

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

**₱6.25 Billion in aggregate principal amount of
Fixed-rate Bonds due 2025**
Fifth Tranche under its ₱50.0 Billion Securities Program

Issue Price: 100% of Face Value
Interest Rate: 3.862% p.a.

Joint Lead Underwriters and Bookrunners



The date of this Offer Supplement is September 14, 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, ₱10.0 BILLION OF SECURITIES WERE ISSUED ON NOVEMBER 06, 2019, AND ₱10.0 BILLION OF SECURITIES WERE ISSUED ON JUNE 26, 2020.

THE SEC HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE 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. The SEC Permit covering the fourth Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on June 11, 2020.

This Offer Supplement (and as the context requires, the term includes the Prospectus) relates to the fifth Tranche of the Securities which is in the form of fixed-rate bonds with a principal amount of ₱6,250,000,000, and which shall be issued on September 29, 2020 (the "Issue Date"), or such other date as may be agreed upon by the Issuer, and the Joint Lead Underwriters and Bookrunners (the "Offer" or the "Fixed-rate Bonds"). This Offer Supplement contains the final terms of the Fixed-rate Bonds and must be read in conjunction with the Prospectus and all preceding offer supplements for the preceding Tranches. Full information on the Company and this Offer are only available on the basis of the combination of this Offer Supplement, the Prospectus, the offer supplement dated June 10, 2020, and the Bond Agreements. All information contained in the Prospectus and the offer supplement dated June 10, 2020 are deemed incorporated by reference in this Offer Supplement.

The Fixed-rate Bonds shall have a term ending five (5) years from the Issue Date with a fixed interest rate of 3.862% 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 PRS Aaa with a Stable Outlook 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. ("PDTTC") 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 PDTTC 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 four (4) Tranches in the form of fixed-rate bonds totaling to ₱31,000,000,000 out of its ₱50,000,000,000 Securities Program. For the fifth Tranche of Securities,

which will be in the form of the Fixed-rate Bonds, the net proceeds are estimated to amount to approximately ₱6,172,009,345, after deducting fees, commissions, and expenses relating to the issuance. Proceeds of the Offer are intended to be used to refinance the Company's 4.725% per annum ₱1.8 billion term loan maturity in September 2020, 4.625% per annum ₱4.0 billion bond maturity in October 2020 and a portion of its existing short-term loans as may be determined from time to time (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.

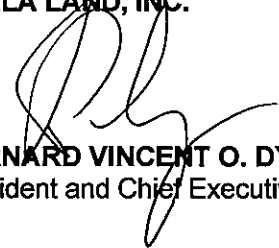
The contents of the Prospectus and the Offer Supplement are not to be considered as legal, business or tax advice. Each prospective purchaser of the Fixed-rate Bonds receiving a copy of this Offer Supplement acknowledges that he has not relied on the Joint Lead Underwriters and Bookrunners in his investigation 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 31st 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 SEP 14 2020 at Makati City.

Doc No. 22 ;
Book No. Q ;
Page No. 197 ;
Series of 2020.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City,
Until Dec. 31, 2020, Appt. No. M-02
Roll No. 27625, TIN 136897808
Rm 412, 4th Flr. VGP Center, Ayala, Makati City
2020 PTR MLA 9067896/12/8/2019/MLA
IBP No. 1046422, 8/5/2016
MCLE Comp. VI-0012066, 9/11/2018

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FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION

Forward-Looking Statements

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 "aims," "believes," "expects," "anticipates," "intends," "plans," "foresees," "seeks," "may," "might," "can," "could," "will," "would," "shall," "should," "is/are likely to," 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.

Presentation of Financial Information

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 20th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.

"BIR" shall mean Bureau of Internal Revenue.

"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.

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

“**BPI Capital**” shall refer to BPI Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 11th 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, Sunday, and public holidays, on which commercial banks are not required or are 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.

“**Call Option**” means the option granted to Ayala Land under the Terms and Conditions to call and redeem the whole of the Fixed-rate Bonds, as the case may be.

“**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 28th floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.

“**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.

“**First Metro**” shall refer to First Metro Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 45th Floor, GT Tower International, 6813 Ayala Avenue cor. H.V. Dela Costa St., Makati City.

“**Fixed-rate Bonds**” shall refer to the fixed-rate bonds in the aggregate principal amount of Six Billion and Two Hundred Fifty Million Pesos (P6,250,000,000), 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 December 29, 2020 for the first Interest Payment Date and March 29, June 29, September 29 and December 29 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 September 29, 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, China Bank Capital, First Metro, and SB 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 five (5) 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 September 16, 2020 and ending at 5:00 p.m. on September 22, 2020, or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.

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

“PFRS” shall mean Philippine Financial Reporting Standards.

“Philippines” shall mean the Republic of the Philippines.

“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 September 14, 2020 between Ayala Land, the Registrar and Paying Agent.

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

“Real Estate Investment Trust” or **“REIT”** means a stock corporation established in accordance with the Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and the rules and regulations promulgated by the Securities and Exchange Commission principally for the

purpose of owning income-generating real estate assets pursuant to the REIT Law, as they may be amended from time to time.

“REIT Act” or “REIT Law” shall mean Republic Act No. 9856, or the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations, as they may be amended from time to time.

“SB Capital” shall refer to SB Capital Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the the 18th Floor, Security Bank Centre, 6776 Ayala Avenue, Makati City.

“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.

“Securities Regulation Code” shall mean the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules and regulations, as they may be amended from time to time.

“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 September 14, 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 June 30, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.48% while 54.58% is owned by the public. As of June 30, 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 22.49% composed of 5,641,348,982 common shares and 607,264,635 voting preferred shares as of June 30, 2020. Equity attributable to equity holders of Ayala Land amounted to ₱210.14 billion as of June 30, 2020.

As of June 30, 2020, Ayala Land has a total market capitalization of ₱497.4 billion based on the closing price of ₱33.80 per common share on June 30, 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 Landbank Management, Visayas-Mindanao Group and the Residential Business Group and MCT Bhd., Ayala Land's listed subsidiary in Malaysia.

Strategic Landbank 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 landbank of 317 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-June 2020 Results of Operations

Ayala Land recorded consolidated revenues (which include real estate revenue, interest from real estate sales, interest and investment income, equity in net earnings and other income) of ₱41.20 billion and net income (attributable to equity holders of Ayala Land, Inc.) of ₱4.52 billion, a 50% and 70% decline, from ₱83.22 billion and ₱15.16 billion, respectively, posted in the same period the year before, due to the impact of COVID-19 on business operations.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services registered at ₱36.14 billion, a 54% decline from ₱78.60 billion due to lower project bookings and suspended construction activity, combined with restricted mall and hotel operations and closure of resorts during the quarantine period.

The Company's balance sheet remains healthy to support the financial and operational requirements during this period.

Cash and cash equivalents, including short-term investments and financial assets at fair value through profit or loss (FVPL) stood at ₱17.44 billion, resulting in a current ratio of 1.42:1. Total borrowings registered at ₱228 billion which translated to a debt-to-equity ratio of 0.94:1 and a net debt-to-equity ratio of 0.87:1.

Capital expenditures reached ₱34.84 billion in the first half of 2020, mainly for residential developments, followed by commercial leasing assets. 49% was spent on residential projects, 21% on commercial projects, 13% for land acquisition, 14% for the development of estates and 3% for other investments. The full year capital expenditures estimate was reduced to ₱69.82 billion from the original estimate of ₱110 billion.

Recent Developments

This section discusses recent events after the date of the Prospectus and the offer supplements for the preceding Tranches and must be read in conjunction with the Prospectus and all preceding offer supplements collectively. Full information on the Company and this Offer are only available on the basis of the combination of this Offer Supplement, the Prospectus, the offer supplement dated June 10, 2020 and the Bond Agreements. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Offer Supplement. All information contained in the Prospectus and the offer supplement dated June 10, 2020 are deemed incorporated by reference in this Offer Supplement.

2020

On February 28, March 11, March 12, and March 16, 2020, Ayala Land, Inc. purchased a total of 4,412,000 common shares at an average price of ₱35.67/share for a total consideration of ₱156.4 million, pursuant to its share buyback program.

On May 26, 2020, the Board of Directors during its meeting approved the declaration of cash dividends of ₱0.00474786 per outstanding preferred share. The cash dividend was paid on June 25, 2020 to stockholders of preferred shares as of record date June 9, 2020.

On June 26, 2020, Ayala Land listed its ₱10-billion, 2-year fixed-rate bonds due 2022 with a coupon rate of 3.00% per annum on the Philippine Dealing and Exchange Corporation ("PDEX"), through its first virtually held listing ceremony on June 26. The bond was strongly received and was 1.75x oversubscribed, enabling Ayala Land to increase the issue size from ₱6 billion to a total of ₱10 billion. ALI is the first non-bank corporate to issue fixed rate bonds in the local market since the country was placed under community quarantine.

On July 10, 2020, the SEC issued its pre-effective approval of AREIT Inc.'s ("AREIT") registration for a Real Estate Investment Trust ("REIT") Initial Public Offering ("IPO") with an offer of up to ₱15 billion. Ayala Land is the sponsor of AREIT. The base offer is up to 456,883,000 common shares at an offer price of up to ₱30.05 per share, with a stabilization option of up to 45,688,700 common shares (collectively, the "Offer Shares"). In total, this represents up to 49% of AREIT's capital stock.

On July 15, 2020, the PSE approved AREIT, Inc.'s ₱15-billion IPO, enabling the company to issue and list common shares through a REIT IPO of up to ₱15 billion, following the recent pre-effective approval issued by the SEC on July 10, 2020. With clearances from the SEC and the PSE secured, AREIT conducted the following key activities:

- Pricing Date: July 22, 2020
- Start of Offer Period: July 27, 2020, 9:00 a.m.
- End of Offer Period: August 3, 2020, 12:00 noon

On July 22, 2020, AREIT set the final offer price for its initial public offering at an offer price of ₱27.00/share.

The ₱12,335,841,000 billion IPO is the first REIT company in the country following the issuance of the REIT Act in 2009. AREIT intends to use the net proceeds from the primary offer to fund the intended acquisition of Teleperformance Cebu from ALO Prime Realty Corporation, a wholly-owned subsidiary of ALI, AREIT's sponsor, or an alternative property from ALI, or any of its subsidiaries or affiliates, that financially and strategically meets or exceeds Teleperformance Cebu and AREIT's financial and strategic investment criteria.

The net proceeds from the secondary offer shall be reinvested by ALI, as sponsor to AREIT, in real estate projects located in the Philippines within a period of one (1) year from receipt thereof, consistent with applicable rules and regulations.

On August 3, 2020, AREIT officially completed the offer period for its initial public offering of up to 456,883,000 common shares (the "Firm Offer"), consisting of 47,864,000 common shares to be issued by AREIT on a primary basis, and 409,019,000 existing common shares offered by Ayala Land, pursuant to a secondary offer, with an over-allotment option of up to 45,688,700 shares, at a price of ₱27.00/share. Of the Firm Offer, 319,818,100 shares (or approximately 70%) were offered to qualified institutional buyers ("QIBs") (i) based in the Philippines, and (ii) located outside the United States in accordance with Regulation S. Meanwhile, 137,064,900 shares (or approximately 30% of the Offer) were offered to all REIT-eligible trading participants ("TPs") of the PSE and to local small investors ("LSIs"). The total offer made available to TPs and LSIs were 91,376,600 and 45,688,300 shares, or approximately 20% and 10% of the Firm Offer, respectively.

The landmark deal and the introduction of the new asset class was well-received by the market, with the deal more than fully covered with broad distribution across retail investors as well as international and domestic institutional investors. The Firm Offer was 2x oversubscribed. High-quality domestic and

international institutional investors locked-in demand for the Philippines' first REIT notwithstanding the continuing COVID-19 global pandemic. In addition, the TP tranche was also oversubscribed with the participation of 96 eligible TPs. More than 3,300 investors participated in the offer via the LSI tranche.

AREIT was listed on August 13, 2020.

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 Landbank

With 12,192 hectares of landbank across strategic locations in the Philippines as of June 30, 2020, 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 June 30, 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 and the unaudited interim condensed consolidated financial statements, including the notes thereto, presented as 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 unaudited consolidated financial statements as at June 30, 2020 and for the six (6) months ended June 30, 2020 and 2019; and audited consolidated financial statements as at December 31, 2019, 2018, 2017, and 2016, and for each of the four (4) 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, 2018 and 2017 annual reports. Amounts presented below 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. 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").

(in million Pesos, except Earnings Per Share (EPS))	Six months ended June 30		For the years ended December 31			
	2020 Unaudited	2019 Unaudited	2019 Audited ¹	2018 Audited ²	2017 Audited	2016 Audited
Income Statement Data						
Revenue						
Real estate Sales	₱36,140	₱78,597	₱157,849	₱155,955	₱133,098	₱117,700
Interest income from real estate sales	4,228	3,306	7,891	7,042	5,410	5,011
Equity in net earnings of associates and joint ventures	346	566	966	750	866	554
	₱40,714	₱82,469	₱166,706	₱163,747	₱139,373	₱123,266
Interest and investment income	220	454	930	958	675	703
Other income	265	294	1,158	1,541	2,249	660
	485	748	2,088	2,499	2,924	1,363
	41,199	83,217	168,794	166,246	142,297	124,629
Costs and expenses						
Cost of real estate sales	22,083	48,909	94,752	101,079	87,921	76,566
General and administrative expenses	3,865	4,429	9,367	9,101	7,275	7,031
Interest and other financing charges	6,857	5,503	12,200	9,594	7,914	7,314
Other expenses	808	546	1,645	1,270	1,196	1,053
	33,613	59,387	117,964	121,045	104,306	91,965
Income before income tax	7,586	23,830	50,830	45,201	37,991	32,663
Provision for income tax						

Executive Summary

Current	2,015	6,608	12,455	13,391	11,960	10,070
Deferred	105	(293)	860	(1,406)	(2,135)	(1,838)
	2,120	6,315	13,315	11,984	9,825	8,232
Net Income	₱5,466	₱17,515	₱37,515	₱33,217	₱28,166	₱24,432
Net Income attributable to:						
Equity holders of Ayala, Land Inc.	4,518	15,157	33,188	29,241	25,305	20,908
Non-controlling interests	948	2,358	4,327	3,976	2,861	3,524
Unappropriated retained earnings						
Balance, beginning of year	148,940	124,090	124,090	101,976	83,799	71,952
Effect of adoption of new accounting standards	-	(48)	(617)	359	-	-
Balances as restated	148,940	124,042	123,473	102,335	83,799	71,952
Cash dividends						
Common share	(3,944)	(3,828)	(7,659)	(7,424)	(7,066)	(6,999)
Preferred share	(62)	(62)	(62)	(62)	(62)	(62)
Net Income attributable to equity holders of Ayala Land, Inc.	4,518	15,157	33,188	29,241	25,305	20,908
Appropriation during the year	-	-	-	-	-	(2,000)
Balance at end of period	149,452	135,308	148,940	124,090	101,976	83,799
Basic Earnings per share	₱0.30	₱1.02	₱2.25	₱1.98	₱1.71	₱1.43
Diluted Earnings per share	₱0.30	₱1.02	₱2.25	₱1.98	₱1.71	₱1.43

¹ 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 and 2020. 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.

² 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 year 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, 2019, and 2020. 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)	As at June 30			As at December 31	
	2020	2019 ¹	2018 ²	2017	2016
	Unaudited	Audited	Audited	Audited	Audited
Selected Balance Sheet Data					
Cash and cash equivalents and other assets ^{3,4}	₱17,436	₱21,516	₱27,558	₱25,821	₱22,641
Land and Improvements	0	0	0	0	101,457

Executive Summary

Investment properties	242,189	243,043	225,006	200,240	107,931
Total assets	710,895	713,923	668,820	573,992	536,433
Current portion of long term debt	12,505	17,251	23,265	6,573	5,187
Long term debt - net of current portion	174,041	175,813	149,447	150,169	130,370
Total liabilities	467,890	471,218	448,599	381,729	363,750
Equity attributable to equity holders of					
Ayala Land, Inc.	210,139	211,050	187,300	166,755	147,705
Non-controlling interests	32,866	31,656	32,921	25,509	24,978
Total equity	₱243,005	₱242,706	₱220,221	₱192,264	₱172,683

¹ 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 and 2020. 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.

² 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 year 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, 2019, and 2020. 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.

³ Includes Cash and Cash Equivalents, Short-term Investments, financial assets at FVPL for 2020, 2019, and 2018

⁴ 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:

	June 30, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Current ratio ¹	1.42:1	1.30:1	1.26:1	1.30:1	1.12:1
Debt-to-equity ratio ²	0.94:1	0.87:1	0.85:1	0.90:1	0.93:1
Net debt-to-equity ratio ³	0.87:1	0.78:1	0.72:1	0.77:1	0.79:1
Return on assets ⁴	1.53%	5.43%	5.35%	5.07%	4.99%
Return on equity ⁵	4.29%	16.66%	16.52%	16.09%	14.86%
Asset to Equity ⁶	2.93:1	2.94:1	3.04:1	2.99:1	3.11:1
Interest Rate Coverage ⁷	2.74:1	6.27:1	6.09:1	5.98:1	5.92:1

¹ Current assets / current liabilities

² 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)

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. 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".

	Six months ended June 30		For the years ended December 31			
	2020	2019	2019	2018	2017	2016
(in thousand Pesos, except ratios)						
Net income	₱5,465,886	₱17,514,532	₱37,515,031	₱33,216,589	₱28,165,659	₱24,431,785
Add:						
Provision for income tax	2,120,123	6,315,946	13,314,643	11,984,440	9,824,981	8,231,662
Interest and other financing charges	6,856,737	5,503,009	12,199,758	9,594,003	7,914,326	7,314,387
Other charges	808,359	545,692	1,644,982	1,270,281	1,196,076	1,053,207
	15,251,105	29,879,179	64,674,414	56,065,313	47,101,042	41,031,041
Less:						
Interest income from real estate sales and interest and investment income	4,447,617	3,759,986	8,821,417	8,000,314	6,084,995	5,713,957
EBIT	10,803,488	26,119,193	55,852,997	48,064,999	41,016,047	35,317,084
Add:						
Depreciation and amortization	4,830,528	4,135,050	9,058,710	6,318,929	5,179,792	5,874,560
EBITDA	15,634,016	30,254,243	64,911,707	54,383,928	46,195,839	41,191,644
Divided by:						
Interest expense						
Short-term debt	667,363	410,846	1,206,577	1,668,340	337,384	837,918
Long-term debt	5,033,576	4,745,742	9,153,067	7,259,118	7,393,070	6,114,265
	5,700,939	5,156,588	10,359,644	8,927,458	7,730,454	6,952,183
Interest rate coverage ratio	2.74:1	5.87:1	6.27:1	6.09:1	5.98:1	5.92:1

CAPITALIZATION

The following tables set forth the unaudited consolidated short-term and long-term debt and capitalization of ALI as of June 30, 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 June 30, 2020 (Unaudited)	Adjustment	Notes	As adjusted for Issue Amount of ₱6.25 billion (Upon issuance of the Fixed-rate Bonds)
Current Liabilities				
Short-term Debt	₱41,455			₱41,455
Accounts and other payables	143,319			143,319
Income tax payable	1,225			1,225
Current portion of long-term debt	12,505			12,505
Deposits and other current liabilities	15,177			15,177
Current Portion of Lease Liabilities	822			822
Total Current Liabilities	214,503			214,503
Non-current Liabilities				
Long-term debt – net of current portion	174,041	6,250	1	180,291
Pension liabilities	2,360			2,360
Deferred tax liabilities – net	6,976			6,976
Deposits and other non-current liabilities	53,208			53,208
Lease Liabilities Net of Current Portion	16,802			16,802
Total Non-current Liabilities	253,387			259,637
Total Liabilities	467,890			474,140
Equity				
Equity attributable to equity holders of Ayala Land, Inc.				
Paid-up capital	62,823			62,823
Retained earnings	157,451			157,451
Stock options outstanding	42			42
Remeasurement loss on defined benefit plans	(652)			(652)
Fair value reserve of financial assets at FVOCI	(685)			(685)
Cumulative translations	(476)			(476)

adjustments				
Equity reserves	(7,103)			(7,103)
Treasury Stock	(1,261)			(1,261)
Non-controlling interests	32,866			32,866
Total Equity	243,005			243,005
Total Capitalization	710,895		2	717,145

Notes:

1. *Reflects Fixed-rate Bond Issue Amount of ₱6.25 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 an aggregate principal amount of Six Billion and Two Hundred Fifty Million Pesos (₱6,250,000,000). 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:	Six Billion and Two Hundred Fifty Million Pesos (₱6,250,000,000) in aggregate principal amount
Use of Proceeds:	Net proceeds will be used to refinance the Company's 4.725% per annum ₱1.8 billion term loan maturity on September 29, 2020, 4.625% per annum ₱4.0 billion bond maturity on October 10, 2020 and a portion of its existing short-term loans as may be determined from time to time.
Joint Lead Underwriters and Bookrunners:	BDO Capital & Investment Corporation BPI Capital Corporation China Bank Capital Corporation First Metro Investment Corporation SB Capital Investment Corporation
Offer Period:	The Offer shall commence at 9:00 a.m. on September 16, 2020 and end at 5:00 p.m. on September 22, 2020, or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.
Issue Date:	September 29, 2020 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:	September 29, 2025, 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 3.862% per annum
Issue Price:	Par or 100% of face value
Form and Denomination of the Bonds:	The Fixed-rate Bonds shall be issued in scripless form in denominations of ₱50,000 each, as a minimum, and in multiples of ₱10,000 thereafter.
Interest Payment Date:	Interest on the Fixed-rate Bonds shall be paid quarterly commencing on December 29, 2020 for the first Interest Payment Date and March 29, June 29, September 29, and December 29 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

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.

Final Redemption: The Fixed-rate Bonds shall be redeemed at par or 100% of face value on the Maturity Date.

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

Call Option Dates	Call Option Price
12 th Interest Payment Date	101.00%
13 th Interest Payment Date	
14 th Interest Payment Date	
15 th Interest Payment Date	
16 th Interest Payment Date	
17 th Interest Payment Date	100.50%
18 th Interest Payment Date	
19 th Interest Payment Date	

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

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

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

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

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.

Status of the Bonds: The Fixed-rate Bonds shall constitute the direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank pari passu and ratably without preference among themselves and among any present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law.

Summary of the Offer

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 PRS Aaa with a Stable Outlook by PhilRatings.
Listing:	The Issuer intends to list the Fixed-rate Bonds in the PDEX on the Issue Date.

NET PROCEEDS FROM THE OFFER

The net proceeds from the ₱6.25 billion Offer is estimated to be ₱6.17 billion after deducting expenses related to the Offer. Said expenses are as follows:

	Total
Estimated proceeds from the sale of the Fixed-rate Bonds	₱6,250,000,000.00
Less:	
SEC Registration and Legal Research Fee	1,578,155.00
Documentary Stamp Tax	46,875,000.00
Underwriting Fee	23,437,500.00
Estimated Professional Expenses and Agency fees	5,000,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	1,000,000.00
Listing Fee	100,000.00
Total Estimated Upfront Expenses	77,990,655.00
Estimated net proceeds to Ayala Land	₱6,172,009,345.00

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

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.

As of September 12, 2020 the Philippine Department of Health reported 257,863 cases of novel coronavirus ("COVID-19") nationwide with 4,292 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 4,935 new cases on September 12, 2020. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of OFWs globally; (b) the impact of international travel and the recent repatriation of OFWs 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 and community quarantine measures, which may have an adverse impact to the Company's ability to operate as efficiently as before COVID-19.

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 ("NCR") 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 ("ECQ") throughout the island of Luzon until May 15, 2020. Quarantine measures in Metro Manila and other parts of the country were relaxed following the proclamation of a modified enhanced community quarantine ("MECQ") effective May 16, 2020, and subsequently, a less stringent general community quarantine ("GCQ") effective June 1, 2020. From August 4, 2020 to August 18, 2020, however, the NCR and the provinces of Laguna, Cavite, Rizal and Bulacan reverted to MECQ in response to healthcare workers' plea to the administration to prevent the collapse of the country's healthcare system amid the surge in COVID-19 cases. Since August 19, 2020, the NCR has been under GCQ, as well as Bulacan, Batangas, Tacloban and Bacolod, while Iligan City was reverted to MECQ starting September 1, 2020. The rest of the country has been under modified GCQ, the most lenient form of community quarantine. The quarantine measures currently being implemented are expected to take effect until September 30, 2020, a one-month implementation instead of the usual two weeks, as the government seeks to provide stability to business operations through longer quarantine periods while continuing to stem the spread of the virus.

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. On June 25, 2020, the Bayanihan Act measures implemented to address the pandemic in the Philippines expired without extension or replacement. On September 11, 2020, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2 Act during and after the effectivity of quarantine measures may affect Ayala Land and businesses that transact with Ayala Land. Until the measures are finalized, its potential effects or duration remain uncertain.

Government quarantine measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the ECQ 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 ECQ, 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 leasable area, are allowed to remain open. Accordingly, only such establishments have been paying rent during such period. Furthermore, as of August 31, 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.

If COVID-19 cases continue to rise, it could result in the reimposition of stricter measures to combat such increase in severity, which 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 ECQ. The Company has decided to reduce its capital expenditure budget in 2020 to ₱69.82 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.

Ayala Land has acknowledged the effects of COVID-19 as a prominent source of risk which will affect its business in 2020 with possible spillover effects to 2021. The Company, as early as January 2020, has monitored the situation in Wuhan, China and flagged the virus as a potential emerging risk. With the escalation of the COVID-19 pandemic, the Company mobilized the business units to revisit their respective business continuity plans ("BCP") to mitigate the risk impact to operations. Ayala Land observes national and local government advisories and directives as well as the best practices conveyed by the World Health Organization ("WHO") and the Philippine Department of Health ("DOH"). The Company strictly follows the guidelines set by the national and local government agencies to support its endeavor to stem the spread of the COVID-19 virus. Pandemic events usually have a long gestation and pose a greater risk of exposing personnel and negatively impacting business operations. Each business unit reviewed loss scenarios under their business continuity plans such as: (1) loss of premises or day-to-day workplace; (2) loss of critical people; and (3) loss of critical third-party service providers for an extended period of time.

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.

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 June 30, 2020, Ayala Land Premier's revenues decreased by 76% to ₱2.80 billion from ₱11.5 billion in the same period in 2019 due to lower incremental progress of completion ("POC") of West Gallery Place, Park Central South Tower and Garden Towers 2, and lower bookings in Alcoves.

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 ₱3.13 billion in the first half of 2020, a decline of 68% from ₱9.69 billion in 2019, due to lower incremental POC of High Park Tower 2, Travertine and the Residences at Evo City Phase 1, and lower bookings of Orean Place Tower 1.

(c) Middle-income residential

Avida generated ₱6.81 billion in revenues in the first half of 2020, 49% lower than ₱13.43 billion in 2019 attributed to lower bookings of Avida Northdale Settings Alviera, Avida Towers Intima T1 and Avida Towers Vireo T1, and lower incremental POC of The Montane, Avida Towers Sola Tower 1 and Avida Towers Turf Tower 1.

(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. For the first six (6) months ended June 30, 2020, Amaia posted revenues of ₱2.25 billion, a 39% reduction from ₱3.68 billion in the same period in 2019 relating to the lower bookings of Skies projects Cubao Tower 2, Shaw Tower 1 and Avenida Tower 1, and Steps projects Sucat and Alabang.

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 declined by 47% to ₱271.47 million from ₱510.87 million in 2019, due to lower bookings of projects in Lian Batangas, Alaminos and General Trias.

Overall, for the six (6) months ended June 30, 2020, the average gross profit margin of vertical projects improved to 42% from 38% due to higher unit prices of Avida's Sola Tower 2, One Antonio and Asten Tower 3, ALVEO's Solinea Tower 4 and Amaia Steps Delicia. The average gross profit margin of horizontal residential projects improved to 46% from 43%.

MCT Bhd. recorded a contribution of ₱1.28 billion in the first half of 2020, a 51% decline from ₱2.61 billion in the same period in 2019, due to lower sales from its Market Homes and Casawood projects and suspended construction activities following the Malaysian government's movement control order ("MCO") in response to COVID-19.

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 units dropped by 88% to ₱1.14 billion for the first six (6) months ended June 30, 2020, from ₱9.84 billion in the same period in 2019, attributed to the lower incremental completion of Park Triangle Corporate Plaza and Alveo Financial Tower, and lower bookings from HighStreet South Corporate Plaza 2 and Alveo Park Triangle Tower. The average gross profit ("GP") margin ended lower at 40% from 44% owing to lower bookings as high margin projects such as HighStreet South Corp Plaza 2, Park Triangle Corp Plaza and Alveo Park Triangle Tower are almost sold out.

Commercial and Industrial Lots

Revenues from the sale of commercial and industrial decelerated by 31% to ₱2.95 billion in the first half of 2020 from ₱4.30 billion in the same period in the previous year, as fewer lots were sold in Vermosa and Evo City. The average GP margin substantially increased to 69% from 52%, due to higher selling prices of commercial lots sold in Arca South and Nuvali.

Sales reservations by Philippines-based Filipinos declined by 48% and accounted for 68% (valued at ₱26.2 billion) of all reservations, while those by Filipinos based abroad declined by 31%, accounting for 18% (valued at ₱6.7 billion) of the total, due to limited selling activity during the quarantine.

Commercial Leasing

This segment covers the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing declined by 31% to ₱12.86 billion in the first half of 2020 from ₱18.63 billion in the previous year.

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 dropped 44% to ₱5.84 billion in the first half of 2020 from ₱10.34 billion in the same period in 2019, on the account of closure of all malls during the enhanced community quarantine and limited operations with low foot traffic upon reopening. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin ended 21 percentage points lower to 45% from 66% due to limited operations and foot traffic during the quarantine. The average occupancy rate for all malls is 86% and 92% for stable malls. Total Malls GLA stands at 2.12 million square meters.

Offices

Revenues from office leasing increased by 7% to ₱4.94 billion in the first half of 2020 from ₱4.63 billion in the same period in 2019, given the sustained operations of BPO and headquarter ("HQ") buildings. Office leasing EBITDA margin registered at 94% from 91% last year. The average occupancy rate for all offices is 95% and 96% for stable offices. Total office leasing GLA is at 1.17 million square meters.

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 ended 43% lower to ₱2.09 billion in the first half of 2020 from ₱3.67 billion in the same period in 2019, with the closure of resorts and lower average occupancy of hotels due to travel bans. As a result, the overall EBITDA margin of hotels and resorts declined 19 percentage points to 14% from 33%. The average occupancy for all hotels was 44% and 49% for stable hotels. Meanwhile, the average occupancy for all resorts stood at 26% and 25% for stable resorts. Occupancy declined at the onset of 2020 given the imposition of travels bans due to COVID-19 and further dropped since the imposition of the quarantine. There were 71 new rooms opened at Seda Central Bloc Cebu in the month of April, however, 20 rooms at El Nido Cove were closed for operations starting in the month of January. With these recent changes, the hotels and resorts segment ended the first half of 2020 with a total of 4,030 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 11 Seda Hotels, operating 2,712 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (521); 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 (293) and Seda Central Bloc (214); and Circuit Corporate Residences (255).

El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 132 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 amounted to ₱2.63 billion for the first (6) months ended June 30, 2020, 40% lower than ₱4.36 billion in the same period in 2019 due to restricted construction activity, coupled with limited operations and AirSWIFT flight cancellations.

Blended EBITDA margins of the Services segment stood at 9%.

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.

Net construction revenues totaled ₱882.99 million in the first half of 2020, 43% lower than ₱1,545.00 million in the first half of 2019.

Property Management and Others

APMC, the Company’s power services companies and AirSWIFT registered revenues of ₱1.75 billion as of end-June 2020, 38% less than the previous year’s ₱2.82 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 June 30, 2020, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱228.0 billion, ₱125.6 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 June 30, 2020, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱228.0 billion, ₱125.6 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 0.87:1 as of June 30, 2020. 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.

USE OF PROCEEDS

Following the offer and sale of the Fixed-rate Bonds in the aggregate principal amount of ₱6.25 billion, ALI expects that the net proceeds of the Offer shall amount to approximately ₱6.17 billion after fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

	Total
Estimated proceeds from the sale of the Fixed-rate Bonds	₱6,250,000,000.00
Less:	
SEC Registration and Legal Research Fee	1,578,155.00
Documentary Stamp Tax	46,875,000.00
Underwriting Fee	23,437,500.00
Estimated Professional Expenses and Agency fees	5,000,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	1,000,000.00
Listing Fee	100,000.00
Total Estimated Upfront Expenses	77,990,655.00
Estimated net proceeds to Ayala Land	₱6,172,009,345.00

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 ₱400,000.00;
2. Annual Rating Monitoring and Agency fees of ₱450,000.00 plus VAT; 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 ₱6.17 billion will be used to refinance the Company's 4.725% per annum ₱1.8 billion term loan maturity on September 29, 2020, 4.625% per annum ₱4.0 billion bond maturity on October 10, 2020 and a portion of its existing short-term loans as may be determined from time to time.

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 ₱6,250,000,000 covered by this Offer Supplement is the fifth 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. The SEC Permit for the fourth Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on June 11, 2020. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the fifth Tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of Six Billion and Two Hundred Fifty Million Pesos (₱6,250,000,000).

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, China Bank Capital, First Metro, and SB Capital, pursuant to an Underwriting Agreement with Ayala Land dated September 14, 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 Six Billion and Two Hundred Fifty Million Pesos (P6,250,000,000) of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

For the Offer of Fixed-rate Bonds, the Joint Lead Underwriters and 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:

<u>Underwriter</u>	<u>Commitment</u>
BDO Capital	P 1,250,000,000
BPI Capital	P 1,250,000,000
China Bank Capital	P 1,250,000,000
First Metro	P 1,250,000,000
SB Capital	P 1,250,000,000
Total	P 6,250,000,000

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 September 16, 2020 and end at 5:00 p.m. on September 22, 2020, or on such other dates 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 the 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 Fifty Billion Pesos (₱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, Inc. ("Ayala Land" or "Issuer") 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 Eight Billion Pesos (₱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 Three Billion Pesos (₱3,000,000,000) of fixed-rate bonds was issued on September 30, 2019 under a prospectus dated September 12, 2019 (the "Prospectus") and an offer supplement dated September 12, 2019. The third Tranche of the Securities Program with a principal amount of Ten Billion Pesos (₱10,000,000,000) of fixed-rate bonds was issued on November 06, 2019 under the Prospectus and offer supplement dated October 17, 2019. The fourth Tranche of the Securities Program with a principal amount of Ten Billion Pesos (₱10,000,000,000) of fixed-rate bonds was issued on June 26, 2020 under the Prospectus and offer supplement dated June 10, 2020. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the fifth Tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of Six Billion and Two Hundred Fifty Million Pesos (₱6,250,000,000) (the "Fixed-rate Bonds" or the "Offer") under the Prospectus and the offer supplement dated September 14, 2020 (the "Offer Supplement").

The Fixed-rate Bonds are constituted by a Trust Indenture executed on September 14, 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 September 14, 2020 (the "Registry and Paying Agency Agreement") between the Issuer, and the Registrar and Paying Agent.

Philippine Depository & Trust Corp. ("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) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000) 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 PRS Aaa with a Stable Outlook by Philippine Rating Services Corporation ("PhilRatings") on August 25, 2020. Obligations rated PRS 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; (2) a highly experienced management team and synergies with the solid Ayala Group; (3) sustained profitability in the past decade, coupled with healthy cash flow generation and high cash reserves, albeit with tempered growth prospects due to the ongoing pandemic; and (4) healthy balance sheet indicating ample capital and liquidity buffers against the slowdown of operations in light of the COVID-19 pandemic.

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, Series of 2004 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 on the Philippine Dealing & Exchange Corp. ("PDEX") Trading System, 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 Corp.
29th Floor BDO Equitable Tower
Paseo de Roxas, Makati City, Metro Manila

Telephone no: (632) 8884-4425
Fax no: (632) 8230-3346
E-mail: baby_delacruz@pds.com.ph
Attention: Josephine Dela Cruz, Director – Securities Services

(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 Ten Thousand Pesos (₱10,000) as a minimum, and in multiples of Ten Thousand Pesos (₱10,000) 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, all of which shall be for the account of the relevant Bondholder.

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 3.862% per annum from the Issue Date, payable quarterly in arrear on March 29, June 29, September 29 and December 29 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 December 29, 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. Call Option

(a) Call Option

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

Call Option Dates	Call Option Price
12 th Interest Payment Date	101.00%
13 th Interest Payment Date	
14 th Interest Payment Date	
15 th Interest Payment Date	
16 th Interest Payment Date	100.50%
17 th Interest Payment Date	
18 th Interest Payment Date	
19 th Interest Payment Date	

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

(b) Exercise of a Call Option

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

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

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

6. Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the Fixed-rate Bonds shall be redeemed at par or One Hundred percent (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.

Upon receipt by the Trustee of a redemption notice from the Issuer hereunder, the Trustee shall transmit the same notice to the Bondholders.

(c) Purchase and Cancellation

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

(d) Change in Law or Circumstance

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

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

thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

- (iv) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

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

7. Payments

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

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

8. Payment of Additional Amounts; Taxation

Interest income on the Fixed-rate Bonds is subject to a final withholding tax at rates of between fifteen percent (15%) and 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 current and valid tax exemption certificate, ruling or opinion issued by the BIR (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), addressed to the Bondholder, confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or

amendment thereto, and 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 or modification 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, as amended by Republic Act No. 9337 and Republic Act No. 10963.

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

9. Financial Ratios

The Issuer shall maintain, for as long as any of the Fixed-rate Bonds remain outstanding, a Debt to Equity Ratio of not more than 3.0:1.0.

10. Negative Pledge

For as long as any of the Fixed-rate Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "Security") in favor of any creditor or class of creditors without providing the Bondholders with a Security, 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 Securities," which are:

- (a) Any Security 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 Security 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 Security 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 Security 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 Security 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 Security: (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 Security 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 Five Billion Pesos (₱5,000,000,000).
- (g) Any Security 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 Security 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 Security 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 Security shall not cause the Issuer to exceed the ratio of the amount of indebtedness of the Issuer secured by any lien constituted pursuant to this subparagraph (k) to the noncurrent assets of the Issuer (as computed in accordance with Philippine Financial Reporting Standards and based on the most recent audited financial statements of the Issuer) which ratio shall not be more than 0.5:1.0.
- (l) Any Security 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 Security for an aggregate loan accommodation not exceeding the equivalent of ten percent (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 Security 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 Security 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 Security 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 Security 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 Thirty Million U.S. Dollars (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 Security (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 Security shall not cause the Issuer to breach the Debt to Equity Ratio.

11. 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 Trustee to that effect.

(c) Other Default

The Issuer fails to perform or violates any other provision or 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 3.0:1.0) 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 Five Hundred Million Pesos (P500,000,000).

(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 Five Hundred Million Pesos (₱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*.

12. 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 (at the expense of Ayala Land) 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.

13. 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, with a copy furnished to the Paying Agent and Registrar, 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 13(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 Agency 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.

14. 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%) per annum (the "Penalty Interest") from the time the amount falls due until it is fully paid.

15. 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.

16. Application of Payments

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

17. 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.

18. 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.

19. 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.

20. 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.

21. Trustee; Notices

(a) Notice to the Trustee

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

To the Trustee: China Banking Corporation – Trust and Asset Management Group
Attention: Susan U. Ferrer
Senior Assistant Vice President
Subject: Ayala Land Fixed-rate Bonds
Address: 8th Floor, China Bank Building, 8745 Paseo de Roxas corner Villar Street, Makati City
Facsimile: (632) 8867-1077 / (632) 8553-0654

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 One Thousand Five Hundred Pesos (₱1,500) (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 Terms and 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.

22. 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 and in the Terms and Conditions of the Fixed-rate Bonds. 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 the Trust Indenture and in the Terms and Conditions of the Fixed-rate Bonds, 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 the Trust Indenture 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 the Trust Indenture.

- (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.

23. 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 trustee 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 trustee, 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 outgoing Trustee shall continue to

discharge its duties and responsibilities solely as custodian of records for turnover to the successor trustee promptly upon the appointment thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

24. 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.

25. 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%) 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; and
 - (v) Opinions of the legal counsel with respect to the Issuer and the Fixed-rate Bonds.

26. 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 (P10,000) 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 29 (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.

27. 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.

28. 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.

29. 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 29.

It shall not be necessary for the consent of the Bondholders under this Condition 29 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."

30. Governing Law

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

31. 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.

32. Waiver of Preference

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

33. 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) **BIR** refers to the Bureau of Internal Revenue of the Republic of the Philippines.
- (d) **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.
- (e) **Debt to Equity Ratio** means the ratio which Total Liabilities bears to Total Stockholders' Equity net of unrealized gain.
- (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) **Security** 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.
- (i) **Total Liabilities** means the aggregate (as of the relevant date for calculation) of Current Liabilities and Long-Term Debt.

- (j) **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.

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 reviewed Ayala Land, Inc. and Subsidiaries' unaudited consolidated financial statements as at June 30, 2020 and for the six (6) months ended June 30, 2020 and 2019; and audited Ayala Land, Inc. and Subsidiaries' annual consolidated financial statements as at December 31, 2019, 2018, 2017, and 2016 and for each of the four (4) 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 June 30, 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 equity ownership is 22.49% composed of 5,641,348,982 outstanding common shares and 607,264,635 voting preferred shares as of June 30, 2020. As of June 30, 2020, equity attributable to equity holders of Ayala Land amounted to ₱210.14 billion. Ayala Land has a total market capitalization of ₱497.4 billion based on the closing price of ₱33.80 per common share on June 30, 2020, the last trading day of the said month.

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 Mercado Supermarket. Ayala Land has 29 estates, is present in 57 growth centers nationwide and has a total landbank of 12,192 hectares as of June 30, 2020.

Property Development

Property Development is composed of the Strategic Landbank Management Group, Visayas-Mindanao Group, Residential Business Group and MCT Bhd. ("MCT"), Ayala Land's listed subsidiary in Malaysia. MCT is 66.3% owned by Ayala Land and has a landbank of 317 acres located in Subang Jaya, Cyberjaya and Petaling Jaya.

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.

Hotels and Resorts

Hotels and Resorts involves the development, operation and management of branded and boutique/businessman's hotels and eco-resorts.

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 (4) 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%), Mercado Supermarket (50.0%), Qualimed (33.0%) and OCLP Holdings, Inc. (21.01%).

Recent Updates

Residential Development

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 59.3%, 60.8%, 55.0% and 40.2% 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 2017, December 31, 2018, December 31, 2019, and June 30, 2020, 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.

International Sales accounted for 32% of total sales for the period ended June 30, 2020. 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.

Contributions to Revenue

The table below illustrates the amounts of revenue, profitability, and identifiable assets attributable to domestic and foreign operations for the six (6) months ended June 30, 2020, and for the years ended December 31, 2019, 2018, and 2017: (in ₱'000)

	June 2020	Dec 2019	Dec 2018	Dec 2017
Revenues				
<i>Domestic</i>	39,426,363	160,143,686	156,142,062	139,131,909
<i>Foreign</i>	1,287,453	6,561,646	7,604,756	241,432
Net operating income				
<i>Domestic</i>	14,809,245	61,357,618	52,436,826	43,071,498
<i>Foreign</i>	-43,214	1,228,417	1,129,534	(90,142)
Net Income Attributable to Equity Holders of ALI				

Description of Business

<i>Domestic</i>	4,674,846	32,321,166	28,283,472	25,321,099
<i>Foreign</i>	-156,595	867,233	957,408	(16,134)
Total Assets				
<i>Domestic</i>	676,503,750	678,162,085	636,521,219	564,182,334
<i>Foreign</i>	34,390,823	35,761,193	32,299,263	9,810,000

Capital Expenditures (Consolidated)

For the year 2020, Ayala Land's consolidated budget for project and capital expenditures was reduced from the original estimate of amount ₱110 billion to ₱69.82 billion, of which ₱34.84 billion has been disbursed as of June 30, 2020 mainly to support residential developments and commercial leasing asset buildup.

Subsidiaries, Associates and Joint Ventures

As of June 30, 2020, 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:

	Date of Incorporation	Effective Ownership (%)*
Real Estate:		
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
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,	100

Description of Business

	2008	
NorthBeacon Commercial Corporation (NBCC)	August 13, 1970	100
Red Creek Properties, Inc.	October 17, 1994	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	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.) (formerly Gisborne Property Holdings, Inc.)	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, Limited	July 6, 2012	100
Blue Horizons Holdings PTE, Limited	September 20, 2013	100
Modular Construction Technology (MCT) Bhd.	April 6, 2015	66
AREIT, Fund Manager, Inc. (formerly 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
AREIT, 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
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
Altaraza Development Corporation	May 27, 2020	51
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

Description of Business

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
Adauge Commercial Corporation (Adauge)	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
Central Bloc Hotel Ventures, Inc.	October 28, 2019	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
Central Block Hotel Ventures	October 28, 2019	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. (formerly Prime Orion Philippines Inc.)	May 19, 1989	71
FLT Prime Insurance Corporation	February 22, 1977	56
Orion Solutions, Inc.	October 12, 1994	71
Orion I 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
Ayalaland Malls Synergies, Inc.	June 1, 2016	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	February 19, 2013	100
Ayalaland Malls-Vismin, Inc.	October 15, 2015	100
Ayalaland Malls Northeast, Inc.	October 15, 2015	100
Construction:		
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.)	March 1, 2017	67

Description of Business

Hotels		
Ayala Hotels, Inc. (AHI)	April 11, 1991	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	September 21, 2010	100
ALI Makati Hotels & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	January 30, 2007	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	August 13, 2007	80
Asian Conservation Company Limited and Subsidiary	March 22, 2001	100
Enjay Hotels, Inc. (Enjay)	July 12, 1990	100
Greenhaven Property Ventures, Inc. (GPVI)	July 9, 2008	100
Cebu Insular Hotel Company, Inc. (CIHCI)	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
Arcasouth 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. (formerly KHI-ALI Manila, Inc.)	January 30, 2007	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	August 13, 2007	20
Ten Knots Phils., Inc. (TKPI)	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 Corp.	October 10, 2016	60
Ten Knots Development Corp. (TKDC)	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
Integrated Eco-resort Inc.	May 27, 2015	100
Property Management:		
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

Description of Business

Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	September 21, 2010	100
Entertainment:		
Five Star Cinema, Inc.	December 18, 2000	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	October 10, 1997	50
Others		
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 Transport Inc. (formerly Island Transvoyager, Inc.)	October 2, 2002	100
Swift Aerodrome Services, Inc.	January 20, 2020	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

** includes CPVD interest in CBDI

Changes in the group structure in 2020:

Swift Aerodrome Services, Inc. was incorporated in January 20, 2020 and is 100% owned by ALI Capital Corporation (ALICAP), a wholly owned subsidiary of ALI. The company was organized primarily to manage and operate airports owned by ALI.

Altaraza Development Corporation was incorporated on May 27, 2020 and is 51% owned by ALI and 49% owned by Gregorio Araneta, Inc. and Araza Resources, Inc. ("Araneta Group"). The company was organized primarily to acquire and develop or hold land for investments in Altaraza Estate in Bulacan.

Changes in the group structure in 2019:

Central Bloc Hotel Ventures, Inc. was incorporated in October 28, 2019 and is 100% owned by Central Block Developers, Inc., a 45% owned by ALI and 55% owned by Cebu Holdings, Inc. (CHI). The company was organized to operate Seda Hotel Central Block in Cebu City.

Employees

Ayala Land has a total workforce of 324 regular employees as of June 30, 2020. Ayala Land anticipates that it will have a total workforce of 325 regular employees by the end of August 2020.

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

Senior Management	28
Middle Management	217
Staff	79
Total	324

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

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, and its commercial business group, including major brands in its Ayala Malls group, Hotels and Resorts, AyalaLand Logistics, and AREIT. 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.

DESCRIPTION OF PROPERTIES

LANDBANK / PROPERTIES WITH MORTGAGE OF LIEN

The following table provides summary information on ALI's landbank as of June 30, 2020. Properties are wholly-owned and free of lien unless noted.

Land within and outside Estates

In Estates	Location	Hectares	Outside Estates	Hectares
Metro Manila		173	Metro Manila	105
Makati CBD	Makati City	46	Las Pinas	84
BGC	Taguig City	27	QC	9
Arca South	Taguig City	21	Pasig	4
Parklinks	Quezon City - Pasig City	18	Paranaque	3
Ayala Alabang	Muntinlupa City	18	Makati	2
Circuit Makati	Makati City	17	Muntinlupa	2
Cloverleaf	Quezon City	10	Mandaluyong	1
Vertis North	Quezon City	7	Manila	0.3
The Junction Place	Quezon City	6	Pasay	0.1
Southpark District	Muntinlupa City	3		
Luzon		5,395	Luzon	4,578
Nuvali	Sta. Rosa, Laguna	1,480	Cavite	2,059
Alviera	Porac, Pampanga	1,302	Laguna	985
Altaraza	San Jose Del Monte, Bulacan	869	Batangas	844
Lio	El Nido, Palawan	867	Bulacan	239
Vermosa	Imus, Cavite	407	Pampanga	210
Cresendo	Tarlac City, Tarlac	281	Bataan	160
Broadfield	Binan, Laguna	160	Quezon	46
Evo City	Kawit, Cavite	29	Camarines Sur	17
			Rizal	15
			Cagayan –	
			Tuguegarao	2
			Nueva Ecija	2
Visayas		996	Visayas	210
Sicogon Island Resort	Iloilo	810	Cebu	181
North Point	Talisay, Negros Occidental	119	Iloilo	19
Cebu Park District	Cebu City, Cebu	33	Negros Occidental	11
Gateway Central	Mandaue, Cebu	13		
Seagrove	Mactan Island, Cebu	12		
Atria Park District	Mandurriao, Iloilo	10		
Capitol Central	Talisay, Negros Occidental	0.4		
Mindanao		235	Mindanao	501
Habini Bay	Laguindingan, Misamis Oriental	200	Misamis Oriental	274
Azuela Cove	Davao City, Davao del Sur	22	Davao del Sur	227
Abreeza	Davao City, Davao del Sur	9		
	Cagayan de Oro, Misamis Oriental	3		
Centrio				
June 30, 2020 Landbank: 12,192		6,798		5,394

LEASED PROPERTIES

The Company has an existing contract with the Bases Conversion and Development Authority ("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 on 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 June 30, 2020, rental revenues from these properties amounted to ₱12.9 billion. As of December 31, 2019, rental revenues were at ₱39.3 billion or 25% consolidated revenues, 13% higher than ₱34.9 billion recorded in 2018.

PROPERTY ACQUISITIONS

With 12,192 hectares in its landbank as of June 30, 2020, 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.

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.

CERTAIN LEGAL PROCEEDINGS

As of June 30, 2020, 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 the 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.

The land constitutes less than 1% of ALI's landbank and will not materially affect ALI's business, operations and financials.

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	45.30	45.75	47.50	37.95	19.44	40.60	39.75	31.25	30.20	44.90	41.10	33.05
Second Quarter	38.30	52.50	43.35	42.40	28.20	44.40	36.05	33.15	33.80	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 2nd quarter 2020, based on the closing price of ₱33.80/share on June 30, 2020 (the last trading day of the said month), was ₱497.4 billion.

Stockholders

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

Common Shares: *There are approximately 8,988 registered holders of common shares of the Company as of June 30, 2020:*

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Corporation	6,545,946,579	44.4831%
2.	PCD Nominee Corporation (Non-Filipino)	5,634,203,234	38.2874%
3.	PCD Nominee Corporation (Filipino)	2,248,691,852	15.2810%
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'o	3,728,620	0.0253%
20.	Lucio W. Yan	3,483,871	0.0236%

Market Price of and Dividends on Ayala Land's Common Equity and Related Stockholder Matters

Voting Preferred Shares:

There are approximately 2,853 registered holders of voting preferred shares of the Company as of June 30, 2020:

	Stockholder Name	No. of Preferred Shares	Percentage (of voting preferred shares)
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)			
PERCENT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
20%	February 1, 2007	May 22, 2007	June 18, 2007

CASH DIVIDEND (Per Common Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.2400	Feb. 20, 2017	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	March 13, 2019	March 29, 2019
0.2600	Oct. 31, 2019	Nov. 15, 2019	Nov. 29, 2019
0.2680	Feb. 20, 2020	March 06, 2020	March 20, 2020

CASH DIVIDEND (Per Voting Preferred Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.00474786	Feb. 26, 2016	June 15, 2016	June 29, 2016
0.00474786	Feb. 20, 2017	June 15, 2017	June 29, 2017
0.00474786	Feb. 20, 2018	June 15, 2018	June 29, 2018
0.00474786	May 27, 2019	June 7, 2019	June 21, 2019
0.00474786	May 26, 2020	June 9, 2020	June 25, 2020

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 Securities Regulation Code:

Securities Regulation Code 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.

Securities Regulation Code Subsection 10.1 (h), "Broker's transaction, executed upon customer's orders, on any registered Exchange or other trading market."

Securities Regulation Code 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."

Securities Regulation Code 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 unaudited consolidated financial statements represent the consolidation of the financial statements of Ayala Land and the following subsidiaries as at and for the six (6) months ended June 30, 2020.

Real Estate:	Effective Ownership (%)*
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 (ALIM HK)	100
Ayala Land International Marketing, SRL (ALIM SRL)	100
Ayala Land International Marketing, London	100
Ayala Land Sales, Inc.	100
Southportal Properties, Inc. (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 (Regent Time) (British Virgin Islands)	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.) (formerly Gisborne Property Holdings, Inc.)	100
Hillsford Property Corporation (HPC)	100
Primavera Towncentre, Inc. (PTI)	100

Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	100
AyalaLand Real Estate Investments, Inc.	100
AyalaLand Advisory Broadway, Inc.	100
AyalaLand Development (Canada), Inc.	100
AyalaLand OpenAsia Holdings PTE, Limited	100
Blue Horizons Holdings PTE, Limited	100
Modular Construction Technology (MCT) Bhd.	66
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	100
Arvo Commercial Corporation (Arvo)	100
BellaVita Land Corporation (BellaVita)	100
Nuevo Centro, Inc. (Nuevo Centro)	54
Alviera Country Club, Inc. (Alviera)	50
Cavite Commercial Town Center, Inc.	100
AREIT, 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
Altaraza Development Corporation	51
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
Central Block Hotel Ventures	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
Central Block Hotel Ventures	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. (formerly Prime Orion Philippines Inc.)	71
FLT Prime Insurance Corporation	56
Orion Solutions, Inc.	71
Orion I Holdings Philippines, Inc.	71
OE Holdings, Inc.	71
Orion Land, Inc.	71
Lepanto Ceramics, Inc.	71
Laguna Technopark, Inc. (LTI)	68
Ecozone Power Management, Inc.	68
Unity Realty & Development Corp.	71
Ayalaland Malls Synergies, Inc.	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	100
Ayalaland Malls Vismin, Inc.	100
Ayalaland Malls Northeast, Inc.	100
Construction:	
Makati Development Corporation (MDC)	100
MDC Subic, Inc.	100
MDC Build Plus, Inc.	100
MDC Concrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
MDBI Construction Corp. (formerly MDC Triangle, Inc.)	67
Hotels:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	80
Asian Conservation Company Limited and Subsidiary	100
Enjoy Hotels, Inc. (Enjoy)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
Sentera Hotel Ventures, Inc.	100
Econorth Resorts Ventures, Inc.	100
ALI Triangle Hotel Ventures, Inc.	100
Circuit Makati Hotel Ventures, Inc.	100
Capitol 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 Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	20
Ten Knots Phils., Inc. (TKPI)	60
Bacuit Bay Development Corporation	60
Lio Resort Ventures, Inc.	60
North Liberty Resort Ventures, Inc.	60
Paragua Eco-Resort Ventures, Inc.	60
Lio Tourism Estate Management Corp.	60
Ten Knots Development Corp. (TKDC)	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Pangulasian Island Resort Corporation	60
Integrated Eco-resort Inc.	100
Property Management:	
Ayala Property Management Corporation (APMC)	100
Prime Support Services, Inc.	100
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
Others:	
MZM Holdings, Inc. (MZM)	-
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	100
Green Horizons Holdings Limited	100
PCM Formosa Company Limited	50
Esta Galleria, Inc.	50
Horizon Wealth Holding, Ltd.	100
Food Court Company, Inc. (FCCI)	-
Aprisa Business Process Solutions, Inc. (Aprisa)	100
Studio Ventures, Inc. (SVI)	-
AyalaLand Club Management, Inc.	100
ALI Capital Corp. (formerly Varejo Corp.)	100
Airswift Transport Inc. (formerly Island Transvoyager, Inc.)	100
Swift Aerodrome Services, Inc.	100
Arca South Integrated Terminal, Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	100
Anvaya Cove Beach and Nature Club, Inc. (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

** includes CPVD interest in CBDI

Review of 1H 2020 operations vs 1H 2019 operations

Ayala Land recorded consolidated revenues (which include real estate revenue, interest from real estate sales, interest and investment income, equity in net earnings and other income) of ₱41.20 billion and net income (attributable to equity holders of Ayala Land, Inc.) of ₱4.52 billion, a 50% and 70% decline, from ₱83.22 billion and ₱15.16 billion, respectively, due to the impact of COVID-19 on business operations.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services registered at ₱36.14 billion, a 54% decline from ₱78.60 billion due to lower project bookings and suspended construction activity, combined with restricted mall and hotel operations and closure of resorts during the quarantine period.

Capital expenditures amounted to ₱34.84 billion, 50% of the revised full-year budget of ₱69.82 billion.

BUSINESS SEGMENTS

Property Development. This includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and operations of MCT Bhd., Ayala Land's consolidated subsidiary based in Malaysia. Revenues from Property Development amounted to ₱20.64 billion, a 63% drop from ₱55.60 billion, mainly due to lower project bookings and suspended construction activity.

Residential. Revenues from the sale of residential lots and units and MCT Bhd.'s operations declined 60% to ₱16.55 billion from ₱41.46 billion.

AyalaLand Premier (ALP) posted revenues of ₱2.80 billion, 76% less than ₱11.55 billion, due to lower incremental completion (POC) of West Gallery Place, Park Central South Tower and Garden Towers 2, and lower bookings in Alcoves.

ALVEO recorded revenues of ₱3.13 billion, a decline of 68% from ₱9.69 billion owing to lower incremental POC of High Park Tower 2, Travertine and the Residences at Evo City Phase 1, and lower bookings of Orea Place Tower 1.

Avida meanwhile registered revenues of ₱6.81 billion, a 49% decrease from ₱13.43 billion, attributed to lower bookings of Avida Northdale Settings Alviera, Avida Towers Intima T1 and Avida Towers Vireo T1, and lower incremental POC of The Montane, Avida Towers Sola Tower 1 and Avida Towers Turf Tower 1.

Amaia reached ₱2.25 billion in revenues, a 39% reduction from ₱3.68 billion relating to the lower bookings of Skies projects Cubao Tower 2, Shaw Tower 1 and Avenida Tower 1, and Steps projects Sucat and Alabang.

BellaVita meanwhile recognized revenues of ₱271.47 million, 47% less than ₱510.87 million because of lower bookings of projects in Lian Batangas, Alaminos and General Trias.

The average gross profit (GP) margin of horizontal residential projects improved to 46% from 43%, lifted by higher lot prices from ALP's Ayala Greenfield Estates, ALVEO's The Residences at Evo City Phase 2 and Ardia at Vermosa Phase 3, and Avida's Southfield Settings Nuvali. Meanwhile, the average GP margin for vertical projects improved to 42% from 38% due to higher unit prices of Avida's Sola Tower 2, One Antonio and Asten Tower 3, ALVEO's Solinea Tower 4 and Amaia Steps Delicia.

MCT Bhd. recorded a contribution of ₱1.28 billion, a 51% decline from ₱2.61 billion, due to lower sales from its Market Homes and Casawood projects and suspended construction activities following the Malaysian government's movement control order (MCO) in response to COVID-19.

Office for Sale. Revenues from the sale of office units dropped by 88% to ₱1.14 billion from ₱9.84 billion, attributed to the lower incremental completion of Park Triangle Corporate Plaza and Alveo Financial Tower, and lower bookings from HighStreet South Corporate Plaza 2 and Alveo Park Triangle Tower. The average GP margin ended lower at 40% from 44% owing to lower bookings as high margin projects such as HighStreet South Corp Plaza 2, Park Triangle Corp Plaza and Alveo Park Triangle Tower are almost sold out.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial decelerated by 31% to ₱2.95 billion from ₱4.30 billion as fewer lots were sold in Vermosa and

Evo City. The average GP margin substantially increased to 69% from 52%, due to higher selling prices of commercial lots sold in Arca South and Nuvali.

Sales Reservations. Due to limited selling activity during the quarantine, sales reservations for the first half of the year amounted to ₱38.30 billion, 47% lower from last year's levels. Local and overseas Filipinos accounted for 86% of total sales with the balance of 14% from other nationalities. Sales from local Filipinos which comprise 68% amounted to ₱26.2 billion, 48% lower than the same period last year while sales from overseas Filipinos which represented 18% of total, amounted to ₱6.7 billion, a decline 31% year-on-year. Meanwhile, sales to other nationalities amounted to ₱5.3 billion, a 57% drop, primarily as sales to mainland Chinese buyers, which comprise 38% at ₱2.0 billion, decreased by 63%.

Project Launches. Consistent with the company's strategy to maintain financial sustainability during this period, no new residential projects were launched in the second quarter of 2020. In the first quarter of 2020, Ayala Land was able to launch four (4) projects with a total value of ₱4.98 billion. These are Avida Greendale Settings at Alviera in Pampanga, Amaia Steps The Junction Place Aria in Quezon City, Amaia Scapes Cabuyao Series 3 area 2, and Bellavita Alaminos 2, both in Laguna.

Commercial Leasing. This includes the operation of Shopping Centers, Office Buildings and Hotels and Resorts. Total revenues from commercial leasing declined 31% to ₱12.86 billion from ₱18.63 billion.

Shopping Centers. Revenues from shopping centers dropped 44% to ₱5.84 billion from ₱10.34 billion on the account of closure of all malls during the enhanced community quarantine and limited operations with low foot traffic upon reopening. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin ended 21 percentage points lower to 45% from 66% due to limited operations and foot traffic during the quarantine. The average occupancy rate for all malls is 86% and 92% for stable malls. Total Malls GLA stands at 2.12 million square meters.

Offices. Revenues from office leasing increased 7% to ₱4.94 billion from ₱4.63 billion given the sustained operations of BPO and HQ buildings. Office leasing EBITDA margin registered at 94% from 91% last year. The average occupancy rate for all offices is 95% and 96% for stable offices. Total office leasing GLA is at 1.17 million square meters.

Hotels and Resorts. Revenues from hotels and resorts ended 43% lower to ₱2.09 billion from ₱3.67 billion with the closure of resorts and lower average occupancy of hotels due to travel bans. As a result, the overall EBITDA margin of hotels and resorts declined 19 percentage points to 14% from 33%. The average occupancy for all hotels was 44% and 49% for stable hotels. Meanwhile, the average occupancy for all resorts stood at 26% and 25% for stable resorts. Occupancy declined at the onset of 2020 given the imposition of travels bans due to COVID-19 and further dropped since the imposition of the quarantine. There were 71 new rooms opened at Seda Central Bloc Cebu in the month of April, however, 20 rooms at El Nido Cove were closed for operations starting in the month of January. With these recent changes, the hotels and resorts segment ended the first half of 2020 with a total of 4,030 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 11 Seda Hotels, operating 2,712 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (521); 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 (293) and Seda Central Bloc (214); and Circuit Corporate Residences (255).

El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 132 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 Company's construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to ₱2.6 billion, 40% lower than ₱4.36 billion due to restricted construction activity, coupled with limited operations and AirSWIFT flight cancellations.

Construction. Net construction revenues totaled ₱882.99 million in the first half of 2020, 43% lower than ₱1,545.00 million in the first half of 2019.

Property Management and Others. APMC, power services companies and AirSWIFT registered revenues of ₱1.75 billion, 38% less than ₱2.82 billion.

Blended EBITDA margins of the Services segment stood at 9%.

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

Equity in net earnings of associates and JVs totaled ₱346.36 million, a 39% dip from ₱566.57 million as Ortigas Land and FBDC companies posted lower revenues with a combined value of ₱350.7 million, 38% lower from ₱568.42 million.

Interest income from real estate sales amounted to ₱4.23 billion, 28% higher than ₱3.31 billion driven by higher sales of trade receivables. Meanwhile, Interest and investment income declined 52% to ₱220.33 million owing to lower balances and lower yields.

Other income (composed mainly of marketing and management fees from joint ventures, among others) amounted to ₱264.74 million, 10% less than ₱294.00 million, largely as gains were booked from the sale of retail shop lots at MCT's SkyPark One City in 2019.

Expenses

Total expenses stood at ₱33.61 billion, 43% lower than ₱59.39 billion, on account of real estate expenses which decreased by 55% to ₱22.08 billion from ₱48.91 billion as a result of limited operations.

General and administrative expenses totaled ₱3.87 billion, a 13% decrease from ₱4.43 billion in overhead costs. With a lower topline, this resulted to a GAE ratio of 9.4% and an EBIT Margin of 29.4%.

Interest expense, financing and other charges, which includes interest expense related to PFRS 16 (Leases) totaled ₱7.67 billion, a 27% increase from ₱6.05 billion due to higher interest expense attributed to a higher loan balance, discounting cost related to the AR sale program, and higher bank charges related to loan pre-payment. The average cost of debt registered at 4.9%, lower than 5.2% at the end of 2019. Of the total debt, 78% is locked-in with fixed rates, while 82% is contracted on a long-term basis.

Capital Expenditures

Capital expenditures reached ₱34.84 billion in the first half of 2020, mainly for residential developments, followed by commercial leasing assets. 49% was spent on residential projects, 21% on commercial projects, 13% for land acquisition, 14% for the development of estates. The full year capex estimate was reduced to ₱69.82 billion from the original estimate of ₱110 billion.

Financial Condition

The Company's balance sheet remains healthy to support the financial and operational requirements during this period.

Cash and cash equivalents, including short-term investments and financial assets at fair value through profit or loss (FVPL) stood at ₱17.44 billion resulting in a current ratio of 1.42:1.

Total borrowings registered at ₱228.00 billion which translated to a debt-to-equity ratio of 0.94:1 and a net debt-to-equity ratio of 0.87:1.

Return on equity was at 4.29% as of June 30, 2020.

	<i>End-June 2020</i>	<i>End-December 2019</i>
Current ratio ¹	1.42:1	1.30:1
Debt-to-equity ratio ²	0.94:1	0.87:1
Net debt-to-equity ratio ³	0.87:1	0.78:1
Profitability Ratios:		
Return on assets ⁴	1.53%	5.43%
Return on equity ⁵	4.29%	16.66%
Asset to Equity ratio ⁶	2.93:1	2.94:1
Interest Rate Coverage Ratio ⁷	2.74:1	6.27:1

1 Current assets / current liabilities

2 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)

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

4 Annualized Net income / average total assets

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

6 Total Assets / Total stockholders' equity

7 EBITDA / Interest expense on short-term 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 obligations that are material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 1H 2020.

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

Income Statement Items – June 2020 versus June 2019

Real estate and hotel revenues lower by 54% as a result of lower sales bookings and lower construction completion from residential projects, malls limited operations during quarantine and lower average hotel occupancy due to quarantine and travel bans.

Equity in net earnings of associates and joint ventures decreased by 39% due to lower NIAT contributions from Ortigas Land Corporation (OLC) and FBDC.

Interest income from real estate sales grew by 28% as a result of higher sale of trade receivables in the same period.

Interest and investment income decreased by 52% due to lower yield from short-term investments.

Other Income declined by 10% due to one-off gain on sale of Property, Plant and Equipment in 2019 in the same period.

Real estate costs decreased by 55% as a result of lower sales bookings and lower construction completion from residential projects, malls limited operations during quarantine and lower average hotel occupancy due to quarantine and travel bans.

General administrative expenses lower by 13% due to lower overhead cost.

Interest and other financing charges and other charges grew by 27% attributable to higher loan balances, discounting cost from sale of trade receivables, and cost of prepayment of loan payable.

Provision for income tax lower by 66% as a result of lower taxable income.

Balance Sheet items – June 2020 versus December 2019

Cash and cash equivalents decreased by 20% due to lower collection from customers due to COVID 19, CAPEX, dividend pay-out, and partial offset of loan financing.

Short-term investments down by 12% as a result of maturities of investments and funding of operational requirements.

Accounts and notes receivable higher by 10% caused by incremental percentage of completion from prior year bookings, partially offset by lower collection from customers.

Other current assets up by 10% driven by creditable withholding tax from collection of trade receivables and deferred commission expense resulting from property sales during the first six months.

Noncurrent accounts and notes receivable decreased by 16% mainly from sale of trade receivables from property sales.

Other noncurrent assets lower by 11% mainly from recoupment of advances to various progress billings from contractors and suppliers, and reclassification of advances to inventory account.

Short-term debt grew by 130% as a result of additional loan during the first half of the year.

Account and other payables decreased by 12% as a result of payments to contractors and suppliers.

Income tax payable down by 42% due to lower taxable income.

Current portion of lease liabilities grew by 13% coming from accretion of lease liabilities, partially offset by payments to lessors.

Current portion of long term debt down by 28% as a result of repayments of borrowings.

Deposit and other current liabilities decreased by 40% due to recognition of revenues from reservation sales, incremental project completion from prior year sales, and reclassification of current portion of customer deposits, due to excess of collection over percentage of completion, to noncurrent liability.

Pension liabilities up by 19% derived from provision for the 6-month period.

Deferred tax liabilities higher by 15% due to lower taxable income.

Deposit and other noncurrent liabilities grew by 21% driven by deferred credits from property sales and recognition of liability from excess of collection over percentage of completion.

Remeasurement loss on defined benefit plans increased by 93% due to actuarial loss from change in liability assumptions.

Fair value reserve of financial assets at FVOCI increase in unrealized loss by 50% as a result of mark-to-market valuation of financial instrument in MCT Berhad.

Cumulative translation adjustments decreased by 290% due to impact of lower USD/Peso forex on foreign denominated investments (i.e. MCT).

Treasury Stock higher by 14% as a result of buyback of shares.

Review of December 2019 operations vs December 2018 operations

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 include real estate revenue, interest income 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.

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 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 to 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, 25% on commercial leasing, 16% 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.

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

1 Current assets / current liabilities

2 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)

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. 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 average daily balance 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 accounts receivable.

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 accounts receivable.

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 operations

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 30th boosted the segment's revenues by 13% to ₱19.91 billion from ₱17.66 billion. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin was maintained at 66%.

The average monthly lease rate was at ₱1,073 per 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 30th 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 a night 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 a night. 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%.

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

1 Current assets / current liabilities.

2 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)

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. 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 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 Net income after Tax share of subsidiaries and consolidation of ALI's investment in MCT Bhd. in 2018.

Review of December 2017 operations vs. December 2016 operations

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 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 Alvierra, 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 Alvierra 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 ¹	1.30:1	1.12:1
Debt-to-equity ratio ²	0.90:1	0.93:1
Net debt-to-equity ratio ³	0.77:1	0.79:1
Profitability Ratios:		
Return on assets ⁴	5.07%	4.99%
Return on equity ⁵	16.09%	14.86%
Asset to Equity ratio ⁶	2.99:1	3.11:1
Interest Rate Coverage Ratio ⁷	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 – December 2017 versus December 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 average daily balance of ₱16.6 billion vs. ₱11.4 billion, year-on-year and yield of 2.1% vs. 1.6%, year-on-year, and increase in accretion income.

Equity in net earnings of associates and joint ventures higher by 56% largely due to increase in Net Income after Tax 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 were up by 15% primarily due to higher sales and incremental project completion coming from residential, malls, leasing and hotels & resorts business segments.

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

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

Non-controlling interests lower by 19% mainly due to decrease in Net Income after Tax contribution from non-consolidated companies.

Balance Sheet items – December 2017 versus December 2016

Short-term investments grew by ₱4.5 billion primarily due to money market placements of AHL, 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 were 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 were 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 were 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 were higher by 8% due to leasing group's PAS Straight-line recognition of revenue (Accounting Standard vs BIR).

Other non-current assets were higher by 15% due to transfer of advances to other companies to investment properties.

Short-term debt was 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 were 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 was 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 was 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:

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the ALI Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The ALI Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the amendments to PFRS 16, *Leases*.

Unless otherwise indicated, adoption of these new standards did not have an impact on the interim condensed consolidated financial statements of the ALI Group.

Amendments to PFRS 3, Business Combinations, Definition of a Business

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments may impact future periods should the ALI Group enter into any business combinations.

Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

Amendments to PFRS 16, COVID-19-related Rent Concessions

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The ALI Group adopted the amendments beginning January 1, 2020. These amendments are not expected to have a significant impact on the ALI Group.

Effective beginning on or after January 1, 2021

PFRS 17, Insurance Contracts

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

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

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

The new standard is not applicable to the ALI Group since none of the entities within the ALI 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. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

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

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

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

As of June 30, 2020

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	Cesar V. Purisima
Jaime Augusto Zobel de Ayala	Sherisa P. Nuesa
Bernard Vincent O. Dy	Rizalina G. Mantaring*
Antonino T. Aquino	Rex Ma. A. Mendoza
Arturo G. Corpuz	

**Lead Independent Director effective April 22, 2020*

Fernando Zobel de Ayala, Filipino, 60, 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 International Advisory Council; 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, 61, 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, 57, 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. Concurrently, he is Senior Managing Director of Ayala Corporation and has been a member of the Ayala Group Management Committee since April 2014. He is also a Director of other publicly-listed Companies namely, Cebu Holdings, Inc., AyalaLand Logistics Holdings Corp., and MCT Bhd. of Malaysia. His other significant positions include: 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.; Vice Chairman of Ayala Greenfield Development Corporation and Alvierra Country Club, Inc.; 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; Director of 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. He 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. In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police. 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, 73, 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, 65, 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.

Rizalina G. Mantaring, Filipino, 61, has served as an Independent Director of ALI since April 2014 and has been its Lead Independent Director since April 2020. 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, 60, 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 Vical 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*

Dante M. Abando, Filipino, 56, 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 Alviera Country Club, Inc; Director of Aurora Properties, Inc., Vesta Properties Holdings, Inc., CECI Realty, Inc., AyalaLand Medical Facilities Leasing, Inc., Director of Anvaya and Next Urban Alliance Development Corp. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo De Manila University with BS of Arts Degree in Economics Honors Program. She earned her Master's degree in Economics from London School of Economics and Political Science UK 1991 and MBA at Harvard Graduate School of Business Administration in Boston.

Jose Emmanuel H. Jalandoni, Filipino, 53, 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, 60, 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, 63, 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 Aduge 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, 52, 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, 48, 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, 62, 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, 50, 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, Filipino, 50, 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 BellaVita 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, 51, 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.

Ginaffor C. Oris, Filipino, 53, 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, 58, is a Vice President of ALI, and is currently the Controllor 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, 71, 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 ₱862.23 million in the first half 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			
Jaime E. Ysmael Senior Vice President			

Executive Compensation

CEO & Most Highly Compensated Executive Officers	Actual 2018	₱122.95M	₱112.30M
	Actual 2019	₱135.03M	**₱103.69M
	Actual 2 nd Quarter 2020	₱70.23M	**₱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 2 nd Quarter 2020	₱350.00M	**₱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 June 30, 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 Preferred	Ayala Corporation ¹ 32F to 35F, Tower One Ayala Triangle Ayala Ave., Makati City	Ayala Corporation ²	Filipino	6,545,946,579	23.56179%
				12,163,180,640	43.78072%
Common	PCD Nominee Corporation (Non-Filipino) ³ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ⁴	Various Non-Filipino	5,634,203,234	20.28002%
Common	PCD Nominee Corporation (Filipino) ³ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers	Filipino	2,248,691,852	8.09405%

¹ Ayala Corporation ("AC") is the parent of the Company.

² 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.

³ PCD is not related to the Company.

⁴ Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote either in person or by proxy. Out of the 7,882,895,086 common shares registered in the name of PCD Nominee Corporation, 1,466,204,970 or 5.27753% of the voting stock is for the account of Deutsche Bank Manila (DB), while 1,771,087,722 or 6.37494% 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 June 30, 2020

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Directors				
Common	Fernando Zobel de Ayala	(direct & indirect) 183,000	Filipino	0.00066%
Common	Jaime Augusto Zobel de Ayala	(direct) 12,000	Filipino	0.00004%
Common	Bernard Vincent O. Dy	direct & indirect) 15,185,473	Filipino	0.05466%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Antonino T. Aquino	direct & indirect) 20,305,226	Filipino	0.07309%
Common	Arturo G. Corpuz	(direct & indirect) 5,843,711	Filipino	0.02103%
Common	Rizalina G. Mantaring	(direct & indirect) 39,401	Filipino	0.01439%
Common	Rex Maria A. Mendoza	(direct & indirect) 3,914,201	Filipino	0.00000%
Common	Sherisa P. Nuesa	(direct & indirect) 3,998,509	Filipino	0.00066%
Common	Cesar V. Purisima	(direct) 1	Filipino	0.00004%
CEO and Most Highly Compensated Executive Officers				
Common	Bernard Vincent O. Dy	(direct & indirect) 15,185,473	Filipino	0.05466%
Common	Dante M. Abando	(direct & indirect) 5,104,023	Filipino	0.01837%
Common	Anna Ma. Margarita B. Dy	(indirect) 6,296,825	Filipino	0.02267%
Common	Jose Emmanuel H. Jalandoni	(direct & indirect) 6,768,562	Filipino	0.02436%
Common	Jaime E. Ysmael	(direct & indirect) 8,918,248	Filipino	0.03210%
Other Executive Officers				
Common	Augusto D. Bengzon	(indirect) 2,843,158	Filipino	0.01023%
Common	Robert S. Lao	(indirect) 1,602,909	Filipino	0.00577%
Common	Lyle A. Abadia	(indirect) 679,441	Filipino	0.00245%
Common	Aniceto V. Bisnar, Jr.	(indirect) 1,897,786	Filipino	0.00683%
Common	Manny A. Blas II	(direct & indirect) 2,226,405	Filipino	0.00801%
Common	Dindo R. Fernando	(indirect) 940,760	Filipino	0.00339%
Common	Rufino Hermann S. Gutierrez	(indirect) 510,778	Filipino	0.00184%
Common	Javier D. Hernandez	(indirect) 395,704	Filipino	0.00142%
Common	Joseph Carmichael Z. Jugo	(indirect) 731,025	Filipino	0.00263%
Common	Michael Alexis C. Legaspi	(indirect) 4,529,406	Filipino	0.01630%
Common	Christopher B. Maglanoc	(indirect) 861,910	Filipino	0.00310%
Common	Michael F. Magpusao	(indirect) 372,077	Filipino	0.00134%
Common	Ferdie M. Mangali	(indirect) 756,859	Filipino	0.00272%
Common	Romeo T. Menpin	(direct & indirect) 524,994	Filipino	0.00189%
Common	Carol T. Mills	(indirect) 830,092	Filipino	0.00299%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Rodelito J. Ocampo	(direct & indirect) 2,737,150	Filipino	0.00985%
Common	Ginaflor C. Oris	(indirect) 785,882	Filipino	0.00283%
Common	Darwin L. Salipsip	(indirect) 676,487	Filipino	0.00243%
Common	Angelica L. Salvador	(direct & indirect) 1,210,910	Filipino	0.00436%
Common	Maria Rowena Victoria M. Tomeldan	(direct & indirect) 1,238,280	Filipino	0.00446%
Common	Jennylle S. Tupaz	(indirect) 847,574	Filipino	0.00305%
Common	Eliezer C. Tanlapco	(indirect) 288,254	Filipino	0.00104%
Common	Amelia Ann T. Alipao	(indirect) 1,508,137	Filipino	0.00543%
Common	Ma. Divina Y. Lopez	(indirect) 639,776	Filipino	0.00230%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		106,205,894		0.38228%

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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions

The Company, its subsidiaries and affiliates, 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 ALI Group with related parties for the six months ended June 30, 2020, are disclosed in Note 18, to Ayala Land's unaudited interim condensed consolidated financial statements, and 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 ALI 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 June 30, 2020, Ayala Land had the equivalent of ₱228.0 billion of outstanding debt, of which ₱208.6 billion are unsecured.

Of Ayala Land's outstanding debt, ₱125.6 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 June 30, 2020 (in ₱ millions).

Short-Term Debt

Borrower	Amount
Ayala Land, Inc.	34,033.0
Alveo Land, Corp.	2,500.0
Avida Land, Corp.	4,244.3
BG West Properties, Inc.	560.9
Regent Wise Investments Limited	116.5
Total	41,454.7

Long-Term Debt

Borrower	Current	Non-Current	Total
Ayala Land, Inc.	8,050.5	155,909.7	163,960.2
Adauge Commercial Corporation	24.8	396.0	420.8
AyalaLand Hotels and Resorts Corporation	757.7	3,728.3	4,486.0
Alveo Land Corp.	375.0	1,364.3	1,739.3
Amaia Land Corp.	1,331.3	-	1,331.3
Avida Land Corp.	562.5	5,093.8	5,656.3
Cagayan de Oro Gateway Corp (CDOGC)	43.1	711.6	754.7
Cebu Holdings, Inc.	381.6	5,932.5	6,314.1
HLC Development Corp.	583.2	-	583.2
North Triangle Depot Commercial Corporation	15.0	385.0	400.0
Philippine Integrated Energy Solutions, Inc.	350.8	0.3	351.1
Regent Wise Investments Limited	1.2	1.4	2.6
Subic Bay Town Center, Inc	28.0	518.0	546.0
Total Consolidated	12,504.7	174,040.9	186,545.6

The table below details Ayala Land's Issuances of Debt Securities / New Financing through Loans as of June 30, 2020 (in ₱ millions).

Borrower	Amount	Nature
ALI	99,462.0	availment of short-term and long-term loans, and issuance of bonds
Alveo	2,500.0	availment of short-term loan
Avida	4,481.8	availment of short-term loans
BG West	560.9	availment of short-term loan
Regent Wise	116.5	MCT Bhd. availment of short-term loan
Total	107,121.2	

The following sets out the repayments of Debt Securities and Loans from January 1 to June 30, 2020 (in ₱ millions):

Borrower	Amount	Nature
ALI	79,673.7	repayment of fixed rate notes, short-term loans and prepayment and amortization on matured long-term loans
ACC	117.3	amortization on long-term loan
Accendo	650.0	amortization and payment of matured long-term loan
Adauge	12.4	amortization and prepayment of long-term loan
AHRC	141.4	amortization on long-term loans
Alveo	2,756.2	amortization and payment of matured long-term loan
Amaia	18.8	amortization on long-term loan
Avida	5,423.6	repayment of short-term and amortization and payment of long-term loans
CDOGC	729.8	amortization and payment of long-term loans
CHI	39.0	amortization on long-term loans
HLC	89.7	amortization on long-term loan
Phlenergy	372.6	amortization and prepayment of long-term loan
Regent Wise	2.0	repayment of short-term loan
SBTCI	14.0	amortization on long-term loan
TOTAL	90,040.5	

There were no commercial papers issued and outstanding during the period ended June 30, 2020.

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.

FINANCIAL INFORMATION

The following pages set forth Ayala Land's unaudited interim condensed consolidated financial statements as at June 30, 2020 and for the six (6) months ended June 30, 2020 and 2019; and the Company's audited consolidated financial statements as at December 31, 2019, 2018, 2017, and 2016, and for each of the four (4) years in the period ended December 31, 2019.

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