

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



Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226  
Telephone Number: (632) 7750-6974

**PRELIMINARY OFFER SUPPLEMENT**  
**Up to ₱6.0 Billion Fixed-rate Bonds**  
**with an Oversubscription Option of up to ₱4.0 Billion**  
**Due 2022**  
Fourth Tranche under its ₱50.0 Billion Securities Program

Issue Price: 100% of Face Value  
Interest Rate: [●]% p.a.

**Joint Lead Underwriters and Bookrunners**



**Co-Lead Manager**

[●]

The date of this Preliminary Offer Supplement is June [02], 2020.

**A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE COVERING ₱50.0 BILLION OF SECURITIES. OF SUCH AMOUNT, ₱8.0 BILLION OF SECURITIES WERE ISSUED ON MAY 06, 2019, ₱3.0 BILLION OF SECURITIES WERE ISSUED ON SEPTEMBER 30, 2019 AND ₱10.0 BILLION OF SECURITIES WERE ISSUED ON NOVEMBER 06, 2019.**

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

Ayala Land, Inc. (“ALI,” “Ayala Land,” the “Issuer” or the “Company”) prepared the prospectus dated April 16, 2019 and the prospectus dated September 12, 2019 (the “Prospectus”) relating to the offering of debt and other securities as provided by applicable Securities and Exchange Commission (“SEC”) rules and regulations effective at the time of issuance (the “Securities”) of up to ₱50,000,000,000 to be issued in one or more tranches (each a “Tranche”) as authorized by a resolution of the Board of Directors of the Company dated February 27, 2019 (“Securities Program”). A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the “Shelf Registration”). For the first tranche of the Securities Program with a principal amount of ₱8,000,000,000, a certificate of permit to offer securities for sale (“SEC Permit”) of such bonds was issued on April 22, 2019. The SEC Permit covering the second tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019. The SEC Permit covering the third tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on October 18, 2019.

This Offer Supplement (and as the context requires, the term includes the Prospectus) relates to the fourth tranche of the Securities which is in the form of fixed-rate bonds with a principal amount of up to ₱6,000,000,000 with an oversubscription option of up to ₱4,000,000,000 (the “Oversubscription Option”) (the “Offer” or the “Fixed-rate Bonds”), and which shall be issued on [June 26], 2020 (the “Issue Date”), or such other date as may be agreed upon by the Issuer, and the Joint Lead Underwriters and Bookrunners. This Offer Supplement contains the final terms of the Fixed-rate Bonds and must be read in conjunction with the Prospectus. Full information on the Company and this Offer are only available on the basis of the combination of this Offer Supplement, the Prospectus, and all other Bond Agreements. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

The Fixed-rate Bonds shall have a term ending two (2) years from the Issue Date with a fixed interest rate of [●]% per annum. Interest on the Fixed-rate Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrear. Other securities shall be issued as provided by applicable SEC rules and regulations effective at the time of issuance

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

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

The Fixed-rate Bonds has been rated Aaa by Philippine Rating Services Corporation (“PhilRatings”). Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. The rating is not a recommendation to buy, sell, or hold the Securities, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

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

Currently, Ayala Land has issued three (3) Tranches in the form of fixed-rate bonds totaling to ₱21,000,000,000 out of its ₱50,000,000,000 Securities Program. For the fourth tranche of Securities, which will be in the form of the Fixed-rate Bonds, the net proceeds are estimated to amount to approximately ₱[5,920,834,970], after deducting fees, commissions, and expenses relating to the

issuance. Assuming the full exercise of the Oversubscription Option, the net proceeds are estimated to amount to approximately ₱[9,874,256,875.00], after deducting fees, commissions, and expenses relating to the issuance. Proceeds of the Offer are intended to be used to partially finance the Company's general corporate requirements and/or capital expenditure requirements, particularly for its leasing business (see "Use of Proceeds"). The Joint Lead Underwriters and Bookrunners shall receive a fee of up to 0.375% on the final aggregate nominal principal amount of the Fixed-rate Bonds.

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

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

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

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

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

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

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

Ayala Land is organized under the laws of the Republic of the Philippines. Its principal office is at the 31<sup>st</sup> Floor Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226, with telephone number (632) 7750-6974.

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

**AYALA LAND, INC.**

By:

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

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

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

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

Doc No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Series of 2020.

## TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION .....	1
DEFINITION OF TERMS.....	2
EXECUTIVE SUMMARY .....	6
CAPITALIZATION .....	17
SUMMARY OF THE OFFER.....	19
RISK FACTORS AND OTHER CONSIDERATIONS .....	21
USE OF PROCEEDS .....	29
DETERMINATION OF OFFERING PRICE .....	30
PLAN OF DISTRIBUTION OF THE FIXED-RATE BONDS .....	31
DESCRIPTION OF THE FIXED-RATE BONDS .....	36
INDEPENDENT AUDITORS AND COUNSEL .....	57
DESCRIPTION OF BUSINESS.....	58
DESCRIPTION OF PROPERTIES.....	97
CERTAIN LEGAL PROCEEDINGS .....	100
MARKET PRICE OF AND DIVIDENDS ON AYALA LAND'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS .....	101
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	105
CHANGES IN ACCOUNTING AND FINANCIAL DISCLOSURE .....	126
DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS.....	131
EXECUTIVE COMPENSATION .....	143
SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS.....	145
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS .....	148
DESCRIPTION OF DEBT .....	149
FINANCIAL INFORMATION.....	152

## FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION

This Offer Supplement contains certain “forward-looking statements.” These forward-looking generally can be identified by use of statements that include words or phrases such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “foresees” or other words or phrases of similar import. Similarly, statements that describe Ayala Land’s objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that the forward-looking events and circumstances discussed in this Offer Supplement might not occur. Actual results could differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of Ayala Land include, among others:

- *General economic and business conditions in the Philippines;*
- *Holding company structure;*
- *Intensive capital requirements of subsidiaries and affiliates of Ayala in the course of business;*
- *Increasing competition in the industries in which Ayala’s subsidiaries and affiliates operate;*
- *Industry risk in the areas in which Ayala’s subsidiaries and affiliates operate;*
- *Changes in laws and regulations that apply to the segments or industries in which Ayala, its subsidiaries and affiliates operate;*
- *Changes in political conditions in the Philippines;*
- *Changes in foreign exchange control regulations in the Philippines; and*
- *Changes in the value of the Philippine Peso.*

For a further discussion of such risks, uncertainties and assumptions, see the “*Risk Factors and Other Considerations*” section of this Offer Supplement. Prospective purchasers of the Fixed-rate Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Offer Supplement and Ayala Land undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

Amounts presented throughout this Offer Supplement have been subject to rounding adjustments to facilitate their presentation. Accordingly, numbers shown for the same item of information may vary and may not precisely reflect the absolute figures or the arithmetic aggregate of their components due to rounding adjustments.

## DEFINITION OF TERMS

As used in this Offer Supplement, the following terms shall have the meanings ascribed to them:

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

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

**“Ayala Group”** refers to Ayala Corporation and its subsidiaries and affiliates.

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

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

**“AyalaLand Logistics Holdings Corp.** or **“ALLHC”** refers to the company formerly known as Prime Orion Philippines, Inc. or “POPI”

**“Beneficial Owner”** shall mean any person (and “Beneficial Ownership” shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that, a person shall be deemed to have an indirect beneficial ownership interest in any security which is:

- i. held by members of his immediate family sharing the same household;
- ii. held by a partnership in which he is a general partner;
- iii. held by a corporation of which he is a controlling shareholder; or
- iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that, the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:
  - a. A broker dealer;
  - b. An investment house registered under the Investment Houses Law;
  - c. A bank authorized to operate as such by the BSP;
  - d. An insurance company subject to the supervision of the Office of the Insurance Commission;
  - e. An investment company registered under the Investment Company Act;
  - f. A pension plan subject to regulation and supervision by the BIR and/or the Office of the Insurance Commission or relevant authority; and
  - g. A group in which all of the members are persons specified above.

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

**“BIR”** shall mean Bureau of Internal Revenue.



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

“**Bond Agreements**” shall mean, collectively, the Trust Indenture, the Terms and Conditions, the Master Certificate of Indebtedness, the Registry and Paying Agency Agreement, the Underwriting Agreement, and any other document, certificate or writing contemplated thereby.

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

“**BPO**” refers to Business Process Outsourcing.

“**BSP**” refers to Bangko Sentral ng Pilipinas.

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

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

“**Co-Lead Manager**” refers to [•]

“**EBIT Margin**” refers to Earnings Before Interest, Taxes Margin and is computed as EBIT / Revenues (EBIT is computed as Net income before income tax + Interest expense & other financing charges and Other expenses - Interest and investment income, while Revenue is computed as real estate sales + interest income from real estate sales + equity in net earnings + interest and investment income + other income)

“**EBITDA**” refers to Earnings Before Interest, Taxes, Depreciation and Amortization and is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization

“**Fixed-rate Bonds**” shall refer to the fixed-rate bonds in the aggregate principal amount of ₱6,000,000,000, with an oversubscription option of up to ₱4,000,000,000 which is part of the Securities Program to be issued by Ayala Land on the Issue Date.

“**GLA**” refers to Gross Leasable Area.

“**Globe Telecom**” refers to Globe Telecom, Inc.

“**Interest Payment Date**” shall mean [•], 2020 for the first Interest Payment Date and [•], [•], [•] and [•] of each year for each subsequent Interest Payment Date at which the Fixed-rate Bonds are outstanding; and in the event that any of such Interest Payment Date are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

“**Issue Date**” shall mean [•], 2020 or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon between the Issuer and the Joint Lead Underwriters and Bookrunners with advice to PDTC and PDEX. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.

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

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

**“Majority Bondholders”** shall mean Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Fixed-rate Bonds.

**“Master Certificate of Indebtedness”** means the certificate to be issued by Ayala Land to the Trustee evidencing and covering such amount corresponding to the Fixed-rate Bonds.

**“Maturity Date”** means two (2) years after Issue Date; provided that, in the event that the Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.

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

**“Offer Period”** shall refer to the period commencing at 9:00 a.m. on [•], 2020 and ending at 5:00 p.m. on [•], 2020 or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.

**“Oversubscription Option”** shall mean the option exercisable by the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, to increase the offer size by up to Four Billion Pesos (₱4,000,000,000).

**“PAS”** shall mean Philippine Accounting Standards.

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

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

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

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

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

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

**“Prospectus”** shall mean the prospectus of the Issuer dated September 12, 2019 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Securities (inclusive of the Fixed-rate Bonds) within the shelf period of the Securities Program.

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

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

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

**“Registry and Paying Agency Agreement”** means the Registry and Paying Agency Agreement dated [●], 2020 between Ayala Land, the Registrar and Paying Agent.

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

**“REIT”** shall mean Real Estate Investment Trust.

**“REIT Act”** shall mean Republic Act No. 9856, or the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations.

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

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

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

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

**“sqm”** refers to square meters.

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

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

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

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

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

**“Trust Indenture”** means the Trust Indenture dated [●], 2020 between Ayala Land and the Trustee.

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

**“Underwriters”** shall refer to the Joint Lead Underwriters and Bookrunners.

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

## EXECUTIVE SUMMARY

*The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Offer Supplement. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Offer Supplement carefully, including the section entitled “Risk Factors and Other Considerations” and the consolidated financial statements and the related notes to those statements included in this Offer Supplement.*

### COMPANY OVERVIEW

Ayala Land, Inc. (“Ayala Land”, “ALI” 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 through, among others, 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, 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 bookbuilt offering in July 2012, March 2013 and January 2015.

As of March 31, 2020, Ayala Corporation’s effective ownership in Ayala Land is 44.48% while 54.62% is owned by the public. As of March 31, 2020, Ayala Land has 14,745,334,847 outstanding common shares and 13,066,494,759 outstanding voting preferred shares. 14,553,556,858 common shares are listed with the Philippine Stock Exchange. Foreign equity ownership in Ayala Land is 22.96% composed of 5,773,781,905 common shares and 607,264,635 voting preferred shares as of March 31, 2020. Equity attributable to equity holders of Ayala Land amounted to ₱211.05 billion as of December 31, 2019.

As of March 31, 2020, Ayala Land has a total market capitalization of ₱444.4 billion based on the closing price of ₱30.2 per common share on March 31, 2020, the last trading day of the said month.

Ayala Land is the leading and most diversified real estate conglomerate in the Philippines engaged in the planning and development of large scale, integrated estates having a mix of use for the sale of residential lots and buildings, office buildings and commercial and industrial lots, leasing of commercial and office spaces and the development, operation and management of hotels and resorts. The Company also develops commercial and industrial parks and is also engaged in property management, construction and other businesses like retail and healthcare. Ayala Land is exploring potential areas in Central Luzon to develop into an industrial park for light manufacturing activities, a portion of which will be offered to Chinese companies.

To carry on its business in an organized and efficient manner, Ayala Land structured its operations into key strategic business lines such as Property Development, Commercial Leasing, Hotels and Resorts and Services.

#### Property Development

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

Strategic Land Bank Management handles the acquisition, development and sale of large-scale, mixed-use, master-planned communities, the sale of Ayala Land's share in properties made available to subsidiaries for development and the lease of gas station sites and carparks outside Ayala Center in Makati City. Visayas-Mindanao Group handles the development, sale and lease of the Company's and its subsidiaries' product offerings in key cities in the Visayas and Mindanao regions.

The Residential Business Group handles the sale of high-end residential lots and units (including leisure community developments), office spaces, commercial and industrial lots, middle-income residential lots and units, affordable lot units and house and lot packages, economic housing units and house and lot packages, and socialized housing packages, and the lease of residential units and marketing of residential developments. The products developed and sold are further classified into the following brands: AyalaLand Premier ("ALP") for high-end village lots, condominium units and office units, Alveo Land Corp. ("Alveo") for upscale village lots, condominium and office units, Avida Land Corp. ("Avida") for middle-income village lots, house and lot packages and condominium and office units, Amaia Land Corp. ("Amaia") for economic house and lot packages, and BellaVita Land Corp. ("BellaVita") for the socialized house and lot packages.

MCT Bhd. ("MCT") is Ayala Land's listed subsidiary in Malaysia which specializes in the affordable housing segment. MCT has a land bank of 417 acres spread across the areas of Subang Jaya, Cyberjaya and Petaling Jaya.

### **Commercial Leasing**

Commercial Leasing includes the development and lease of Shopping Center and Office spaces and Hotels and Resorts operations.

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

Office Leasing includes the development and lease of office buildings.

Hotels and Resorts include the development, operation and management of branded and owner-operated hotels, operation and management of eco-resorts.

### **Services**

Services include Construction, Property Management and Air Transport. Construction of Ayala Land and third-party projects and land development is done through Makati Development Corporation ("MDC").

Property Management which involves facilities management of Ayala Land and third-party projects, operation of water and sewage treatment facilities in some Ayala Land projects, distribution of district cooling systems and the bulk purchase and supply of electricity for energy solutions are done through Ayala Property Management Corporation ("APMC").

Airline service to Ayala Land's tourism estates in Lio, Palawan and Sicogon Island resort is provided by "AirSWIFT" through its fleet of four (4) modern turbo-prop aircrafts.

### **Distribution Methods of Products**

The Company's residential products are distributed to a wide range of clients 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 Workers (“OFW”) 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 and Rome, and London. ALISI likewise assumed operations of AyalaLand International Marketing Inc. 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 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.

### **End-December 2019 Results of Operations**

In 2019, net income after tax (attributable to equity holders) of Ayala Land, Inc. grew by 13.5% to ₱33.19 billion from ₱29.24 billion in 2018. Total consolidated revenues (which include real estate revenue, interest and investment income, equity in net earnings and other income) increased by 2% to ₱168.79 billion from ₱166.25 billion in 2018, mainly driven by real estate revenues which grew by 1% to ₱157.85 billion from ₱155.95 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 (3) new estates and successfully launched ₱158.96-billion worth of projects, surpassing its initial estimate of ₱130 billion. Its leasing portfolio continued to expand to 2.1 million and 1.2 million sqm of gross leasing area for malls and offices, respectively, and to 3,705 rooms for hotels and resorts.

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 financial assets classified at Fair Value through Profit or Loss (“FVPL”), stood at ₱21.52 billion resulting in a current ratio of 1.30:1. Total borrowings registered at ₱211.10 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.

Capital expenditures reached ₱108.7 billion to support the buildup of residential and leasing projects. Of the total capital expenditures, 40% was spent on the completion of residential projects, 25% on the completion of commercial leasing projects, 16% on land acquisition, 14% on real estate development and 5% on other investments.

### **Recent Developments**

#### **2020**

The eruption of the Taal volcano affected thousands of families and caused millions-worth of damage just days after its initial eruption on January 12, 2020. Ayala Land’s operating properties did not sustain any major physical damage; however, its Tagaytay properties incurred about two (2) weeks of disruption to its operations due to necessary major clean up of the said properties, as well as the resulting restrictions imposed by the relevant local government units (“LGU”) and Philippine Institute of Volcanology and

Seismology in view of the then continued activity of the Taal volcano. This disruption, however, was limited to about three (3) to five (5) days only for properties that are farther away from Laguna and other developments and estates (i.e. malls, offices). For the other farther locations (i.e. Metro Manila), such properties incurred minor disruption in operations mainly due to the necessary ash fall clean up and disposal activities.

On January 21, 2020, Ayala Land clarified news reports regarding the U.P.-Ayala Land Technohub development lease arrangement with the University of the Philippines (“UP”), wherein UP receives a total value of ₱171 per sqm, per month. This was derived from the ₱4.23 billion in total lease payments that UP has and is expected to earn, and ₱6 billion in total investments for the 16 commercial buildings, which totals to around ₱10.23 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 with Ayala Land.

On February 7, 2020, Ayala Land’s Subsidiary, AREIT, Inc., filed its application for a REIT offering with the SEC, following the release of the Revised Implementing Rules and Regulations of Republic Act No. 9856, or the Real Estate Investment Trust Act of 2009 (“REIT Act”) on January 20, 2020.

On February 21, 2020, the Board of Directors of ALI, at its regular meeting 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 March 20, 2020, to stockholders of common shares as of record date March 6, 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 PDEX.
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 and executed via the trading facilities of the PSE.

On March 16, 2020, in compliance with the notice of the SEC dated March 12, 2020, ALI disclosed to the public the measures it has undertaken to manage the risk of COVID-19. It shared that it has an existing crisis management plan and primary operating measures established in the areas of: (1) Employee Health and Safety, (2) Public Health and Safety, and (3) Business Continuity

### **Future Plans and Prospects**

Ayala Land believes that the Philippines continues to be fundamentally strong, having remained resilient amid the challenges in the global economy. As the Philippines is experiencing the COVID-19 global pandemic, Ayala Land has acknowledged this as a prominent risk which will affect its business in 2020 with possible spillover effects to 2021. Learnings from this pandemic will be used to improve business continuity plans moving forward. The Company believes that it has a healthy and strong financial position to withstand the crisis. The Company remains watchful of relevant macroeconomic indicators and geopolitical risks that may potentially impact the business environment. It will maintain a healthy balance sheet which will enable it to weather the risks and capture opportunities once the environment improves.

### **Ayala Land’s Principal Strengths**

Ayala Land’s principal strengths are its proven track-record, strong brand reputation and its ability to develop quality real estate products that cater to the different segments in the market.

### **Proven Track Record**

With over eight (8) decades of experience, together with Ayala Corporation, Ayala Land is the largest and most experienced real estate developer in the Philippines. Ayala Land's proven track record includes the development of Makati Central Business District, Ayala Alabang, Cebu Business Park, Bonifacio Global City and Nuvali.

### **Strong Brand Reputation**

The Ayala Land name is synonymous with quality and prestige and is the most widely trusted brand in Philippine real estate. Ayala Land maintains leadership in most of its product lines – residential subdivisions and high-rise, shopping centers, office buildings – and across a broad spectrum of price-points and geographies.

Because of its strong brand reputation, Ayala Land is also the partner of choice for strategic partners and landowners who want to make significant new investments in the country and help prime the Company's strategic growth centers. Added to this, many of the best names in local and international retailing prefer to be located in its shopping centers while top multinationals either set up base in its headquarter-type offices or locate in its BPO facilities.

Anchored on shared values and a long-term orientation, Ayala Land builds strong relationships with its business partners, landowners, tenants, employees, customers, the local government, non-government organizations (“NGO”) and communities. This allows the Company to enhance its position as the leading property developer in the Philippines.

### **Substantial and Strategically Located Land Bank**

With 12,192 hectares of land bank across strategic locations in the Philippines as of December 31, 2019, Ayala Land is well positioned to take advantage of the growth prospects in the real estate sector in the Philippines. It is currently present across 57 identified growth centers in the country.

### **Well-Managed, Highly Capable and Professional Organization**

Combining leading-edge product innovation with prudent and effective risk management practices, the Company has the ability to manage across a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the industry. The Company employs a proven and highly-credible management, architectural and engineering talent pool across all levels of the organization, most with experience across multiple business lines. Ayala Land also consistently ranks among the top Philippine companies in terms of corporate governance standards and best practices.

Ayala Land also draws on the competitive advantage provided by its wholly-owned subsidiaries, MDC and APMC, which are the country's largest and most experienced construction and property management companies, respectively.

### **Sustainable Practices**

Over the years, Ayala Land has been intensifying the integration of sustainability principles in every step of its business processes. ALI's entire business process, from acquisition, assessment, planning, design, construction, delivery and property management focus on long-term benefits and shared value for stakeholders while foreseeing and managing risks and protecting all investments. Ayala Land has sustainability and risk management policies in place to protect projects from flooding and other geohazards. Technical due diligence is an integral part of site assessment, while flood and erosion control measures are built into masterplans, through site designs that include retention and detention basins, biodiversity (native vegetation) conservation where applicable. Projects are also designed to



serve the needs of the commuting and walking public. Ayala Land also has set greenhouse gas emission intensity reduction targets and monitors energy, water and waste metrics in the properties it continues to manage.

### **Solid Balance Sheet and Strong Shareholder Base**

The Company has a strong balance sheet, supportive strategic shareholders, a variety of available funding sources that strengthens its capability to undertake both pocket-sized and large-scale projects or investments that balance the need for sustained earnings growth and long-term net asset value accretion.

### **Growth Drivers of the Philippine Economy**

The Philippine real estate industry offers rich opportunities across all its sub-sectors. Its bright prospects are anchored on stable fundamentals: a robust economy, rising foreign inflows, particularly from OFWs, increased affordability and the availability of attractive financing from banks, resilient consumption spending in retail, and encouraging long-term prospects for office space in the BPO sector.

For the three-year period ended December 31, 2019, Ayala Land has delivered a 3-year average Total Shareholder Return of 47.1%, higher than the 3-year average Total Shareholder Return of the Property Index of 40.3%. Total Shareholder Return is based on share price appreciation plus dividends paid for the relevant period.

### **Ayala Land's Business Strategy**

Ayala Land will continue to develop large-scale, mixed-use integrated communities while diversifying its revenue base across its wide portfolio of businesses. To achieve this, Ayala Land will embark on an aggressive strategy anchored on five (5) main pillars that will lay the ground work for the Company's long-term sustainable growth:

- *Growth.* The Company will actively strengthen and slowly establish its presence in several identified growth centers across the country to effectively expand its footprint into new geographies. It will also introduce new formats within its existing business models to diversify its portfolio of highly differentiated product offerings and tap into previously unserved markets and consumer segments to broaden its reach.
- *Margin Improvement.* Ayala Land will continue to implement various spend management and cost control measures and pursue operational efficiencies further across the organization, without sacrificing quality and with strict adherence to the principles of sustainability, to bring overall costs down and drive profitability.
- *Capital Efficiency.* The Company will also make more efficient use of resources and capital to improve asset turnover and returns on capital. To this end, Ayala Land will pursue an asset-light approach to development and optimize land use by maximizing synergies within the organization, moving with scale to maximize utilization and value-capture.
- *Organizational Development.* Ayala Land will continue to strengthen its risk management program to effectively contain strategic, operational, financial and supply-chain risks associated with the much increased business activity levels, enhance its internal talent pool and support systems and ensure that these are supportive of the Company's growth objectives.
- *Brand-Building.* The Company will continue to leverage on product differentiation and its distinct value proposition. Moreover, it shall ensure the safety, security, and timely delivery of all projects

accompanied by efficient and effective customer service.

### **Ayala Land's Principal Shareholder**

As of March 31, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.48% with the remaining interest owned by the public. Ayala Corporation is one of the Philippines' oldest conglomerates, with businesses in real estate, telecommunications, financial services, telecommunications, water, power, industrial technologies, infrastructure, healthcare and education.

### **Ayala Land's Principal Executive Offices**

Ayala Land's executive offices are located at the 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226. The telephone number at this address is (632) 7908-3100 and the fax number is (632) 7750-7946.

### **Risk Factors**

Prospective investors should consider carefully all of the information set forth in this Offer Supplement and, in particular, prospective purchasers should evaluate the specific factors set forth under the section "*Risk Factors and Other Considerations*" of this Offer Supplement for risks involved in the purchase of the Fixed-rate Bonds. These factors may be summarized into those that pertain to the business and operations of Ayala Land, in particular, and those that pertain to the overall political, economic, and business environment in the Philippines, in general.

As a real estate developer, Ayala Land competes with other developers and developments to attract purchasers of land and condominiums, retail and office tenants, and clientele for the retail outlets, restaurants and hotels in its commercial centers in terms of reputation, reliability, price, and the quality and location of the community in which the relevant project is located. Ayala Land's successful financial and operating performance as a real estate company will impact on its ability to refinance or repay its debt, including the Fixed-rate Bonds. Moreover, the offering of the Fixed-rate Bonds should be evaluated in terms of its impact on the consolidated indebtedness of Ayala Land and the operating risks inherent in a further increase in its debt.

Ayala Land is further subject to certain debt covenants for the Fixed-rate Bonds issuance and its other existing debt. Ayala Land's failure to comply with these covenants could cause a default, which if not waived, could result in the debt becoming immediately due and payable. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of Ayala Land's debt, in which case Ayala Land may not be able to perform its payment obligations under the Fixed-rate Bonds. In such case, the Fixed-rate Bonds, being unsecured debt, will be effectively subordinated in right of payment to all secured debt of Ayala Land to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

External factors affecting Ayala Land's businesses include the impact of current and future Philippine laws and regulations on certain aspects of real estate development, such as environment, health and safety, the effect of natural catastrophes, and political or economic instability in the country, including foreign exchange rate fluctuations which could impact the acquisition cost of certain dollar-denominated construction materials and equipment necessary for Ayala Land's business.

### **SUMMARY OF FINANCIAL INFORMATION**

The following table sets forth financial and operating information on Ayala Land. Prospective purchasers of the Fixed-rate Bonds should read the summary financial data below together with the audited consolidated

financial statements, including the notes thereto, presented as an Annexes and the “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” section of this Offer Supplement. The summary financial data in the following tables were derived from Ayala Land’s audited consolidated financial statements as at December 31, 2019, 2018, 2017 and 2016 and for each of the years in the period ended December 31, 2019, including the notes thereto, which are included in this Offer Supplement and from Ayala Land’s 2019 annual report. Ayala Land’s consolidated financial statements as at December 31, 2019, 2018, 2017 and 2016 and for each of the years in the period ended December 31, 2019 were prepared in compliance with PFRS and audited by SGV & Co. in accordance with Philippine Standards on Auditing (“PSA”).

<b>For the years ended December 31</b>				
<b>(in million Pesos, except Earnings Per Share (EPS))</b>	<b>2019 Audited<sup>1</sup></b>	<b>2018 Audited<sup>2</sup></b>	<b>2017 Audited</b>	<b>2016 Audited</b>
<b>Income Statement Data</b>				
Revenue				
Real estate Sales	₱157,849	₱155,955	₱133,098	₱117,700
Interest income from real estate sales	7,891	7,042	5,410	5,011
Equity in net earnings of associates and joint ventures	966	750	866	554
	₱166,706	₱163,747	₱139,373	₱123,266
Interest and investment income	930	958	675	703
Other income	1,158	1,541	2,249	660
	2,088	2,499	2,924	1,363
	168,794	166,246	142,297	124,629
Costs and expenses				
Cost of real estate sales	94,752	101,079	87,921	76,566
General and administrative expenses	9,367	9,101	7,275	7,031
Interest and other financing charges	12,200	9,594	7,914	7,314
Other expenses	1,645	1,270	1,196	1,053
	117,964	121,045	104,306	91,965
Income before income tax	50,830	45,201	37,991	32,663
<b>Provision for income tax</b>				
Current	12,455	13,391	11,960	10,070
Deferred	860	(1,406)	(2,135)	(1,838)
	13,315	11,984	9,825	8,232
<b>Net Income</b>	<b>₱37,515</b>	<b>₱33,217</b>	<b>₱28,166</b>	<b>₱24,432</b>
Net Income attributable to:				
Equity holders of Ayala, Land Inc.	33,188	29,241	25,305	20,908
Non-controlling interests	4,327	3,976	2,861	3,524

Unappropriated retained earnings				
Balance, beginning of year	124,090	101,976	83,799	71,952
Effect of adoption of new accounting standards	(617)	359	-	-
Balances as restated	123,473	102,335	83,799	71,952
Cash dividends				
Common share	(7,659)	(7,424)	(7,066)	(6,999)
Preferred share	(62)	(62)	(62)	(62)
Net Income attributable to equity holders of Ayala Land, Inc.	33,188	29,241	25,305	20,908
Appropriation during the year	-	-	-	(2,000)
Balance at end of year	148,940	124,090	101,976	83,799
Basic Earnings per share	₱2.25	₱1.98	₱1.71	₱1.43
Diluted Earnings per share	₱2.25	₱1.98	₱1.71	₱1.43

<sup>1</sup> Ayala Land adopted PFRS 16, Leases using modified retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2018, 2017 and 2016 are based on PAS 17, Leases (superseded by PFRS 16). The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented for 2019. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 16.

<sup>2</sup> Ayala Land adopted PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2017 and December 31, 2016 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

(in million Pesos)	2019 <sup>1</sup>	2018 <sup>2</sup>	2017	2016
	Audited	Audited	Audited	Audited
<b>Selected Balance Sheet Data</b>				
Cash and cash equivalents and other assets <sup>3,4</sup>	₱21,516	₱27,558	₱25,821	₱22,641
Land and Improvements	0	0	0	101,457
Investment properties	243,043	225,006	200,240	107,931
Total assets	713,923	668,820	573,992	536,433
Current portion of long term debt	17,251	23,265	6,573	5,187
Long term debt - net of current portion	175,813	149,447	150,169	130,370

Total liabilities	471,218	448,599	381,729	363,750
Equity attributable to equity holders of Ayala Land, Inc.	211,050	187,300	166,755	147,705
Non-controlling interests	31,656	32,921	25,509	24,978
Total equity	₱242,706	₱220,221	₱192,264	₱172,683

<sup>1</sup> Ayala Land adopted PFRS 16, Leases using modified retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2018, 2017 and 2016 are based on PAS 17, Leases (superseded by PFRS 16). The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented for 2019. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 16.

<sup>2</sup> Ayala Land adopted PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2017 and December 31, 2016 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

<sup>3</sup>Includes Cash and Cash Equivalents, Short-term Investments, financial assets at FVPL for 2019 and 2018

<sup>4</sup>Includes Cash and Cash Equivalents, Short-term Investments, Investments in UITF classified as FVPL for 2017 and 2016.

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

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Current ratio <sup>1</sup>	1.30:1	1.26:1	1.30:1	1.12:1
Debt-to-equity ratio <sup>2</sup>	0.87:1	0.85:1	0.90:1	0.93:1
Net debt-to-equity ratio <sup>3</sup>	0.78:1	0.72:1	0.77:1	0.79:1
Return on assets <sup>4</sup>	5.43%	5.35%	5.07%	4.99%
Return on equity <sup>5</sup>	16.66%	16.52%	16.09%	14.86%
Asset to Equity <sup>6</sup>	2.94:1	3.04:1	2.99:1	3.11:1
Interest Rate Coverage <sup>7</sup>	6.27:1	6.09:1	5.98:1	5.92:1

<sup>1</sup> Current assets / current liabilities

<sup>2</sup> Total debt/ consolidated stockholders' equity, net of unrealized gain (Total debt includes short-term debt, long-term debt and current portion of long-term debt)

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

<sup>4</sup> Total Net income / average total assets

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

<sup>6</sup> Total assets / total stockholders' equity

<sup>7</sup> EBITDA / interest expense on short and long term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization. Below is the reconciliation of "Net income" to "EBITDA" then to "Interest Coverage Ratio".

	2019	2018	2017	2016
<b>(Amounts in thousand Pesos except ratios)</b>				
<b>Net income</b>	<b>₱37,515,031</b>	<b>₱33,216,589</b>	<b>₱28,165,659</b>	<b>₱24,431,785</b>
Add:				
Provision for income tax	13,314,643	11,984,440	9,824,981	8,231,662
Interest and other financing charges	12,199,758	9,594,003	7,914,326	7,314,387
Other expenses	1,644,982	1,270,281	1,196,076	1,053,207
	<b>64,674,414</b>	<b>56,065,313</b>	<b>47,101,042</b>	<b>41,031,041</b>
Less:				
Interest income from real estate sales and interest and investment income	8,821,417	8,000,314	6,084,995	5,713,957
<b>EBIT</b>	<b>55,852,997</b>	<b>48,064,999</b>	<b>41,016,047</b>	<b>35,317,084</b>
Add: Depreciation and amortization	9,058,710	6,318,929	5,179,792	5,874,560
<b>EBITDA</b>	<b>64,911,707</b>	<b>54,383,928</b>	<b>46,195,839</b>	<b>41,191,644</b>
Divided by: Interest expense				
Short-term debt	1,206,577	1,668,340	337,384	837,918
Long-term debt	9,153,067	7,259,118	7,393,070	6,114,265
	<b>10,359,644</b>	<b>8,927,458</b>	<b>7,730,454</b>	<b>6,952,183</b>
<b>Interest rate coverage ratio</b>	<b>6.27:1</b>	<b>6.09:1</b>	<b>5.98:1</b>	<b>5.92:1</b>

## CAPITALIZATION

The following tables set forth the unaudited consolidated short-term and long-term debt and capitalization of ALI as of March 31, 2020. These tables should be read in conjunction with the more detailed information and audited financial statements, including notes thereto, found in the Offer Supplement.

(in ₱ Millions)	As of March 31, 2020 (Unaudited)	Adjustment	Notes	As adjusted for Offer Size of ₱6.0 billion (Upon issuance of the Fixed- rate Bonds)
<b>Current Liabilities</b>				
Short-term Debt	₱34,680			₱34,680
Accounts and other payables	150,222			150,222
Income tax payable	2,647			2,647
Current portion of long-term debt	17,403			17,403
Deposits and other current liabilities	11,767			11,767
Current Portion of Lease Liabilities	725			725
<b>Total Current Liabilities</b>	<b>217,444</b>			<b>217,444</b>
<b>Non-current Liabilities</b>				
Long-term debt – net of current portion	178,620	6,000	1	184,620
Pension liabilities	2,300			2,300
Deferred tax liabilities – net	6,660			6,660
Deposits and other non-current liabilities	52,082			52,082
Lease Liabilities Net of Current Portion	16,655			16,655
<b>Total Non-current Liabilities</b>	<b>256,317</b>			<b>256,317</b>
<b>Total Liabilities</b>	<b>473,761</b>			<b>479,761</b>
<b>Equity</b>				
Equity attributable to equity holders of Ayala Land, Inc.				
Paid-up capital	62,799			62,799
Retained earnings	157,327			157,327
Stock options outstanding	42			42
Remeasurement loss on defined benefit plans	(644)			(644)
Fair value reserve of financial assets at	(705)			(705)

Capitalization

FVOCI				
Cumulative translations adjustments	(221)			(221)
Equity reserves	(7,103)			(7,103)
Treasury Stock	(1,261)			(1,261)
Non-controlling interests	32,683			32,683
<b>Total Equity</b>	<b>242,917</b>			<b>242,917</b>
<b>Total Capitalization</b>	<b>716,678</b>		2	<b>722,678</b>

Notes:

1. Reflects the up to ₱6.0 billion Fixed-rate Bond Offer
2. Total Capitalization is the sum of Total Liabilities and Total Equity

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of ALI as of March 31, 2020, assuming the full exercise of the Oversubscription Option.

(in ₱ Millions)	As of March 31, 2020 (Unaudited)	Adjustment (assuming the full exercise of the Oversubscription Option)	Notes	As adjusted for Offer Size of ₱6.0 billion with an Oversubscription Option of ₱4.0 billion (Upon issuance of the Fixed-rate Bonds)
<b>Current Liabilities</b>				
Short-term Debt	₱34,680			₱34,680
Accounts and other payables	150,222			150,222
Income tax payable	2,647			2,647
Current portion of long-term debt	17,403			17,403
Deposits and other current liabilities	11,767			11,767
Current Portion of Lease Liabilities	725			725
<b>Total Current Liabilities</b>	<b>217,444</b>			<b>217,444</b>
<b>Non-current Liabilities</b>				
Long-term debt – net of current portion	178,620	10,000	1	188,620
Pension liabilities	2,300			2,300
Deferred tax	6,660			6,660



Capitalization

liabilities – net				
Deposits and other non-current liabilities	52,082			52,082
Lease Liabilities Net of Current Portion	16,655			16,655
<b>Total Non-current Liabilities</b>	<b>256,317</b>			<b>266,317</b>
<b>Total Liabilities</b>	<b>473,761</b>			<b>483,761</b>
<b>Equity</b>				
Equity attributable to equity holders of Ayala Land, Inc.				
Paid-up capital	62,799			62,799
Retained earnings	157,327			157,327
Stock options outstanding	42			42
Remeasurement loss on defined benefit plans	(644)			(644)
Fair value reserve of financial assets at FVOCI	(705)			(705)
Cumulative translations adjustments	(221)			(221)
Equity reserves	(7,103)			(7,103)
Treasury Stock	(1,261)			(1,261)
Non-controlling interests	32,683			32,683
<b>Total Equity</b>	<b>242,917</b>			<b>242,917</b>
<b>Total Capitalization</b>	<b>716,678</b>		2	<b>726,678</b>

Notes:

1. Reflects the up to ₱6.0 billion Fixed-rate Bond Offer with an Oversubscription Option of up to ₱4.0 billion
2. Total Capitalization is the sum of Total Liabilities and Total Equity

## SUMMARY OF THE OFFER

This Offer Supplement and Offer relates to the Fixed-rate Bonds with a principal amount of up to Six Billion Pesos (₱6,000,000,000) with an oversubscription option of up to Four Billion Pesos (₱4,000,000,000). The following summary of the offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offer Supplement. The Fixed-rate Bonds form part of Ayala Land's ₱50,000,000,000 Securities Program.

### Fixed-rate Retail Bonds

Issuer:	Ayala Land, Inc.
Issue:	Fixed-rate Bonds (the "Fixed-rate Bonds") constituting the direct, unconditional, unsecured and general obligations of the Issuer
Issue Amount:	Up to ₱6,000,000,000
Oversubscription Option:	In the event of oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, shall have the option to increase the Issue Amount by up to Four Billion Pesos (₱4,000,000,000)
Joint Lead Underwriters and Bookrunners:	BDO Capital & Investment Corporation BPI Capital Corporation China Bank Capital Corporation
Offer Period:	The Offer shall commence at 9:00 a.m. on [•] and end at 5:00 p.m. on [•], or on such other date as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.
Issue Date:	[•] or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Bookrunners with advice to PDTC and PDEX. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.
Maturity Date:	[•], provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.
Interest Rate:	Fixed interest rate of [•]% per annum
Interest Payment Date:	Interest on the Fixed-rate Bonds shall be paid quarterly commencing on [•] for the first Interest Payment Date and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date while the Fixed-rate Bonds are outstanding. In the event that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

## Summary of the Offer

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Final Redemption:	The Fixed-rate Bonds shall be redeemed at par or 100% of face value on the Maturity Date.
Redemption for Taxation Reasons:	If payments under the Fixed-rate Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Fixed-rate Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Negative Pledge:	The Fixed-rate Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens.
Purchase and Cancellation:	The Issuer may at any time purchase any of the Fixed-rate Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Fixed-rate Bonds pro-rata from all Bondholders. Any Fixed-rate Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Fixed-rate Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.
Issue Rating:	The Fixed-rate Bonds are rated Aaa by PhilRatings.

### NET PROCEEDS FROM THE OFFER

The net proceeds from the ₱6.0 billion Offer is estimated to be ₱[5.9] billion after deducting expenses related to the Offer. Assuming the full exercise of the Oversubscription Option, the net proceeds are estimated to amount to approximately ₱[9.9] billion, after deducting expenses related to the Offer. Said expenses are as follows:

	Total	Total (assuming the full exercise of the Oversubscription Option)
Estimated proceeds from the sale of the Fixed-rate Bonds	₱[6,000,000,000.00]	₱[10,000,000,000.00]
Less:		
SEC Registration and Legal Research Fee	[1,515,030.00]	[3,093,125.00]
Documentary Stamp Tax	[45,000,000.00]	[75,000,000.00]
Underwriting Fee	[22,500,000.00]	[37,500,000.00]
Estimated Professional Expenses and Agency fees	[9,000,000.00]	[9,000,000.00]
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	[1,000,000.00]	[1,000,000.00]
Listing Fee	[150,000.00]	[150,000.00]
Total Estimated Upfront Expenses	[79,165,030.00]	[125,743,125.00]
<b>Estimated net proceeds to Ayala Land</b>	<b>₱[5,920,834,970.00]</b>	<b>₱[9,874,256,875.00]</b>

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



## RISK FACTORS AND OTHER CONSIDERATIONS

*This section discusses additional risks to those stated in the Prospectus. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information found in the Prospectus.*

### RISKS ASSOCIATED WITH THE COMPANY

#### ***Ayala Land faces a highly competitive business environment***

Ayala Land is subject to significant competition in each of its principal businesses. Competitive pressure is expected to remain as large property developers focus on the value-conscious middle market. Sustained demand growth is not likely to occur without real improvement in employment and real incomes. 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.

Ayala Land competes with other developers and developments to attract purchasers of land and residential units, office and retail tenants as well as other construction and property management firms, and hotel operators.

To manage this risk, the Company continues its active land acquisition and development activities in key growth centers and its aggressive build-up of recurring income within tried and tested estates through its integrated mixed-use model versus pocket developments. Particular to the leasing business, one of the major drivers of competition is the Company's ability to attract and retain merchants and tenants – which is generally dependent on the location of the leasing properties, price offerings to the tenants and merchants, as well as the quality of service provided by the Company's property management team. And for this, the Company continues to do the following: (1) active land acquisition in key geographies and partnering with other developers; (2) continue current mixed-use model versus pocket developments; (3) Gathering market intelligence and translating information into competitive proposals; and (4) strong push for the timely opening of new properties / developments, among other control activities and procedures.

#### *Land, Residential*

With respect to land, condominium and office sales, Ayala Land competes for purchasers primarily on the basis of reputation, reliability, price and the quality and location of the community in which the relevant site is located. With respect to its horizontal residential housing developments, Ayala Land competes for buyers based on quality of projects and reasonable pricing of units.

##### (a) High-end residential

Ayala Land continues to be the leader in the high-end residential market. It competes with a price premium over other high-end developers but justifies it with superior locations, workmanship quality, and overall reputation in the real estate industry. Through these, it has been able to keep well ahead of other high-end players.

Real estate has always been a major investment vehicle for the affluent. However, in a volatile environment, such as the recent financial crisis and the subsequent global economic downturn, the high-end market tends to “wait and see,” or they simply choose to place their money in other investment instruments. As of December 31, 2019, Ayala Land Premier's revenues decreased by 13% to ₱24.45 billion from ₱28.00 billion in 2018 as contributions from new 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.

Ayala Land has mitigated the market risks it faces through carefully planned project launches, clear product differentiation, product innovation, and increased market expansion through overseas sales and new segments.

(b) Upscale, residential

In the upscale market segment, Alveo registered revenues of ₱19.00 billion as of end-2019, a decline of 28% from ₱26.28 billion in 2018, primarily affected by lower incremental POC of Verve Residences 1 and 2 in BGC and Ardia Phase 3 Vermosa, Cavite.

(c) Middle-income residential

Avida generated ₱27.36 billion in revenues in 2019, 13% higher than ₱24.22 billion in 2018 attributed to the 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.

(d) Socialized and Economic Housing

Ayala Land entered the socialized housing segment in 2012 with the launch of Amaia Scapes in Laguna under the Company's subsidiary, Amaia Land Corp., carrying the brand Amaia. This segment is expected to provide a steady end-user demand in the long-term as one-third of the estimated twenty (20) million Filipino households and majority of the almost four (4) million national housing backlog belong to this segment. As of December 31, 2019, Amaia posted revenues of ₱7.37 billion, relatively flat compared to ₱7.36 billion in 2018, 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.

In terms of economic housing, Ayala Land formally launched its first socialized housing project in 2012 under the BellaVita brand in Cavite from subsidiary, BellaVita Land Corp. BellaVita's revenues rose by 4% to ₱1.20 billion from ₱1.15 billion in 2018, due to bookings from projects in Alaminos and Pila, both in Laguna, and in Iloilo.

Overall, for the period ended December 31, 2019, the average 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 Orea Place Tower 1, Celadon, and Travertine; and Avida Towers Sola Tower 2. The average gross profit of horizontal projects slightly rose to 45% from 44%.

MCT Bhd recognized revenues of ₱6.71 billion in 2019, 12% lower than the previous year's ₱7.60 billion, due to the sellout of projects in CyberSouth in Klang Valley, Malaysia.

Positive factors spurring interest because of their long-term effects in the real estate industry are the:

- Infrastructure, highway and railway projects within Metro Manila and nearby provinces;
- Increasing purchases by the overseas-based Filipino market due to marketing and promotions by various developers;
- Availability of financing from the Home Development Mutual Fund (Pag-IBIG); and
- Relatively low mortgage rates and longer maturities.

### *Office for Sale*

With respect to its office rental properties, Ayala Land competes for tenants primarily based upon the quality and location of the relevant building, the reputation of the building owner and operator, the quality of support services provided by the property manager, and rental and other charges. Under the current environment,

lease rates and occupancy levels are under pressure in the Makati CBD where Ayala Land office buildings are located.

Revenues from the sale of office spaces grew by 12% to ₱12.34 billion from ₱11.0 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 gross profit of offices for sale to 43%.

### *Commercial and Industrial Lots*

Revenues from the sale of commercial and industrial lots increased by 46% to ₱11.27 billion from ₱7.73 billion, due to lot sales from Altaraza, Vermosa, Nuvali, and Broadfield. Gross profit 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.

Sales reservations by Philippines-based Filipinos also grew by 3% and accounted for 71% (valued at ₱104.2 billion) of all reservations, while those by Filipinos based abroad grew by 24%, accounting for 13% (valued at ₱19.4 billion) of the total.

### *Commercial Leasing*

This segment covers the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing increased by 13% to ₱39.31 billion in 2019, driven by contribution of new leasing assets.

With respect to its retail properties for lease, Ayala Land competes for tenants primarily based upon the ability of the relevant retail center to attract customers, which generally depends on the quality and location of, and mix of tenants in, the relevant retail center and the reputation of the owner and/or operator of the retail center, as well as rental and other charges. The market for shopping centers has become especially competitive and the number of competing properties is expected to grow. Some competing shopping centers are located within relatively close proximity of each of Ayala Land's commercial centers.

### *Shopping centers*

Revenues from shopping centers grew by 11% to ₱22.02 billion from ₱19.91 billion at an average monthly mall rate of ₱1,047 per sqm, 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 margin was sustained at 66%. The average occupancy rate of all malls was at 88%, with the occupancy rate of stable malls at 93%. The GLA of all malls now stands at 2.12 million sqm with the addition of 213,000 sqm 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 ₱9.67 billion from the previous year's ₱8.61 billion, at an average monthly office lease rate at ₱772 per sqm, 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 at 96%, with the occupancy rate of stable offices at 97%. Total office leasing GLA is now 1.17 million sqm, with 70,000 sqm 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*

Although the hotel industry has seen increasing visitor arrivals in the past several years, it is generally subject to the slowdown in business activity due to global financial and local political turmoil and security

concerns. Nonetheless, according to the Department of Tourism, 8.26 million foreign tourists visited the Philippines in 2019.

Revenues from hotels and resorts moved up 19% to ₱7.62 billion from ₱6.39 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 the previous year’s 29%.

The average room rate of all hotels is ₱4,917 per night and ₱13,326 per night for all resorts. Meanwhile the average room rate of stable hotels is ₱5,372 per night and ₱17,789 per night for stable resorts. The average occupancy rate of all hotels registered at 70% and 63% for all resorts, 78% for stable hotels and 63% for stable resorts. The portfolio has a total of 3,705 rooms as of end-2019 with the addition of 72 rooms at Seda BGC and 255 rooms at Circuit Makati Residences. The Company also opened 215 rooms at Seda Residences Ayala North Exchange and 50 rooms at Huni Lio in Palawan last July 2019.

The hotels and resorts business operates 660 hotel rooms under its international brand segment—312 for Fairmont Hotel and Raffles Residences, and 348 for Holiday Inn & Suites, both located in Ayala Center, Makati CBD. Our homegrown Seda Hotels now has 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). Circuit Corporate Residences operates 255 rooms. 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 is composed mainly of the construction business represented by Makati Development Corporation, property management, represented by Ayala Property Management Corporation, and other companies engaged in power services such as Direct Power Services, Inc. (“DPSI”), Ecozone Power Management, Inc. (“EPMI”), and Philippine Integrated Energy Solutions, Inc. (“PhilEnergy”). Total revenues from the services business (excluding intersegment sales) amounted to ₱8.85 billion in 2019, 15% higher than the previous year’s ₱7.69 billion.

The overall EBITDA margin of the service businesses stayed relatively flat to at 10% from 9% in 2018.

### *Construction*

Ayala Land’s construction business is exposed to any potential sector-wide slowdown in construction activities.

Notwithstanding stiff competition in the industry, Ayala Land intends to maintain and enhance its position as the leading property developer in the Philippines by continuing its over-all business strategy of developing large-scale, mixed-use integrated communities within growth centers that perpetuate its strong market presence while ensuring a steady revenue growth for the Company. Ayala Land further intends to diversify its revenue base by expanding its real estate business into different markets, specifically the economic and socialized housing segments where bulk of consumer “end-user” demand lies, and geographic areas and growth centers across the country where there are significant growth opportunities or where its proposed developments complement its existing businesses.

As the Company continues to expand its footprint all over the country, continuing pressures are felt on the following areas, among others: maintaining developmental costs within competitive levels, getting qualified and reliable contractors and suppliers in the market, and ensuring that quality standards are consistently being enforced across all projects in different geographies.



Standardization and streamlining of processes to achieve increased operating efficiencies, complete partnering agreements on critical materials with suppliers, aggregation, advance buying for critical commodities to avoid delays, and continuous external sourcing are among the major mitigation activities being done by the Company to meet project execution and delivery targets.

On top of these, the Company is continuously improving its self-perform and self-manufacture capabilities for better quality control in its developments.

MDC registered a total of ₱3.40 billion in revenues for end-2019, an increase of 42%, reflecting higher revenues from its external contracts.

### *Property Management and Others*

APMC and power services companies registered revenues of ₱5.45 billion as of end-2019, 3% higher than the previous year's ₱5.30 billion.

### *Industrial Property Business*

The industrial property business is affected by oversupply as well as limited industrial expansion and declining foreign investments. Overall, the industrial property segment is not likely to show significant demand improvement in the medium term.

Ayala Land is exploring potential areas in Central Luzon to develop into an industrial park for light manufacturing activities, a portion of which will be offered to Chinese companies.

Laguna Technopark, a development of Ayala Land's subsidiary, Laguna Technopark, Inc. ("LTI"), remains the preferred location for locators and has been successfully expanding its offerings at a time when industrial parks in the Calabarzon area have been experiencing the effects of an oversupply of manufacturing and processing facilities.

Cavite Technopark is the newest industrial park development located in Naic, Cavite, with an initial area of 118 hectares. Similar to Laguna Technopark, Cavite Technopark will cater to manufacturing locators that specialize in electronics, automotive, consumer products, food processing and pharmaceuticals. At full development, the locator companies of Cavite Technopark are expected to generate employment for over 20,000 employees.

### ***Ayala Land's leverage creates a number of operating risks and might affect its ability to repay the Securities***

The increase in debt of Ayala Land could have certain adverse consequences. For example, it could:

- reduce Ayala Land's ability to service its existing debt obligations, including the Securities;
- affect Ayala Land's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require Ayala Land to divert a substantial portion of its cash flow from operations to debt service;
- affect Ayala Land's flexibility in reacting to and taking advantage of developments and opportunities in the Philippine economy, the Philippine property development industry and its business; or
- place Ayala Land at a competitive disadvantage to its competitors that have less debt.

As of December 31, 2019, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱211.10 billion, ₱115.60 billion of which were evidenced by public instruments. Any such debt may, by mandatory provision of law, rank ahead of the Securities in the event of the insolvency or liquidation of Ayala Land. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments.

Ayala Land's ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of which are beyond its control. If Ayala Land is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, Ayala Land would have to consider other various financing options such as sale of assets, procuring additional capital and other options available to Ayala Land under applicable law. Ayala Land might also have to modify, delay or abandon its development and expansion plans. See discussions under "Management's Discussion and Analysis of Financial Condition" and "Results of Operation" of this Offer Supplement.

The Company has stringent monitoring mechanisms in place designed to manage its debt levels and to ensure that these are within sustainable limits. The Company also actively tracks its inventory levels, accounts receivables and its contingent liability, all the while ensuring flexibility in its planned launches to adjust to operating and market conditions.

***The Securities may be subordinated to other debt***

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a public instrument, as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt not evidenced by a public instrument. Debt becomes evidenced by a public instrument when it has been acknowledged by the creditor and the debtor before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a *jurat* (a statement by one party of the circumstances in which an affidavit was made) may also be sufficient to make a document a public instrument. Accordingly, it may be possible for debt to become evidenced by a public instrument through the unilateral action of a creditor without the knowledge of the borrower.

As of December 31, 2019, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱211.10 billion, ₱115.60 billion of which were evidenced by public instruments. Any such debt may, by mandatory provision of law, rank ahead of the Securities in the event of the insolvency or liquidation of Ayala Land. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. However, should any bank or bondholder hereinafter have a preference or priority over the Securities as a result of notarization, then Ayala Land shall at its option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Securities as may be practicable.

Notwithstanding the foregoing, investors are assured of Ayala Land's continuing track record of prudent financial management which has allowed it to be in a net debt-to-equity position of 0.78:1 as of December 31, 2019. Thus, in the unlikely event that Ayala Land is dissolved, there will be sufficient assets for disposition that will meet all its debt obligations, whether secured or unsecured.

**Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect Ayala Land's business, financial condition and results of operations.**

In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines, which, according to the Department of Health, has reported 18,638 confirmed cases as of June 1, 2020. On March 10, 2020, the World Health Organization characterized COVID-19 as a pandemic. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers ("OFWs") globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact to the Company's suppliers' ability to deliver, which could delay the construction of Ayala Land's projects.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The enhanced community quarantine was further extended to May 15, 2020, in order to stem the spread of COVID-19 and to prevent a second wave of infections. On March 24, 2020, Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the “Bayanihan Act”) into law, which confers emergency powers on the President of the Philippines.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the enhanced community quarantine could adversely impact (a) the completion of Ayala Land’s projects as construction is not an activity given priority under the government guidelines, and (b) Ayala Land’s ability to collect and generate rental income, which could negatively impact its cash flows. Due to the imposition of an enhanced community quarantine, foot traffic in malls and occupancies in the Company’s hotels have declined. With respect to the Company’s malls, only tenants providing essential services, such as pharmacies, food-related outlets and supermarkets, which account for approximately 10% of the gross leasible area, are allowed to remain open. Accordingly, only such establishments have been paying rent during such period. Furthermore, as of April 24, 2020, only nine out of the 11 hotels owned by the Company are operating on a limited scale, to accommodate BPO employees working nearby who are paying for the services, as well as healthcare professionals. Cash flow from the Company’s residential and office arms, however, have not been similarly affected. 91% of the businesses leasing the Company’s office space continue to remain in operation.

If the outbreak of COVID-19 and the measures to combat such outbreak increase in severity, it could have an adverse effect on economic activity in the Philippines and could materially and adversely affect Ayala Land’s business, financial condition and results of operations.

Considering the evolving nature of this outbreak, the Company cannot determine as at the date of this Offer Supplement the impact to its financial position and performance in 2020. The Company has taken measures to manage the risks and uncertainties brought about by the outbreak, including adequate support to safeguard the well-being of its employees, ensuring effective work from home set-up such that the organization is able to function through the quarantine period, continued assessment, monitoring and safeguarding of its overall cash and credit position, and close coordination with the vendors for its projects under construction to manage impact of lockdown procedures. The Company allocated ₱2.6 billion in rent condonation for mall merchants throughout the one-and-a-half-month duration of the enhanced community quarantine. The Company has decided to reduce its capital expenditure budget in 2020 to ₱70 billion from the original estimate of ₱110 billion to ensure that net cash flow from operations will be sufficient to cover the lower capital expenditures and financing expenses. The ALI Group has also decided to delay the launch of new projects which were originally scheduled for 2020. ALI launched a record number of projects in 2019, which provided the ALI Group with 16.6 months’ worth of inventory. With these efforts, the ALI Group anticipates that its cash flows will be sufficient for the year 2020.

**The grace period mandated by Department Order No. 2020-004, issued by the Department of Human Settlements and Urban Development (“DHSUD”), may adversely affect the liquidity of the Company.**

DHSUD Department Order No. 2020-004 gives a buyer of a unit or housing unit in a subdivision or condominium, or any other similar real estate development required to be registered with the DHSUD, the right to defer payment for the whole period of the enhanced community quarantine and thirty (30) days thereafter, free from any interests, penalties, fees, or other charges. The accumulated installment payment/s shall instead be payable within the succeeding six-month period. However, this does not preclude the buyer and developer from agreeing on any other arrangement that is mutually acceptable to them.

Some projects of the Company are required to be registered with the DHSUD and are covered by Department Order No. 2020-004. Accordingly, the Company is granting a grace period and a six-month payment period for buyers of condominium projects and real estate development projects of the Company who have failed to pay monthly amortizations during the enhanced community quarantine period. Thus, the mandated grace period will delay the receivables of the Company and may affect its liquidity for a certain period of time. However, given that Department Order No. 2020-004 only requires the deferment of payment, its impact on the Company's liquidity will be minimal and temporary. In addition, the measures adopted by the Company in addressing the effects of COVID-19, including the reduction of its capital expenditures, will help alleviate the impact of this issuance.

## USE OF PROCEEDS

Following the offer and sale of the Fixed-rate Bonds in the amount of up to ₱6.0 billion, ALI expects that the net proceeds of the Offer shall amount to approximately ₱[5.9] billion after fees, commissions and expenses. Assuming the full exercise of the Oversubscription Option, ALI expects that the net proceeds of the Offer shall amount to approximately ₱[9.9] billion after fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

	<b>Total</b>	<b>Total (assuming the exercise of the Oversubscription Option)</b>
Estimated proceeds from the sale of the Fixed-rate Bonds	<b>₱[6,000,000,000.00]</b>	<b>₱[10,000,000,000.00]</b>
Less:		
SEC Registration and Legal Research Fee	[1,515,030.00]	[3,093,125.00]
Documentary Stamp Tax	[45,000,000.00]	[75,000,000.00]
Underwriting Fee	[22,500,000.00]	[37,500,000.00]
Estimated Professional Expenses and Agency fees	[9,000,000.00]	[9,000,000.00]
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	[1,000,000.00]	[1,000,000.00]
Listing Fee	[150,000.00]	[150,000.00]
Total Estimated Upfront Expenses	[79,165,030.00]	[125,743,125.00]
<b>Estimated net proceeds to Ayala Land</b>	<b>₱[5,920,834,970.00]</b>	<b>₱[9,874,256,875.00]</b>

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

1. PDEX and PDTC annual listing and registry paying agency maintenance fee of ₱250,000.00;
2. Annual Rating Monitoring and Agency fees of ₱280,000.00; and
3. Annual Trustee fee of ₱200,000.00.

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

Net proceeds amounting to approximately ₱[5.9] billion will be used to partially finance the Company's general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the following capital expenditures:

Use of Proceeds

Projects	Company	Launch Date	Total Investment	2015/2016	2017	2018	2019	Q1 2020	Total Spent to Date	POC	To go as of Q1 2020	Remaining Planned Use in 2020	Completion
<b>Ayala Triangle Garden 2 - Makati</b>													
Mandarin	ALI Triangle Hotel Ventures Inc.	2015	5.8	0.4	0.3	0.7	1.0	0.5	2.9	59%	2.9	0.6	2021
HQ Office	Makati Cornerstone Leasing Corp.	2015	7.2	0.4	1.5	1.4	1.8	0.5	5.6	85%	1.6	0.7	2021
<b>Central Bloc - Cebu I.T. Park</b>													
BPO	Central Bloc Developers, Inc.	2014	3.6	0.4	0.4	0.3	1.2	0.1	2.4	98%	1.2	0.7	2021
<b>Land Acquisitions</b>													
Pampanga Property	Unity Realty & Development Corp.	N/A	2.5						1.2	N/A	1.3	0.7	N/A
BGC Property	BG West Properties Inc.	N/A	4.4						1.7	N/A	2.7	1.0	N/A
<b>Other Investments</b>													
Infusion to ALI-Eton (for Parklinks development)	Ayala Land, Inc.	N/A							3.3	N/A		2.3	N/A
			<b>23.5</b>	<b>1.2</b>	<b>2.2</b>	<b>2.4</b>	<b>4.0</b>	<b>1.1</b>	<b>17.1</b>	<b>2.4</b>	<b>9.7</b>	<b>6.0</b>	

## Use of Proceeds

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Assuming the full exercise of the Oversubscription Option, net proceeds amounting to approximately ₱[9.9] billion will be used to partially finance the Company's general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the following capital expenditures:

Use of Proceeds

Projects	Company	Launch Date	Total Investment	2015/2016	2017	2018	2019	Q1 2020	Total Spent to Date	POC	To go as of Q1 2020	Remaining Planned Use in 2020	Completion
<b>Ayala Triangle Garden 2 - Makati</b>													
Mandarin	ALI Triangle Hotel Ventures Inc.	2015	5.8	0.4	0.3	0.7	1.0	0.5	2.9	59%	2.9	0.7	2021
HQ Office	Makati Cornerstone Leasing Corp.	2015	7.2	0.4	1.5	1.4	1.8	0.5	5.6	85%	1.6	0.7	2021
<b>Central Bloc - Cebu I.T. Park</b>													
Hotels	Central Bloc Developers, Inc.	2014	1.4	-	0.1	0.1	0.6	0.2	1.0	99%	0.4	0.4	2020
BPO	Central Bloc Developers, Inc.	2014	3.6	0.4	0.4	0.3	1.2	0.1	2.4	98%	1.3	0.7	2021
<b>One Ayala Avenue - Makati</b>													
Retail	Ayala Land, Inc.	2016	7.2	0.3	0.4	1.0	1.1	0.4	3.2	43%	4.0	0.8	2022
<b>Manila Bay</b>													
Retail and BPO	Bay City Commercial Ventures Corp.	2015	16.0	1.1	1.9	5.1	5.5	1.0	14.6	99%	1.4	0.9	2019/2020
Hotels	Bay Area Hotel Ventures, Inc.	2015	2.4	0.0	0.1	0.2	1.0	0.5	1.8	74%	0.6	0.3	2021
<b>Vermosa Mall Land Acquisitions</b>													
Pampanga Property	Unity Realty & Development Corp.	N/A	2.5						1.2	N/A	1.3	1.1	N/A
Pampanga Property	Alveo Land Inc.	N/A	0.8						0.4	N/A	0.4	0.3	N/A
Laguna Property	Alveo Land Inc.	N/A	1.4						1.0	N/A	0.4	0.4	N/A



Use of Proceeds

Projects	Company	Launch Date	Total Investment	2015/2016	2017	2018	2019	Q1 2020	Total Spent to Date	POC	To go as of Q1 2020	Remaining Planned Use in 2020	Completion
Cavite Property	Alveo Land Inc.	N/A	1.6						0.7	N/A	0.9	0.3	N/A
Bulacan Property	Ayala Land, Inc.	N/A	0.3						-	N/A	0.3	0.3	N/A
<b>Other Investments</b>													
Infusion to ALI-Eton (for Parklinks development)	Ayala Land, Inc.	N/A							3.3	N/A		2.4	N/A
Infusion to CDPEI (for Gatewalk development)	Ayala Land, Inc.	N/A							-	N/A		0.3	N/A
			<b>53.6</b>	<b>2.7</b>	<b>4.8</b>	<b>9.0</b>	<b>12.6</b>	<b>3.8</b>	<b>39.5</b>	<b>6.2</b>	<b>17.5</b>	<b>10.0</b>	

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

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

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

## **DETERMINATION OF OFFERING PRICE**

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

# PLAN OF DISTRIBUTION OF THE FIXED-RATE BONDS

## THE FIXED-RATE BONDS OFFER

On March 5, 2019, Ayala Land filed a Registration Statement with the SEC in connection with the offer and sale to the public and such other manner of offering of fixed-rate bonds as may be applicable under the rules and regulations therefor as promulgated by the SEC of up to an aggregate principal amount of ₱50,000,000,000, to be issued in one or more tranches. The fixed-rate bonds of up to ₱6,000,000,000 covered by this Offer Supplement is the fourth tranche under the ₱50,000,000,000 Securities Program subject of a Shelf Registration that was authorized by a resolution of the Board of Directors of the Company dated February 27, 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the “Shelf Registration”). For the first tranche of the Securities Program with a principal amount of ₱8,000,000,000, the SEC Permit of such bonds was issued on April 22, 2019. The SEC Permit for the second tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019. The SEC Permit for the third tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on October 18, 2019. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the fourth tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of up to ₱6,000,000,000 with an Oversubscription Option of up to ₱4,000,000,000.

## SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

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

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

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

## THE UNDERWRITERS OF THE FIXED-RATE BONDS OFFER

BDO Capital, BPI Capital, and China Bank Capital, pursuant to an Underwriting Agreement with Ayala Land dated [•], 2020 (the “Underwriting Agreement”), have agreed to act as the Joint Lead Underwriters and

Bookrunners for the Offer and as such, distribute and sell the Fixed-rate Bonds at the Issue Price, and have also committed to underwrite in total of up to ₱6,000,000,000 of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. In the event of an oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with Ayala Land, may exercise the Oversubscription Option of up to Four Billion Pesos (₱4,000,000,000). The Joint Lead Underwriters and Bookrunners shall have exclusive rights and priority to exercise the Oversubscription Option. In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the unexercised portion shall be automatically cancelled and may not be re-issued during the Offer.

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

<b>Underwriter</b>	<b>Commitment</b>
BDO Capital	₱ 2,000,000,000
BPI Capital	₱ 2,000,000,000
China Bank Capital	₱ 2,000,000,000
<b>Total</b>	<b>₱ 6,000,000,000</b>

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

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

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

## **SALE AND DISTRIBUTION**

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

## **OFFER PERIOD**

The Offer Period shall commence at 9:00 a.m. on [•], 2020 and end at 5:00 p.m. on [•], 2020 or on such other date as the Issuer and the Joint Lead Underwriters and the Bookrunners may agree upon.

## **APPLICATION TO PURCHASE**

Applicants may purchase the Fixed-rate Bonds during the Offer Period by submitting to the Joint Lead Underwriters and Bookrunners properly completed Applications to Purchase, together with two (2)

signature cards, and the full payment of the purchase price of the Fixed-rate Bonds in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing:

- an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Fixed-rate Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;
- copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership, in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- validly issued tax identification number issued by the BIR;
- identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and such other documents as may be reasonably required by any of the Joint Lead Underwriters and Bookrunners or the Registrar in the implementation of its internal policies regarding “know your customer” and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- identification document (“ID”) of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
- two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- validly issued tax identification number issued by the BIR; and
- such other documents as may be reasonably required by any of the Joint Lead Underwriters and Bookrunners or the Registrar in implementation of its internal policies regarding “know your customer” and anti-money laundering.

An Applicant claiming exemption from any applicable tax, or is subject to a preferential withholding tax rate shall, in addition to the requirements set forth above, be required to submit the following requirements, subject to acceptance by the Issuer, as being sufficient in form and substance:

- a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- with respect to tax treaty relief, (a) for the initial interest due, three (3) originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief (“CORTT”) Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and/or three (3) originals

of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent interests due, three (3) originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder/Registrar to the Issuer no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto;

- a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Bondholder holds, the Fixed-rate Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Fixed-rate Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent, and the Underwriters free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and
- such other documentary requirements as may be required by the Issuer and the Registrar and Paying Agent, or as required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

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

#### **MINIMUM PURCHASE**

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

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

If the Fixed-rate Bonds are insufficient to satisfy all Applications to Purchase, the available Fixed-rate Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Bookrunners, in consultation with the

Issuer and subject to Ayala Land's right of rejection.

## **REFUNDS**

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

## **UNCLAIMED PAYMENTS**

Any payment of interest on, or the principal of the Fixed-rate Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk.

## **PURCHASE AND CANCELLATION**

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

## **SECONDARY MARKET**

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

## **REGISTER OF BONDHOLDERS**

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

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



## DESCRIPTION OF THE FIXED-RATE BONDS

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

The issuance of up to ₱50,000,000,000 aggregate principal amount of debt and other securities as provided by applicable SEC rules and regulations effective at the time of issuance (the “Securities”) to be issued in one or more tranches (each, a “Tranche”) (the “Securities Program”) was authorized by a resolution of the Board of Directors of Ayala Land dated February 27, 2019. A registration statement filed by the Issuer covering the Securities Program was rendered effective by the Securities and Exchange Commission (“SEC”) by its order dated April 22, 2019 (the “Shelf Registration”). The first tranche of the Securities Program with a principal amount of ₱8,000,000,000 of fixed-rate bonds was issued on May 6, 2019 under a prospectus dated April 16, 2019. The second tranche of the Securities Program with a principal amount of ₱3,000,000,000 of fixed-rate bonds was issued on September 30, 2019 under a prospectus dated September 12, 2019 (“Prospectus”) and offer supplement dated September 12, 2019. The third tranche of the Securities Program with a principal amount of ₱10,000,000,000 of fixed-rate bonds was issued on November 06, 2019 under the Prospectus and offer supplement dated October 17, 2019. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the fourth Tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of up to ₱6,000,000,000 with an oversubscription option of up to ₱4,000,000,000.00 (the “Oversubscription Option”) (the “Fixed-rate Bonds” or the “Offer”) under the Prospectus and the Offer Supplement dated [•] (the “Offer Supplement”).

The Fixed-rate Bonds are constituted by a Trust Indenture executed on [•], 2020 (the “Trust Indenture”) between the Issuer and China Banking Corporation – Trust and Asset Management Group (the “Trustee”, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture). The description of the terms and conditions of the Fixed-rate Bonds set out below (“Terms and Conditions”) includes summaries of, and is subject to, the detailed provisions of the Trust Indenture and the Registry and Paying Agency Agreement executed on [•], 2020 (the “Registry and Paying Agency Agreement”) between the Issuer, and the Registrar and Paying Agent.

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

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

### **1. Form, Denomination and Title**

#### **(a) Form and Denomination**

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

(b) Title

The beneficial interest to the Fixed-rate Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Fixed-rate Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Fixed-rate Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Fixed-rate Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) Fixed-rate Bond Rating

The Fixed-rate Bonds have been rated Aaa with a Stable Outlook by PhilRatings on May 13, 2020. Obligations rated Aaa are of the highest quality with minimal credit risk. In coming up with the rating, PhilRatings considered the following factors: 1) a well-diversified portfolio, with a sizable and strategic land bank for future expansion, complemented by solid brand equity and a highly experienced management team; (2) sustained profitability in the past decade, coupled with healthy cash flow generation and high cash reserves; (3) sound capitalization, with a manageable debt level and mix; and (4) ample liquidity buffers and financial flexibility against the tempered industry outlook and ongoing slowdown of operations, in light of the COVID-19 pandemic.

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

## 2. Transfer of the Fixed-rate Bonds

(a) Register of Bondholders

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

(b) Transfers; Tax Status

Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer

occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented. Transfers taking place in the Register of Bondholders after the Fixed-rate Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when allowed under and are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. Transfers to or from Bondholders claiming the benefit of any tax treaty which subjects the interest income to a final withholding tax rate other than the final withholding tax categories indicated above shall only be allowed on Interest Payment Dates that fall on a Business Day.

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

(c) Registrar

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

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

Telephone no: (632) 8884-4425  
Fax no: (632) 8757-6025  
E-mail: baby\_delacruz@pds.com.ph  
Attention: Josephine Dela Cruz, Associate Director

(d) Secondary Trading of the Fixed-rate Bonds

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

### 3. Ranking

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

### 4. Interest

(a) Interest Payment Dates

The Fixed-rate Bonds bear interest on its principal amount from and including the Issue Date at the fixed rate of [•] per annum from the Issue Date, payable quarterly in arrear on [•], [•], [•], and [•] of each year while the Fixed-rate Bonds are outstanding (each of which, for purposes of this section

is an “Interest Payment Date”) commencing on [•], 2020. In the event that any of such Interest Payment Dates are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

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

(b) Interest Accrual

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

(c) Determination of Interest Amount

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

## 5. Redemption and Purchase

(a) Final Redemption

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

(b) Redemption for Taxation Reasons

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

(c) Purchase and Cancellation

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

accordance with the applicable PDEX disclosure rules.

(d) Change in Law or Circumstance

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

- (i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Fixed-rate Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (ii) Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.
- (iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

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

## 6. Payments

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

The Issuer shall ensure that so long as any of the Fixed-rate Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Fixed-rate Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry

and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

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

Interest income on the Fixed-rate Bonds is subject to a final withholding tax at rates of between fifteen percent (15%) and thirty percent (30%) depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The applicable final withholding tax applicable on interest earned on the Fixed-rate Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations promulgated by the BIR as may be in effect from time to time (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, certified by the Corporate Secretary of the Bondholder as being a true copy of the original on file with the Bondholder, which notarized certification indicates that: (a) the exemption certificate is a true copy of the original; (b) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (c) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity; (ii) with respect to tax treaty relief, (a) for the initial interest due, three (3) originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("CORTT") Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and/or three (3) originals of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent interests due, three (3) originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder/Registrar to the Issuer no later than the 1st day of the month when such subsequent interest payment/s shall fall due, including, if applicable, any clarification, supplement or amendment thereto;; (iii) a duly notarized undertaking (substantially in the prescribed form by Ayala Land) declaring and warranting that the same Bondholder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and (iv) such other documentary requirements as may be

required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include a copy of the duly accomplished CORTT Form and shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

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

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

## **8. Financial Ratios**

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

## **9. Negative Pledge**

For as long as any of the Fixed-rate Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "Lien") in favor of any creditor or class of creditors without providing the Bondholders with a Lien, the benefit of which is extended equally and ratably among them to secure the Fixed-rate Bonds; provided however that, this restriction shall not prohibit "Permitted Liens," which are:

- (a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset.
- (b) Any Lien constituted for any obligation or credit facility incurred for the purpose of pursuing any infrastructure project or investment therein, whether such infrastructure project is undertaken by the Issuer itself, by its Affiliates, and/or by the Issuer or its Affiliates with third parties, and whether the same is carried on separately from or integrated with any of the real estate development of the Issuer, or any Lien constituted by the Issuer on its right to receive income or revenues (whether in the form of dividends or otherwise) from infrastructure projects or related investments therein.

- (c) Any Lien created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.
- (d) Any Lien to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.
- (e) Any Lien: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.
- (f) Any Lien in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding ₱5,000,000,000.
- (g) Any Lien existing on the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture.
- (h) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the BSP on loans and financial accommodations extended to directors, officers, stockholders and related interests ("DOSRI").
- (i) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement that has been assigned to such Affiliate by the Issuer.
- (j) The assignment, transfer or conveyance of the Issuer's right to receive any of its income or revenues from receivables arising out of the sale of property held for sale by the Issuer in the ordinary course of business (the "Project Receivables").
- (k) The assignment, transfer or conveyance of the right of the Issuer to receive any income or revenues other than from Project Receivables; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to exceed the ratio of the amount of indebtedness of the Issuer secured by any lien constituted pursuant to this subparagraph (k) to the noncurrent assets of the Issuer (as computed in accordance with PFRS and based on the most recent audited financial statements of the Issuer) which ratio shall not be more than 0.5:1.
- (l) Any Lien to be constituted on the assets of the Issuer after the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture or any Lien for an aggregate loan accommodation not exceeding the equivalent of 10% of the market value of the consolidated assets of the Issuer as reflected in the latest appraisal report submitted by an independent and reputable appraiser.
- (m) Any Lien constituted over the investment of the Issuer in any of its Affiliates, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the



obligations of the said Affiliates.

- (n) Any Lien constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement (other than for borrowed money).
- (o) Any title transfer or retention of title arrangement entered into by the Issuer in the normal course of its trading activities on the counterparty's standard or usual terms.
- (p) Any Lien created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purpose of securing loan facilities denominated in Philippine Pesos granted by the Issuer in an aggregate principal amount not exceeding the amount of the deposit of the face amount (or value) of that financial instrument.
- (q) Any Lien created over cash deposits or marketable investment securities in favor of a bank or financial institution to secure any borrowed money in connection with a treasury transaction; provided that, the aggregate amount of security does not at any time exceed US\$30,000,000 or its equivalent. For this purpose, a "treasury transaction" means any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer's treasury management;
- (r) The assignment, transfer or conveyance by way of Lien (in any case without recourse) of the Issuer's right to receive any income or revenues from any asset of the Issuer not used in the ordinary course of business; provided that, the constitution by the Issuer of such Lien shall not cause the Issuer to breach the Debt to Equity Ratio.

## 10. Events of Default

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

### (a) Payment Default

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

### (b) Representation/Warranty Default

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

### (c) Other Default

The Issuer fails to perform or violates any other provision, term of the Trust Indenture and the Fixed-rate Bonds, and such failure or violation is not remediable or, if remediable, continues to be

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

(d) Cross Default

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

(e) Insolvency Default

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

(f) Judgment Default

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

(g) Writ and Similar Process Default

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

(h) Closure Default

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

**11. Notice of Default**

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

**12. Consequences of Default**

- (a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee, upon the written instruction of the Majority Bondholders, whose written instructions/consents/letters shall be verified by the Registrar against the identification documents or the two-dimensional digital copies thereof in its possession, and by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the principal of the Fixed-rate Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Fixed-rate Bonds to the contrary notwithstanding.
- (b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders may, by written notice to the Issuer and the Trustee, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to Condition 12(a), and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.
- (c) At any time after any Event of Default shall have occurred, the Trustee may:
  - (i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:
    - (aa) act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Fixed-rate Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Fixed-rate Bonds on behalf of the Trustee; and/or
    - (bb) deliver all evidence of the Fixed-rate Bonds and all sums, documents and records held by them in respect of the Fixed-rate Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and
  - (ii) by notice in writing to the Issuer, require the Issuer to make all subsequent

payments in respect of the Fixed-rate Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, provision (bb) above and the Issuer's positive covenant to pay principal and interest, net of applicable withholding taxes, on the Fixed-rate Bonds, more particularly set forth in the Trust Indenture, shall cease to have effect.

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

**13. Penalty Interest**

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

**14. Payment in the Event of Default**

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Fixed-rate Bonds with interest at the rate borne by the Fixed-rate Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

**15. Application of Payments**

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

**16. Prescription**

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of

interest) from the date on which payment becomes due.

**17. Remedies**

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

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

**18. Ability to File Suit**

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Fixed-rate Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter’s name; (iii) the Trustee, for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Fixed-rate Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

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

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

**20. Trustee; Notices**

(a) Notice to the Trustee

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

delivered to:

To the Trustee: China Banking Corporation – Trust and Asset Management Group  
Attention: Susan U. Ferrer  
Senior Assistant Vice President  
Subject: Ayala Land Fixed-rate Bonds  
Address: 8<sup>th</sup> Floor, China Bank Building, 8745 Paseo de Roxas corner Villar Street, Makati City  
Facsimile: 8867-1077

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

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

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

(b) Notice to the Bondholders

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

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

(c) Binding and Conclusive Nature

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

## **21. Duties and Responsibilities of the Trustee**

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture. The Trustee shall, in accordance with the terms and conditions of the Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Indenture, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (c) None of the provisions contained in these Terms and Conditions the Prospectus, or the Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- (d) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by this Agreement, with the care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (e) Unless a fixed period is otherwise specified in this Agreement and in the absence of a period specifically agreed to by the Trustee and Ayala Land and in the case of notices required to be sent by the Trustee to Bondholders, the Trustee must act promptly in the sending of such notices but in any case shall have a period of not more than thirty (30) days to complete the sending of all such notices in the manner allowed by this Agreement.
- (f) Notwithstanding the above, the Trustee, on its own discretion, may send notices or disclose to the Bondholders any fact, circumstance or event, which would have the effect of effectively reducing the principal amount of the Fixed-rate Bonds outstanding, including changes in Laws.

## **22. Resignation and Change of Trustee**

- (a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Bondholders of such resignation.
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning trustee and one copy to the successor trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is

the Majority Bondholders, not the Issuer, that shall appoint the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six (6) months (the "Bona Fide Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

- (c) Subject to Section (f) below, a successor trustee must possess all the qualifications required under pertinent laws.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.
- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions. Unless removed for cause, the Trustee shall be given ninety (90) days to prepare documents, records or any other instruments necessary to be transferred to the successor trustee.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date"); provided however that, until such successor trustee is qualified and appointed, the resigning Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor trustee promptly upon the appointer thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

### **23. Successor Trustee**

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



necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

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

#### **24. Reports to the Bondholders**

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

#### **25. Meetings of the Bondholders**

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

- (a) Notice of Meetings

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

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

(b) Failure of the Trustee to Call a Meeting

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

(c) Quorum

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

(d) Procedure for Meetings

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

(e) Voting Rights

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

(f) Voting Requirement

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

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

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

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

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

**27. Non-Reliance**

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

**28. Amendments**

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

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

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

- (d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Fixed-rate Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (e) reduce the amount payable upon the redemption or repurchase of the Fixed-rate Bonds under the Terms and Conditions or change the time at which the Fixed-rate Bonds may be redeemed;
- (f) make the Fixed-rate Bonds payable in money other than that stated in the Fixed-rate Bonds;
- (g) subordinate the Fixed-rate Bonds to any other obligation of Ayala Land;
- (h) release any security interest that may have been granted in favor of the Bondholders;
- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or
- (j) make any change or waiver of this Condition 28.

It shall not be necessary for the consent of the Bondholders under this Condition 28 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the paragraph entitled "Notice to the Bondholders."

**29. Governing Law**

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

**30. Venue**

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

**31. Waiver of Preference**

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

**32. Certain Defined Terms**

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

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

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## INDEPENDENT AUDITORS AND COUNSEL

### LEGAL MATTERS

All legal opinion/matters will be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles for the Underwriter and by Co Ferrer Ang-Co & Gonzales Law Offices for the Company.

### INDEPENDENT AUDITORS

SyCip, Gorres, Velayo & Co. ("SGV & Co."), independent auditors and a member firm of Ernst & Young Global Limited audited Ayala Land, Inc. and Subsidiaries' annual consolidated financial statements as at December 31, 2019 and 2018 and for each of the three (3) years in the period ended December 31, 2019 as included in this Offer Supplement.

There is no arrangement that independent auditors will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

#### a. Audit and Audit-Related Fees

Ayala Land and its subsidiaries paid its independent auditors the following fees in the past two (2) years: (in ₱ million)

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

\* Pertains to audit fees; no fees for other assurance and related services

\*\*SGV & Co. fees for the validation of stockholders' votes during annual stockholders' meetings and other assurance fees

Under paragraph D.3.1 of the Ayala Land Audit and Risk Committee Charter, the Audit Committee (composed of Jaime C. Laya, Chairman, Rizalina G. Mantaring, and Antonino T. Aquino) recommends to the Board the appointment of the external auditor and the audit fees.

#### b. Tax Fees

As and when applicable, tax consultancy services are secured from entities other than the appointed independent auditors.

### CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS

The Company has not had any changes in or disagreements with its independent auditors on any matter relating to financial or accounting disclosures.

## DESCRIPTION OF BUSINESS

### Overview

Ayala Land, Inc. 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 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 March 31, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.48% with the remainder owned by the public. Ayala Land is listed with a total of 14,745,334,847 outstanding common shares and 13,066,494,759 voting preferred shares. Foreign ownership is 22.68% composed of 55,694,608,715 outstanding common shares and 607,264,635 voting preferred shares as of March 31, 2020. As of December 31, 2019, equity attributable to equity holders of Ayala Land amounted to ₱211.1 billion. Ayala Land has a total market capitalization of ₱444.4 billion based on the closing price of ₱30.2 per common share on March 31, 2020, the last trading day of the year.

### Ayala Land's Businesses

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 57 growth centers nationwide and has a total land bank of 12,192 hectares at the end of 2019.

### 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 for luxury lots, residential and office condominiums, Alveo Land Corp. for upscale lots, residential and office condominiums, Avida Land Corp. for middle-income lots, house and lot packages, and residential and office condominiums, Amaia Land Corp. for affordable house and lot packages and residential condominiums, and BellaVita Land Corp. 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. Property Management is done through Ayala Property Management Corporation. 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 (33.0%) and OCLP Holdings, Inc. (21.01%)

### **Vision**

Ayala Land’s vision and mission is to enhance its standing and reputation as the Philippines’ leading real estate developer, and to be a strong partner in nation building. By developing integrated, masterplanned and sustainable mixed-use communities in vibrant growth centers all over the country, it strives to continually elevate the quality of life for all of its customers.

Ayala Land shall be a responsible corporate citizen, and act with integrity, foresight and prudence. It shall empower its employees to deliver products that exceed its customers’ expectations and build long-term value for its shareholders.

### **Competitive Strengths**

*Attractive Industry Fundamentals.* The real estate industry in the Philippines offers rich opportunities across all its sub-sectors. Its bright prospects are anchored on strong fundamentals: a stable economy, steady



foreign inflows, particularly from OFWs, increased affordability and the availability of attractive financing from banks, strong consumption spending in retail, and encouraging prospects for office space in the BPO sector.

*Experience and Track Record.* With over eight (8) decades of experience together with Ayala Corporation, Ayala Land is the largest and most experienced real estate developer in the Philippines. Combining leading-edge product innovation with prudent and effective risk management practices, the Company has the ability to manage across a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the industry. Ayala Land’s proven track record includes the development of Makati as the country’s premier CBD and Ayala Alabang as a prestigious suburban residential community. It is replicating these successes in areas such as BGC, Cebu, and NUVALI in Canlubang as well as recently launched estates in Abreeza Davao, Centrio Cagayan de Oro, Arca South Taguig, Circuit Makati and Vertis North Quezon City.

*Trusted Brand and Unparalleled Product Line-up.* The Ayala Land name is synonymous with quality and prestige and is the most widely trusted brand in Philippine real estate. Ayala Land maintains leadership in most of its product lines – residential subdivision and high-rise residential condominiums, shopping centers, office buildings, hotels and resorts – and across a broad spectrum of price-points and geographies.

*Large, Strategic Landbank.* With control of 12,192 hectares of land across various strategic locations in the Philippines, Ayala Land is a primary beneficiary of the country’s asset reflation story. Providing significant upside is the more than 2000-hectare NUVALI in Laguna being developed as a showcase for environmental, economic and social sustainability.

*Financial and Operating Resources.* The Company has a strong balance sheet, supportive strategic shareholders, a variety of available funding sources and the patience to undertake both pocket-sized and large-scale projects or investments that balance the need for sustained earnings growth and long-term net asset value accretion. Ayala Land also draws on the competitive advantage provided by its wholly-owned subsidiaries MDC and Ayala Property Management Corporation, which are the country’s largest and most experienced construction and property management companies, respectively.

*Strong Management Team and Governance.* The Company employs a proven and highly-credible management, architectural and engineering talent pool across all levels of the organization, most with experience across multiple business lines. Ayala Land also consistently ranks among the top Philippine companies in terms of corporate governance standards and best practices.

From 2019 to present, Ayala Land has been awarded the following:

Best Overall Company	Sustainable Business Awards
Best in Stakeholder Management and Materiality	
Special Recognition in United Nations Sustainable Development Goals	
Special Recognition in Water Management	
Special Recognition in Strategy and Sustainability Management	
4-Arrow Award in Corporate Governance	Institute of Corporate Directors

Description of Business

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Best Property Developer – Philippines	Euromoney
Best in Residential Development	
Best in Retail and Shopping Development	
Best in Office and Business Development	
Best Innovative Green Development	
Most Outstanding Company in the Philippine Real Estate Sector	Asiamoney
CFO of the Year	ING-Finex
Asia's Best CFO	Corporate Treasurer Awards
Philippines Most Honored Company	Institutional Investor Magazine
3 <sup>rd</sup> Best CEO	
1 <sup>st</sup> Best CFO	
1 <sup>st</sup> Best ESG Reporting	
1 <sup>st</sup> Best Corporate Governance	
2 <sup>nd</sup> Best IR Company	
2 <sup>nd</sup> Best IR Professional	
Global Top 50 in Investor Relations Excellence	IR Magazine
Global Top 5 in Finance and Real Estate Category	
Best Annual Report (ASEAN Large Caps)	
3G Environmental Sustainability Awards	Global Good Governance Awards
Best CEO (Investor Relations)	9 <sup>th</sup> Corporate Governance Asia Excellence Awards
Best CFO (Investor Relations)	
Best Investor Relations Company	
Best Environmental Responsibility	
6 <sup>th</sup> Best Managed Company in the Philippines	FinanceAsia 18 <sup>th</sup> Best Companies in Asia Poll
2 <sup>nd</sup> Best Growth Strategy	

4 <sup>th</sup> Best ESG	
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*Sustainability Framework Embedded in Business Processes.* Over the years, Ayala Land has been intensifying the integration of sustainability principles in every step of its business processes. Ayala Land's entire business process, from acquisition, assessment, planning, design, construction, delivery and property management focus on long-term benefits and shared value for stakeholders while foreseeing and managing risks and protecting all investments. Ayala Land has sustainability and risk management policies in place to protect projects from flooding and other geohazards. Technical due diligence is an integral part of site assessment, while flood and erosion control measures are built into masterplans, through site designs that include retention and detention basins, biodiversity (native vegetation) conservation where applicable. Projects are also designed to serve the needs of the commuting and walking public. Ayala Land also has set greenhouse gas ("GHG") emission intensity reduction targets and monitors energy, water and waste metrics in the properties it continues to manage.

*Attractive Stock.* For the three-year period ended December 31, 2019, Ayala Land has delivered a 3-year average Total Shareholder Return of 47.1%, higher than the 3-year average Total Shareholder Return of the Property Index of 40.3%. Total Shareholder Return is based on share price appreciation plus dividends paid for the relevant period.

### **Strategy**

Ayala Land has long enjoyed leadership in the traditional markets it serves, leveraging on long term relationships with customers, landowners, tenants, its employees, the local government and NGO communities, and providers of capital. Ayala Land shares values and a common long-term orientation that allows all parties concerned to prosper over time. Many of the best names in local and international retailing anchor its shopping centers while top multinationals either set up base in its Headquarter-type offices or locate in its BPO facilities. Ayala Land is also the partner of choice for strategic new partners, such as the Shangri-La and Holiday Inn groups, which want to make significant new investments in the country and help prime the Company's strategic growth centers.

Ayala Land plans to maintain and enhance its position as the leading property developer in the Philippines by continuing to develop large-scale, mixed-use integrated communities while diversifying its revenue base across its wide portfolio of businesses. To achieve this, Ayala Land will embark on an aggressive recent anchored on five (5) main pillars that will lay the ground work for the Company's long-term sustainable growth:

- *Growth.* The Company will actively strengthen and slowly establish its presence in several identified growth centers across the country to effectively expand its footprint into new geographies. It will also introduce new formats within its existing business models to diversify its portfolio of highly differentiated product offerings and tap into previously unserved markets and consumer segments to broaden its reach.
- *Margin Improvement.* Ayala Land will continue to implement various spend management and cost control initiatives and pursue operational efficiencies further across the organization, without sacrificing quality and with strict adherence to the principles of sustainability, to bring overall costs down and drive profitability.
- *Capital Efficiency.* The Company will also make more efficient use of resources and capital to improve asset turnover and returns on capital. To this end, Ayala Land will pursue an asset-light approach to development and optimize land use by maximizing synergies within the organization, moving with scale to maximize utilization and value-capture.

- *Organizational Development.* Ayala Land will continue to strengthen its risk management program to effectively contain strategic, operational, financial and supply-chain risks associated with the much increased business activity levels and enhance its internal talent pool and support systems ensure that these are supportive of the Company's growth objectives.
- *Brand-Building.* The Company will continue to leverage on product differentiation and its distinct value proposition. Moreover, it shall ensure the safety, security and timely delivery of all projects accompanied by efficient and effective customer service.

## **Products / Business and Recent Updates**

To carry on its business in an organized and efficient manner, Ayala Land structured its operations into key strategic business lines such as Property Development, Commercial Leasing, Hotels and Resorts and Services.

## **PROPERTY DEVELOPMENT**

### *Residential Development*

Residential Business Group is involved in the sale of high-end residential lots and units (including leisure community developments), middle-income residential lots and units, affordable lots and units, and economic housing lots and socialized housing units. It caters to domestic and overseas Filipino markets across the high-end, middle-income and affordable segments.

In recent years, overall growth of the residential market has been strong largely as a result of a huge housing backlog of 3.9 million units and affordable mortgage loans. On the international front, the continued growth of OFW remittances has injected new demand into the residential market. In response to these opportunities, Ayala Land will continue to grow its residential business line, which accounted for 63.6%, 59.3%, 60.8% and 55.0% of consolidated revenues (which includes real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income) as of December 2016, December 2017, December 31, 2018, and December 31, 2019 respectively. A robust project pipeline will enable the Company to expand its product offerings in existing areas and accelerate geographic expansion, aided by strategic landbanking and mixed-use development and project management projects.

The Company will strengthen and provide clear differentiation across its five (5) residential brands, each targeting a distinct segment of the market: ALP for the high-end segment, Alveo for the upscale market; Avida for the middle-income housing segment; Amaia for the economic housing segment; and BellaVita for the socialized housing segment.

To be more competitive, the Company will continue to enhance margins by leveraging its brand and track record to maximize pricing power where possible, along with managing construction costs and streamlining the project delivery process.

The Company's ongoing residential projects under the ALP brand include Courtyards in Vermosa, Arbor Lanes and Park Cascades in Arca South, Taguig, Park Central Towers in Makati, Cerilo Towers in Nuvali and Enclaves in Ayala North Point. Under the Alveo brand, key ongoing projects include High Park and Orea Place in Vertis North, Quezon City, Park Triangle Corporate Plaza in Bonifacio Global City, Veranda in Arca South, Lumira in NUVALI, Laguna and Solstice Towers One and Two in Circuit, Travertine Tower in Pasig, The Residences at Evo City, Gentry Corporate Plaza and Stiles Enterprise Plaza in Makati and Cerca Viento Tower 1 in Las Pinas. Under the Avida brands, key ongoing projects include Avida Towers One Prime Taft in Manila, Avida One Antonio Place in Makati and Avida Settings and Northdale in Alviara, Pampanga, Asten Tower 3 and Turf BGC in Bonifacio Global City, Taguig, Viero in Arca South, and Serin East Tower 2 in Tagaytay City. Under the Amaia brand, Amaia Scapes Sequel in Bulacan, San Pablo, Urdaneta and General Trias and Amaia Steps Nuvali Parkway Aria B, Capitol Central Tower 2 and Alabang

Delicia. Under the Bellavita brand, Bellavita Cabanatuan, Pilillia and Alaminos in Laguna, Lian in Batangas and San Miguel, Iloilo.

International Sales accounted for 29% of total sales for the period ended December 31, 2019.

Aside from the expansion of sales efforts into other US states, Ayala Land is also looking at increasing its penetration in other markets such as Europe, the Middle East, and other fast growing markets like Singapore, China and Australia.

#### *Strategic Landbank Management (“SLMG”)*

SLMG is involved in the acquisition and development of large, mixed-use, masterplanned communities and serves as platform for all of the Company’s developments – residences, malls, offices, and all the services that make up a vibrant and sustainable community.

With a long-term horizon, SLMG views its key landbank areas as launching pads for decades of development. Its approach to landbanking is oriented towards value creation and realization. SLMG applies financial discipline with a focus on yields, cashflows, and the judicious buying and selling of lots at the opportune time. The group develops, updates and refines masterplans, providing clear framework for decision making. It also engages community-based stakeholders such as local government units and other government entities to assure that vital infrastructure is in place to support the long-term development plans. Embedded in all these, and central to value creation and retention over time, is the concept of sustainability.

As of December 31, 2019, Ayala Land’s land bank portfolio of 12,192 hectares is composed of 278 hectares in Metro Manila, 9,973 hectares in other areas in Luzon and 1,941 hectares in Visayas and Mindanao.

Noteworthy actions made by Ayala Land to sustain growth in momentum in future years include the following:

- In Makati: The Ayala Center Redevelopment

This will include the redevelopment three (3) of the city’s strategic areas: Ayala Center along Ayala Avenue and EDSA, Ayala Triangle Garden (ATG)’s northern tip and Ayala North Exchange located within the vicinity of Ayala Avenue corner Buendia.

Ayala Center gives way to the expansion of retail spaces, two (2) office towers, two (2) hotels one of which will be under the Seda Brand. Transport and linkages shall be improved with a public transit terminal that connects to the Metro Rail transit and improves access to the city buses along EDSA and internal transit within the Central Business District.

The city’s urban oasis, Ayala Triangle Gardens will have an additional 66,000 sqm of the highest grade office space and will be the new home of the 275-room five-star Mandarin Hotel. Retail areas of 9,000 sqm of GLA shall complete the development.

Ayala North Exchange which is the young and creative hub South of Makati will be the new mixed-use development envisioned to have a more creative edge. Ayala North Exchange will have 55,000 sqm of Office GLA, 10,400 sqm of retail GLA and 293 hotel rooms under the Seda brand. Civic spaces of 2,600 sqm will be developed through a series of terraces.

Circuit Makati is the entertainment district of Makati which is connected via Ayala Avenue Extension. It will have a gross floor area of around 1.3 million upon full build-out with theater, mall, office residential and hotel components to be developed in the next 5 years.

Land values remain high in the area. In 2018, developable land in Makati CBD was estimated by Global Property Guide to range from ₱454,395 to ₱701,950 per sqm.

- In BGC: Value Realization

The Company's priming activities include Market! Market!, Serendra and Bonifacio High Street. Projects such as the recently opened St. Luke's Hospital, Mind Museum, and the Shangri-La Hotel Complex, will further drive land values upon completion. In 2012, Bonifacio High Street ("BHS") Central – an extension of the existing BHS – was opened with an additional 10,000 sqm of retail GLA. One BHS was also launched, anchored by the ALP's high-end residential tower, The Suites with an estimated value of ₱9.0 billion. In 2012, Bonifacio High Street South ("BHSS") was also launched which will house residential towers and offering office-for-sale products through launch of the BHSS Corporate Plaza.

- In Canlubang / NUVALI: Full Scale Regional Center

Priming of NUVALI, the Company's showcase township development for environmental, economic and social sustainability, is well underway. Better than expected land values have been realized for the 5,039 residential lots and units put on the market since the soft launch of all residential brands in October 2007. The first BPO building in NUVALI One Evotech with total GLA of 11,500 sqm became operational by the 4<sup>th</sup> quarter of 2008 and the second BPO building Two Evotech opened in 2011. Solenad 2, the sequel to the first retail component of the development Solenad 1, also opened in 2011 with an additional 5,300 sqm of GLA. In the 3<sup>rd</sup> Quarter of 2015, Solenad 3 was completed expanding the mall footprint with another 40,000 sqm of GLA. SEDA Nuvali was opened to the public in March 2014.

On the infrastructure side, the North-South road was already completed, as well as the establishment of Wi-Fi access in the lakeside area.

With an investment value of ₱60 billion at its establishment, Nuvali today hosts 23 residential communities, 2 commercial business districts, 58,000 sqm of retail spaces, 23,500 sqm of office space, a 100-bed general hospital, a 150-room hotel, a 1,000-pax capacity events center, 3 schools, and 120 has of carbon forest and recreational spaces. It generates more than 7,000 jobs in diverse sectors, including business process outsourcing (3,700), construction (1,500), retail (1,350), property management (400), hospitality (100) and health care (100). Over the last 11 years, it has contributed over ₱120 billion in economic value to the host community, in terms of jobs and enterprises created, local partnerships created, and local programs supported.

Aside from the major parcels mentioned above, ALI has new growth centers located in different areas across the country. These growth centers are Vertis North and Cloverleaf in Quezon City, Altaraza in Bulacan, South Park in Alabang, Vermosa in Cavite, Abreeza in Davao, North Point and Capitol Central in Bacolod, Centrio in Cagayan de Oro, Atria Park in Iloilo, Arca South in Taguig, Alviera in Pampanga, and Lio Estate in Palawan.

- *Visayas-Mindanao*

The Company has been active at all fronts of real estate business in the Visayas and Mindanao regions. Through its subsidiaries Cebu Holdings, Inc. ("CHI") and affiliate, Cebu Property Ventures Development Corpo. ("CPVDC"), the Company offers the full range of Ayala Land's product line-up in the region: residential development, shopping center operations, office and BPO buildings and sale of commercial lots and club shares at City Sports Club Cebu.

It pioneered the seaside residential developments in Cebu with its landmark Amara project and has remained a market leader for the third consecutive year since its launch in 2005. In June 2007, Ayala Land entered the southern Philippine real estate market with the launch in Cagayan de Oro of Alegria Hills, ALP's first development in Mindanao. Two other Ayala Land projects in Negros Occidental continued to set the standards for local residential developments, Ayala Northpoint and Plantazionne Verdana Homes, both located in the suburbs of Bacolod City. In 2010, Ayala Land introduced its first high-rise residential towers in Cebu through ALP's 1016 Residences and Avida

Towers Cebu I and II. Moreover, the newest estate in the Visayas region, Atria Park District located in Iloilo, was launched in 2013. It is envisioned to be another mixed-use project featuring residential towers, commercial establishments, parks and landscaped areas, medical facilities and a hotel building, over the long term.

Given Cebu's role as a primary destination and international gateway in Visayas and Mindanao, its shopping market has grown significantly and has extended to other key cities in the province. Ayala Land, through CHI, has embarked on a major expansion and renovation of Ayala Center Cebu. Adjacent to the mall, The Terraces opened at Ayala Center Cebu with additional 7,900 sqm of GLA while the second phase of the redevelopment opened an additional 34,000 sqm of gross leasable area.

With the growth of the IT industry, the demand for office space from both local and multinational companies continues to increase in Cebu. The Company, in partnership with CPVDC, built office spaces for lease to IT and IT-enabled firms and completed construction of Cebu eBloc, a 12-storey mid-rise office condominium, with a retail space at the ground floor. The Ayala Corporate Center in Cebu was likewise launched to address the demand for corporate offices.

As for developments in the Mindanao region, Ayala Land launched the first high rise residential projects in Davao through Alveo's Abreeza Residences and in Cagayan de Oro through Avida Centrio Towers in 2012. Moreover, there are currently two (2) Seda Hotels operating in both Davao and Cagayan de Oro.

Last June 30, 2015, Ayala Land, Inc., Cebu Holdings, Inc. and SM Prime Holdings, Inc. won the bid for a 26.3-hectare property located in South Road Properties, Cebu City which will be co-developed pursuant to a joint masterplan.

Last June 6, 2016, Ayala Land, Inc. and Aboitiz Land Inc., through its joint venture entity, Cebu District Property Enterprises Inc., launched a 17.5-hectare mixed-use development in Mandaue City, Cebu named "Gateway Central".

## **COMMERCIAL LEASING**

### *Shopping Centers*

Ayala Malls Group ("AMG") is involved in the 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; and management and operations of malls which are co-owned with partners.

Ayala Land operates movie theater complexes with more than 50 screens situated in its shopping centers. The movie theaters are operated primarily as a means of attracting customers to its shopping centers. The theaters are managed by Ayala Theaters Management, Inc. and Five Star Cinema, Inc., wholly-owned subsidiaries of Ayala Land.

Leases for retail space within the shopping centers are generally short-term, ranging from one (1) to five (5) years for the initial lease, renewable annually. Land leases, on the other hand, have longer terms, usually up to 50 years in the case of hotel tenants. In general, rental rates for retail space equal the higher of (i) a basic rent plus a percentage of the tenant's gross sales, or (ii) a specified minimum amount. Rental rates for leases on hotel and department store sites are generally based on a percentage of gross sales.

Ayala Land's large-scale mixed-use developments that feature a retail component are greatly enhanced by the quality and distinctiveness of the retail concepts conceived and implemented by AMG. At the BGC, for instance, Serendra, BHS and the recently opened BHS Central are priming the development in its City Center. Serendra's retail zone complements the suburban lifestyle of the residential development with authentic and unique restaurants and shops.

AMG continuously provides compelling and engaging mall events and promotions which enhance the shopping experience and sustain high pedestrian traffic. Events are being held daily, among them product launches, concerts, children's meet-and-greet events and youth-oriented fairs, at the Ayala Malls.

AMG provides a strong year-round support to all merchants. Merchants are valued as long-term partners. AMG constantly interacts and exchanges ideas with its merchants and provides training and development support where needed.

Ayala Land will pursue expansion plans anchored on the opportunities presented by the continued aspirational and lifestyle spending as well as growing value-consciousness among many families in different geographic areas. To ensure pipeline growth is based on right fundamentals, attention will be paid to selecting strategic sites, developing differentiated and superior product, serving the right markets, and ensuring proper execution of concepts for each new mall.

The Company also entered into a 50-year lease agreement with the Subic Bay Metropolitan Authority ("SBMA") and signed a joint-venture agreement with Anflo Management & Investment Corp. and Mindanao Motors Corp. which involves the construction of a shopping mall called Harbour Point inside the Subic Freeport Zone and in Cagayan de Oro City (Centrio), respectively, as part of the Company's geographic expansion program. In 2011, a 30-year lease contract agreement was signed with Ellimac Prime Holdings for the development of a retail complex within a 6-hectare property in Fairview, Quezon City, called Fairview Terraces.

In February 2011, the Board of Regents of the University of the Philippines ("U.P.") awarded to the Company the lease contract for the development of a 7.4-hectare property at the U.P. Diliman East Campus, also known as the U.P. Integrated School ("UP-IS") property along Katipunan Avenue in Quezon City. The Company signed a 25-year lease contract for the property, with an option to renew said lease for another 25 years by mutual agreement.

The project involved the construction of a retail establishment with 63,000 sqm of available GLA and a combination of headquarter-and-BPO-office type building with an estimated 8,000 sqm of GLA.

As of December 31, 2019, average monthly lease rates registered at ₱1,047 per sqm while same mall rental growth is at 8%. The average occupancy rate for all malls is at 88% while the occupancy rate for stable malls is at 93%. Total GLA of shopping centers registered at 2.12 million sqm as of December 31, 2019. This includes 8,010 and 160,682 sqm from the Ayala North Exchange and Ayala Manila Bay retail areas that were opened last March and September, respectively.

### *Offices Group*

Ayala Land Offices Group is involved in the development and lease or sale of office buildings and fee-based management and operations of office buildings.

Ayala Land aims to be the leading provider of office space for BPOs and significantly built up its BPO portfolio from end-2007 levels of 35,803 sqm of GLA. The build-up involved a variety of offerings - in very choice locations - covering stand-alone, build-to-suit office buildings, integrated nodes within large-mixed used developments such as Glorietta 5, Glorietta 1 & 2, and Vertex One in San Lazaro, and entire self-contained BPO and IT campuses like the UP-Ayala Land TechnoHub, One and Two Evotech Buildings in NUVALI, and the AyalaLand Baguio TechnoHub, to name a few.

While Makati has been well established as the country's premier CBD for decades, the prospects are bright for BGC to mirror Makati's success in the future. Large corporates have purchased land and have chosen to build or relocate their offices in BGC.

As of December 31, 2019, the average monthly lease rate of offices registered at ₱772 per sqm. The average occupancy rate of all offices registered at 96% while the average occupancy rate of stable offices



is 97%. Total offices GLA registered at 1.17 million sqm as of end-2019, adding 18 thousand sqm each from Ayala North Exchange and Ayala Manila Bay BPOs which opened last April 2019 and September 2019, respectively.

### **HOTELS AND RESORTS**

Ayala Land is also involved in the development, operation and management of branded and boutique/businessman's hotels and eco-resorts.

In 2010, Ayala Land successfully ventured into eco-tourism via the partnership with the Ten Knots Group for a 60% stake in the world-famous El Nido Resorts in Palawan. As of end of 2016, there are 213 island resort rooms available from Miniloc, Lagen, Apulit (previously Club Noah), and Pangulasian Islands in the province of Palawan.

In 2012, the Hotels and Resorts Group consolidated its ownership by completing the acquisition of the remaining 80% stake in Fairmont Hotels and Raffles Suites and Residences from Kingdom Hotels, Inc.

In 2013, the Hotels and Resorts Group signed an agreement with Asian Conservation Company to acquire its 40% stake in El Nido Resorts.

As of December 31, 2019, the hotels and resorts business operates 660 hotel rooms under its international brand segment—312 for Fairmont Hotel and Raffles Residences, and 348 for Holiday Inn & Suites, both located in Ayala Center, Makati CBD. Our homegrown Seda Hotels now has 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). Circuit Corporate Residences operates 255 rooms. 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 and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

### **SERVICES**

Its support businesses include construction of Ayala Land and third-party projects, hotels development and management, property management, chilled water supply and retail of electricity.

#### *Construction*

A wholly-owned subsidiary of Ayala Land, Makati Development Corporation is engaged in engineering, design and construction of vertical and horizontal developments including roads, bridges and utilities. MDC is responsible for horizontal construction works at Ayala Land's land developments and is likewise engaged in private industrial and government infrastructure projects. MDC also developed residential condominium buildings and mall projects. It continued to service site development requirements of Ayala-related projects while it provided services to third-parties in both private and public sectors. MDC collaborated with First Balfour, Inc. to build the state-of-the-art 600-bed St. Luke's Medical Center at BGC, which was completed in November 2009 and was opened to the public in January 2010.

MDC's outstanding workmanship was demonstrated by the Leadership in Energy and Environmental Design ("LEED") Gold Certification by the U.S. Green Building Council for the design and construction of the US Embassy expansion project in Manila – the first for a non-American contractor.

MDC Build Plus was likewise formed, a 100% subsidiary of MDC, which caters primarily to projects focusing on the lower end of the base of the pyramid, particularly the residential brands Amaia and BellaVita.

As of December 31, 2019, MDC manages a total of 333 projects with a net order book value of ₱105.48 billion.

#### *Property Management*

APMC, a wholly-owned subsidiary of Ayala Land, is engaged in property management, principally for Ayala Land and its subsidiaries. It also provided its services to third-party clients.

APMC guarantees worry-free ownership and helps property owners over the long haul in such areas as water, power and telecommunications, security, sustainable design and best practices aligned with green buildings, and assistance in managing the properties of owners living elsewhere. It offers a full suite of services not only to Ayala property owners and lessees but also to third party clients, including a centralized 24/7 concierge service as well as manages third party-carparks and is considered one of the largest third-party carpark operators in the country today. Among its key third-party clients are the Makati Medical Center, Philippine Heart Center, Exim 2, Dusit Carpark and ABS-CBN.

As of December 31, 2019, APMC manages a total of 256 properties with a total contract value of ₱1.61 billion.

#### *International*

Outside of the Philippines, Ayala Land is leveraging its current competencies to pursue attractive real estate investment opportunities.

The year 2007 marked the establishment and operation of ARCH Capital and its first Asian property fund, ARCH Capital Asian Partners LP. ARCH Capital Asian Partners is a private equity fund set up to pursue investments in Asian property markets which are in strong growth phases such as China, India and Thailand. The fund has several seeded investments and a number of projects that are moving actively. Among these are significant interests in a middle market residential community development project in Macau, a scaled medium-rise condominium project in Samut Prakarn province, Bangkok, and a high-end condominium project on Rama IV in the heart of Bangkok-Sathorn CBD. The fund's project management team, with its strong residential community development experience and the depth and support of Ayala personnel, has been actively involved in project design and planning stages for these projects.

First Longfield Investments Limited (incorporated in 2006) is wholly-owned by Ayala Land. Through Green Horizons Holdings Limited, it has a 17% stake in Arch Capital Management Co. Ltd, the fund management company established to handle the Asian private real estate equity fund which is co-sponsored by Ayala Land with Ayala Corporation.

In a disclosure to the SEC, PSE and PDEX dated March 7, 2011, Ayala Land, Ayala Corporation and The Rohatyn Group ("TRG"), an emerging markets-focused private investment firm, completed an exchange of ownership interests in ARCH Capital Management Co., Ltd ("ARCH Capital") and ARCH Capital Asian Partners, G.P. (a Cayman Islands company).

Ayala Land and Ayala Corporation, as sponsors of ARCH Capital, co-founded the investment management firm in 2006 together with Richard Yue. The exchange of ownership interest will result in TRG acquiring Ayala Land's 17% stake and Ayala Corporation's 33% interest, with Richard Yue retaining his current 50% interest in ARCH Capital. The completed exchange of ownership interests will leave the activities, management, focus, and shareholder structure of the ARCH Capital Fund unchanged, with Ayala Land retaining its current 8% stake in the Arch Capital Fund. Arch Capital Fund has existing projects in India, Thailand and China.

In the disclosure to the SEC, PSE and PDEX dated August 3, 2010, the Company's wholly-owned subsidiary Regent Wise Investments Limited and Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. ("SSTEC") have signed an Equity Joint Venture Agreement for the development of a 9.78-hectare residential project in China. The project is located in Tianjin Eco-City ("the Eco-City"), a 3,000-hectare

collaboration between the Chinese and Singaporean governments which will showcase the future direction of urban planning and sustainable development.

The Company participated in the development of residential units as part of the planned more than 1,100 units within a 19-tower residential complex which will be located at the gateway of the Eco-City's Start-Up Area.

In another disclosure to the SEC, PSE and PDEX dated April 6, 2015, the Company through its wholly-owned subsidiary Regent Wise Investments Limited, has acquired 9.16% of the shares of Malaysian company GW Plastics Holdings Bhd., to be renamed MCT, through a private placement for a total amount of US\$43 Million or ₱1.9 billion. It exercised its option to acquire additional shares of MCT for a total cost of US\$92 Million, to bring its total shareholding in MCT from 9.16% to 32.95%.

On January 2, 2018, the Company, through its wholly-owned subsidiary Regent Wise Investments Limited, signed a share purchase agreement to acquire an additional 17.24% share in MCT (or Modular Construction Technology) Bhd., raising ALI's total shareholding in MCT to 50.19%. As a result of this transaction, an unconditional mandatory take-over offer was dispatched to shareholders of MCT which commenced in January 26, 2018 and closed as of 5:00 p.m. (Malaysian time) 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%. On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, the current ownership stake of ALI in MCT is 66.25%. MCT was 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. The company 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, in-house trading company, direct execution of specialist works and its own pre-cast and ready-mixed concrete plants. The company has several ongoing projects in OneCitySubang Jaya and Cyberjaya, as well as a land bank in Dengkil, 1.5km away south of Cyberjaya, all located in the Klang Valley in Malaysia. By partnering with a company such as MCT, Ayala Land will be expanding its footprint in Southeast Asia in line with its diversification goals and sets the platform for growth in Malaysia. This allows Ayala Land to enter the Malaysian market with an experienced team, benefit from synergies of the partnership, and further add value to MCT over the long term to enable it to be a key player in the Malaysian real estate market.

#### *Other Revenue*

In addition to the above business lines, Ayala Land also derives income from its investment activities and sale of non-core assets.

#### Contributions to Revenue

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 and 2017: (in ₱'000)

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues			
<i>Domestic</i>	160,143,686	156,142,062	139,131,909
<i>Foreign</i>	6,561,646	7,604,756	241,432
Net operating income			
<i>Domestic</i>	61,357,618	52,436,826	43,071,498
<i>Foreign</i>	1,228,417	1,129,534	(90,142)

Net Income Attributable to Equity Holders of ALI			
<i>Domestic</i>	32,321,166	28,283,472	25,321,099
<i>Foreign</i>	867,233	957,408	(16,134)
Total Assets			
<i>Domestic</i>	678,162,085	636,521,219	564,182,334
<i>Foreign</i>	35,761,193	32,299,263	9,810,000

***Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets over the past three (3) years***

On December 2, 2019, Avida Land Corporation (“Avida”), a subsidiary of Ayala Land, 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 ₱511,653,100.00.

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 ₱628,062,891.00. On September 27, 2019, ALI acquired the 215,090,031 common shares of ALLHC from Avida Land Corp. through a special block sale at ₱2.92 per share for a total consideration of ₱628,062,891.00. As a result of the transaction, ALI’s effective ownership in ALLHC increased to 71.68%.

On July 19, 2019, ALLHC purchased 100% of common shares of Unity Realty & Development Corporation (“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 June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of ₱800 million.

On May 24, 2019, the Board of Directors of the Company, at its regular meeting approved the acquisition of Avida Land, Corp., a wholly-owned subsidiary of Ayala Land, Inc., of 264,534,247 shares of 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 72.25%.

On April 30, 2019, 152 grantees of stock options under our Employee Stock Ownership plan (“ESOWN”) subscribed to 10,073,389 common shares at ₱44.49 per share and became effective on the same day. As a result of the subscription of these grantees, ALI’s outstanding common shares increased to 14,734,581,724.

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%.

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 December 17, 2018, Asiatown Hotel Ventures, Inc., a domestic corporation registered with the Securities and Exchange Commission. The company is wholly-owned subsidiary of AyalaLand Hotels and Resorts Corp. ("AHRC") and was organized primarily for the development of Seda Cebu IT Park.

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

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 the Company's ownership to 70.4%.

On September 12, 2018, One Makati Residential Ventures, Inc., a wholly-owned subsidiary of AHRC was registered with the Securities and Exchange Commission. The company was organized primarily for the development of One Ayala Residences.

On May 11, 2018, ALI 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 JVC that will own and develop 27,852 hectares of land, specifically located in Dingalan, Aurora and General Nakar in the Province of Quezon. Under the JVC, ALI will own 51% and GSPC and GCPRI will jointly own 49%. The development of the properties will comprise of a masterplanned mixed-use estate, principally oriented towards tourism, commercial, residential and institutional uses and will incorporate environmental and ecological programs that will focus on forest conservation and the protection of biodiversity.

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 ₱3,030,750,000.00 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 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 April 4, 2018, ALI signed a Deed of Absolute Sale with CAT for the acquisition of several parcels of land with an aggregate area of approximately 290 hectares and located in Barangay Central, City of Tarlac, Province of Tarlac.

On March 23, 2018, the Executive Committee of Ayala Land approved the exchange of Ayala Land's 75% equity interest in LTI into additional shares of stock in ALLHC. The value of the transaction is at ₱3.0 billion, where ALLHC 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 ALLHC to 63.90% from 54.91%. The combination of LTI and ALLHC will create a bigger entity that will pursue real estate logistics and industrial development and reposition ALLHC to be a leading real estate logistics and industrial estate developer and operator in the Philippines.

On February 26, 2018, the Board of Directors of CHI during its meeting, approved the merger of 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 (2) companies during their respective annual stockholders' meeting to be held on April 10, 2018. It will then be filed with the SEC and expected to be approved within the next two (2) months.

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. Royal Asia Land, Inc. 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, as the project development and sales and marketing manager of the property will receive a development 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 26, 2018, ALI purchased additional 202,774,547 common shares of ALLHC from Genez Investments Corporation for ₱497.7 million which raised ALI's effective ownership interest from 63% to 67% of the total ALLHC's outstanding capital stock.

On January 11, 2018, SIAL CVA Retailers, Inc, FamilyMart Co., Ltd., and ITOCHU Corporation have concluded the transaction to sell 100% of the outstanding shares of PFM to PNx. The parties signed a Memorandum of Agreement last October 30, 2017.

On January 2, 2018, Ayala Land, through its wholly-owned subsidiary Regent Wise Investments Limited, signed a share purchase agreement to acquire an additional 17.24% share in MCT, raising ALI's total shareholding in MCT to 50.19%. As a result of this transaction, an unconditional mandatory take-over offer was dispatched to the shareholders of MCT which commenced on January 26 and ended last February 19, 2018. Ayala Land received acceptances equivalent to 22.12% of MCT's outstanding shares, increasing ALI's shareholdings in MCT to 72.31%. On March 23, 2018, principals of MCT, Bhd converted their ICULS into 122,218,357 MCT shares. This exercise resulted in a 6.07% of ALI's stake in MCT to 66.25%.

On October 30, 2017, SIAL CVS Retailers, Inc., FamilyMart Co., Ltd., and ITOCHU Corporation have entered into a MOA to sell 100% of the outstanding shares of PFM to 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.), owned 60% of PFM, while Japanese companies, FamilyMart Co., Ltd. and ITOCHU Corporation, own 37.6% and 2.4% respectively.

Makati Cornerstone Leasing Corp. ("MCLC") is a wholly-owned subsidiary of Ayala Land, Inc. and was registered with SEC on June 5, 2017. MCLC was organized to develop the Circuit BPO1 and Circuit BPO2.

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

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

Capitol Central Commercial Ventures Corp. is a wholly-owned subsidiary of Ayala Land, Inc. and was incorporated on December 4, 2017 for the development of Ayala Malls Capitol Central. Arca South Commercial Ventures Corp. is a wholly-owned subsidiary of Ayala Land, Inc. and was incorporated on November 16, 2017 for the development of Ayala Malls Arca South.

Bay City Commercial Ventures Corp. was incorporated on November 3, 2017. BCCVC is a wholly-owned subsidiary of Ayala Land, Inc. and was organized primarily for the development of Ayala Malls Bay City.

Bay Area Hotel Ventures, Inc. was incorporated on September 6, 2017, is a wholly-owned subsidiary of AHRC and organized primarily for the development of Seda Bay Area.

Makati North Hotel Ventures, Inc. (“MNHVI”) is a wholly-owned subsidiary of AHRC. MNHVI was organized on October 10, 2017 for the development of Seda Residences Makati.

One Makati Hotel Ventures, Inc. (“OMHVI”) is a wholly-owned subsidiary of AHRC and was incorporated on September 28, 2017. OMHVI was organized primarily for the development of Seda One Ayala.

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 per 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 to 63.05%.

In 2017, ALI purchased additional 97,763,900 common shares of CHI from BPI Securities Corporation totaling ₱575.0 million which brought up ALI 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.

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. The acquisition was finalized on August 31, 2017.

### ***Various Diversification/new product lines introduced by the Company during the last three (3) 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 sqm 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 sqm 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. The Company will enhance its communities with the introduction of healthcare facilities under the QualiMed brand. 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 2<sup>nd</sup> quarter of 2016, Qualimed opened a hospital in Altaraza San Jose Del Monte Bulacan while Nuvali is set to open by 2<sup>nd</sup> quarter of 2017. Qualimed is targeting to have a 10-hospital and 10-clinic network by 2020.

## 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. The first supermarket opened in the 3rd quarter of 2015 at UP Town Center. The company expects to roll out 3 mid-brand supermarkets per year.

## Distribution Methods of Products

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

Ayala Land has its own in-house sales team. In addition, it has a wholly-owned subsidiary, ALSI, which employs mission-based sales people. Ayala Land uses a sales force of about 15,000 brokers and sales agents guided by a strict Code of Ethics.

The OFW market is being pursued through award-winning websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. ALISI, created in March 2005, leads the marketing, sales and channel development activities and marketing initiatives of the three (3) residential brands abroad. ALISI has established Marketing Offices in Northern California, specifically in Milpitas in 2012, its first branch, and in San Francisco in March 2014. Marketing Offices were also set up in Singapore in September 2013, Hong Kong in February 2014, and a Representative office in Dubai in 2013. ALISI also assumed the operations of AyalaLand International Marketing, Inc. in Italy and London. In addition, One Ayala program, which bundles the products and services of Ayala Land, BPI and Globe Telecom, gives access to potential Ayala Land clients overseas, i.e. through BPI's 17 overseas offices and 81 tie-ups. In addition, the Ayala Land-BPI Dream Deals program aims to generate additional sales from local market.

Separate sales groups have also been formed for certain subsidiaries which cater to different market segments under Amaia (economic housing), Avida (affordable housing), Alveo (middle-income housing) and BellaVita (socialized housing). To complement these sales groups, Ayala Land and its subsidiaries also tap external brokers.

Effective second half of 2008, residential sales support transactions of ALP, Alveo, and Avida is being undertaken by the shared services company APSI put up by the Company. In 2010, APRISA completed its full roll-out to handle transactional accounting processes across the Ayala Land Group.

## 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 mall business, Ayala Land's main competitor is SM Prime Holdings, Inc. whose focus on mall operations gives SM Prime Holdings, Inc. some edge over the Company in this line of business. Nevertheless, Ayala Land is able to effectively compete for tenants primarily based on its ability to attract customers -- which generally depends on the quality and location of its shopping centers, mix of tenants, reputation as a developer, rental rates and other charges.

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 non-traditional 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 and Robinsons Land.



## Description of Business

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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 quality of support services provided by its property manager, rental and other charges.

With respect to residential lot and condominium sales, 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/affordable housing 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 economic housing segment, Amaia competes with Camella Homes, DMCI Homes, Filinvest, Robinsons Land and SM Development Corporation.

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

### Capital Expenditures (Consolidated)

For the year 2019, Ayala Land's consolidated budget for project and capital expenditures amount to ₱130.4 billion of which ₱108.72 billion has been disbursed as of December 31, 2019 to support residential and leasing asset buildup.

### Subsidiaries, Associates and Joint Ventures

As of December 31, 2019, there are several companies which are either subsidiaries or associates and joint ventures of Ayala Land. Certain details and the percentage of ownership held by Ayala Land of each of these companies are described below:

	<b>Date of Incorporation</b>	<b>Effective Ownership (%)*</b>
<b>Real Estate:</b>		
Alveo Land Corporation (Alveo)	September 29, 1995	100
Serendra, Inc.	June 7, 1994	39
Solinea, Inc. (Solinea)	April 2, 2007	65
BGSouth Properties, Inc. (BGS)	August 10, 2011	50
Portico Land Corp. (Portico)	October 2, 2013	60
Serendra, Inc.	June 7, 1994	28
Amorsedia Development Corporation (ADC)	March 6, 1996	100
OLC Development Corporation and Subsidiary	June 28, 1996	100
HLC Development Corporation	June 28, 1996	100
Allysonia International Ltd.	February 18, 2000	100
Avida Land Corporation (Avida)	October 30, 1990	100
Buklod Bahayan Realty and Development Corp.	November 5, 1996	100
Avida Sales Corp. and Subsidiaries	December 22, 2004	100
Amicassa Process Solutions, Inc.	June 2, 2008	100
Avencosouth Corp. (Avencosouth)	April 26, 2012	70
BGNorth Properties, Inc. (BGN)	August 5, 2011	50
Amaia Land Co. (Amaia)	May 29, 2000	100

Description of Business

Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	65
AyalaLand Premier, Inc.	July 7, 2017	100
Ayala Land International Sales, Inc. (ALISI)	March 29, 2005	100
Ayala Land International Marketing, Inc. (AIMI)	February 28, 2012	100
Ayala Land International (Singapore) Pte. Ltd	July 4, 2013	100
Ayala Land International Marketing (Hong Kong) Ltd	November 20, 2013	100
Ayala Land International Marketing, SRL	April 9, 2014	100
Ayala Land International Marketing, London	December 10, 2014	100
Ayala Land Sales, Inc.	March 6, 2002	100
Southportal Properties, Inc. (Southportal)	December 1, 2014	65
Buendia Landholdings, Inc.	October 27, 1995	100
Crans Montana Holdings, Inc.	December 28, 2004	100
Crimson Field Enterprises, Inc.	October 26, 1995	100
Ecoholdings Company, Inc. (ECI)	September 25, 2008	100
NorthBeacon Commercial Corporation (NBCC)	August 13, 1970	100
Red Creek Properties, Inc.	October 17, 1994	100
Regent Time International, Limited	March 28, 2003	100
North Eastern Commercial Corp. (formerly Asterion Technopod Incorporated (ATI))	July 8, 2008	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	July 8, 2008	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	August 24, 2007	100
Hillsford Property Corporation (HPC)	August 24, 2007	100
Primavera Towncentre, Inc. (PTI)	December 18, 2009	100
Summerhill E-Office Corporation (Summerhill)	July 7, 2008	100
Sunnyfield E-Office Corporation (Sunnyfield)	July 7, 2008	100
Subic Bay Town Centre, Inc.	March 9, 2010	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	May 12, 2010	100
AyalaLand Real Estate Investments, Inc.	February 4, 2013	100
AyalaLand Advisory Broadway, Inc.	February 4, 2013	100
AyalaLand Development (Canada), Inc.	February 15, 2013	100
AyalaLand OpenAsia Holdings PTE, Ltd.	July 6, 2012	100
Blue Horizons Holdings PTE, Limited.	September 20, 2013	100
Modular Construction Technology (MCT) Bhd.	April 6, 2015	66
AyalaLand Commercial REIT, Inc. (ALCRI)	September 30, 2010	100
Arvo Commercial Corporation (Arvo)	June 23, 2011	100
BellaVita Land Corporation (BellaVita)	March 21, 1995	100
Nuevo Centro, Inc. (Nuevo Centro)	April 15, 2011	54
Alviera Country Club, Inc. (Alviera)**	July 9, 2014	50
Cavite Commercial Town Center, Inc.	July 31, 2009	100
Ayalaland REIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	September 4, 2006	100
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	July 26, 2006	100
First Gateway Real Estate Corp.	September 4, 2006	100
Glensworth Development, Inc. (Glensworth)	August 23, 2007	100
UP North Property Holdings, Inc.	March 26, 2007	100
ALO Prime Realty Corporation	April 23, 2008	100
Makati Cornerstone Leasing Corp. (MCLC)	June 5, 2017	100
Arca South Commercial Ventures Corp.	November 16, 2017	100
Capitol Central Commercial Ventures Corp	December 4, 2017	100
Bay City Commercial Venture Corp. (BCCVC)	November 3, 2017	100

Description of Business

Aurora Properties Incorporated	December 3, 1992	81
Soltea Commercial Corp.	June 13, 2013	16
Vesta Property Holdings, Inc.	October 22, 1993	78
Altaraza Prime Realty Corporation	March 9, 2016	100
Prow Holdings, Inc.	May 24, 2013	55
Station Square East Commercial Corporation (SSECC)	March 17, 1989	69
AREIT Property Managers, Inc (formerly Next Urban Alliance Development Corp.)	May 4, 2015	100
Accendo Commercial Corp. (Accendo)	December 17, 2007	67
Avencosouth Corp.	April 26, 2012	20
Aviana Development Corporation	September 17, 2013	7
Aviana Development Corporation	September 17, 2013	50
Cagayan de Oro Gateway Corp. (CDOGC)	March 3, 2010	70
Ceci Realty, Inc. (Ceci)	August 22, 1974	60
Soltea Commercial Corp.	June 13, 2013	12
Soltea Commercial Corp.	June 13, 2013	60
CMPI Holdings, Inc.	May 30, 1997	60
CMPI Land, Inc.	March 27, 1998	36
ALI-CII Development Corporation (ALI-CII)	August 6, 1997	50
Roxas Land Corporation (RLC)	March 18, 1996	50
Adaage Commercial Corporation (Adaage)	September 5, 2012	60
Ayalaland Estates, Inc. (formerly Southgateway Development Corp. (SDC))	October 19, 2012	100
Ayalaland MetroNorth, Inc. (AMNI)	November 29, 2012	100
Verde Golf Development Corporation	August 8, 2013	100
North Triangle Depot Commercial Corporation (NTDCC)	March 20, 2001	73
BGWest Properties, Inc. (BGW)	August 5, 2011	50
Lagdigan Land Corp. (Lagdigan)	March 17, 2014	60
Central Block Developers, Inc. (CBDI)	July 28, 2015	45
Cebu Holdings, Inc. (CHI)	December 9, 1988	71
Cebu Leisure Company, Inc.	January 31, 1994	71
CBP Theatre Management, Inc.	February 1, 1994	71
Taft Punta Engaño Property, Inc. (TPEPI)	September 8, 2011	39
Cebu Insular Hotel Company, Inc. (CIHCI)	April 6, 1995	26
Solinea, Inc.	April 2, 2007	25
Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	25
Southportal Properties, Inc. (Southportal)	December 1, 2014	25
Central Block Developers, Inc. (CBDI)***	July 28, 2015	39
Asian I-Office Properties, Inc. (AIOPI)	September 24, 2007	71
Alabang Commercial Corporation (ACC)	June 28, 1978	50
South Innovative Theater Management (SITMI)	February 2, 2001	50
ALI Commercial Center, Inc.	October 13, 2014	100
AMC Japan Concepts, Inc.	November 15, 2018	75
AyalaLand Logistics Holdings Corp.	May 19, 1989	71
FLT Prime Insurance Corporation	February 22, 1977	56
Orion Solutions, Inc.	October 12, 1994	71
Orion Holdings Philippines, Inc.	March 9, 1993	71
OE Holdings, Inc.	August 6, 1993	71
Orion Land, Inc.	April 22, 1996	71
Lepanto Ceramics, Inc.	March 26, 1990	71
Laguna Technopark, Inc. (LTI)	November 15, 1990	68
Ecozone Power Management, Inc.	August 20, 2010	68
Unity Realty & Development Corp.	April 11, 1997	71
AMSI, Inc. (formerly Ayalaland Malls Synergies, Inc.)	June 1, 2016	100

Description of Business

Ayalaland Malls, Inc.	February 19, 2013	100
Ayalaland Malls Vismin, Inc.	October 15, 2015	100
Ayalaland Malls Northeast, Inc.	October 15, 2015	100
<b>Construction</b>		
Makati Development Corporation (MDC)	August 15, 1974	100
MDC Subic, Inc.	June 28, 2010	100
MDC Build Plus, Inc.	October 17, 2011	100
MDC Concrete, Inc. (MCI)	August 12, 2013	100
MDC Equipment Solutions, Inc. (MESI)	September 16, 2013	100
MDBI Construction Corp. (formerly MDC Triangle, Inc.) (MDBI)	March 1, 2017	67
<b>Hotels</b>		
Ayala Hotels, Inc. (AHI)	April 11, 1991	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	September 21, 2010	100
ALI Makati Hotel & Residences, Inc.	January 30, 2007	80
ALI Makati Hotel Property, Inc.	August 13, 2007	80
Asian Conservation Company Limited and Subsidiary	March 22, 2001	100
Enjay Hotels, Inc.	July 12, 1990	100
Greenhaven Property Venture, Inc.	July 9, 2008	100
Cebu Insular Hotel Company, Inc.	April 6, 1995	63
Bonifacio Hotel Ventures, Inc.	October 13, 2010	100
Southcrest Hotel Ventures, Inc.	October 18, 2010	67
Northgate Hotel Ventures, Inc.	October 18, 2010	70
North Triangle Hotel Ventures, Inc.	October 18, 2010	100
Ecosouth Hotel Ventures, Inc.	May 19, 2011	100
Sentera Hotel Ventures, Inc.	June 19, 2014	100
Econorth Resorts Ventures, Inc.	October 8, 2014	100
ALI Triangle Hotel Ventures, Inc.	March 4, 2014	100
Circuit Makati Hotel Ventures, Inc.	October 20, 2014	100
Capitol Central Hotel Ventures, Inc.	October 20, 2014	100
Arca South Hotel Ventures, Inc.	October 17, 2014	100
Sicogon Town Hotel, Inc.	September 29, 2015	100
Bay Area Hotel Ventures, Inc.	September 6, 2017	100
Makati North Hotel Ventures, Inc. (MNHVI)	October 10, 2017	100
One Makati Hotel Ventures, Inc. (OMHVI)	September 28, 2017	100
Sicogon Island Tourism Estate Corp.	July 8, 2015	100
Asiatown Hotel Ventures, Inc.	December 17, 2018	100
One Makati Residential Ventures, Inc.	September 12, 2018	100
ALI Makati Hotels & Residences, Inc.	January 30, 2007	20
ALI Makati Hotel Property, Inc.	August 13, 2007	20
Ten Knots Phils., Inc.	November 22, 1979	60
Bacuit Bay Development Corporation	April 28, 1997	60
Lio Resort Ventures, Inc.	October 27, 2015	60
North Liberty Resort Ventures, Inc.	October 27, 2015	60
Paragua Eco-Resort Ventures, Inc.	October 27, 2015	60
Lio Tourism Estate Management Corporation	October 10, 2016	60
Ten Knots Development Corp.	August 22, 1992	60
Chirica Resorts Corp.	September 25, 2009	60
Kingfisher Capital Resources Corp.	August 20, 2002	60
Pangulasian Island Resort Corporation	September 18, 2015	60

Description of Business

<b>Property Management</b>		
Ayala Property Management Corporation (APMC)	July 25, 1951 (Extended for another term of 50 years as approved on October 13, 2003)	100
Prime Support Services, Inc.	October 14, 2015	100
Ayala Theatres Management, Inc. and Subsidiaries	August 10, 1984	100
DirectPower Services, Inc. (DirectPower)	September 14, 2011	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	September 21, 2010	100
<b>Entertainment</b>		
Five Star Cinema, Inc.	December 18, 2000	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	October 10, 1997	50
<b>Others</b>		
ALInet.com, Inc. (ALInet)	May 5, 2000	100
First Longfield Investments Limited (First Longfield)	October 23, 2006	100
Green Horizons Holdings Limited	October 25, 2006	100
PCM Formosa Company Limited	September 8, 2016	50
Esta Galleria, Inc.	July 12, 2018	50
Horizon Wealth Holding Ltd.	March 28, 2018	100
Aprisa Business Process Solutions, Inc. (Aprisa)	September 21, 2010	100
AyalaLand Club Management, Inc.	December 26, 2011	100
ALI Capital Corp. (formerly Varejo Corp.)	June 25, 2012	100
Airswift Transpor Inc. (formerly Island Transvoyager, Inc.)	October 2, 2002	100
Integrated Eco-resort Inc.	May 27, 2015	100
Arca South Integrated Terminal, Inc.	November 27, 2015	100
Whiteknight Holdings, Inc. (WHI)	May 14, 2013	100
Ayalaland Medical Facilities Leasing Inc.	April 13, 2015	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)**	March 28, 2005	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)**	September 21, 2010	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

Changes in the group structure in 2019

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

On February 4, 2019, The Executive Committee of Ayala Land, Inc. approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc., 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 POPI, equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI.

On June 10, 2019, further to the disclosure last February 4, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC (formerly Prime Orion Philippines, Inc. or POPI) for a consideration of ₱800 million.

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. As of July 19, 2019, ALI owns 69.17% of ALLHC.

#### Real Estate

*Alveo Land Corp.*, 100%-owned by Ayala Land, offers various residential products to the middle-income market. Alveo's projects from 2014 up to 2015 includes Venare, The Lerato Tower (Makati City), Kasa Luntian (Tagaytay), Marquee Residences and Sedona Parc. For on-going projects, they have Kroma, Escala Salcedo, Lumira, The Stiles Enterprise, Mirala, Ferndale Villas and Alveo Financial Tower to name a few.

*Avida Land Corp.*, a 100%-owned subsidiary, continued to develop affordable housing projects which offer house-and lot packages and residential lots. Avida also ventured into the development and sale of residential condominiums. Project launches in the past three (3) years included Avida Towers Sucat, Avida Towers New Manila, Avida Towers San Lazaro, Avida Towers Makati West, Avida Settings NUVALI, Avida Residences San Fernando, Avida Residences Sta. Cecilia, and Riego de Dios Village.

*Amaia Land Corp.*, formerly a subsidiary of Avida is now a wholly-owned subsidiary of Ayala Land, was established to pursue a planned expansion of residential development operations to cater to the country's economic housing segment.

*BellaVita Land Corp.* (formerly South Maya Ventures Corp.), wholly-owned subsidiary of Ayala Land, aims to establish the country's first social enterprise community development targeting minimum wage earners and members of the informal business sector. Its first project in General Trias, Cavite was launched in November 2011.

*Serendra, Inc.*, 28%-owned by ALI and 39%-owned by Alveo, is engaged in residential development. In 2004, it launched Serendra, a residential complex at the BGC in Taguig.

*Solinea (formerly Bigfoot Palms, Inc.)*, a landholding entity, was acquired on March 05, 2011 through Alveo Land Corporation through acquisition of 65% shares of stock. The remaining 35% was acquired by Cebu Holdings, Inc., an associate of the Group.

*Portico Land Corp.*, a subsidiary of Alveo was incorporated on October 2, 2013. Portico is 60%-owned by Alveo and 40% by MC. The subsidiary was organized to develop and operate the mixed-use developments primarily in Ortigas center.

*Aviana Development Corporation*, incorporated on September 17, 2013, is a 50-50 joint venture company between the Ayala Land Group (10%-owned by Accendo) and the Alcantara Group. The company will develop approximately 27-hectare waterfront property in Lanang, Davao City.

*Soltea Commercial Corp.*, a joint venture between the Company (60%), Ceci Realty, Inc. (20%) and Aurora Properties, Inc. (20%), was incorporated on June 13, 2013. Currently, its main purpose is the development of Solenad 3 project in Sta. Rosa, Laguna.

*Roxas Land Corp.*, 50%-owned, sold-out One Roxas Triangle in 2007. The project was started in 1996 and was completed in September 2001.

*Verde Golf Development Corporation*, a wholly-owned subsidiary of the Company, was registered on August 8, 2013 primarily to develop, maintain, operate, manage and carry on the business, operation and management of the Southlinks golf facilities for the amusement, entertainment, recreation, leisure and athletic activities of the general public.

*BGWest Properties, Inc.*, *BGSouth Properties, Inc.* and *BGNorth Properties, Inc.* were incorporated to engage in the development of high-end, middle-end and affordable residential and retail projects, respectively, in Bonifacio Global City.

*Avencosouth* was incorporated in the Philippines and is currently engaged in condominium development operations. The Company holds 90% indirect interest in *Avencosouth* as of December 31, 2012. It is 70%-owned by *Avida* (wholly-owned subsidiary of the Company) and 30%-owned by *Accendo* (67%-owned by the Company). *Avencosouth* was registered with the SEC on April 26, 2012 and started commercial operations on August 11, 2012.

*AIMI*, a wholly-owned subsidiary of *ALISI*, was incorporated on February 28, 2012 to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

*Ayala Land International (Singapore) Pte. Ltd.*, a wholly-owned subsidiary of *ALISI*, was established on July 4, 2013 to market real estate products of *ALI* through Licensed Estate Agents in Singapore.

*Ayala Land International Marketing (Hong Kong) Ltd.* (formerly, *First Folio Limited*), a wholly-owned subsidiary of *ALISI*, was incorporated on September 13, 2013 to engage in the marketing and sale of real estate products of *ALI Hong Kong SAR*.

*Ayala Land International Marketing, SRL* was organized when *ALISI* bought ownership interests in Italy and *Ayala Land International Marketing, Inc.* in London from *Avida Sales Corporation* on April 9, 2014 and December 10, 2014, respectively. *ALISI* continues to widen the range of exposure of all *ALI* residential brands by its marketing partners.

*Makati Cornerstone Leasing Corp.* is a wholly-owned subsidiary of *Ayala Land, Inc.* and was registered with SEC on June 5, 2017. *MCLC* was organized to develop the Circuit BPO1 and Circuit BPO2.

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

*Bay City Commercial Ventures Corp.* was incorporated on November 3, 2017. *BCCVC* is a wholly-owned subsidiary of *Ayala Land, Inc.* and was organized primarily for the development of *Ayala Malls Bay City*.

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

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

#### Strategic Landbank Management

*Aurora Properties, Incorporated*, *Vesta Property Holdings, Inc.* and *Ceci Realty, Inc.* (incorporated in 1974) are owned by *Ayala Land* 81%, 78% and 60%, respectively. These companies, joint ventures with the *Yulo Family*, finalized plans for the development of nearly 1,700 hectares of land in *Canlubang, Laguna*.

*Lagdigan* is a 60:40 joint venture between the 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*.

*Nuevo Centro, Inc.*, a 54%-owned subsidiary of *Ayala Land*, was established primarily to acquire and hold real estate properties for the purpose of developing them into large-scale, mixed-used and masterplanned communities in *Pampanga*.

## Description of Business

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*Regent Time International Limited*, 100%-owned by Ayala Land, also owns a stake at Bonifacio Land Corp. / Fort Bonifacio Development Corp.

*NorthBeacon Commercial Corporation* – formerly Alabang Theatres Management Corporation, is Ayala Land's wholly-owned vehicle for its MarQueue Mall in Pampanga, which commenced development in March 2007 and began operations in September 2009.

*Station Square East Commercial Corporation*, 69%-owned subsidiary of Ayala Land, broke ground in 2002 for Market! Market!, a 150,000-sqm mall along C-5 Road in Taguig. It opened Phase 1A of the mall in 2004 and Phase 1B in 2005.

*AREIT Property Managers, Inc (formerly Next Urban Alliance Development Corp.)* is a wholly-owned subsidiary of ALI and was incorporated on May 4, 2015. Its purpose is to develop, invest, own or acquire commercial, residential or agricultural lands.

*Accendo Commercial Corp.*, with a 67% stake, ALI entered into a joint venture agreement with Anflo Group to develop a mixed-use project in Davao City.

*ALI-CII Development Corporation*, a 50-50% joint venture with Concepcion Industries, continued to operate Metro Point, a mid-market mall at the corner of EDSA and Taft Avenue, which was completed in the fourth quarter of 2001.

*ALI Commercial Center, Inc.* is a wholly-owned subsidiary and was incorporated on October 13, 2014. ALI Commercial Center, Inc. manages the operations of Glorietta and Greenbelt malls.

*Alabang Commercial Corporation*, 50%-owned by Ayala Land, continued to manage and operate the Alabang Town Center.

*North Triangle Depot Commercial Corporation*, 73%-owned by Ayala Land, commenced development of TriNoma (formerly referred to as North Triangle Commercial Center), a 191,000-sqm mall constructed at the main depot of MRT-3 in Quezon City. TriNoma broke ground in June 2005 and began operations in May 2007.

*North Ventures Commercial Corporation*, 100% wholly-owned subsidiary to handle the development of Fairview Terraces.

*Primavera Town Centre, Inc.*, 100% wholly-owned subsidiary, was also formed to handle the planning, development and management of small-format retail facilities known as “neighborhood centers” within the Company's existing and planned growth centers across the country.

*Subic Bay Town Centre, Inc.*, 100%-owned by Ayala Land, was incorporated on March 9, 2010 for the planning, development management of a mall to be located in Subic Bay Freeport Zone.

*Cagayan De Oro Gateway Corp.* was established to pursue a mixed-use development with a 47,000 sqm regional mall as its centerpiece. A 150-room boutique hotel shall be located on top of the mall, while a single tower residential condominium with 21 floors and 522 rooms shall be located right beside the mall. The project is strategically located in the economic hub of Cagayan de Oro City.

*Arvo Commercial Corporation (“Arvo”)*, a wholly-owned subsidiary of the Ayala Land, was established primarily to develop and operate shopping malls within the ALI identified growth areas across the country.

*Laguna Technopark, Inc.*, continues to sell industrial lots to local and foreign company locators. It also leases ready-built factory units within the Laguna Technopark.

*ALO Inc.*, is the Company's 100%-owned vehicle in partnership with MLT Investments (Goldman Sachs) which handle various BPO projects and investments.



*Sunnyfield E-Office Corporation, Asterion Technopod, Inc., Westview Commercial Ventures Corp., Summerhill E-Office Corporation and Hillsford Property Corp.* are wholly-owned entities established to handle, develop and manage all future BPO buildings located at various growth centers within the Philippines.

*Cebu Holdings, Inc.*, 71%-owned by Ayala Land, continued to manage and operate the Ayala Center Cebu and sell condominium units and lots within the Cebu Business Park. The company also launched Amara, a high-end seaside residential subdivision, and continued to sell club shares at City Sports Club Cebu. Through Cebu Property Ventures Development Corporation, CHI also continued to sell lots at the Asiatown IT Park.

*Taft Punta Engaño Property Inc. ("TPEPI")* was incorporated on September 8, 2011, a wholly-owned subsidiary of Taft Property Venture Development Corporation ("TPVDC"). TPEPI's primary purpose is to create a mixed-use commercial and residential district within a 12-hectare property in Lapu-Lapu City. A joint venture agreement was entered into last April 26, 2013 between TPVDC and the Company. Under the agreement, the Company will own 55% of TPEPI and TPVDC will own the remaining 45% of TPEPI. The Company's rights to the venture were subsequently transferred to CHI on September 18, 2013 to enhance the latter's portfolio and operations. It is consistent with the thrust of CHI to expand its business.

*Amaia Southern Properties, Inc. ("ASPI")* was organized and incorporated on February 12, 2013 by Amaia together with Cebu Holdings Inc. (CHI), primarily to purchase and develop new real estate properties for planned projects in the south. ASPI is 65%-owned by Amaia and 35% by CHI.

*Southportal Properties, Inc. ("Southportal")* was incorporated on December 1, 2014. It is 65%- owned by the Company and the remaining 35% is held by CHI. The primary purpose of the Group is to develop, sell and manage the operations for ALP Towers in Cebu.

*Central Block Developers, Inc ("CBDI")* is a subsidiary of the Company with pro-rata ownership of the Group'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 (2) BPO towers, an Ayala branded hotel, and a 5-storey mall. CBDI was registered with the SEC on July 28, 2015 and has not yet started commercial operations.

*Cebu District Property Enterprise, Inc. ("CDPEI")* was incorporated on February 20, 2014 and is a 50:50 joint venture between Ayala Land, Inc. 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.

*Adauge*, a 60%-owned subsidiary of the Company, was incorporated on September 5, 2012 for the acquisition and development of a mixed-use project in Mandurriao, Iloilo City.

*Regent Wise Investments Limited ("Regent Wise")*, a wholly-owned subsidiary of Ayala Land, formed to enter into an Equity Joint Venture with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd for the development of a 9.78-hectare residential project in China. The project will be located in the Eco-City, a 3,000-hectare collaboration between the Chinese and Singaporean governments which will showcase future direction of urban planning and sustainable development.

MCT Bhd was incorporated on April 6, 2015. Ayala Land, through its wholly-owned subsidiary, Regent Wise, signed a share purchase agreement last January 2, 2018 to acquire an additional 17.24% share in MCT Bhd, subject to the completion of certain conditions. The Company's shareholdings increased to 72.31% from 50.19%. On March 23, 2018, principals of MCT Bhd converted their ICULS into 122,218,357 MCT shares. This exercise resulted in a 6.07% of ALI's stake in MCT to 66.25%.

*AyalaLand Real Estate Investments Inc.* was incorporated on February 4, 2013 under the laws of British Columbia, Canada. It is 100%-owned by the Company through RegentWise. It is the beneficiary of the Trust and a Shareholder of Rize-AyalaLand (Kingsway) GP Inc. As of December 31, 2014 and 2013, it is a party to the Rize-AyalaLand (Kingsway) Limited Partnership.

*AyalaLand Advisory Broadway Inc.* was incorporated on February 4, 2013 under the laws of British Columbia, Canada. It is a wholly-owned subsidiary of the Company through Regent Wise.

*AyalaLand Development (Canada) Inc.* was incorporated on February 15, 2013 under the laws of British Columbia, Canada. It is a wholly-owned subsidiary of the Company through Regent Wise. It is a party to the Management Services Agreement between Rize-AyalaLand (Kingsway) Limited Partnership, Rize-AyalaLand (Kingsway) GP Inc., Rize Alliance Properties Ltd. and AyalaLand Development (Canada) Inc.

*AyalaLand Commercial REIT, Inc.*, a wholly-owned subsidiary of Ayala Land was formed in September as a vehicle through which Ayala Land will own and operate select investment properties and which Ayala Land intends to undertake an IPO under Republic Act No. 9856 or the Philippines Real Estate Investment Trust ("REIT") Law. Said investment properties shall include prime shopping center and office assets currently owned by the Company which are mature, have recurring income streams and have achieved stable occupancy rates.

*SDC*, a wholly-owned subsidiary of the Company, was incorporated on October 19, 2012 to be involved in real estate development projects of the Group.

*AMNI* was incorporated in November 29, 2012 and is a wholly-owned subsidiary of the Company. It is established primarily to develop and operate shopping malls and offices.

*Ayala Land Malls, Inc.*, a wholly-owned subsidiary of the Company, was incorporated in 2013 as a shared-service entity to provide manpower services to the Ayala Malls Group.

*Ayalaland Malls NorthEast, Inc.* was registered on October 15, 2015. The company is a wholly-owned subsidiary of ALMI with primary purpose of conducting general contracting services and other support service, including performance of technical support services to North East Manila malls.

*Ayalaland Malls VisMin, Inc.* was registered on October 15, 2015. The company is a wholly-owned subsidiary of ALMI with primary purpose of conducting general contracting services and other support service, including performance of technical support services to VisMin malls.

*Prow Holdings, Inc. (PHI)*. In April 2016, the Company acquired a 22% stake in PHI which was subsequently increased to 33% in May 2016. The acquisition was undertaken pursuant to the joint venture agreement governing the development of the Alviera Estate in Porac, Pampanga.

#### Entertainment

*Five Star Cinema, Inc.*, also wholly-owned, continued to manage and operate theaters at the Alabang Town Center.

*Leisure and Allied Industries Phils., Inc.*, a 50-50% joint venture of Ayala Land with Australian company, LAI Asia Pte. Ltd., continued to operate family entertainment centers called TimeZone in various Ayala malls, as well as other malls.

#### Property Management

*Ayala Property Management Corporation*, 100%-owned by Ayala Land, continued to manage properties of Ayala Land and its subsidiaries. It also provided its services to third-party clients.

*Prime Support Services, Inc.* is a wholly-owned subsidiary of APMC and was incorporated on October 14, 2015. It is a company that provides technical and administrative services but not limited to the maintenance and the improvement of the physical aspects of the administered properties.

*Ayala Theaters Management, Inc.*, 100%-owned, continued to manage and operate theaters at the Ayala Center in Makati.

*Philippine Integrated Energy Solutions, Inc.*, a 100%-owned subsidiary of Ayala Land established for the supply and operations of a district cooling system, performance contracting by introducing various energy solutions and bulk purchase of electricity.

*DirectPower Services, Inc.*, (*DirectPower*), a wholly-owned subsidiary of ALLI, was formed to engage in the bulk purchase and supply of electricity and to introduce various energy solutions.

#### Hotels and Resorts

*Ayala Hotels, Inc.*, 50%-owned, currently manages hotel land lease operations.

*AHRC*, a wholly-owned subsidiary of Ayala Land which will serve as a holding company for the Group's hotels and resorts operations.

*Ten Knots Philippines, Inc. and Ten Knots Development Corporation (The Ten Knots Group)*, 60%-owned by Ayala Land in partnership with Asian Conservation Company Inc. In 2013, the Hotels and Resorts Group signed an agreement with Asian Conservation Company to acquire its 40% stake in El Nido Resorts.

*North Liberty Resort Ventures, Inc.* is a wholly-owned subsidiary of TKPI. The company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

*Lio Resort Ventures, Inc.* is a wholly-owned subsidiary of TKPI. The company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

*Paragua Eco-Resort Ventures, Inc.* is a wholly-owned subsidiary of TKPI. The company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

*Pangulasian Island Resort Corporation* is a wholly-owned subsidiary of TKDC. The company was incorporated on September 18, 2015 and was primarily organized to plan, develop, construct, own and operate sports, vacation, recreation and resort facilities and other related business activities.

*Greenhaven Property Venture, Inc.*, 100%-owned by Ayala Land through AHRC established to plan, develop and manage the hotel being constructed in Glorietta 1 as part of the Ayala Center redevelopment project.

*Regent Horizons Conservation Company Inc. and Subsidiary.* On November 19, 2013, AHRC, a wholly-owned subsidiary of the company entered into an agreement to acquire 100% interest in ACCI, which effectively consolidates the remaining 40% interest in TKDC and TKPI (60%-owned subsidiary of the company prior to this acquisition). This acquisition is in line with the Company's thrust to support the country's flourishing tourism industry.

*Sentera Hotel Ventures, Inc.* was registered on June 19, 2014. It is a wholly-owned subsidiary of AHRC with purpose of managing the hotel operation of SEDA Iloilo.

*Econorth Resorts Ventures, Inc.* is wholly-owned subsidiary of AHRC with the primary purpose of engaging in real estate and hospitality activities in Seda Lio, Palawan. It was registered on October 8, 2014.

*ALI Triangle Hotel Ventures, Inc.* was registered on March 4, 2014. It is a wholly-owned subsidiary of AHRC with the primary purpose of managing the activities of the new Mandarin Hotel.

*Circuit Makati Hotel Ventures, Inc.* was registered on October 20, 2014. It is a wholly-owned subsidiary of AHRC with primary purpose of developing and managing the hotel operations in Circuit Makati.

*Capitol Centre Hotel Ventures, Inc.* was registered on October 20, 2014. It is a wholly-owned subsidiary of

AHRC and with the purpose of developing and managing the hotel activities of SEDA Bacolod.

*Arca South Hotel Ventures, Inc.* was registered on October 17, 2014. It is a wholly-owned subsidiary of AHRC with main purpose of developing and managing the hotel operations of Arca South project in Taguig.

*Sicogon Town Hotel, Inc.*, a wholly-owned subsidiary of AHRC, was registered on September 29, 2015 with primary purpose of engaging in the general business in hotel in Sicogon Island, Iloilo.

*Bay Area Hotel Ventures, Inc.* was incorporated on September 6, 2017, is a wholly-owned subsidiary of AHRC and organized primarily for the development of Seda Bay Area.

*One Makati Hotel Ventures, Inc.* is a wholly-owned subsidiary of AHRC and was incorporated on September 28, 2017. OMHVI was organized primarily for the development of Seda One Ayala.

*Makati North Hotel Ventures, Inc.* is a wholly-owned subsidiary of AHRC. MNHVI was organized on October 10, 2017 for the development of Seda Residences Makati.

#### Construction

*Makati Development Corporation*, 100%-owned by Ayala Land, continued to engage in engineering, design and construction of horizontal and low-rise vertical developments. It continued to service site development requirements of Ayala related projects while it provided services to third-parties in both private and public sectors.

*MDC Build Plus* was formed to cater primarily to projects focusing on the lower end of the base of the pyramid, particularly the residential brands Amaia and BellaVita.

*MDC Concrete, Inc.* ("MCI"), a wholly-owned subsidiary of MDC was incorporated on August 12, 2013 primarily to manufacture, facilitate, prepare, ready-mix, pre-cast and pre-fabricate floor slabs, wall panels and other construction materials and to manufacture, buy, sell and deal with cement and other related products.

*MDC Equipment Solutions, Inc.* ("MESI") is a wholly-owned subsidiary of MDC was incorporated on September 16, 2013 primarily to acquire, manage, and operate tools, heavy equipment and motor vehicles

#### Others

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

*First Longfield Investments Limited* is wholly-owned by Ayala Land. On March 7, 2011, ALI, Ayala Corp and The Rohatyn Group completed an exchange of ownership interests in Arch Capital and Arch Capital Asian Partners G.P (a Cayman Islands company), with proceeds and carrying value of the investments as of the date of exchange amounting to US\$3.8 million and US\$0.4 million, respectively, resulted to a gain of US\$2.9 million, net of transaction costs. The exchange in ownership interest resulted in TRG acquiring ALI's 17% stake and Ayala Corp's 33% interest. The completed exchange of ownership interests did not change the activities, management, focus and shareholder structure of the ARCH Fund, with the Company retaining its current 8% interest in the fund.

*Aprisa Business Solutions, Inc.*, a wholly-owned subsidiary of Ayala Land that will initially manage transactional accounting services.

*ALI Capital Corporation*, a wholly-owned subsidiary of the Company, was incorporated with the SEC on June 25, 2012. It is the holding company of the Company for its retail-related initiatives. In 2012, the

company, through Varejo, formed a partnership with Specialty Investments, Inc. (“SII”) to pursue opportunities in the Philippine retail sector. SII is a wholly-owned subsidiary of Stores Specialists, Inc. (“SSI”), one of the largest retail companies in the Philippines, with the exclusive rights to sell, distribute and market in the country a variety of brands from around the world. The partnership with SII will enable the company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

*Integrated Eco-Resort, Inc.* was incorporated with the SEC on May 27, 2015. It is a wholly-owned subsidiary of ALI Capital Corp. incorporated to engage in land and real estate business development particularly the Caliraya Lake project.

*Sicogon Island Tourism Estate Corp.* is a wholly-owned subsidiary of ALI Capital Corp. which was incorporated with the SEC on July 8, 2015. The company was organized to engage in land and real estate business development in Sicogon Island, Iloilo.

*Whiteknight Holdings, Inc.* (“WHI”) was registered on May 14, 2013. The Company entered into an agreement with the Mercado family to acquire WHI in July 2013. The transaction was consummated in November 2013, thereby making WHI a wholly-owned subsidiary of the Company. WHI owns 33% equity stake in Mercado General Hospital, Inc., owner and operator of the Daniel O. Mercado Medical Center in Tanauan, Batangas, the University Physicians Medical Center through its subsidiary Mercado Ambulatory and Surgical Centers, Inc., DMMC - Institute of Health Sciences, Inc. and Panay Medical Ventures, Inc.

*Arca South Integrated Terminal, Inc.* is a wholly-owned subsidiary of ALI which was incorporated on November 27, 2015. It is organized to finance, design, construct and manage the South Transport System Terminal Project located in Bicutan (formerly FTI). It is a project to be rolled out by the Department of Transportation and Communications which involves the development of mass transportation intermodal terminal at the southern outskirts of Metropolitan Manila to provide effective interconnection between transport modes and services.

*Ayalaland Medical Facilities Leasing, Inc.* is a wholly-owned subsidiary of Ayala Land, Inc. It was incorporated with SEC on April 13, 2015 to engage primarily in developing and lease of Built-to-suit structure for ALI’s hospital operations and retail.

## **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.

## **Research and Development**

While the Company engages in research and development activities, the expenses incurred in connection with these activities are not material.

## **Employees**

Ayala Land has a total workforce of 335 regular employees as of December 31, 2019. By March 2020, Ayala Land anticipates that it will have a total workforce of 325 regular employees.

The breakdown of ALI’s employees according to category is as follows:

Senior Management	23
Middle Management	218
Staff	94
<b>Total</b>	<b>335</b>

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 through reporting channels under the ALI Business Integrity Program.

ALI's Rank & File employees form the collective bargaining unit. ALI's current collective bargaining agreement covers the period January 1, 2020 to December 31, 2021. There have been no strikes in the last three (3) years.

## **Intellectual Property and Licenses**

### *Intellectual Property*

The Company has a License Agreement with its parent holding company, Ayala Corporation, whereby it was granted the license to use the composite marks "Ayala Land" and "AyalaLand". However, except for certain cases as stated in the License Agreement, the Company cannot use the mark "Ayala" without the prior written consent of Ayala Corporation.

Ayala Land (by itself or through its subsidiaries) has secured trademark registrations for its major residential brands Ayala Land Premier, Alveo, Avida, Amaia, BellaVita, including major brands in its Ayala Malls group, and Hotels and Resorts. As a matter of policy, the Company and its subsidiaries also apply for, obtain and maintain trademark registrations for its various developments, projects and events.

In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of twenty (20) years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of ten (10) years, renewable for ten (10)-year periods, unless cancelled earlier. Ayala Land asserts all trademark ownership rights under existing laws over its registered trademarks and considers the same as essential part of Ayala Land's brand management initiatives.

### *Licenses*

*Phenix Building System*, a 50%-50% joint venture between Maison Individuelles, S.A. ("MISA") of France and Avida was organized in June 1998 and subsequently registered with the SEC as Laguna Phenix Structures Corporation ("LPSC") in July 1999.

LPSC is primarily engaged in the business of manufacturing, installation, erection and construction, marketing and promotion, and wholesaling of buildings, houses and other structures and accessories using the "Phenix" technology (for which a patent has been registered and issued in the Philippines under RP Patent No. 29862). Both MISA and Avida assigned their respective license rights to LPSC since the latter's incorporation.

## **Regulation**

Presidential Decree No. 957, as amended, Republic Act No. 4726, as amended, Batas Pambansa Bilang 220 ("BP 220"), RA 4726 and RA 7279, as amended, are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. Presidential Decree No. 957 covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which enforces this decree and has jurisdiction to regulate the real estate trade and business.

In this regard, all subdivision plans and condominium project plans of ALI are required to be filed with and approved by the HLURB and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, ALI's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant local government unit. ALI, as owner of and dealer in real estate projects, is required to obtain licenses to sell ("LTS") before making sales or other dispositions of lots or real estate projects.

Subdivision or condominium units may be sold or offered for sale only after an LTS has been issued by the HLURB. As a requisite for the issuance of an LTS by the HLURB, developers are required to file with the HLURB security (in the form of a surety bond, mortgage, or any other form of security) to guarantee the completion of the development and compliance with the applicable laws, rules and regulations.

Dealers, brokers and salesmen of real estate projects of ALI are also required to register with the Philippine Regulatory Commission. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon complaint from an interested party. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws. ALI has been able to maintain these permits and licenses.

Under current regulations, ALI as developer of subdivision projects having an area of one hectare or more is required to reserve at least 30% of the gross land area of such subdivision for open space for common uses, which include roads and recreational facilities. ALI, as a developer of subdivision projects with twenty (20) lots and below per hectare, is required to reserve at least 3.5% of the gross project area for parks or playgrounds. ALI has been compliant with these requirements.

Under the agrarian reform law and the regulations issued thereunder by the Department of Agrarian Reform ("DAR"), land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR. Republic Act No. 9700, the law extending the term of the comprehensive agrarian reform program for another five (5) years, was signed by President Arroyo on August 7, 2009, and expired on June 30, 2014. Prior to undertaking any development of agricultural lands, ALI obtains the necessary permits from the relevant government agencies.

While the 1987 Philippine Constitution prohibits foreigners from owning land, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%. To the extent of the foregoing, ALI's foreign market for real estate projects is limited.

Republic Act No. 7279 requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 20% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB. ALI has been compliant with this requirement in accordance with the rules and regulations implementing Republic Act No. 7279.

### *Construction*

The construction industry in the Philippines is subject to regulation by the Government as described below.

*Licenses.* A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In granting such license, the PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate Government agencies prior to actually undertaking each project. MDC is duly accredited by the PCAB as a licensed contractor and maintains all required qualifications in compliance with the PCAB's requirements.

*Minimum Philippine Ownership Requirement.* Under Philippine law, in order to bid on publicly funded Government contracts, a contractor must be at least 75%-owned by Philippine nationals. In this connection, Ayala Land has maintained at least 60% ownership by Philippine nationals. As of December 31, 2019, Ayala Land's foreign ownership is at 22.96%.

### *Real Estate Sales on Installments*

The provisions of Republic Act No. 6552, or the Maceda Law apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under Republic Act 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.
- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50.0% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5.0% every year (but with a total not to exceed 90.0% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

### *Shopping Malls*



Shopping mall centers are regulated by the LGU of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of RA 9514, otherwise known as the "Fire Code" and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

## **Property Laws**

### *Land Registration*

The Philippines has adopted a system of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged except with respect to claims annotated on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription.

Unregistered land may be brought under the system if, after proper surveying, application, publication, service of notice and hearing, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals. After the lapse of the period of appeal, the Registry of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and issuance of a new title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

In accordance with the said system of land registration, ALI ensures that all properties held or developed are properly covered by valid and subsisting certificates of title.

### *Zoning*

Land use may be limited by zoning ordinances enacted by provinces, cities or municipalities. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. All developments of ALI comply with the applicable zoning classification

### *Subdivisions and Condominiums*

All subdivision lots and condominium plans for residential, commercial, industrial and other development projects are subject to approval by the local government unit in which the project is situated. The development of subdivision lots and condominium projects can commence only after the local government unit has issued the development permit.

Subdivision lots or condominium units may be sold or offered for sale only after a license to sell has been issued by the HLURB. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction of the subdivision lot or condominium project and compliance with applicable laws and regulations. All documents evidencing conveyances of subdivision and condominium units should be registered with the relevant Registry of Deeds.

Title to the subdivision lot or condominium unit must be delivered to the purchaser upon full payment of the purchase price.

The foregoing permits, licenses and approvals are secured by ALI for its subdivision and condominium

developments.

#### *Special Economic Zone*

The PEZA is a government corporation that operates, administers and manages Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR. Certain of ALI's properties are registered with PEZA, and this provides significant benefits to ALI's tenants. PEZA registration provides significant tax incentives to those of ALI's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or a 5.0% gross income taxation), thereby making tenancy in ALI's PEZA-registered buildings potentially more attractive to them.

#### *Property Taxation*

Real property taxes are payable annually based on the property's assessed value. Assessed values are determined by applying the assessment levels (set by ordinances of the concerned Sanggunian) against the fair market values of real property. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas.

A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located. ALI promptly pays the real estate taxes and assessments on the properties it owns.

#### **Environmental Laws**

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. As a requisite for the issuance of an ECC, an environmentally critical project must prepare an Environmental Impact Statement ("EIS"), while a project in an environmentally critical area must prepare an Initial Environmental Examination ("IEE"), without prejudice to the power of the DENR to require a more detailed EIS. In case of an environmentally critical project within an

environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

In addition to the requirement for the issuance of an ECC, all public and private proponents of subdivision development projects, housing projects and other land development and infrastructure projects are required to undertake an Engineering Geological and Geohazard Assessment ("EGGA"). The EGGA is undertaken in order that project proponents can adequately and comprehensively address and mitigate the possible effects/impacts of geologic hazards. To comply with this requirement, the proponent causes the preparation of an Engineering Geological and Geohazard Assessment Report ("EGGAR") which includes the results of all engineering geological, structural geological and geohazard assessment and geotechnical tests, with any other specialized studies and tests undertaken, as prescribed by the DENR- Mines and Geosciences Bureau ("MGB"). The EGGAR shall be subject to review/verification by DENR-MGB and for appropriate transmittal or endorsement to the DENR-EMB and other concerned government Agencies. The EGGAR is used as an institutional planning tool to safeguard development projects from the hazards caused by geological phenomena. ALI undertakes the EGGA and secures ECCs prior to commencement of its real estate projects and exerts best efforts to comply with the conditions specified therein. Real Estate projects are also required to secure relevant local permits and abide by requirements specific to local zoning ordinances, and, if applicable, protected area guidelines. ALI secures the necessary permits and keeps track of national and local regulatory developments.

In general, there have been no materially significant or extraordinary costs incurred by ALI and its subsidiaries, taken as a whole, in respect of environmental compliance. ALI and its subsidiaries' costs of compliance with applicable environmental laws and regulations vary from project to project depending on various factors, especially local conditions. However, none of such costs have been material in respect of their finances as a whole.

## **Anti-Trust Laws**

### *The Philippine Competition Act*

The law authorizes the PCC to review mergers and acquisitions to ensure compliance with the Philippine Competition Act (“PCA”). The Merger Rules provides for mandatory notification to the PCC of any merger or acquisition within thirty (30) days of signing any definitive agreement relating to the transaction, where the value of such transaction exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000), and where the size of the ultimate parent entity of either party exceeds Five Billion Six Hundred Million Pesos (₱5,600,000,000). Effective March 1, 2020, these thresholds were raised to Two Billion Four Hundred Million Pesos (₱2,400,000,000) and Six Billion Pesos (₱6,000,000,000), respectively. The parties may not consummate the transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties, and will subject the parties to a fine between one percent (1.00%) to five percent (5.00%) of the value of the transaction.

Given the usual volume of the Issuer’s transactions, mergers or acquisitions undertaken by the Issuer would likely meet the notification threshold under the PCA and its IRR. The Issuer will comply with the requirements of the PCA and its IRR.

### **Data Privacy Laws**

#### *Data Privacy Act*

RA No. 10173, otherwise known as the Data Privacy Act of 2012 (“Data Privacy Act”), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System (“ICT”), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of “personal information”, which is defined as “any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.” The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on “personal information controllers” and “personal information processors”. It also provides for penal and monetary sanctions for violations of its provisions.

## DESCRIPTION OF PROPERTIES

### LANDBANK / PROPERTIES WITH MORTGAGE OF LIEN

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

#### Land within and outside Estates

In Estates	Location	Hectares	Outside Estates	Hectares
<b>Metro Manila</b>		<b>173</b>	<b>Metro Manila</b>	<b>105</b>
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		
<b>Luzon</b>		<b>5,395</b>	<b>Luzon</b>	<b>4,578</b>
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
<b>Visayas</b>		<b>996</b>	<b>Visayas</b>	<b>210</b>
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		
<b>Mindanao</b>		<b>235</b>	<b>Mindanao</b>	<b>501</b>
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		
<b>2019 Land Bank: 12,192</b>		<b>6,798</b>		<b>5,394</b>

## 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 sqm 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 ₱104.58 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 ₱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 Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for a 58,000 sqm another 25 years by mutual agreement. The project involves the construction of a retail establishment with 63,000 sqm of available gross leasable area and a combination of Headquarter-and-BPO- type buildings with an estimated 8,000 sqm of office space.

## 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 ₱39.3 billion or 25% consolidated revenues, 13% higher than ₱34.9 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., formerly Prime Orion Philippines, Inc. acquired 100% ownership of Unity Realty & Development Corporation. 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. 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, 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. 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. On June 20, 2015, ALI, through the

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., together with ALI collectively referred to as the ("ALI Group"). The SM-ALI Group consortium 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.

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, 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, and affiliates.

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## CERTAIN 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 litigations 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 certain of 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 RTC 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.*

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.



## MARKET PRICE OF AND DIVIDENDS ON AYALA LAND'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Ayala Land was incorporated in June 1988 and was listed on the PSE in July 1991.

### Market Information

Ayala Land common shares are listed in the PSE.

#### Stock Prices (in ₱/share)

	<u>High</u>				<u>Low</u>				<u>Close</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
First Quarter	45.3	45.75	47.50	37.95	19.44	40.60	39.75	31.25	30.20	44.90	41.10	33.05
Second Quarter	N/A	52.50	43.35	42.40	N/A	44.40	36.05	33.15	N/A	50.80	37.90	39.75
Third Quarter	N/A	53.85	45.00	46.10	N/A	46.30	36.55	39.10	N/A	49.45	40.05	43.50
Fourth Quarter	N/A	49.90	43.20	46.00	N/A	42.55	38.00	41.00	N/A	45.50	40.60	44.60

The market capitalization of ALI as of end 1<sup>st</sup> quarter 2020, based on the closing price of ₱ 30.20/share for March 31, 2020 (the last trading day of the said month), was ₱444.4 billion.

### Stockholders

The following are the top 20 direct holders of the common and preferred shares of the Company:

Common Shares: *There are approximately 8,998 registered holders of common shares of the Company as of March 31, 2020*

	<b>Stockholder Name</b>	<b>No. of Common Shares</b>	<b>Percentage (of common shares)</b>
1.	Ayala Corporation	6,545,946,579	44.4831%
2.	PCD Nominee Corporation (Non-Filipino)	5,687,462,967	38.6493%
3.	PCD Nominee Corporation (Filipino)	2,195,339,681	14.9185%
4.	ESOWN Administrator 2012	13,685,969	0.0930%
5.	ESOWN Administrator 2010	12,828,881	0.0871%
6.	ESOWN Administrator 2015	12,793,419	0.0869%
7.	ESOWN Administrator 2016	11,711,440	0.0795%
8.	ESOWN Administrator 2013	10,989,766	0.0746%
9.	ESOWN Administrator 2019	10,067,965	0.0684%
10.	ESOWN Administrator 2017	9,872,469	0.0670%
11.	ESOWN Administrator 2011	9,859,663	0.0670%
12.	ESOWN Administrator 2014	9,664,717	0.0656%
13.	Antonino T. Aquino	8,973,208	0.0609%
14.	ESOWN Administrator 2018	8,247,901	0.0560%
15.	Emilio Lolito J. Tumbocon	7,340,134	0.0498%
16.	Vincent Y. Tan	5,969,832	0.0405%
17.	Estrellita B. Yulo	5,732,823	0.0389%
18.	Jose Luis Gerardo Yulo	5,162,624	0.0350%
19.	Ma. Angela Y. La'ò	3,728,620	0.0253%
20.	Lucio W. Yan	3,483,871	0.0236%

Voting Preferred Shares:

There are approximately 2,853 registered holders of voting preferred shares of the Company as of March 31, 2020:

	<b>Stockholder Name</b>	<b>No. of Preferred Shares</b>	<b>Percentage (of voting preferred shares)</b>
1.	Ayala Corporation	12,163,180,640	93.0868%
2.	HSBC Manila OBO A/C 000-171512-554	512,777,000	3.9244%
3.	Government Service Insurance System	156,350,871	1.1966%
4.	HSBC Manila OBO A/C 000-171512-571	15,051,000	0.1152%
5.	DB MLA OBO SSBTC Fund HG16	15,000,000	0.1148%
6.	Wealth Securities, Inc.	14,825,373	0.1135%
7.	Deutsche Bank AG Manila OBO SSBTC Fund OD67 AC 12087020417	13,670,744	0.1046%
8.	Samuel Villes Santos and/or Luzviminda Lat Santos	12,001,800	0.0919%
9.	DB MLA OBO SSBTC Fund C021	8,497,223	0.0650%
10.	Investors Securities, Inc.	6,251,770	0.0478%
11.	First Metro Securities Brokerage Corp.	5,103,853	0.0391%
12.	Deutsche Regis Partners, Inc.	3,961,757	0.0303%
13.	DB MLA OBO SSBTC FUND FA20	3,951,800	0.0302%
14.	Papa Securities Corporation	3,536,538	0.0271%
15.	DB MLA OBO SSBTC Fund FA2N	3,534,608	0.0271%
16.	Ansaldo, Godinez & Co. Inc.	3,388,848	0.0259%
17.	HSBC Manila OBO A/C 000-171512-551	2,940,048	0.0225%
18.	Belson Securities, Inc.	2,800,874	0.0214%
19.	CBNA FAO 6002079572 CITIMNIFOR	2,725,700	0.0209%
20.	Maybank ATR Kim Eng Securities, Inc.	2,666,714	0.0204%

**Dividends**

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

CASH DIVIDEND (Per Common Share)			
<u>PESO AMOUNT</u>	<u>DECLARATION DATE</u>	<u>RECORD DATE</u>	<u>PAYMENT DATE</u>
0.2400	Feb. 20, 2017	March 6, 2017	March 22, 2017
0.2400	Aug. 18, 2017	Sept. 5, 2017	Sept. 15, 2017
0.2520	Feb. 20, 2018	March 12, 2018	April 3, 2018
0.2520	Aug. 17, 2018	Sept. 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	Mar 20, 2020

<b>CASH DIVIDEND (Per Voting Preferred Share)</b>			
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. The same applies to the declaration of dividends by the Company's subsidiaries and affiliates.

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 (3) 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 ESOWN as follows:

Year	No. of Shares	
	ESOP** (exercised)	ESOWN (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 680,000,000, 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."

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Plan of Operations

Ayala Land's performance will continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of the real estate industry, including the Company.

## Principles of Consolidation

The audited consolidated financial statements represent the consolidation of the financial statements of Ayala Land and the following subsidiaries as at and for the year ended December 31, 2019.

<b>Real Estate:</b>	<b>Effective Ownership (%)*</b>
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 (ADC)	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
Ayala Land International Marketing, Inc. (AIMI)	100
Ayala Land International (Singapore) Pte. Ltd	100
Ayala Land International Marketing (Hong Kong) Ltd	100
Ayala Land International Marketing, SRL	100
Ayala Land International Marketing, London	100
Ayala Land Sales, Inc.	100
Southportal Properties, Inc. (Southportal)	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	100
North Eastern Commercial Corp. (formerly Asterion Technopod Incorporated (ATI))	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	100

North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	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, Ltd.	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 (Alviera)**	50
Cavite Commercial Town Center, Inc.	100
Ayalaland REIT, Inc. (formerly 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. (MCLC)	100
Arca South Commercial Ventures Corp.	100
Capitol Central Commercial Ventures Corp	100
Bay City Commercial Venture Corp. (BCCVC)	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
AREIT Property Managers, Inc (formerly 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. (SDC))	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 Corp. (Lagdigan)	60

Central Block Developers, Inc. (CBDI)	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. (Southportal)	25
Central Block Developers, Inc. (CBDI) ***	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 Corporation	56
Orion Solutions, Inc.	71
Orion 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
AMSI, Inc. (formerly Ayalaland Malls Synergies, Inc.)	100
Ayalaland Malls, Inc.	100
Ayalaland Malls Vismin, Inc.	100
Ayalaland Malls Northeast, Inc.	100
<b>Construction</b>	
Makati Development Corporation (MDC)	100
MDC Subic, Inc.	100
MDC Build Plus, Inc.	100
MDC Concrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
MDBI Construction Corp. (formerly MDC Triangle, Inc.) (MDBI)***	67
<b>Hotels</b>	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc.	80
ALI Makati Hotel Property, Inc.	80
Asian Conservation Company Limited and Subsidiary	100
Enjay Hotels, Inc.	100
Greenhaven Property Venture, Inc.	100
Cebu Insular Hotel Company, Inc.	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 Central 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. (MNHVI)***	100
One Makati Hotel Ventures, Inc. (OMHVI)***	100
Sicogon Island Tourism Estate Corp.	100
Asiatown Hotel Ventures, Inc.	100
One Makati Residential Ventures, Inc.	100
ALI Makati Hotels & Residences, Inc.	20
ALI Makati Hotel Property, Inc.	20
Ten Knots Phils., Inc.	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 Corporation	60
Ten Knots Development Corp.	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Pangulasian Island Resort Corporation	60
<b>Property Management</b>	
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
<b>Entertainment</b>	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
<b>Others</b>	
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield)	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
Airsift Transpor Inc. (formerly Island Transvoyager, Inc.)	100
Integrated Eco-resort Inc.	100
Arca South Integrated Terminal, Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Ayalaland Medical Facilities Leasing Inc.	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)**	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)**	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



### **Review of 2019 operations vs 2018**

ALI's net income after tax (attributable to equity holders of ALI) rose 13.5% to ₱33.19 billion from ₱29.24 billion in 2018. While total revenues (which includes real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income) increased by 2% to ₱168.79 from ₱166.25 billion in 2018, mainly driven by real estate revenues which grew by 1% to ₱157.85 billion from ₱155.95 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 (3) new estates and successfully launched ₱158.96-billion worth of projects, surpassing its initial estimate of ₱130 billion. Its leasing portfolio continued to expand to 2.1 million and 1.2 million sqm of gross leasing area for malls and offices, respectively, and to 3,705 rooms for hotels and resorts.

Capital expenditures reached ₱108.72 billion to support residential and leasing asset buildup.

### **BUSINESS SEGMENTS**

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

Revenues from Property Development amounted to ₱109.69 billion, a 3% dip from 2018's ₱113.36 billion.

**Residential.** Revenues from the sale of residential lots and units and MCT Bhd's operations reached a total of ₱86.09 billion, 9% lower than the previous period. The decline was due to the lower contribution of AyalaLand Premier (13% drop from ₱28.00 billion in 2018 to ₱24.45 billion in 2019) and ALVEO (28% decrease from 26.28 billion in 2018 to ₱19.00 billion in 2018). Most of their vertical projects recognized in 2019 were booked in previous periods and are now nearing completion.

Contributions from new **AyalaLand Premier** 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 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 ₱27.36 billion in 2019 from 2018's ₱24.22 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 ₱7.37 billion from 2018's ₱7.36 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 ₱1.20 billion from ₱1.15 billion in 2018, due to bookings from projects in Alaminos and Pila, both in Laguna, and in Iloilo.

**MCT Bhd** recognized revenues of ₱6.71 billion in 2019, 12% lower than 2018's ₱7.60 billion, due to the sellout of projects in CyberSouth in Klang Valley, Malaysia.

The average gross profit margin of horizontal residential projects slightly rose to 45% from 44%. Meanwhile, vertical projects improved to 39% from 34% due to ALP's Park Central South Tower,

Garden Towers 2, and East Gallery Place; ALVEO's Orea Place Tower 1, Celadon, and Travertine; and Avida Towers Sola Tower 2.

**Office for Sale.** Revenues from the sale of office spaces grew by 12% to ₱12.34 billion from ₱11.0 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 gross profit of offices for sale to 43%.

**Commercial and Industrial Lots.** Revenues from the sale of commercial and industrial lots increased by 46% to ₱11.27 billion from ₱7.73 billion, due to lot sales from Altaraza, Vermosa, Nuvali, and Broadfield. Gross profit 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 ₱145.9 billion from ₱141.9 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 ₱104.2 billion) of all reservations, while those by Filipinos based abroad grew by 24%, accounting for 13% (valued at ₱19.4 billion) of the total. Sales to other nationals, accounting for 16%, dipped by 10% to ₱22.2 billion from 2018's ₱24.8 billion. Participation of mainland Chinese buyers, who dominate sales to non-Filipinos, declined by 22% to ₱8.3 billion from ₱10.7 billion in 2018, resulting in a drop in their share in sales to other nationals to 38% from 2018's 49%. ALI launched ₱158.96-billion worth of property development projects in 2019, surpassing the initial estimate of ₱130 billion.

**Commercial Leasing.** This involves the operation of shopping centers, office buildings, hotels and resorts, and other leasing formats. Total revenues from commercial leasing increased by 13% to ₱39.31 billion from ₱34.91 billion in 2018, driven by the higher contribution of new leasing assets.

**Shopping Centers.** Revenues grew by 11% to ₱22.02 billion from ₱19.91 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 sqm with the addition of 213,000 sqm 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 ₱9.67 billion from 2018's ₱8.61 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 sqm, with 70,000 sqm 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 hotels and resorts grew by 19% to ₱7.62 billion from ₱6.39 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 (2) hotels were also responsible for increasing the overall EBITDA margin of hotels and resorts by 32% from 2018'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). Circuit Corporate Residences operates 255 rooms. 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 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; property management through Ayala Property Management Corporation; 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 ₱8.85 billion, 15% higher than 2018's ₱7.69 billion.

**Construction.** Net construction revenues reached ₱3.40 billion, 42% higher than in 2018's ₱2.39 billion, gained from higher revenues from external contracts.

**Property Management and Others.** APMC and the power services companies posted revenues of ₱5.45 billion, 3% higher than previous year's ₱5.30 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 JVs contributed ₱965.79 million, 29% higher than the ₱749.92 million posted in 2018. Fort Bonifacio Development Corporation 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 ₱8.82 billion, 10% higher than in 2018's ₱8.00 billion, despite lower interest income from short-term investments.

Meanwhile, other income (composed mainly of marketing and management fees from joint ventures, among others) amounted to ₱1.16 billion, 25% lower than 2018's ₱1.54 billion which included the one-time sale transaction of assets by MCT Bhd.

#### **Expenses**

Total expenses were lower by 3% at ₱117.96 billion from 2018's ₱121.04 billion, as real estate expenses decreased by 6% to ₱94.75 billion from ₱101.08 billion in 2018.

General and administrative expenses totaled ₱9.37 billion, 3% higher than 2018's ₱9.10 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% in 2018.

Interest expense, financing and other charges rose by 27% increase to ₱13.84 billion from ₱10.86 billion in 2018 as a result of higher interest expense on a higher average daily loan balance.

#### **Project and Capital Expenditures**

ALI's capital expenditure amounted to ₱108.72 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 financial assets classified as FVPL, stood at ₱21.52 billion resulting in a current ratio of 1.30:1.

Total borrowings registered at ₱211.10 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.

	<i>End-December 2019</i>	<i>End-December 2018</i>
Current ratio <sup>1</sup>	1.30:1	1.26:1
Debt-to-equity ratio <sup>2</sup>	0.87:1	0.85:1
Net debt-to-equity ratio <sup>3</sup>	0.78:1	0.72:1
Profitability Ratios:		
Return on assets <sup>4</sup>	5.43%	5.35%
Return on equity <sup>5</sup>	16.66%	16.52%
Asset to Equity ratio <sup>6</sup>	2.94:1	3.04:1
Interest Rate Coverage Ratio <sup>7</sup>	6.27:1	6.09:1

*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 Annualized 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 on short and long term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization.*

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** was 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** was 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) ₱237 million and ₱265 million respectively in 2018, partially offset by Gain on sale of Vertex One Bldg. amounted to ₱177 million.

**Cost of real estate sales** went down by 6% mainly lower bookings and POC of some Residential Projects.

**Interest and other financing charges and other charges** grew by 27% mainly due to increase in interest expense due to higher ADB and 2019'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.

**Accounts and Notes Receivable-current** decreased by 17% primarily due to lower bookings of AR.

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

**Other current assets** were 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.

**Right-of-use assets** was filled in 2019 due to the adoption of PFRS 16.

**Investment properties** were 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.

**Deferred tax assets** declined by 12% mainly due to decrease in Provision for Tax.

**Other noncurrent assets** grew 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** went lower by 5% due to capital expenditures from Residential, Leasing and Land acquisitions.

**Income tax payable** went down by 18% derived from lower computed income tax payable primarily from real estate.

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

**Deposit and other current liabilities** lower by 11% primarily due to the decrease in deposits and reservation fees from various residential projects and offices group's one-year advance rental income from tenants.

**Long-term debt** was up by 18% mainly from availment of new long-term loans.

**Pension liabilities** was up by 28% derived from remeasurement changes in net defined benefit liability.

**Lease liabilities** was filled in 2019 due to the adoption of PFRS 16.

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

**Equity attributable to equity holders of Ayala Land, Inc.** increased by 13% derived from higher income in 2019, partially offset by Remeasurement loss on defined benefit plans, Cumulative translation adjustments and Treasury stock.

### **Review of December 2018 operations vs December 2017**

2018 was another year of robust growth for Ayala Land, Inc, posting total consolidated revenues of ₱166.25 billion (which include real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income) and net income attributable to equity holders of Ayala Land, Inc. 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 ₱155.95 billion.

EBIT Margin improved by a quarter percentage point, to 30.37% from 30.11% in 2017.

Ayala Land adopted PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2017 and 2016 are based on PAS 39, *Financial Instruments: Recognition and Measurement* (superseded by PFRS 9) and PAS 18, *Revenue*, PAS 11, *Construction Contracts* and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

### **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 in 2017.

**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 2017's ₱79.90 billion.

Revenues generated by **AyalaLand Premier** rose by 6% to ₱28.00 billion from ₱26.50 billion in 2017, due to bookings for 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 2017's ₱26.17 billion. The increase is attributed to bookings for Orea Place Tower 1 at Vertis North, Quezon City, Metro Manila and Travertine Tower at Portico, Pasig City, Metro Manila, and higher completion at The Residences at Evo City in Kawit, Cavite.

Bookings for 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 2017'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 for 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 for **BellaVita's** projects in Pililia, Rizal; Cabanatuan East, Nueva Ecija; and Iloilo almost doubled its revenues to ₱1.15 billion from ₱652 million in 2017.

Overall, the average gross profit of Ayala Land's vertical projects improved to 34% from 30% due to higher margins from Alveo's High Park Tower 2, Orea Place Tower 1 and Avida's Sola Tower 2 in Vertis North and Avida's project in Southpark District, Altura Tower 2. On the other hand, the average gross profit 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 for 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 in 2017. However, the lack of higher margin inventory resulted in a lower gross profit margin of 33% from 37% in 2017.

**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 gross profit margin of this segment upwards to 50% from 2017's 40%.

Strong demand from both local and overseas Filipinos fueled a full-year 16% increase in sales reservations, reaching ₱141.9 billion from 2017's ₱121.96 billion. In the fourth quarter alone, reservation sales grew by 21% to ₱33.8 billion. On the other hand, net booked sales reached ₱110.8 billion, a 14% increase from 2017'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 30<sup>th</sup> 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 sqm, 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 (3) new malls in 2018—Circuit Mall in Makati with 52,000 sqm of GLA, Capitol Central Mall in Bacolod with 67,000 sqm, and One Bonifacio High Street in Taguig with 23,000 sqm—bringing the shopping centers' year-end GLA to 1.90 million sqm

**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 30<sup>th</sup> Corporate Center in Pasig City. Office leasing EBITDA margin was sustained at 91%.

The monthly lease rate for offices averaged ₱755 per sqm. The average occupancy rate for all offices was 91%, while the occupancy rate of stable offices was 96%. The Company completed four (4) new offices in 2018—Bacolod Capitol Corporate Center with 11,000-sqm GLA, Vertis North Corporate Center 3 with 38,000 sqm, Ayala North Exchange HQ Tower with 20,000 sqm and another 22,000 sqm in its BPO Tower—bringing the offices' year-end GLA to 1.11 million sqm

**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 2017's ₱5.62 billion. 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% in 2017.

The average room rate a night of all hotels was ₱5,020, while that of stable hotels was ₱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 located in Ayala Center, Makati CBD. Our homegrown Seda Hotels operates 1,828 rooms—Atria, Iloilo, 152; BGC, Taguig, 179; Centrio, Cagayan de Oro, 150; Abreeza, Davao, 186; Nuvali, Santa Rosa, Laguna, 150; Vertis North, Quezon City, 438; Capitol Central, Bacolod, 154; Lio, Palawan, 118; and Ayala Center Cebu, 301. El Nido Resorts operates 193 rooms in its four (4) island resorts (Pangulasian, Lagen, Miniloc and Apulit), and Lio Tourism Estate currently has 144 rooms under its Bed and Breakfast 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; property management, through Ayala Property Management Corporation, power services, through Direct Power Services, Inc., Ecozone Power Management, Inc., and Philippine Integrated Energy Solutions, Inc.; 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 2017'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, 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 2017's ₱866 million. Meanwhile, interest and investment income increased by 31% to ₱8.00 billion from ₱6.08 billion in 2017 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, higher than the ₱91.4 billion spent in 2017, to support the aggressive completion of new projects, 41% of which was spent on residential projects; 23% on commercial projects; 15% on land acquisition; 12% on 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 Financial Assets at Fair Value through Profit or Loss ("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 16.52%.

	<i>End-December 2018</i>	<i>End-December 2017</i>
Current ratio <sup>1</sup>	1.26:1	1.30:1
Debt-to-equity ratio <sup>2</sup>	0.85:1	0.90:1
Net debt-to-equity ratio <sup>3</sup>	0.72:1	0.77:1
Profitability Ratios:		
Return on assets <sup>4</sup>	5.35%	5.07%
Return on equity <sup>5</sup>	16.52%	16.09%
Asset to Equity ratio <sup>6</sup>	3.04:1	2.99:1
Interest Rate Coverage Ratio <sup>7</sup>	6.09:1	5.98:1

*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 on short term and long term debt.*

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 – December 2018 versus December 2017**

**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** declined by 13% primarily due to consolidation of MCT Bhd in 2018 from equity pickup treatment in 2017.

**Other Income** lower by 31% due to inclusion of 2017 reversal of Comtrust impairment in 2017.

**Real estate costs** increased by 15% primarily driven by higher sales and incremental project completion from residential, leasing and hotels & resorts business groups.

**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 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.

#### **Balance Sheet items – 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 due to matured money market placements from 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 13% due to the restatement of 2018 balances as Contract asset was reverted to receivable account-

**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 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** increased by 31% due to the restatement of 2018 balances as contract liability was reverted to deposit account.

**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.

### **Review of December 2017 operations vs. December 2016**

Ayala Land, Inc. 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 (which include real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income), 14% higher than 2016. Real Estate revenues likewise increased 13% to ₱133.10 billion, driven by the resurgence of property sales and the strong growth of its leasing business. Meanwhile, EBIT Margin registered at 30.10% compared to 29.70% in 2016.

### **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 in 2016.

**Residential.** Revenues from the sale of residential lots and units reached ₱79.90 billion, 25% higher than ₱64.08 billion in 2016, 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 in 2016 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 ₱26.17 billion, a robust gain of 45% from ₱18.03 billion in 2016 due to higher completion of its subdivision projects such as Ardia in Vermosa, Cavite and Montala in Alviara, 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 in 2016 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 71.3% from ₱3.35 billion in 2016 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 ₱652 million, 16% lower than ₱776 million in 2016.

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 Alviara 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 ₱8.20 billion in 2016 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 ₱7.04 billion, 29% higher than ₱5.45 billion in 2016 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 2016. 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 in 2016.

**Shopping Centers.** Revenues from shopping centers reached ₱17.66 billion, 10% higher than

₱16.08 billion in 2016 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 sqm 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 GLA of Shopping Centers to 1.80 million sqm at the end of 2017.

**Offices.** Revenues from office leasing reached ₱6.66 billion, 12% higher than ₱5.94 billion in 2016 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 sqm. 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 GLA of Office Leasing to 1.02 million sqm at the end of 2017.

**Hotels and Resorts.** Revenues from hotels and resorts reached ₱5.62 billion, 7% lower 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. 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 2016.

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 ₱72.81 billion, 6% higher than ₱68.49 billion in 2016.

**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 ₱5.41 billion, 71% higher than ₱3.17 billion in 2016 due to more managed properties from completed projects.

Blended EBITDA margins of the services segment registered at 10%, a slight decline from 11% in 2016 due to project mix.

### Equity in Net Earnings of Investees, Interest, 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 in 2016 due to the higher net income contribution of non-consolidated associates while interest, investment and other income reached ₱8.33 billion, 31% higher than ₱6.37 billion in 2016. Interest 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 in 2016 mainly due to higher real estate expenses which grew 15% to ₱87.92 billion from ₱76.57 billion in 2016.

General and administrative expenses (GAE) increased by only 3% to ₱7.27 billion from ₱7.03 billion last in 2016. 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 in 2016 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 2016 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.

### 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 0.90:1 and a net debt-to-equity ratio of 0.77:1.

Return on equity was at 16.09% as of December 31, 2017.

	<i>End-December 2017</i>	<i>End-December 2016</i>
Current ratio <sup>1</sup>	1.30:1	1.12:1
Debt-to-equity ratio <sup>2</sup>	0.90:1	0.93:1
Net debt-to-equity ratio <sup>3</sup>	0.77:1	0.79:1
Profitability Ratios:		
Return on assets <sup>4</sup>	5.07%	4.99%

Return on equity <sup>5</sup>	16.09%	14.86%
Asset to Equity ratio <sup>6</sup>	2.99:1	3.11:1
Interest Rate Coverage Ratio <sup>7</sup>	5.98:1	5.92:1

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 on short term and long term debt.

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 income from real estate sales and 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 8% 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 ₱4.5 billion 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, ALLHC, ALI Capital and APMC's UITF investment placements.

**Real estate Inventories** higher by 36% 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 Offer Supplement, for the effect of the adoption of the PIC Q&A.

**Other current assets** up by 101% 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 100% 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 Offer Supplement, 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 86% 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 Offer Supplement, 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 (Airsift).

**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** higher by 15% due to transfer 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, ₱7 billion short-dated notes and ₱7 billion bond issuance on May 2017.

**Pension liabilities** increased by 2% 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.

# CHANGES IN ACCOUNTING AND FINANCIAL DISCLOSURE

## Adoption of New and Amended Accounting Standards and Interpretations

### Changes in Accounting Policies

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

The nature and impact of each new standard and amendment are described below:

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

The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

This amendment has no impact to the Group.

### **PFRS 16, *Leases***

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two (2) recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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 (2) types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Group has chosen to apply the modified retrospective transition method (i.e. to apply PFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application, January 1, 2019).

The Group has elected to apply the following practical expedients provided by the standard:

- o Use of a single discount rate to a portfolio of leases with reasonably similar characteristics,

- o The Group applied the requirements of PFRS 16 to leases for which the lease term ends within 12 months from the date of initial application,
- o The Group will exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- o The Group used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

	Increase (decrease)
<b>Assets</b>	
Right-of-use assets	P14,024,594
Other current assets	(110,092)
Other noncurrent assets	(397,778)
Investment properties	888,774
Deferred tax assets	3,319,705
	<b>P17,725,203</b>
<b>Liabilities</b>	
Lease liabilities	P16,985,922
Accounts and other payables	(275,942)
Deposits and other noncurrent liabilities	(1,001,146)
Deferred tax liabilities	2,932,400
	<b>18,641,234</b>
<b>Equity</b>	
Retained earnings	(616,683)
Non-controlling interests	(299,348)
	<b>(916,031)</b>
	<b>P17,725,203</b>

#### **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: (i) 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; and, (ii) 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 to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

This amendment has no impact to the Group.

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

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

The interpretation specifically addresses the following:

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

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

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

### ***Annual Improvements to PFRSs 2015-2017 Cycle***

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

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

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

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

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

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an

entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

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

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

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

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

This amendment has no impact to the Group.

#### **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 be capitalized.

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

*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.

*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 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 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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

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

## DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

December 31, 2019

*The write-ups below include positions currently held by the directors and executive officers, as well as positions held during the past five years.*

### **Board of Directors**

Fernando Zobel de Ayala	Delfin L. Lazaro*
Jaime Augusto Zobel de Ayala	Jaime C. Laya**
Bernard Vincent O. Dy	Sherisa P. Nuesa***
Antonino T. Aquino	Rizalina G. Mantaring
Arturo G. Corpuz	Rex Ma. A. Mendoza***
Cesar V. Purisima	

*\*Director until April 22, 2020*

*\*\*Lead Independent Director until April 22, 2020*

*\*\*\*Appointed as Independent Directors effective April 22, 2020*

**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 Livelt 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; 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 Alvierra 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 Alvierra 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.

**Delfin I. 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.

**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 in 1967. He has served as Minister of the Budget, Minister of Education, Culture and Sports, Governor of the Central Bank of the Philippines, Chairman of the National Commission for Culture and the Arts, and Professor and Dean of Business Administration of the University of the Philippines.

**Rizalina G. Mantaring**, 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, World 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 (6) 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.

**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.

**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.

#### **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 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, 57, 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 Alviara 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 Chairman of AyalaLand Logistics Holdings Corp. and Director of Cebu Holdings, Inc., 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-hectare former sugarcane plantation into what is now known as one of the world-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, 49, has been Vice President of Ayala Land, Inc. 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 (7) years with Mall Operations, four (4) 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 (4) eco-tourism island resorts namely, Miniloc Island Resort, Lagen Island Resort, Apulit Island Resort, Pangalusian Island Resort plus an assortment of various mainland resorts. He also 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. He is 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 Concrete, Inc. He is also a Director of Philippine 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 Sorongon 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. In 2019, 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.

### **Significant Employees**

The Company considers its human resources working as a team as a key element for its continued success. Moreover, the Company has no employee and non-executive officer who is expected to make individually on his own a significant contribution to the business.

### **Family Relationships**

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

### **Involvement in Certain Legal Proceedings (over the past 5 years)**

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

## 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 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	₱1,000,000
Board Meeting Fee per meeting attended:	₱100,000	₱200,000
Committee Meeting Fee per meeting attended:	₱20,000	₱100,000

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.

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

Officers. The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four (4) highly compensated executives amounted to ₱235.25 million in 2018 and ₱238.72 million in 2019. The projected total annual compensation for 2020 is ₱240.86 million.

Total compensation paid to all senior personnel from Manager and up amounted to ₱1,125.52 million in 2018, ₱1,076.91 million in 2019, and ₱622.10 million in the first quarter of 2020. The projected total annual compensation for 2020 is ₱1,074.97 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			

## Executive Compensation

Jaime E. Ysmael Senior Vice President			
CEO & Most Highly Compensated Executive Officers	Actual 2018	₱122.95M	₱112.30M
	Actual 2019	₱135.03M	**₱103.69M
	Actual 1 <sup>st</sup> Quarter 2020	₱30.10M	**₱150.30M
	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
	Actual 1 <sup>st</sup> Quarter 2020	₱150.00M	**₱291.70M
	Projected 2020	₱750.59M	**₱324.38M
<p>* Compensation includes full year effect of CEO and market adjustments to selected officers for retention purposes.  ** Exclusive of Stock Option exercise.  *** Managers and up.</p>			

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

## SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

### Security Ownership of Certain Record and Beneficial Owners of more than 5% as of March 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 outstanding shares)
Common	Ayala Corporation <sup>1</sup> 32F to 35F, Tower One Ayala Triangle Ayala Ave., Makati City	Ayala Corporation <sup>2</sup>	Filipino	6,545,946,579	23.56179%
Preferred				12,163,180,640	43.78072%
Common	PCD Nominee Corporation (Non-Filipino) <sup>3</sup> G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers <sup>4</sup>	Various Non-Filipino	5,687,462,967	20.47172%
Common	PCD Nominee Corporation (Filipino) <sup>3</sup> G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers	Filipino	2,195,339,681	7.90201%

<sup>1</sup> Ayala Corporation ("AC") is the parent of the Company.

<sup>2</sup> Under the By-Laws of AC and the Revised Corporation Code, the AC Board has the power to decide how AC's shares are to be voted.

<sup>3</sup> PCD is not related to the Company.

<sup>4</sup> 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, 1,566,931,890 or 5.640088% of the voting stock is for the account of Deutsche Bank Manila (DB), 1,686,996,625 or 6.072255% 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.

### Security Ownership of Directors and Management (Executive Officers) as of March 31, 2020

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
<b>Directors</b>				
Common	Fernando Zobel de	(direct) 183,000	Filipino	0.00124%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
	Ayala			
Common	Jaime Augusto Zobel de Ayala	(direct) 12,000	Filipino	0.00008%
Common	Bernard Vincent O. Dy	(direct & indirect) 15,185,473	Filipino	0.10319%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.13798%
Common	Arturo G. Corpuz	(direct & indirect) 5,843,711	Filipino	0.03971%
Common	Jaime C. Laya	(direct) 10,000	Filipino	0.00007%
Common	Delfin L. Lazaro	(direct) 1	Filipino	0.00000%
Common	Rizalina G. Mantaring	(direct & indirect) 43,501	Filipino	0.00030%
Common	Cesar V. Purisima	(direct) 1	Filipino	0.00000%
<b>CEO and Most Highly Compensated Executive Officers</b>				
Common	Bernard Vincent O. Dy	(direct & indirect) 15,185,473	Filipino	0.10319%
Common	Dante M. Abando	(direct & indirect) 5,104,023	Filipino	0.03468%
Common	Anna Ma. Margarita B. Dy	(indirect) 6,296,825	Filipino	0.04279%
Common	Jose Emmanuel H. Jalandoni	(direct & indirect) 6,860,562	Filipino	0.04662%
Common	Jaime E. Ysmael	(direct & indirect) 8,918,248	Filipino	0.06060%
<b>Other Executive Officers</b>				
Common	Augusto D. Bengzon	(indirect) 2,843,158	Filipino	0.01932%
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) 1,897,786	Filipino	0.01290%
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	0.03078%
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	0.01860%
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%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
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.	(direct) 480	Filipino	0.00000%
Preferred	Hermosura	(direct) 480		0.00000%
<b>All Directors and Officers as a group</b>		<b>98,399,285</b>		0.66866%

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

#### **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.

#### **Changes in Control**

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

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## 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. Transactions that have been entered into by the Group with related parties for the years ended December 31, 2019, December 31, 2018 and December 31, 2017 are disclosed in Note 25, Note 26 and Note 25, respectively, to Ayala Land’s audited consolidated financial statements respectively, which are included in this Offer Supplement.

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.



## DESCRIPTION OF DEBT

As of December 31, 2019, Ayala Land had the equivalent of ₱211.1 billion of outstanding debt, of which ₱186.7 billion are unsecured.

Of Ayala Land's outstanding debt, ₱115.6 billion is evidenced by a debt instrument that was acknowledged by both the creditor and Ayala Land before a notary public. Under Philippine law, in the event that a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a debt instrument that has been acknowledged by the creditor and the borrower before a notary public enjoys a preference over unsecured debt that has not been so notarized. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. (See discussion under "*Risk Factors and Other Considerations*" of this Offer Supplement).

The following tables set forth the outstanding long and short-term debt of Ayala Land and its subsidiaries as of December 31, 2019 (in ₱ millions).

### Short-Term Debt

Borrower	Amount
Ayala Land, Inc.	₱15,708.0
Avida Land, Corp.	2,324.8
<b>Total</b>	<b>₱18,032.8</b>

### Long-Term Debt

Borrower	Current	Non-Current	Total
Ayala Land, Inc. (ALI)	7,188.3	155,490.8	162,679.1
Alabang Commercial Corp.	117.3	-	117.3
Accendo Commercial Corp	650.0	-	650.0
Adauge Commercial Corporation	24.8	408.4	433.2
AyalaLand Hotels and Resorts Corporation	282.8	4,344.6	4,627.4
Alveo Land Corp.	2,943.7	1,551.8	4,495.5
Amaia Land Corp.	1,350.0	-	1,350.0
Avida Land Corp.	3,111.2	5,406.3	8,517.5
Cagayan de Oro Gateway Corp (CDOGC)	751.4	733.1	1,484.5
Cebu Holdings, Inc.	76.9	6,271.7	6,348.6
HLC Development Corp.	672.9	-	672.9
North Triangle Depot Commercial Corporation	5.0	395.0	400.0
Philippine Integrated Energy Solutions, Inc.	45.3	677.9	723.2
Regent Wise Investments Limited	3.1	1.8	4.9
Subic Bay Town Center, Inc	28.0	532.0	560.0
<b>Total Consolidated</b>	<b>17,250.7</b>	<b>175,813.4</b>	<b>193,064.1</b>

The table below details Ayala Land's Issuances of Debt Securities / New Financing through Loans as of December 31, 2019 (in ₱ millions).

<b>Borrower</b>	<b>Amount</b>	<b>Nature</b>
ALI	149,059.5	availment of short-term and long-term loans, and issuance of bonds
Avida	13,082.3	availment of short-term and long-term loans
CDOGC	787.0	assignment of loan
Alveo	1,083.0	availment of long-term loan
Regent Wise	1,361.1	MCT Bhd. Initial consolidation; availment of short-term loan
<b>Total</b>	<b>165,372.9</b>	

The following sets out the repayments of Debt Securities and Loans from January 1 to December 31, 2019 (in ₱ millions):

<b>Borrower</b>	<b>Amount</b>	<b>Nature</b>
ALI	126,787.7	repayment of fixed rate notes, short-term loans and prepayment and amortization on matured long-term loans
ACC	6.8	amortization on long-term loan
Accendo	120.0	amortization on long-term loan
Adauga	24.8	amortization and prepayment of long-term loan
AHRC	878.2	amortization/assignment of long-term loans
Alveo	525.0	repayment of short-term loan and amortization on long-term loan
Amaia	37.5	amortization on long-term loan
Avida	6,252.5	repayment of short term and amortization on long-term loans
CDOGC	838.8	amortization on long-term loans
CHI	61.0	amortization on long-term loans
HLC	179.4	amortization on long-term loan
Philenergy	45.3	amortization on long-term loan
Regent Wise	5,617.9	
<b>TOTAL</b>	<b>141,374.9</b>	

There were no commercial papers issued and outstanding during the period ended December 31, 2019.

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## 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 is 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.

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## **FINANCIAL INFORMATION**

The following pages set forth Ayala Land's audited consolidated financial statements as at December 31, 2019, 2018 and 2017.

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