,123
Financial assets at FVPL	**2,054,808**	1,969,029
Short-term debt	**9,081,000,000**	4,467,000,000
Long-term debt	**504,743,750**	531,026,562

   Interest income earned amounted to ₱0.01 million and ₱0.11 million in 2019 and 2018, respectively.

As of December 31, 2019 and 2018, the Parent Company has an outstanding trust account contribution under BPI Asset Management and Trust Parent Company amounting to ₱1,422.15 million and ₱1,315.4 million, respectively.

ii. As of December 31, 2019 and 2018, the parent company has outstanding interest payable to BPI amounting to ₱18.7 million and ₱6.6 million, respectively.

iii. Income earned and expenses incurred with BPI are as follows:

	2019	2018
Interest income	**₱14,972**	₱106,539
Interest expense	**266,726,230**	170,587,705

b. Outstanding balances with AC, subsidiaries, associates, joint ventures and other related parties (entities under common control).

Receivables from/payables to related parties pertain mostly to development and management fees, advances and reimbursements of operating expenses related to development cost, working capital requirements and land acquisitions which are due and demandable.

Receivables from related parties follow:

2019

	Current	**Noncurrent**	**Total**
AC	**₱143,285,872**	**₱–**	**₱143,285,872**
Subsidiaries	**54,306,287,966**	**–**	**54,306,287,966**
Associates	**311,437,944**	**–**	**311,437,944**
Joint Ventures	**94,698,021**	**–**	**94,698,021**
Other related parties	**213,022,028**	**–**	**213,022,028**
	₱55,068,731,831	**₱–**	**₱55,068,731,831**

2018

	Current	Noncurrent	Total
AC	₱138,955,030	₱–	₱138,955,030
Subsidiaries	36,981,628,844	–	36,981,628,844
Associates	293,131,978	–	293,131,978
Joint Ventures	44,341,308	–	44,341,308
Other related parties	234,176,131	–	234,176,131
	₱37,692,233,291	₱–	₱37,692,233,291

Payable to related parties follow:

2019

	Current	**Noncurrent**	**Total**
AC	**₱86,247,149**	**₱–**	**₱86,247,149**
Subsidiaries	**23,279,888,416**	**100,936,299**	**23,380,824,715**
Associates	**211,491,745**	**–**	**211,491,745**
Joint Ventures	**3,941,600**	**–**	**3,941,600**
Other related parties	**337,272,498**	**–**	**337,272,498**
	₱23,918,841,408	**₱100,936,299**	**₱24,019,777,707**

2018

	Current	Noncurrent	Total
AC	₱85,183,067	₱–	₱85,183,067
Subsidiaries	17,012,300,743	100,936,299	17,113,237,042
Associates	211,322,930	–	211,322,930
Joint Ventures	69,318	–	69,318
Other related parties	320,817,349	–	320,817,349
	₱17,629,693,407	₱100,936,299	₱17,730,629,706

During 2019 and 2018, payables to related parties include a noncurrent liability pertaining to advances from Allysonia International, Inc amounting to ₱100.9 million.

c. Revenue and expenses from related parties

The revenue from parent company, subsidiaries, associates, joint ventures and other related parties pertains mostly to income from leasing and development projects, dividend income, marketing and management fees, while expenses composed of marketing and management fees, commission, and training expenses. Transactions are settled within one year, except as otherwise stated.

Revenue and expenses from related parties follow:

Revenue

2019

	Dividend Income	**Management and Marketing Income**	**Rental Income**	**Interest Income**	**Total**
AC	**₱–**	**₱–**	**₱140,201**	**₱–**	**₱140,201**
Subsidiaries	**9,067,834,357**	**2,013,160,004**	**1,444,523,547**	**481,148,465**	**13,006,666,373**
Joint Ventures	**250,000,000**	**137,178,255**	**–**	**–**	**387,178,255**
Associates	**95,629,843**	**155,752,357**	**–**	**–**	**251,382,200**
Other Related Parties	**–**	**4,494,794**	**102,483,456**	**–**	**106,978,250**
Total	**₱9,413,464,200**	**₱2,310,585,410**	**₱1,547,147,204**	**₱481,148,465**	**₱13,752,345,279**

2018

	Dividend Income	Management and Marketing Income	Rental Income	Interest Income	Total
AC	₱–	₱–	₱17,130,282	₱–	₱17,130,282
Subsidiaries	8,289,145,990	2,352,422,837	1,285,365,024	440,065,447	12,366,999,298
Joint Ventures	260,000,000	52,371,411	–	–	312,371,411
Associates	71,461,080	240,042,137	–	–	311,503,217
Other Related Parties	–	62,899,081	95,051,133	–	157,950,214
Total	₱8,620,607,070	₱2,707,735,466	₱1,397,546,439	₱440,065,447	₱13,165,954,422

Costs and expenses

2019

	Rental Expenses	**Management and Marketing Fees**	**Commission Expenses**	**Interest Expense**	**Total**
AC	**₱30,000**	**₱2,520,000**	**₱–**	**₱–**	**₱2,550,000**
Subsidiaries	**35,304,206**	**2,647,787,719**	**620,936,016**	**439,080,586**	**3,743,108,527**
Joint Ventures	**5,681,941**	**–**	**–**	**–**	**5,681,941**
Associates	**19,264,094**	**4,821**	**–**	**–**	**19,268,915**
Other Related Parties	**4,606,066**	**103,519**	**–**	**–**	**4,709,585**
Total	**₱64,886,307**	**₱2,650,416,059**	**₱620,936,016**	**₱439,080,586**	**₱3,775,318,968**

2018

	Rental Expenses	Management and Marketing Fees	Commission Expenses	Interest Expense	Total
AC	₱–	₱–	₱–	₱–	₱–
Subsidiaries	23,997,913	2,450,261,698	413,666,253	34,872,454	2,922,798,318
Joint Ventures	7,847,870	–	–	–	7,847,870
Associates	14,520,878	–	–	–	14,520,878
Other Related Parties	3,367,951	11,172	–	–	3,379,123
Total	₱49,734,612	₱2,450,272,870	₱413,666,253	₱34,872,454	₱2,948,546,189

The following describes the nature of the material transactions of the Parent Company with related parties as of December 31, 2019, and 2018:

i. During the year, Parent Company lent to and borrowed funds from various subsidiaries and affiliates on an interest bearing basis. Outstanding intercompany peso-denominated loans of the Parent Company to subsidiaries and affiliates amounted to ₱7,099.1 million, and ₱2,415.2 million as of December 31, 2019 and 2018, respectively. Interest rates ranges from 3.89% to 4.63% and 2.50% to 7.00% per annum for 2019 and 2018, respectively, with terms of 1 day up to 90 days.

ii. On April 28, 2019, the Parent Company sold to AyalaLand Estates, Inc. (ALEI), its development project, Vermosa Midtown Commercial Lots which is a campus-type commercial district with a lifestyle mall. Total saleable area of the project is 58,457 square meters. The carrying value of the project amounted to ₱1,286.8 million.

iii. On June 2019, Parent Company sold its 20% ownership from Laguna Technopark, Inc. to AyalaLand Logistics Holdings, a total of 8,015 shares @ ₱99,366.54/share amounting to ₱800 million.

iv. On November 13, 2019, the Parent Company sold at cost to Bay Area Hotel Ventures, Inc., a subsidiary of AyalaLand Hotels and Resorts Corp. (AHRC), the Seda Manila Bay which is a 11 storey hotel building located at Aseana City, Paranaque.The carrying value of the property amounted to ₱596.3 million

v. The Parent Company sold residential receivables on a without recourse basis to BPI Family Savings Bank, Inc., a related party, amounting to ₱5,075.09 Million in 2019. Proceeds of receivables sold to BPI amounted to ₱4,692.89 Million. The Group recognized loss on sale (under "Other charges") amounting to ₱385.99 million.

vi. Receivables from/payables to MDC pertain to advances and retentions in relation to construction contracts involving the Parent Company's real estate projects, with MDC being the primary contractor.

vii. Transaction with APMC pertain to agreements to administer properties of the Parent Company for stipulated fees. Under this agreement, APMC shall manage, maintain, preserve and provide services for the efficient use of such properties. Further, APMC leases its carpark facilities (Ayala Center Carparks and Central Business District Carparks) under lease agreements with the Parent Company. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of net operating income, whichever is higher. The lease agreements are renewed annually upon mutual agreement of the parties. Aside from the property management services provided by APMC and the leases discussed above, transactions with the Parent Company include noninterest-bearing advances and reimbursements of expenses incurred in connection with the maintenance of the administered properties.

viii. Receivable from ALISI pertains to lease agreement with the Parent Company for office and parking spaces.

ix. Receivables from Alveo pertain mostly to advances and reimbursement of operating expenses related to development cost and land acquisitions. These are generally trade related.

x. On January 1, 2015, the Parent Company and ACCI entered into a lease contract for the lease of parcels of land and buildings within the Greenbelt and Glorietta development located at the Ayala Center, Makati City. The lease shall be for a period of two years from January 1, 2015 until December 31, 2016, renewable for another two years upon the written agreement of both parties. The lease generally provides for a fixed monthly rent and a certain percentage of gross rental revenue per month.

   In consideration of the lease, the Parent Company and ACCI executed a Deed of Assignment wherein, the Parent Company assigned to ACCI contracts of lease, security deposits, construction bonds and trade receivables with merchants occupying said development. ACCI assumed all rights and obligations under the contracts of lease, other contracts, permits and licenses, trade receivables, security deposits and construction bonds.

   The lease contract between ACCI and Parent Company has been renewed for five (5) years covering the period January 1, 2017 to December 31, 2021. (see Note 29).

xi. On January 1, 2017, the Parent Company and NECC entered into a lease contract for the lease of a parcel of land with an area of 19,988 sq.m., three office towers and a common retail podium mixed-use commercial building. The lease shall be for a period of 40 years which commenced on January 1, 2017. The commencement of the lease period for the buildings are by phase, Phase 1 started on January 18, 2017, Phase 2 on April 1, 2017, Phase 3 on October 1, 2017 and Phase 4 shall start on October 1, 2018. The lease on the buildings is co-terminous with the land lease. The lease is renewable for another 40 years upon mutual agreement of both parties. The lease generally provide for a fixed monthly rent and a certain percentage of gross rental revenue per month. (see Note 29)

xii. On September 2017, the Parent Company signed a Lease Agreement with AyalaLand Estates, Inc. (ALEI) for the lease of a 4.3-hectare portion of land located in Vermosa, Pasong Buaya I, Imus City, Province of Cavite. The term of the lease shall ten (10) years commencing from September 2017 to August 2027.

xiii. On December 27, 2017, the Parent Company sold at cost to MCLC buildings under construction located at Ayala Triangle Gardens and Sta. Ana Park, A.P. Reyes Ave., Brgy. Carmona, Makati City. Subsequently, the Parent Company signed a lease agreement with MCLC for the lease on the parcels of land it owns where the buildings were constructed. (see Notes 11 and 29)

xiv. On December 28, 2017, the Parent Company sold at cost to ASCVC, the Arca South BPO and Mall which is still under construction. Subsequently, the Parent Company signed a lease agreement with ASCVC for the lease on the parcels of land it owns where the buildings were constructed. (see Notes 11 and 29)

xv. During 2017, the Parent Company and NECC entered into a lease contract for the lease of a 24-storey building with a total construction floor area of 146,830 sq. m. located at 30 Meralco Ave., Pasig City. The lease shall be for a period of 40 years which commenced on February 1, 2016 for Phase 1 and August 1, 2017 for Phase 2. The lease is renewable for another 40 years upon mutual agreement of both parties. The lease generally provide for a fixed monthly rent and a certain percentage of gross rental revenue per month. (see Notes 11 and 29)

xvi. On October 5, 2018, the Parent Company sold at cost to One Dela Rosa Properties, Inc. (ODRPI), a wholly-owned subsidiary, the Ayala North Exchange BPO and Mall which is still under construction located along Ayala Avenue, Makati City. The carrying value of the parcels of land and buildings amounted to ₱6,012.8 million.

d. Notes receivable pertains to housing, car, salary and other loans granted to the Parent Company's officers and employees which are collectible through salary deduction, bears 6% interest p.a. and have various maturity dates ranging from 2015 to 2032 (see Note 6).

e. Compensation of key management personnel by benefit type follows:

	2019	2018
Short-term employee benefits	**₱185,540,295**	₱156,677,620
Post-employment benefits (Note 23)	**11,622,450**	15,496,600
	₱197,162,745	₱172,174,220

23. Retirement Plan

The Parent Company has funded, noncontributory tax-qualified defined benefit type of retirement plan (the Plan) covering substantially all of its employees. The benefits are based on a defined benefit formula.

The Plan aims to maintain a full funding, i.e., the Plan's assets fully covered the Plan's liabilities, as measured through generally accepted actuarial methodologies. Such will provide a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns. The target funded status is within the range of 80% to 100%.

The Parent Company's fund is in the form of a trust fund being maintained by BPI Asset Management and Trust Parent Company (the "Retirement Fund"). The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The components of pension expense (included in "Manpower costs" under "General and administrative expenses") in the parent company statements of income follow:

	2019	2018
Current service cost	**₱155,791,100**	₱174,652,400
Net interest cost on benefit obligation	**88,561,200**	68,262,800
Total pension expense	**₱244,352,300**	₱242,915,200

The remeasurement effects recognized in other comprehensive income (loss) in the parent company statements of comprehensive income follow:

	2019	2018
Loss (return) on plan assets (excluding amount included in net interest)	**(₱10,787,800)**	₱110,057,000
Actuarial loss (gain) due to liability experience	**28,563,500**	36,780,900
Actuarial loss (gain) due to liability assumption changes – economic	**343,666,900**	(233,669,800)
Remeasurements in other comprehensive income	**₱361,442,600**	(₱86,831,900)

The funded status and amounts recognized in the parent company statements of financial position for the pension plan as of December 31, 2019, and 2018 follow:

	2019	2018
Benefit obligation	**₱3,025,381,692**	₱2,513,859,792
Plan assets	**(1,398,540,889)**	(1,299,055,989)
Net pension liability	**₱1,626,840,803**	₱1,214,803,803

Changes in net pension liability are as follows:

		Net benefit cost in parent company statement of income				**Remeasurements in other comprehensive income**						
	January 1, 2019	**Current service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan assets***	**Actuarial (gain) loss due to liability experience**	**Actuarial (gain) loss due to liability assumption changes**	**Net remeasurement loss/ (gain)**	**Contribution by employer**	**Transfer in /(out)**	**December 31, 2019**
Present value of defined benefit obligation	**₱2,513,859,792**	**₱155,791,100**	**₱175,714,900**	**₱331,506,000**	**(₱192,214,500)**	**₱–**	**₱28,563,500**	**₱343,666,900**	**₱372,230,400**	**₱–**	**₱–**	**₱3,025,381,692**
Fair value of plan assets	**(1,299,055,989)**	**–**	**(87,153,700)**	**(87,153,700)**	**192,214,500**	**(10,787,800)**	**–**	**–**	**(10,787,800)**	**(193,757,900)**	**–**	**(1,398,540,889)**
Net defined benefit liability (asset)	**₱1,214,803,803**	**₱155,791,100**	**₱88,561,200**	**₱244,352,300**	**₱–**	**(₱10,787,800)**	**₱28,563,500**	**₱343,666,900**	**₱361,442,600**	**(₱193,757,900)**	**₱–**	**₱1,626,840,803**

**excluding amount included in net interest*

Changes in net pension liability in 2018 are as follows:

		Net benefit cost in parent company statement of income				Remeasurements in other comprehensive income						
	January 1, 2018	Current service cost	Net interest	Subtotal	Benefits paid	Return on plan assets*	Actuarial (gain) loss due to liability experience	Actuarial (gain) loss due to liability assumption changes - economic	Net remeasurement loss/ (gain)	Contribution by employer	Transfer in /(out)	December 31, 2018
Present value of defined benefit obligation	₱2,557,704,592	₱174,652,400	₱144,900,100	₱319,552,500	(₱158,302,600)	₱–	₱36,780,900	(₱233,669,800)	(₱196,888,900)	₱–	(₱8,205,800)	₱2,513,859,792
Fair value of plan assets	(1,345,210,989)	–	(76,637,300)	(76,637,300)	158,302,600	110,057,000	–	–	110,057,000	(153,773,100)	8,205,800	(1,299,055,989)
Net defined benefit liability (asset)	₱1,212,493,603	₱174,652,400	₱68,262,800	₱242,915,200	₱–	₱110,057,000	₱36,780,900	(₱233,669,800)	(₱86,831,900)	(₱153,773,100)	₱–	₱1,214,803,803

**excluding amount included in net interest*

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market.

The plan assets have diverse investments and do not have any concentration risk.

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	December 31	
	2019	2018
Cash and cash equivalents	**₱14,809,693**	₱20,187,737
Equity investments		
Unit investment trust funds	**238,689,488**	108,844,472
Holding firms	**120,571,059**	74,498,317
Financials	**72,099,574**	50,757,420
Property	**84,648,767**	54,757,594
Industrials	**13,980,164**	12,838,440
Services	**15,694,970**	3,989,749
Mining and Oil	**–**	–
	545,684,022	305,685,992
Debt investments		
Government securities	**177,970,758**	170,095,456
AAA rated debt securities	**322,463,250**	353,412,913
Not rated debt securities	**–**	–
Others	**337,613,166**	449,157,162
	838,047,174	972,665,531
Other assets	**–**	516,729
	₱1,398,540,889	₱1,299,055,989

The Retirement Fund's investments will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the set benchmark for each asset class. In case of securities, the aggregate holdings of any security may not exceed 10% of the Plan assets. The criteria for including an asset class in the strategic policy include: (a) wide recognition and acceptance among institutional investors; (b) low correlation with other accepted asset classes; and (c) a meaningful performance history. The Parent Company expects to make contributions of ₱600.6 million to its retirement fund in 2020.

The allocation of the fair value of plan assets follows:

	2019	2018
Investments in debt securities	**59.92%**	74.87%
Investments in equity securities	**39.02%**	23.53%
Others	**1.06%**	1.60%

Funds invested in debt securities include government securities, corporate notes and bonds, and special deposit accounts. Investments in equity securities consist of investments in PSE-listed stocks and equity securities held by unit investment trust funds. Others were in the form of cash and cash equivalents.

The Parent Company's transactions with the Fund mainly pertain to contributions, benefit payments and settlements.

As of December 31, 2019 and 2018, the funds include investment in securities of its related parties. Details of the investment per type of security are as follows:

	December 31, 2019			December 31, 2018
	Carrying Value	**Fair Value**	**Unrealized (Gain) Loss**	Fair Value
		(In Thousands)		
Investments in debt securities	**₱826,887**	**₱838,047**	**(₱11,160)**	₱972,666
Investments in equity securities	**545,684**	**545,684**	**–**	305,686
Others	**14,810**	**14,810**	**–**	20,704
	₱1,387,381	**₱1,398,541**	**(₱11,160)**	₱1,299,056

The plan assets include shares of stock of the Parent Company with fair value amounting to ₱38.6 million and ₱27.7 million as of December 31, 2019 and 2018, respectively. It also includes shares of stocks of related parties within the AC Group with fair value amounting to ₱58.7 million and ₱42.2 million as of December 31, 2019 and 2018, respectively. The Parent Company gives the trustee bank the discretion to exercise voting rights over the shares. The plan assets include debt securities of the Parent Company amounting to ₱66.8 million and ₱62.9 million as of December 31, 2019, and 2018, respectively. The fund incurred no loss in 2019 and a ₱1.1 million loss in 2018 arising from investments in debt and equity securities of the Parent Company.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2019	2018
Discount rate	**4.75%**	7.00%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2019

	Effect on Defined Benefit Obligation Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis Points**
Discount rate	**(₱155,807,157)**	**₱174,867,062**
Salary increase rate	**171,539,142**	**(155,807,157)**

2018

	Effect on Defined Benefit Obligation Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis Points
Discount rate	(₱125,692,990)	₱140,273,376
Salary increase rate	140,524,752	(128,206,849)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	**2019**	2018
1 year and less	**₱600,571,900**	₱396,308,800
More than 1 year to 5 years	**1,463,316,700**	1,630,312,500
More than 5 years to 10 years	**1,550,836,700**	1,387,325,200

The average duration of the defined benefit obligation as at December 31, 2019 and 2018 is 9.0 years and 5.3 years, respectively.

24. Earnings Per Share

The following tables present information necessary to compute EPS:

	2019	2018
Net income	**₱13,225,107,412**	₱15,198,950,784
Less: dividends on preferred stock	**(62,037,888)**	(62,037,888)
Net income	**₱13,163,069,524**	₱15,136,912,896
Weighted average number of common shares for basic EPS	**14,732,795,752**	14,730,049,087
Add: dilutive shares arising from stock options	**344,196**	966,403
Adjusted weighted average number of common shares for diluted EPS	**14,733,139,948**	14,731,015,490
Basic and diluted EPS	**₱0.89**	₱1.03

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

The convertibility of the preferred shares will start on the 10th year from the issue date which was in 2012. This has an antidilutive effect on the computation of diluted EPS.

25. Stock Options and Ownership Plans

The Parent Company has stock option plans for key employees covering 2.5% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

ESOP

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

The Parent Company has no ESOP grant and availment during 2019 and 2018.

ESOWN
In November 2001, the Parent Company offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, the Parent Company introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of the Parent Company or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to the Parent Company's right to repurchase.

The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula and Binomial Tree Model (BTM), taking into account the terms and conditions upon which the options were granted. The BSM Formula and BTM Model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate. The expected volatility was determined based on an independent valuation.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2019	**WAEP**	2018	WAEP
At January 1	**5,601,470**	**₱32.71**	5,150,628	₱19.31
Granted	**11,610,720**		10,384,365	
Subscribed	**(10,453,766)**	**43.70**	(9,933,523)	41.14
Availment	**487,585**		96,516	
Cancelled	**(6,940,594)**		(96,516)	
At December 31	**305,415**	**₱35.94**	5,601,470	₱32.71

The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date							
	March 21, 2019	March 28, 2018	March 01, 2017	April 05, 2016	March 20, 2015	March 20, 2014	March 18, 2013	March 13, 2012
Number of unsubscribed shares	–	–	–	181,304	–	1,369,887	1,713,868	3,967,302
Fair value of each option (BTM)	₱–	₱–	₱8.48	₱13.61	₱16.03	₱12.60	₱16.05	₱9.48
Fair value of each option (BSM)	₱17.13	₱12.71	₱–	₱18.21	₱20.63	₱12.16	₱11.85	₱6.23
Weighted average share price	₱44.70	₱41.02	₱39.72	₱35.58	₱36.53	₱31.46	₱30.00	₱21.98
Exercise price	₱44.49	₱45.07	₱35.81	₱26.27	₱29.58	₱22.55	₱21.45	₱14.69
Expected volatility	31.48%	34.04%	30.95%	32.03%	31.99%	33.50%	36.25%	33.00%
Dividend yield	1.16%	1.22%	1.34%	1.27%	1.02%	1.42%	1.93%	0.9%
Interest rate	5.57%	4.14%	4.41%	4.75%	4.11%	3.13%	2.78%	5.70%

Total expense (included under "General and administrative expenses") recognized in 2019 and 2018 in the parent company statements of income arising from share-based payments amounted to ₱142.9 million and ₱98.5 million, respectively (see Note 20).

26. Financial Assets and Liabilities

Fair Value Information
The following tables set forth the carrying values and estimated fair values of the Parent Company's financial assets and liabilities recognized as of December 31, 2019 and 2018:

	2019		2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets at FVPL	**₱2,054,808**	**₱2,054,808**	₱1,969,029	₱1,969,029
Financial Assets at FVOCI				
Unquoted equity securities	**106,577,497**	**106,577,497**	178,327,497	178,327,497
Quoted equity securities	**151,300,000**	**151,300,000**	69,073,950	69,073,950
	257,877,497	**257,877,497**	247,401,447	247,401,447
	₱259,932,305	**₱259,932,305**	₱249,370,476	₱249,370,476
Financial assets at amortized cost				
Trade residential development	**₱14,803,725,695**	**₱17,919,104,955**	₱8,496,126,790	₱9,182,960,816
Receivable from employees	**145,838,714**	**147,874,973**	120,777,701	126,111,437
	₱14,949,564,409	**₱18,066,979,928**	₱8,616,904,491	₱9,309,072,253
Other Financial Liabilities				
Long-term debt	**₱162,679,085,065**	**₱163,919,747,576**	₱142,914,447,650	₱126,995,645,286
Deposits and other noncurrent liabilities	**5,879,290,899**	**5,850,823,968**	3,658,235,592	3,629,768,661
	₱168,558,375,964	**₱169,770,571,544**	₱146,572,683,242	₱130,625,413,947

The methods and assumptions used by the Parent Company in estimating the fair value of the financial instruments are as follows:

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

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

Noncurrent accounts receivable - The fair values of residential accounts receivable, and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used for residential accounts receivable ranged from 6.25% to 12.50% as of December 31, 2019. The discount rates used for receivable from employees ranged from 6.00% to 12.00% as of December 31, 2019 and 2018.

Financial assets at FVOCI - Fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities - Fair values are based on the latest selling price available.

Liabilities - The fair value of noncurrent unquoted instruments are estimated using the discounted cash flow methodology using the Parent Company's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 3.18% to 7.50% and 7.28% to 8.79% as of December 31, 2019, and 2018, respectively. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy
The Parent Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable in the market, either directly or indirectly

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

The Parent Company categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

Quoted FVOCI amounting to ₱151.3 million and ₱69.0 million as of December 31, 2019 and 2018, respectively, were classified under the Level 1 category (see Note 9).

Unquoted FVOCI financial assets amounting to ₱106.6 million as of December 31, 2019 were classified under Level 3 (see Note 9).

Investment in UITF amounting to ₱2.1 million and ₱2.0 million as of December 31, 2019, and 2018, respectively were classified under Level 2 (see Note 5).

There have been no reclassifications from Level 1 to Level 2 categories in 2019 and 2018.

Financial Risk Management Objectives and Policies

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

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

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

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

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

There were no changes in the Parent Company's financial risk management objectives and policies in 2019 and 2018.

Liquidity risk

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

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

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

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

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

The table summarizes the maturity profile of the Parent Company's financial liabilities at December 31, 2019 and 2018 based on contractual undiscounted payments:

December 31, 2019

	< 1 year	**1 to < 5 years**	**> 5 years**	**Total**
Accounts and other payables	**₱73,064,917,964**	**₱–**	**₱–**	**₱73,064,917,964**
Short-term debt	**15,708,000,000**	**–**	**–**	**15,708,000,000**
Long-term debt	**7,188,254,688**	**71,742,054,000**	**83,748,776,377**	**162,679,085,065**
Deposits and other current liabilities	**12,638,574,167**	**–**	**–**	**12,638,574,167**
Deposits and other noncurrent liabilities	**25,875,052**	**5,853,415,847**	**–**	**5,879,290,899**
	₱108,625,621,871	**₱77,595,469,847**	**₱83,748,776,377**	**₱269,969,868,095**
Interest payable*	**₱7,097,827,290**	**₱32,385,722,833**	**₱7,024,467,623**	**₱46,508,017,746**

**includes future interest payment*

December 31, 2018

	< 1 year	1 to < 5 years	> 5 years	Total
Accounts and other payables	₱80,587,225,116	₱–	₱–	₱80,587,225,116
Short-term debt	13,500,900,000	–	–	13,500,900,000
Long-term debt	20,255,266,261	59,370,346,135	63,288,835,254	142,914,447,650
Deposits and other current liabilities	1,998,803,799	–	–	1,998,803,799
Deposits and other noncurrent liabilities	25,875,052	3,632,360,540	–	3,658,235,592
	₱116,368,070,228	₱63,002,706,675	₱63,288,835,254	₱242,659,612,157
Interest payable*	₱5,584,269,409	₱23,624,390,149	₱11,541,745,071	₱40,750,404,629

**includes future interest payment*

Cash and cash equivalents and financial assets at FVPL are used for the Parent Company's liquidity requirements. Please refer to the terms and maturity profile of these financial statements under the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. There were no undrawn loan commitments from long-term credit facilities as of December 31, 2019 and 2018.

Credit risk
Credit risk is a risk that counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

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

In respect to installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Parent Company also undertakes supplemental credit review procedures for certain installment payment structures. The Parent Company's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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

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

The Parent Company's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets.

Given the Parent Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2019 and 2018, the exposure at default amounts to ₱1,1,942.1 million and ₱1,813.3 million, respectively. The expected credit loss rate is 0.4% that resulted in the ECL of ₱214.0 million and ₱170.7 million as of December 31, 2019 and December 31, 2018, respectively.

As of December 31, 2019 and 2018, the aging analysis of past due but not impaired trade receivables presented per class, is as follows:

2019

	Neither Past Due nor Impaired	Past Due but not Impaired 30 days	30-60 days	60-90 days	90-120 days	120 days	Total	Impaired	Total
Trade									
Residential, commercial and office development	**₱36,785,717,839**	**₱380,235,370**	**₱325,329,269**	**₱205,623,560**	**₱249,319,563**	**₱1,532,365,289**	**₱2,692,873,051**	**₱–**	**₱39,478,590,890**
Corporate business	**581,365,195**	**7,179,063**	**18,634,882**	**491,231**	**54,129,873**	**46,425,406**	**126,860,455**	**65,307,897**	**773,533,547**
Shopping centers	**207,592,797**	**14,099,576**	**7,568,378**	**51,291,757**	**4,579,300**	**55,319,709**	**132,858,720**	**148,710,191**	**489,161,708**
Others	**1,837,546,247**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,837,546,247**
Receivable from related parties	**55,068,731,831**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55,068,731,831**
Advances to other companies	**12,956,085,671**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,956,085,671**
Dividends receivable	**1,819,517,787**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,819,517,787**
Receivable from employees	**167,019,787**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**167,019,787**
Interest receivable	**12,707,620**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,707,620**
	₱109,436,284,774	**₱401,514,009**	**₱351,532,529**	**₱257,406,548**	**₱308,028,736**	**₱1,634,110,404**	**₱2,952,592,226**	**₱214,018,088**	**₱112,602,895,088**

2018

	Neither Past Due nor Impaired	Past Due but not Impaired 30 days	30-60 days	60-90 days	90-120 days	120 days	Total	Impaired	Total
Trade									
Residential, commercial and office development	₱51,711,658,693	₱794,998,504	₱692,326,525	₱470,939,019	₱297,797,643	₱1,408,331,772	₱3,664,393,463	₱–	₱55,376,052,156
Corporate business	566,451,614	3,157,796	18,773,530	26,861,061	4,925,261	55,769,512	109,487,160	21,954,380	697,893,154
Shopping centers	357,028,358	5,018,140	2,221,089	2,841,605	2,364,043	44,102,885	56,547,762	148,710,191	562,286,311
Others	1,773,207,773	–	–	–	–	–	–	–	1,773,207,773
Receivable from related parties	37,692,233,291	–	–	–	–	–	–	–	37,692,233,291
Advances to other companies	10,752,450,763	–	–	–	–	–	–	–	10,752,450,763
Dividends receivable	1,984,062,467	–	–	–	–	–	–	–	1,984,062,467
Receivable from employees	227,170,279	–	–	–	–	–	–	–	227,170,279
Interest receivable	12,711,404	–	–	–	–	–	–	–	12,711,404
	₱105,076,974,642	₱803,174,440	₱713,321,144	₱500,641,685	₱305,086,947	₱1,508,204,169	₱3,830,428,385	₱170,664,571	₱109,078,067,598

The table below shows the credit quality of the Parent Company's financial assets as of December 31, 2019 and 2018:

December 31, 2019

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱1,845,768,870	₱–	₱–	₱–	₱1,845,768,870	₱–	₱–	₱1,845,768,870
Financial asset at FVPL	2,054,808	–	–	–	2,054,808	–	–	2,054,808
Accounts and notes receivables								
Trade								
Residential, commercial and office development	36,785,717,839	–	–	–	36,785,717,839	2,692,873,051	–	39,478,590,890
Corporate business	581,365,195	–	–	–	581,365,195	126,860,455	65,307,897	773,533,547
Shopping centers	163,714,327	43,878,470	–	–	207,592,797	132,858,720	148,710,191	489,161,708
Others	1,837,546,247	–	–	–	1,837,546,247	–	–	1,837,546,247
Receivable from related parties	55,068,731,831	–	–	–	55,068,731,831	–	–	55,068,731,831
Advances to other companies	12,956,085,671	–	–	–	12,956,085,671	–	–	12,956,085,671
Dividends receivable	1,819,517,787	–	–	–	1,819,517,787	–	–	1,819,517,787
Receivable from employees	167,019,787	–	–	–	167,019,787	–	–	167,019,787
Interest receivable	12,707,620	–	–	–	12,707,620	–	–	12,707,620
Financial Assets at Fair Value through OCI								
Unquoted	–	–	–	106,577,497	106,577,497	–	–	106,577,497
Quoted	151,300,000	–	–	–	151,300,000	–	–	151,300,000
	₱111,391,529,982	₱43,878,470	₱–	₱106,577,497	₱111,541,985,949	₱2,952,592,226	₱214,018,088	₱114,708,596,263

2018

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱1,122,562,869	₱–	₱–	₱–	₱1,122,562,869	₱–	₱–	₱1,122,562,869
Financial asset at FVPL	1,969,029	–	–	–	1,969,029	–	–	1,969,029
Accounts and notes receivables								
Trade								
Residential, commercial and office development	51,711,658,693			–	51,711,658,693	3,664,393,463	–	55,376,052,156
Corporate business	566,451,614	–	–	–	566,451,614	109,487,160	21,954,380	697,893,154
Shopping centers	336,304,738	20,723,620	–	–	357,028,358	56,547,762	148,710,191	562,286,311
Others	1,773,207,773	–	–	–	1,773,207,773	–	–	1,773,207,773
Receivable from related parties	37,692,233,291	–	–	–	37,692,233,291	–	–	37,692,233,291
Advances to other companies	10,752,450,763	–	–	–	10,752,450,763	–	–	10,752,450,763
Dividends receivable	1,984,062,467	–	–	–	1,984,062,467	–	–	1,984,062,467
Receivable from employees	227,170,279	–	–	–	227,170,279	–	–	227,170,279
Interest receivable	12,711,404	–	–	–	12,711,404	–	–	12,711,404
AFS financial assets								
Unquoted	–	–	–	178,327,497	178,327,497	–	–	178,327,497
Quoted	69,073,950	–	–	–	69,073,950	–	–	69,073,950
	₱106,249,856,870	₱20,723,620	₱–	₱178,327,497	₱106,448,907,987	₱3,830,428,385	₱170,664,571	₱110,450,000,943

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI and AFS quoted securities - based on the nature of the counterparty and the Parent Company's internal rating system.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three (3) defaults in payment in the past; and low grade pertains to receivables with more than three (3) defaults in payment.

The unquoted AFS financial assets and unquoted financial assets at FVOCI are unrated.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

The Parent Company manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio. The Parent Company's ratio of fixed to floating rate debt stood at 91:9 as of December 31, 2019 and 2018.

The following tables demonstrate the sensitivity of the Parent Company's income before income tax and equity to a reasonably possible change in interest rates on December 31, 2019 and 2018, with all variables held constant, (through the impact of floating rate borrowings and changes in fair value of AFS financial assets):

2019

	Effect on income before income tax Change in basis points	
	+100 basis points	**-100 basis points**
Floating rate borrowings	**(₱157,080,000)**	**₱157,080,000**

2018

	Effect on income before income tax Change in basis points	
	+100 basis points	-100 basis points
Floating rate borrowings	(₱135,009,000)	₱135,009,000

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Parent Company's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with its corresponding nominal amounts and carrying values are shown in the following tables:

2019

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	**₱1,845,768,870**	**₱1,845,768,870**	**₱–**	**₱–**	**₱1,845,768,870**
Accounts and notes							
receivable	Fixed at the date of sale	Date of sale	**167,019,787**	**21,181,073**	**145,838,714**	**–**	**167,019,787**
			₱2,012,788,657	**₱1,866,949,943**	**₱145,838,714**	**₱–**	**₱2,012,788,657**
Short-term debt							
Floating-Peso	Variable	Monthly	**₱15,708,000,000**	**₱15,708,000,000**	**₱–**	**₱–**	**₱15,708,000,000**
Long-term debt							
Fixed							
Peso	Fixed at 6.0000%	10 years	**5,650,000,000**	**–**	**5,645,303,849**	**–**	**5,645,303,849**
Peso	Fixed at 4.6250% to 6.0000%	7,10 and 20 years	**21,000,000,000**	**4,000,000,000**	**14,931,968,181**	**1,985,275,846**	**20,917,244,027**
Peso	Fixed at 5.6250%	11 years	**8,000,000,000**	**–**	**–**	**7,952,879,530**	**7,952,879,530**
Peso	Fixed at 4.5000%	7 years	**7,000,000,000**	**–**	**6,968,807,211**	**–**	**6,968,807,211**
Peso	Fixed at 5.6250% to 7.5%	5, 10 and 15 years	**960,000,000**	**10,000,000**	**39,763,544**	**905,696,499**	**955,460,043**
Peso	Fixed at 4.50 to 6.307%	Up to 10.5 years	**46,635,093,750**	**3,178,254,688**	**11,098,312,484**	**32,196,331,738**	**46,472,898,910**
Peso	Fixed at 3.8915 to 4.85%	7, 9.5 and 10 years	**22,000,000,000**	**–**	**6,961,630,823**	**14,902,377,056**	**21,864,007,879**
Peso	Fixed at 5.2624%	10 years	**7,000,000,000**	**–**	**–**	**6,972,611,037**	**6,972,611,037**
Peso	Fixed at 5.9203%	10 years	**10,000,000,000**	**–**	**–**	**9,896,154,193**	**9,896,154,193**
Peso	Fixed at 7.0239%	5 years	**8,000,000,000**	**–**	**7,925,898,274**	**–**	**7,925,898,274**
Peso	Fixed at 3.1764% to 3.187%	5 years	**6,329,375,000**	**–**	**6,329,375,000**	**–**	**6,329,375,000**
Peso	Fixed at 4.2463% to 6.369%	2, 5, 7 and 7.25 years	**21,000,000,000**	**–**	**11,840,994,634**	**8,937,450,478**	**20,778,445,112**
			₱179,282,468,750	**₱22,896,254,688**	**₱71,742,054,000**	**₱83,748,776,377**	**₱178,387,085,065**

2018

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Cash and cash equivalents (excluding cash on hand)	Fixed at the date of investment	Various	₱1,122,562,869	₱1,122,562,869	₱–	₱–	₱1,122,562,869
Accounts and notes receivable	Fixed at the date of sale	Date of sale	227,170,279	106,392,578	120,777,701	–	227,170,279
			₱1,349,733,148	₱1,228,955,447	₱120,777,701	₱–	₱1,349,733,148
Short-term debt							
Floating-Peso	Variable	Monthly	₱13,500,900,000	₱13,500,900,000	₱–	₱–	₱13,500,900,000
Long-term debt							
Fixed							
Peso	Fixed at 5.6250% to 6.0000%	7 and 10 years	15,000,000,000	9,341,196,399	5,644,680,177	–	14,985,876,576
Peso	Fixed at 4.6250% to 6.0000%	7,10.5 and 20 years	21,000,000,000	–	18,989,546,159	1,907,664,328	20,897,210,487
Peso	Fixed at 5.6250%	11 years	8,000,000,000	–	–	7,945,703,284	7,945,703,284
Peso	Fixed at 4.5000%	7 years	7,000,000,000	–	6,960,744,471	–	6,960,744,471
Peso	Fixed at 3.8915% to 4.85%	7, 9.5 and 10 years	22,000,000,000	–	6,952,612,918	14,888,888,878	21,841,501,796
Peso	Fixed at 3.00%	3 years	2,982,530,000	2,971,976,035	–	–	2,971,976,035
Peso	Fixed at 5.2624%	10 years	7,000,000,000	–	–	6,969,629,781	6,969,629,781
Peso	Fixed at 5.9203% to 7.0239%	5 and 10 years	18,000,000,000	–	7,909,304,599	9,886,827,793	17,796,132,392
Peso	Fixed at 2.7500%	1.75 years	4,300,000,000	4,295,630,115	–	–	4,295,630,115
Peso	Fixed at 3.2500%	1.25 years	3,100,000,000	3,097,744,962	–	–	3,097,744,962
Peso	Fixed at 4.5000% to 7.8750%	5, 10 and 15 years	5,770,000,000	60,000,000	4,800,000,000	904,858,778	5,764,858,778
Peso	Fixed at 4.50% to 4.949%	Up to 10.5 years	29,465,676,562	488,718,750	8,113,457,812	20,785,262,411	29,387,438,973
Floating							
USD	Variable	3.4 and 10.3 years	–	–	–	–	–
			₱157,119,106,562	₱33,756,166,261	₱59,370,346,136	₱63,288,835,253	₱156,415,347,650

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial assets and credit facilities of the Parent Company, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies. As such, the Parent Company's foreign currency risk is minimal.

The following table shows the Parent Company's foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2019 and 2018:

	2019		2018	
	US Dollar	**Php Equivalent**	US Dollar	Php Equivalent
Financial Assets				
Cash and cash equivalents	**$1,016,759**	**₱51,488,652**	$416,925	₱21,921,920
Financial Liabilities				
Short-term debt	**–**	**–**	–	–
Long-term debt	**125,000,000**	**6,330,000,000**	–	–
	$125,000,000	**₱6,330,000,000**	$–	₱–
Net foreign currency-denominated assets/(liabilities)	**($123,983,241)**	**(₱6,278,511,348)**	$416,925	₱21,921,920

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rate used were ₱50.64 to US$1.00 and ₱52.58 to US$1.00, the Philippine Peso - USD exchange rates as of December 31, 2019 and 2018, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine Peso - U.S. Dollar exchange rate, with all variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Increase (decrease)	Effect on profit before tax	
in exchange rate	**2019**	2018
₱1.00	**(123,983,241)**	416,925
(1.00)	**123,983,241**	(416,925)

There is no impact on the Parent Company's equity other than those already affecting net income.

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

The Parent Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The analysis below demonstrates the sensitivity to a reasonably possible change of market index with all other variables held constant, of the Parent Company's equity.

	Effect on equity Increase (decrease)	
Change in PSEi index	**2019**	2018
+5%	**₱227,854**	₱287,990
-5%	**(227,854)**	(287,990)

Quoted financial assets at FVPL pertain to investment in UITF (Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

As of December 31, 2019 and 2018, the Parent Company's investment in the fund where all other variables held constant, the fair value, net income and equity will increase (decrease) by: (i) BPI UITF ₱7,397 with a duration of 0.36 year and ₱8,073 with a duration of 0.41 year, respectively, for a 100 basis points decrease or increase, in interest rates.

27. Segment Information

The industry segments where the Parent Company operates follow:

Core business:

- Residential developments - sale of high-end and upper middle-income residential lots and units, and leisure community developments; lease of residential developments under joint venture; acquisition, development and sale of large-scale, mixed-use, master-planned communities; sale of override units or the Parent Company's share in properties made available to subsidiaries for development.
- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Corporate business - development and lease of office buildings
- Corporate - company-wide activities not catering to specific business units

Support Business:

- Property management - facilities management of the Parent Company

Assets, liabilities, revenues and expenses of the Strategic Landbank Management and Visayas-Mindanao segment were reallocated to other business segments namely, shopping centers, corporate businesses and residential developments according to the nature of the products and services provided.

Management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

For the years ended December 31, 2019 and 2018, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Business segments
The following tables regarding business segments present assets and liabilities as of December 31 and revenue and profit information for the years ended December 31 (in millions):

2019

	Property Development	Shopping Centers	Offices	Property Management and Others	Corporate	Total
Revenue						
Revenues from contracts with customers	₱28,205	₱625	₱237	₱3,466	₱–	₱32,533
Interest income from real estate sales	3,413	–	–	–	–	3,413
Rental income	27	1,886	2,185	9	–	4,107
Total revenue	31,645	2,511	2,422	3,475	–	40,053
Real estate costs and expenses	(20,954)	(1,371)	(411)	(11)	(921)	(23,668)
Operating profit	10,691	1,140	2,011	3,464	(921)	16,385
General and administrative expenses	(582)	(462)	(177)	(58)	(744)	(2,023)
Interest expense and other financing charges	(393)	(47)	(232)	–	(9,674)	(10,346)
Interest income	3	–	5	–	522	530
Other income	362	139	177	–	250	928
Dividend income	–	–	–	–	9,413	9,413
Other charges and expenses	–	–	(43)	–	–	(43)
Provision for income tax	–	–	–	–	(1,619)	(1,619)
Net income	₱10,081	₱770	₱1,741	₱3,406	(₱2,773)	₱13,225
Other Information						
Segment assets	₱162,352	₱100,024	₱54,861	₱51,327	₱45,235	₱413,799
Deferred tax assets	–	–	–	–	1,240	1,240
Total assets	₱162,352	₱100,024	₱54,861	₱51,327	₱46,475	₱415,039
Segment liabilities	(₱59,111)	(₱84,433)	(₱35,978)	(₱74,771)	(₱29,918)	(₱284,211)
Segment additions to:						
Property and equipment	₱47	₱450	₱37	₱–	₱113	₱647
Investment properties	986	1,262	2,924	958	2,151	8,281
Depreciation and amortization	₱28	₱691	₱457	₱3	₱97	₱1,276
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱–	₱–	₱43	₱43

2018

	Property Development	Shopping Centers	Offices	Property Management and Others	Corporate	Total
Revenue						
Revenues from contracts with customers	₱32,192	₱505	₱237	₱3,943	₱ –	₱36,877
Interest income from real estate sales	1,701	–	–	–	–	1,701
Rental income	28	1,581	2,397	56	–	4,062
Total revenue	33,921	2,086	2,634	3,999	–	42,640
Real estate costs and expenses	(23,342)	(1,260)	(675)	(2,513)	(795)	(28,585)
Operating profit	10,579	826	1,959	1,486	(795)	14,055
General and administrative expenses	(507)	(454)	(179)	(100)	(1,028)	(2,268)
Interest expense and other financing charges	(424)	–	(1)	–	(7,742)	(8,167)
Interest income	3	2	1	179	480	665
Other income	277	328	–	–	3,081	3,686
Dividend income	–	–	–	–	8,621	8,621
Other charges and expenses	–	(2)	–	–	(93)	(95)
Provision for income tax	–	–	–	–	(1,298)	(1,298)
Net income	₱9,750	₱700	₱1,375	₱1,565	₱1,809	₱15,199
Other Information						
Segment assets	₱119,564	₱87,482	₱47,230	₱59,730	₱78,399	₱392,405
Deferred tax assets	–	–	–	–	2,562	2,562
Total assets	₱119,564	₱87,482	₱47,230	₱59,730	₱80,961	₱394,967
Segment liabilities	(₱69,936)	(₱65,187)	(₱30,723)	(₱82,014)	(₱20,683)	(₱268,543)
Segment additions to:						
Property and equipment	₱34	₱230	₱26	₱7	₱135	₱432
Investment properties	3,647	10,569	2,706	1,480	(₱12)	18,390
Depreciation and amortization	₱25	₱727	₱367	₱4	₱91	₱1,214
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱2	₱–	₱–	₱–	₱2

28. **Performance Obligations**

Information about the Parent Company's performance obligations are summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii) service lot and house, and (ii) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an unbilled receivable or customers' deposit.

After the delivery of the completed real estate unit, the Parent Company provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2019 and 2018 are as follows:

	2019	2018
Within one year	**₱17,391,697,928**	₱19,606,414,936
More than one year	**17,198,973,898**	22,347,460,487
	₱34,590,671,826	₱41,953,875,423

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's condominium units are completed within three to five years, respectively, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

29. **Leases**

<u>Operating Leases - Parent Company as Lessor</u>
The Parent Company entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancellable operating leases of the Parent Company are as follows:

	2019	2018
Within one year	**₱2,440,384,881**	₱1,877,760,950
After one year but not more than five years	**9,999,754,692**	8,791,627,257
More than five years	**7,396,124,375**	9,080,452,413
	₱19,836,263,948	₱19,749,840,620

On January 1, 2015, the Parent Company and ACCI entered into a lease contract for the lease of parcels of land and buildings within the Greenbelt and Glorietta development located at the Ayala Center, Makati City. The lease shall be for a period of two years from January 1, 2015 until December 31, 2016, renewable for another two years upon the written agreement of both parties. The lease generally provide for a fixed monthly rent and a certain percentage of gross rental revenue per month. The lease was renewed from January 1, 2017 to December 31, 2021 under the same terms and conditions stated in the original contract of lease.

On January 1, 2017, the Parent Company and NECC entered into a lease contract for the lease of a parcel of land with an area of 19,988 sq.m., three office towers and a common retail podium mixed-use commercial building located at the Vertis North estate. The lease of land shall be for a period of 40 years which commenced on January 1, 2017. The commencement of the lease period for the buildings are by phase, Phase 1 started on January 18, 2017, Phase 2 on April 1, 2017, Phase 3 on October 1, 2017 and Phase 4 shall start on October 1, 2018. The lease on the buildings is co-terminous with the land lease. The lease is renewable for another 40 years upon mutual agreement of both parties. The lease generally provide for a fixed monthly rent and a certain percentage of gross rental revenue per month.

In 2017, the Parent Company and ATI entered into a lease contract for the lease of a 24-storey building with a total construction floor area of 146,830 sq. m. located at 30 Meralco Ave., Pasig City. The lease shall be for a period of 40 years which commenced on February 1, 2016 for Phase 1 and August 1, 2017 for Phase 2. The lease is renewable for another 40 years upon mutual agreement of both parties. The lease generally provide for a fixed monthly rent and a certain percentage of gross rental revenue per month.

On December 27, 2017, the Parent Company signed a lease agreement with MCLC for the lease on the parcels of land it owns where the buildings bought by MCLC were constructed. Please refer to Notes 11 and 22.

On December 28, 2017, the Parent Company signed a lease agreement with ASCVC for the lease on the parcels of land it owns where the Arca South BPO and Mall were constructed. Please refer to Notes 11 and 22.

<u>Operating Leases - Parent Company as Lessee</u>
Future minimum rentals payable under noncancellable operating leases of the Parent Company follows:

	2019	2018
Within one year	**₱38,770,466**	₱108,471,353
After one year but not more than five years	**174,496,456**	166,496,169
More than five years	**294,580,636**	341,717,110
	₱507,847,558	₱616,684,632

Set out below are the carrying amounts of right-of-use assets recognized and the movements in 2019:

Cost	
At January 1, as previously reported	₱–
Effect of adoption of standard	488,925,517
At January 1, as restated, and December 31	488,925,517
Accumulated Depreciation and Amortization	
At January 1	–
Effect of adoption of standard	85,920,603
At January 1, as restated	85,920,603
Depreciation	55,978,186
At December 31	141,898,789
Net Book Value	₱347,026,728

The rollforward analysis of lease liabilities follows:

	2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of standard	366,585,002
At January 1, 2019, as restated	366,585,002
Interest expense	27,316,431
Payments	(108,471,353)
As at December 31, 2019	₱285,430,080
Current lease liabilities	16,187,902
Noncurrent lease liabilities	269,242,178

The following are the amounts recognized in the parent company statement of income:

Depreciation expense of right-of-use assets	₱55,978,186
Interest expense on lease liabilities	27,316,431
Rent expense - variable lease payments	161,074,204
Total amounts recognized in the parent company statement of income	₱244,368,821

The Parent Company has lease contracts for land that contains variable payments based on a certain percentage of gross rental income of the commercial centers. These terms are negotiated by management for certain commercial spaces without steady customer demand. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Parent Company's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed Payments	Variable Payments	Total
Fixed	₱108,471,353	₱–	₱108,471,353
Variable rent only	–	161,074,204	161,074,204
At December 31	₱108,471,353	₱161,074,204	₱269,545,557

The significant leases entered into by the Parent Company are as follows:

On September 2018, the Parent Company signed a Lease Agreement with Manila Seedling Bank Foundation, Inc. (MSBFI) for the lease of a 4.5-hectare portion of land located at the corner of EDSA and Quezon Avenue, Diliman, Quezon City. The term of the lease shall be coterminous with the Lessor's usufruct over the Leased Premises, or until September 20, 2027.

On September 2017, the Parent Company signed a Lease Agreement with AyalaLand Estates, Inc. (ALEI) for the lease of a 4.3-hectare portion of land located in Vermosa, Pasong Buaya I, Imus City, Province of Cavite. The term of the lease shall ten (10) years commencing from September 2017 to August 2027.

On January 2017, the Parent Company signed a Lease Agreement with Philippine Racing Club, Inc. for the lease of land located in Circuit Makati, Brgy. Carmona, Makati City with an aggregate area of 12,793 sqm. The term of the lease shall be twenty-three years and three months commencing from Delivery Date. The Lessee shall have the option to renew the lease under the same terms and conditions for another period of five years, provided that renewal period shall be mutually agreed by the Parties. For the period commencing from delivery date until sixty-three (63) months thereafter, the Lessee shall pay the Lessor the rent amounting to ₱100.00 million. Commencing on the sixty fourth month from execution of the contract until the end of the lease term, the Lessee shall pay the Lessor the rent equal to fifty percent (50%) of the Gross Income of the Lessee.

30. Long-term Commitments and Contingencies

Commitments

a. On December 8, 2017, ALI assigned to NTDCC development rights on certain portions of the North Triangle lot pads covered by a Deed of Assignment and Encroachment Settlement Agreement amounting to ₱631.2 million.

b. On January 12, 2016, the Parent Company has entered into a partnership with Manila Water Philippine Ventures, Inc, a wholly owned subsidiary of Manila Water Company, Inc, for the waterworks of Parent Company's projects nationwide. The Memorandum of Agreement (MOA) was signed by Parent Company and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp. Total expenses amounted to ₱0.2 million.

c. ALI and LT Group, Inc. (LTG) entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be an estate development that spans portions of Pasig City and Quezon City. A new company named, ALI-ETON Property Development Corporation, was incorporated on March 13, 2016.

   On January 15, 2018, the estate, named Parklinks was launched and is the greenest urban estate of ALI in partnership with Eton Properties Inc. The first residential project of Ayala Land Premier, Parklinks North Tower was launched on the same year, while the Parklinks lifestyle mall broke ground as well, expected to provide a new destination for residents and office workers within the area when it opens in 2023. With the brisk residential sales of ALP's first project, the Parklinks South tower was launched in 2019, together with Alveo's first residential development "The Lattice".

   Also set to rise within the estate will be an iconic bridge that will conveniently connect the QC and Pasig parcels, offering a new route that can help ease vehicular traffic in the north eastern and eastern portions of Metro Manila. The bridge is expected to be completed by early 2021.

d. On August 11, 2015, the Parent Company won the bid for the Integrated Transport System Project-South Terminal ("ITS South Project"). The Parent Company was awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc. property on which the future transport terminal will be built. The site of the ITS South Project is right next to ARCA South, where the Parent Company is developing an integrated mixed-use estate. It is estimated that up to 4,000 buses and 160,000 passengers will feed into ITS South from SLEX every day. Full blast construction of the terminal to start by 2H 2018 and targeted to be operational by 1H 2020.

e. On June 30, 2015, the Parent Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Parent Company and CHI (together with the Parent Company collectively referred to as the “ALI Group”). Consistent with the agreed payment schedule in the Deed of Absolute Sale, as of August 1, 2018, the Parent Company has fully paid Php 4.56 billion, excluding taxes. The SM-ALI Group has finished with the joint masterplan and has secured the development permit last November 2019 from the Cebu City Council.

f. On May 12, 2014, ALI has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. The Parent Company will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

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

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

31. Notes to Statements of Cash Flows

Disclosed below is the roll forward of liabilities under financing activities:

2019

	January 1, 2019	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2019
Short-term debt	**₱13,500,900,000**	**₱2,207,100,000**	**₱–**	**₱–**	**₱15,708,000,000**
Current long-term debt	**20,255,266,261**	**(20,255,266,261)**	**7,188,254,688**	**–**	**7,188,254,688**
Non-current long-term debt	**122,659,181,389**	**39,816,778,903**	**(6,996,629,915)**	**11,500,000**	**155,490,830,377**
Lease liability	**–**	**(108,471,353)**	**393,901,433**	**–**	**285,430,080**
Dividends payable	**–**	**(7,721,500,201)**	**7,721,500,201**	**–**	**–**
Deposits and other noncurrent liabilities	**7,170,169,930**	**(83,063,372)**	**(201,505,392)**	**–**	**6,885,601,166**
Total liabilities from financing activities	**₱163,585,517,580**	**₱13,855,577,716**	**₱8,105,521,015**	**₱11,500,000**	**₱185,558,116,311**

2018

	January 1, 2018	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2018
Short-term debt	₱16,991,350,000	(₱3,490,450,000)	₱–	₱–	₱13,500,900,000
Current long-term debt	971,190,276	(1,063,975,325)	20,255,266,261	92,785,049	20,255,266,261
Non-current long-term debt	124,271,705,905	18,642,741,745	(20,255,266,261)	–	122,659,181,389
Dividends payable	–	(7,485,914,705)	7,485,914,705	–	–
Deposits and other noncurrent liabilities	7,727,724,424	(3,701,101,787)	–	–	4,026,622,637
Total liabilities from financing activities	₱149,961,970,605	₱2,901,299,928	₱7,485,914,705	₱92,785,049	₱160,441,970,287

The noncash activities of the Parent Company pertain to the following:

2019
- Transfer from investment properties to inventory amounted to ₱3,542.17 million
- Liability for purchased land amounted to ₱201.51 million

2018
- Transfer from investment properties to inventory amounted to ₱6,865.9 million
- Transfer from inventory to investment properties amounted to ₱0.4 million
- Liability for purchased land amounted to ₱2,277.06 millionon

32. **Events After the Reporting Date**

On February 20, 2020, the BOD approved the declaration of cash dividends amounting to 0.268 per outstanding common share. This reflects a 3% increase from the cash dividends declared in the first half of 2019 amounting to 0.26 per share. These will be paid on March 20, 2020 to shareholders on record as of March 6, 2020.

On the same date, the BOD approved the raising of up to 10 billion through the issuance of retail bonds under its current Shelf Registration program and will be listed on the Philippine Dealing and Exchange Corporation (PDEx) to partially finance general corporate requirements and to refinance maturing loans.

The BOD also approved the increase of additional 25 billion to the Parent Company's current share buyback program bringing the available balance to 26.1 billion. The program will be implemented through open market purchases executed via the trading facilities of the Philippine Stock Exchange.

33. **Supplementary Information Required Under Revenue Regulations 15-2010**

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

Value-Added Tax (VAT)
The Parent Company is a VAT-registered company with VAT output tax declaration as follows:

	Net Sales/ Receipts	Output VAT
Taxable sales on:		
Sale of goods	₱28,195,060,619	₱3,383,407,274
Leasing income	2,701,432,732	324,171,928
Sales to Government	170,689,992	20,482,799
Others	6,041,862,831	725,023,540
Zero-Rated Sales	1,381,886,739	–
	₱38,490,932,913	₱4,453,085,541

The sale of goods is recorded under Land and residential sales account while leasing income is recorded under Rental income. The amount of VAT Input taxes claimed are broken down as follows:

Balance at beginning of year (net Input VAT position)	₱953,034,592
Current year's purchases:	
Capital goods subject to amortization	8,593,310
Goods other than capital goods	31,589,221
Services lodged under other accounts	3,376,180,541
Services rendered by non-residents	811,649
Importation of Goods	1,578,030
Apportionment of input tax reclass to expense	11,881,166
Input VAT applied during the year	(4,352,962,017)
Balance at end of year	₱30,706,492

Documentary Stamp Tax (DST)
The DST paid or accrued on the following transactions are:

Transaction	Amount	DST
Interest expense and other financing charges		
DST on loans	₱235,115,832,411	₱112,233,198
DST on Intercompany loan	205,334,145,933	102,154,474
Issuance of PDTC bonds	10,000,000,000	75,000,000
DST on original issue of shares of stock	10,453,766	104,538
Shares of stock not traded in stock exchange	10,453,766	78,404
DST on leases and other hiring agreements	94,730,147	230,642
Direct Operating Expenses		
DST on leases and other hiring agreements	158,009,144	336,889
General and administrative expenses		
DST on original issue of shares of stock	1,104,983,000	9,049,830
DST on leases and other hiring agreements	5,990,529	17,445
Capitalized DST		
DST on promissory note	184,245,579	1,381,842
DST on transfer of real property	2,161,503,962	32,422,560
	₱454,180,348,237	₱333,009,822

Taxes and Licenses
The following are the taxes, licenses and permit fees in 2019 excluding DST:

	Direct Operating Expenses	General and Administrative Expenses	Total
Local			
Real property tax	₱436,870,338	₱97,710	₱436,968,048
License and permit fees	284,744,205	62,221	284,806,426
Inspection fees	3,102,777	4,608	3,107,385
Motor vehicle registration fees	–	577,722	577,722
Professional tax	–	51,830	51,830
Community tax	–	11,110	11,110
Transfer Tax	161,524	–	161,524
Others	3,520,038	200,783	3,720,821
	728,398,882	**1,005,984**	**729,404,866**
National			
Fringe benefits tax	₱–	₱98,843,795	₱98,843,795
Annual registration	–	1,627	1,627
	–	98,845,422	98,845,422
	₱728,398,882	₱99,851,406	₱828,250,288

Withholding Taxes

Details of withholding taxes for the year are as follows:

Final withholding taxes	₱1,593,803,987
Expanded withholding taxes	1,491,749,413
Withholding taxes on compensation and benefits	465,438,035
Balance at December 31	₱3,550,991,435

Tax Assessments and Cases

The Parent Company has no deficiency tax assessments whether protested or not. The Parent Company has not been involved in any tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the BIR.

AyalaLand

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.	Date & Place of Issue
Fernando Zobel de Ayala	P0349883B	January 22, 2019 – DFA Manila
Bernard Vincent O. Dy	EC8377126	July 23 2016 – DFA Manila
Augusto D. Bengzon	P4323352B	January 8, 2020 – DFA NCR East

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 Triangle, Ayala Avenue
Makati City, Philippines

MARIA PAULA G. ROMERO-BAUTISTA NOTARY PUBLIC ROLL NO. 58335

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.

14 April 2020

Securities and Exchange Commission
PICC Complex, Roxas Boulevard, Pasay City

To **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Dear Director Felizmenio,

I, **AUGUSTO D. BENGZON**, Senior Vice-President, Chief Finance Officer, Chief Compliance Officer and Treasurer of AYALA LAND, INC. (the "Company"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with address at 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, hereby undertake to submit the hard copy of the Corporation's SEC 17-A dated April 14, 2020 to the Securities and Exchange Commission (SEC) upon the lifting of the enhanced community quarantine in the island of Luzon.

This Undertaking is submitted in compliance with the requirement for the filing of the Company's SEC 17-A.

April 14, 2020, Makati City.

Thank you.

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