SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT OF
AYALA LAND, INC. (the "Registrant", "Company" or "ALI")
PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1.Check the appropriate box:

[ ] Preliminary Information Statement

[✓] Definitive Information Statement

2.Name of Registrant as specified in its charter **AYALA LAND, INC.**

3.Province, country or other jurisdiction of incorporation or organization
REPUBLIC OF THE PHILIPPINES

4.SEC Identification Number **152747**

5.BIR Tax Identification Code **000-153-790-000**

6.Address of principal office **31st Floor, Tower One and Exchange Plaza**
Ayala Triangle, Ayala Avenue
Makati City 1226

7.Registrant's telephone number, including area code **(632) 7908 3111**

8.Date, time and place of the meeting of security holders

Date	**April 21, 2021**
Time	**9:00 am**
Place	**To be conducted virtually through**
	http://www.ayalagroupshareholders.com/[1]

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Date **March 31, 2021**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the Revised Securities Act:

a. Shares of Stock as of January 31, 2021

Common Shares	**14,730,395,599**
Preferred Shares	**13,066,494,759**

b. Amount of Debt Outstanding as of January 31, 2021

P126,900,000,000.00

11.Are any or all of registrant's securities listed in a Stock Exchange?

✓ Yes _ No

[1] Please refer also to Item 20 of this DIS.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **AYALA LAND, INC.** will be conducted virtually via http://www.ayalagroupshareholders.com/ on **Wednesday, April 21, 2021** at **9:00 o'clock in the morning** with the following

A G E N D A[1]

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report
5. Ratification of the Acts of the Board of Directors and Officers
6. Approval of the Merger of the Company and Cebu Holdings, Inc. and its Other Subsidiaries
7. Approval of the Amendment of the Company's Employee Stock Ownership Plan
8. Election of Directors (Including the Independent Directors)
9. Election of External Auditor and Fixing of its Remuneration
10. Consideration of Such Other Business as May Properly Come Before the Meeting
11. Adjournment

Only stockholders of record as of **March 5, 2021** are entitled to notice of, and to vote at, this meeting.

Given the current circumstances, stockholders may only attend the meeting by appointing the Chairman of the meeting as their proxy, by remote communication or by voting *in absentia*[2]. Stockholders intending to participate by remote communication should notify the Company on or before April 12, 2021.

Duly accomplished proxies shall be submitted on or before April 12, 2021 to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City or by email to corporatesecretary@ayalaland.com.ph. Validation of proxies is set for April 14, 2021 at 9:00 o'clock in the morning.

Stockholders may vote by remote communication, or *in absentia* subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes *in absentia* will be set forth in the Information Statement[3].

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[1] *See next page for the explanation and rationale for each agenda item.*

[2] *The Company shall hold a physical meeting if so requested by stockholders holding at least 10% of our outstanding capital stock and provided that the same is allowed by government regulations and issuances. Stockholders have until March 4, 2021 to submit their requests to corporatesecretary@ayalaland.com.ph.*

[3] *Stockholders should notify the Company at corporatesecretary@ayalaland.com.ph of their preference to receive hard copies of the Information Statement and other ASM materials on or before March 18, 2021.*

Stockholders of record as of March 5, 2021 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before April 14, 2021[4].

All communications should be sent by email to corporatesecretary@ayalaland.com.ph on or before the designated deadlines.

This notice supersedes the notice filed with the Securities and Exchange Commission, the Philippine Stock Exchange and Philippine Dealing and Exchange Corporation on February 18, 2021.

Makati City, March 5, 2021.

SOLOMON M. HERMOSURA
Corporate Secretary
and Group General Counsel

[4] *The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.*

EXPLANATION AND RATIONALE OF AGENDA ITEMS

Call to Order
The Chairman will formally open the meeting at approximately 9:00 o' clock in the morning.

Certification of Notice and Quorum (and Rules of Conduct and Procedures)
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Company has set up a designated online web address which may be accessed by the stockholders to register and vote on the matters at the meeting *in absentia*[5]. A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

(i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corporatesecretary@ayalaland.com.ph and shall be limited to the items in the Agenda.

(ii) In the event that physical attendance will be allowed at the meeting –
   a. Anyone who wishes to make a remark shall identify himself after being acknowledged by the Chairman and shall limit his remarks to the item in the Agenda under consideration;
   b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he can write his vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.

(iii) Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the meeting.

(iv) Stockholders must notify the Company on or before April 12, 2021 of their intention to participate in the Meeting by remote communication to be included in determining the existence of a quorum, together with the stockholders who voted *in absentia* and by proxy.

(v) Voting shall only be allowed for stockholders registered in the Voting *in Absentia* and Shareholder (VIASH) System or through authorizing the Chairman of the meeting as proxy.

(vi) Stockholders voting *in absentia*, who have previously registered in the VIASH System, may cast their votes electronically at any time using the VIASH System prior to or during the meeting.

(vii) All items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, except agenda item 6 which requires the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock.

(viii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one vote.

(ix) The Inspectors of Proxies and Ballots Committee will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

(x) The meeting proceedings shall be recorded in audio and video format.

(xi) A link to the recorded webcast of the meeting will be posted on the Company's website after the meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the matters arising from the meeting conducted.

Approval of Minutes of Previous Meeting
The minutes of the meeting held on April 22, 2020 are available at the Company website, ir.ayalaland.com.ph (*https://ir.ayalaland.com.ph/wp-content/uploads/2020/04/ALI-Minutes-ASM-2020-draft-as-of-27Apr2020.pdf*). A copy of the minutes will also be distributed to the stockholders after their registration for the meeting.

A resolution approving the minutes will be presented to the stockholders and approved by the vote of the stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Annual Report
The Chairman will deliver the "Message From The Chairman", which provides the highlights of the performance of the Company for the year 2020 and the outlook of the Company for the year 2021 and beyond.

The President and Chief Executive Officer will deliver the "President's Report" which provides the significant operational and financial performance as well as the milestones and achievements of the Company for the year 2020. The report will also include significant events affecting the Company's performance for the year 2020.

The Company's annual report, titled the Integrated Report, will contain the "Message From The Chairman" and the "President's Report". Copies of the Integrated Report will be posted on the Company's website, ir.ayalaland.com.ph.

The Audited Financial Statements (AFS) as of December 31, 2020 will be presented to the stockholders for their approval. The AFS will be embodied in the Information Statement that may be accessed by the stockholders at the Company's website, ir.ayalaland.com.ph, and will also be set forth in the Integrated Report. The Audit Committee has recommended to the Board the approval of the AFS, and the Board has approved the AFS on February 23, 2021.

[5] *The detailed instructions pertaining to the URL and the use thereof will be provided in the Information Statement.*

A resolution noting the report and approving the AFS will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Ratification of the Acts of the Board of Directors and Officers
The acts of the Board and its Committees were those adopted since the annual stockholders' meeting on April 22, 2020 until April 21, 2021. They include the approval of agreements, projects, investments, treasury-related matters and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its Committees or in the general conduct of business.

A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Approval of the Merger of the Company and Cebu Holdings, Inc. and its Other Subsidiaries
Approval by the stockholders will be sought for the merger of the Company and Cebu Holdings, Inc. and its other subsidiaries with the Company as the surviving entity, and as embodied in the Plan of Merger. The merger is an internal restructuring as well as a consolidation of the Company's Cebu portfolio under one listed entity. The merger is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.

A resolution for the approval of the merger will be presented to the stockholders for adoption by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Approval of the Amendment of the Company's Employee Stock Ownership (ESOWN) Plan
Approval by the stockholders will be sought for the amendment of the Company's ESOWN Plan to increase the share allocation for ESOWN grants from the current limit of 2.5% to 3% of the Company's authorized capital stock equivalent to 100 million common shares bringing the total allocation to 600 million common shares. The increase in the allocation is to continue the effective reward mechanism that has enabled the Company to attract, reward and retain key talents in the organization.

A resolution for the approval of the amendment of the Company's ESOWN Plan will be presented to the stockholders for adoption by the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Election of Directors (Including the Independent Directors)
The Corporate Governance and Nomination Committee of the Board would have evaluated and determined that the nine (9) nominees to the Board, including the nominees for independent directors, have all the necessary qualifications to serve as directors and the expertise and competence, individually and collectively, to enable the Board to fulfill its roles and responsibilities and manage the Company to achieve its objectives.

The profiles of the candidates to the Board of Directors will be provided in the Information Statement.

Election of External Auditor and Fixing of its Remuneration
The Audit Committee of the Board will endorse to the stockholders the election of SyCip Gorres Velayo & Co. (SGV & Co.) as the external auditor for the ensuing year as well as its proposed remuneration. The external audit conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

The profile of SGV & Co. will be provided in the Information Statement.

A resolution for the appointment of the external auditor, SGV, and the fixing of its remuneration will be presented to the stockholders for adoption by the affirmative vote of stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Consideration of Such Other Business as May Properly Come Before the Meeting
The Chairman will open the floor for comments and questions by the stockholders, and take up agenda items received from stockholders on or before April 14, 2021 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines[6].

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[6] *SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put Items on the Agenda for Regular/Special Stockholders' Meetings":* *https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-special-stockholders-meetings/.*

PROXY

The undersigned stockholder of **AYALA LAND, INC.** (the "Company") hereby appoints the Chairman of the meeting, as *attorney-in-fact* and *proxy,* to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on **21 April 2021 (Wednesday)** at **9:00 a.m.** by remote communication and at any of the adjournments thereof for the purpose of acting on the matters stated below.

Please place an "X" in the box below how you wish your votes to be cast in respect of the matters to be taken up during the meeting.

If no specific direction as to voting is given, the votes will be cast for the election of all nominees and for the approval of the resolutions on the matters stated below and as set out in the notice, and for such other matters as may properly come before the meeting in the manner described in the Information Statement and as recommended by the Chairman.

1. Approval of the minutes of previous meeting.
   ☐ For ☐ Against ☐ Abstain
2. Annual Report.
   ☐ For ☐ Against ☐ Abstain
3. Ratification of the acts of the Board of Directors and Officers.
   ☐ For ☐ Against ☐ Abstain
4. Approval of the merger of the Company and Cebu Holdings, Inc. and its other subsidiaries
   ☐ For ☐ Against ☐ Abstain
5. Approval of the amendment of the Company's Employee Stock Ownership Plan
   ☐ For ☐ Against ☐ Abstain
6. Election of Directors

	No. of Votes
Fernando Zobel de Ayala	______________
Jaime Augusto Zobel de Ayala	______________
Bernard Vincent O. Dy	______________
Antonino T. Aquino	______________
Arturo G. Corpuz	______________
Independent Directors	
Rizalina G. Mantaring	______________
Rex Ma. A. Mendoza	______________
Sherisa P. Nuesa	______________
Cesar V. Purisima	______________

7. Election of SyCip Gorres Velayo & Co. as the independent auditor and fixing of its remuneration.
   ☐ For ☐ Against ☐ Abstain
8. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting.
   ☐ For ☐ Against

____
PRINTED NAME OF STOCKHOLDER

____
SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

____
DATE

A SCANNED COPY OF THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT corporatesecretary@ayalaland.com.ph ON OR BEFORE **12 APRIL 2021**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS ON THE VOTING *IN ABSENTIA* & SHAREHOLDER (VIASH) SYSTEM.

STOCKHOLDERS PARTICIPATING BY REMOTE COMMUNICATION WILL NOT BE ABLE TO VOTE UNLESS THEY REGISTER IN THE VIASH SYSTEM OR AUTHORIZE THE CHAIRMAN TO VOTE AS PROXY, ON OR BEFORE **12 APRIL 2021**.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

As of January 31, 2021, 14,553,556,858 common shares are listed with the Philippine Stock Exchange ("PSE")

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders (hereafter, the "annual stockholders' meeting" or "meeting")**

Date	**April 21, 2021**
Time	**9:00 am**
Place	**To be conducted virtually through http://www.ayalagroupshareholders.com/** [2]
Principal Office	**31st Floor, Tower One and Exchange Plaza Ayala Triangle, Ayala Avenue, Makati City 1226**

The Information Statement may be accessed by the Company's stockholders beginning March 31, 2021 at the Company's website, ir.ayalaland.com.ph**.**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. **Dissenters' Right of Appraisal**

Under Section 80, Title X of the Revised Corporation Code of the Philippines ("RCC"), a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

(a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

(c) In case of merger or consolidation; and

(d) In case of investment of funds by the Company in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized.

Item 12 below provides the discussion on the merger of our Company with Cebu Holdings, Inc. as well as its other subsidiaries, Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp. and Central Block Developers Inc., with our Company as the surviving entity.

Pursuant to Sec. 81, Title X of the RCC, stockholders who shall vote against the merger shall be entitled to exercise their right of appraisal by making a written demand on the Company within thirty (30) days after April 21, 2021 for payment of the fair value of their shares *provided,* that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If such merger is implemented, the Company shall pay to the dissenting shareholders, upon surrender of the stock certificate/s, the fair value of the shares as of April 20, 2021, excluding any appreciation or depreciation in anticipation of such corporate action. If the fair value of the shares cannot be agreed upon, the provisions of Section 81 of the RCC shall be

[2] Please also refer to Item 20 of this DIS.

complied with. Notwithstanding the foregoing, no payment shall be made unless the Company has unrestricted retained earnings to cover such payment.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

(a) No current director or officer[3], or nominee for election as director or any of his associate, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

(b) No director has informed the Company that he intends to oppose any action to be taken at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) **Number of Shares Outstanding as of January 31, 2021**:

Common Shares **14,730,395,599**
Preferred Shares **13,066,494,759**

Number of Votes Entitled: one (1) vote per share

(b) All stockholders of record as of March 5, 2021 are entitled to receive notice and to vote at the annual stockholders' meeting.

(c) **Manner of Voting**

Article III, Sections 6, 7 and 8 of the By-Laws of the Company (the "By-Laws") provide:

"Section 6 – Any stockholder entitled to vote may vote in person, through remote communication, *in absentia*, electronically or otherwise or be represented by proxy at any regular or special stockholders' meetings, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission from time to time. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the Inspectors of Proxies and Ballots Committee at least five (5) business days prior to the date of the stockholders' meeting. *(As amended on 26 November 2020.)*

Section 7 - Each share of stock entitles the person in whose name it is registered in the books of the Corporation to one (1) vote, provided the share has not been declared delinquent. *(As amended on 26 November 2020.)*

Section 8 – The election of Directors shall be by ballot and each stockholder may vote such number of share for as many persons as are Directors to be elected, or he may give to one (1) candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected. *(As amended on 26 November 2020.)*

x x x"

Stockholders may vote on matters for resolution at the meeting by appointing the Chairman of the Meeting as their proxy or electronically *in absentia* using the online web address,

[3] References to directors, officers, Board or Committees are references to directors, officers, Board or Committees of the Company unless otherwise specified.

http://www.ayalagroupshareholders.com/, subject to validation procedures. Please refer to Annex A (I) for the detailed instruction on electronic voting *in absentia*. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

(d) **Security Ownership of Certain Record and Beneficial Owners and Management**

i. Security Ownership of Record and Beneficial Owners of more than 5% as of January 31, 2021:

Title of Class	**Name, Address of Record Owner and Relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**Percent** (of total outstanding shares)
Common	Ayala Corporation[4]	Ayala Corporation[5]	Filipino	6,545,946,579	67.3065%
Preferred	32/F to 35/F, Tower One and Exchange Plaza Ayala Triangle Ayala Ave., Makati City			12,163,180,640	
Common	PCD Nominee Corporation (Non-Filipino)[6] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[7]	Various Non-Filipino	5,395,515,444	19.4105%
Common	PCD Nominee Corporation (Filipino)[4] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[5]	Filipino	2,487,797,715	8.9499%

ii. Security Ownership of Directors and Management (Executive Officers) as of January 31, 2021:

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[8]	(direct) 183,000	Filipino	0.00066%
Common	Jaime Augusto Zobel de Ayala[8]	(direct) 12,000	Filipino	0.00004%
Common	Bernard Vincent O. Dy	(direct & indirect) 16,599,602	Filipino	0.05972%
Common	Antonino T. Aquino	(direct & indirect) 20,305,226	Filipino	0.07305%
Common	Arturo G. Corpuz	(direct & indirect) 5,843,711	Filipino	0.02102%
Common	Rizalina G. Mantaring	(direct & indirect) 39,401	Filipino	0.00014%
Common	Rex Ma. A. Mendoza	(direct & indirect) 3,914,201	Filipino	0.01438%
Common	Sherisa P. Nuesa	(direct & indirect) 3,998,509	Filipino	0.00066%
Common	Cesar V. Purisima	(direct) 1	Filipino	0.00000%
CEO and Most Highly Compensated Executive Officers				
Common	Bernard Vincent O. Dy	(direct & indirect) 16,599,602	Filipino	0.05972%
Common	Dante M. Abando	(direct & indirect) 5,756,197	Filipino	0.02071%
Common	Augusto D. Bengzon	(direct & indirect) 3,307,760	Filipino	0.01190%
Common	Anna Ma. Margarita B. Dy	(indirect) 6,943,890	Filipino	0.02498%
Common	Jose Emmanuel H. Jalandoni	(direct & indirect) 7,484,575	Filipino	0.02693%
Other Executive Officers				
Common	Lyle A. Abadia	(indirect) 881,872	Filipino	0.00317%

[4] Ayala Corporation ("AC") is the parent of the Company.
[5] 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.
[6] PCD is not related to the Company.
[7] 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 *in absentia* or through the Chairman of the meeting as proxy. Out of the 7,883,313,159 common shares registered in the name of PCD Nominee Corporation, 2,041,673,920 or 7.3450% of the voting stock is for the account of Deutsche Bank Manila (DB), while 1,132,051,136 or 4.0726% of the voting stock is for the account of The Hongkong and Shanghai Banking Corporation (HSBC). The Company did not receive any report from HSBC, DB or any of its customers stating that they beneficially own more than 5% of the Company's common shares.
[8] Mr. Fernando Zobel de Ayala and Mr. Jaime Zobel de Ayala indirectly owns 12.50476% and 12.50526% of ALI, respectively, pursuant to SEC Memorandum Circular No. 15, series of 2019.

Common	Amelia Ann T. Alipao	(indirect) 1,636,447	Filipino	0.00589%
Common	Annabeth R. Bernardo	(indirect) 18,779	Filipino	0.00007%
Common	Aniceto V. Bisnar, Jr.	(indirect) 2,018,546	Filipino	0.00726%
Common	Manny A. Blas II*	(direct & indirect) 2,331,385	Filipino	0.00839%
Common	Ma. Luisa D. Chiong	(direct & indirect) 717,252	Filipino	0.00258%
Common	Dindo R. Fernando	(indirect) 884,592	Filipino	0.00318%
Common	Rufino Hermann S. Gutierrez	(indirect) 656,473	Filipino	0.00236%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
Common	Javier D. Hernandez	(indirect) 543,157	Filipino	0.00195%
Common	Ma. Carmela K. Ignacio*	(indirect) 2,976,675	Filipino	0.01071%
Common	Joseph Carmichael Z. Jugo	(indirect) 874,097	Filipino	0.00314%
Common	Laurent P. Lamasuta	(indirect) 3,322,290	Filipino	0.01195%
Voting Preferred		(direct) 1,977,234		0.00711%
Common	Robert S. Lao	(indirect) 2,034,758	Filipino	0.00732%
Common	Michael Alexis C. Legaspi*	(indirect) 4,631,451	Filipino	0.01666%
Common	Ma Divina Y. Lopez	(indirect) 639,776	Filipino	0.00230%
Common	Christopher B. Maglanoc	(indirect) 1,050,577	Filipino	0.00378%
Common	Michael F. Magpusao	(indirect) 372,077	Filipino	0.00134%
Common	Ferdie M. Mangali	(indirect) 895,466	Filipino	0.00322%
Common	Romeo T. Menpin	(indirect) 579,869	Filipino	0.00209%
Common	Carol T. Mills	(indirect) 830,092	Filipino	0.00299%
Common	June Vee D. Monteclaro-Navarro	(indirect) 274,510	Filipino	0.00099%
Voting Preferred		(direct) 180,218		0.00065%
Common	Rodelito J. Ocampo	(direct & indirect) 2,901,421	Filipino	0.01044%
Common	Ginaflor C. Oris	(indirect) 982,951	Filipino	0.00354%
Common	Darwin L. Salipsip	(indirect) 724,259	Filipino	0.00261%
Common	Angelica L. Salvador*	(direct & indirect) 1,331,462	Filipino	0.00479%
Common	Eliezer C. Tanlapco	(indirect) 365,638	Filipino	0.00132%
Common	Maria Rowena Victoria M. Tomeldan	(direct & indirect)1,544,683	Filipino	0.00556%
Common	Jennylle S. Tupaz	(indirect) 1,071,241	Filipino	0.00385%
Common	Jaime E. Ysmael*	(direct & indirect) 8,843,248	Filipino	0.03181%
All Directors and Officers as a group		**122,481,529**		**0.44063%**

**Key Officers until December 31, 2020*

No director or member of the Company's management owns 2.0% or more of the outstanding capital stock of the Company.

iii. **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.

iv. **Changes in Control**

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

(e) **Foreign ownership level as of January 31, 2021:**

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	14,730,395,599	5,402,942,492	
Voting Preferred Shares	13,066,494,759	607,264,635	
Total	**27,796,890,358**	**6,010,207,127**	**21.62%**

Item 5. **Directors and Executive Officers**

Article IV, Section 1 of the By-Laws provides in part:

"Section 1. xxx The Board of Directors shall have nine (9) members who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with these By-laws."

The record of attendance of the directors at the meetings of the Board of Directors (the "Board") held in 2020 is as follows:

Directors	No. of Meetings Attended/Held[9]	Percent Present
Fernando Zobel de Ayala	6/6	100%
Jaime Augusto Zobel de Ayala	6/6	100%
Bernard Vincent O. Dy	6/6	100%
Antonino T. Aquino	6/6	100%
Delfin L. Lazaro[10]	1/1	100%
Arturo G. Corpuz	6/6	100%
Jaime C. Laya[11]	1/1	100%
Rizalina G. Mantaring	5/6	83%
Cesar V. Purisima	6/6	100%
Rex Ma. A. Mendoza[12]	5/5	100%
Sherisa P. Nuesa[11]	5/5	100%

The Management Committee members and other officers, unless removed by the Board, shall serve as such until their successors are elected or appointed.

(a) **Information required of Directors and Executive Officers**

i. **Directors and Executive Officers**

The following persons, who constitute the final list of candidates presented and approved by the Corporate Governance and Nomination Committee (composed of Sherisa P. Nuesa, Chairman, and Cesar V. Purisima and Rizalina G. Mantaring, members), have been nominated to the Board for the ensuing year and have accepted their nomination:

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

The nominees were formally nominated by a shareholder of the Company, Michelle Marie T. Valbuena, who owns 12,900 common shares or 0.0001% of the total voting shares of the Company and who is not related to any of the nominees for independent directors. Mesdames Rizalina G. Mantaring and Sherisa P. Nuesa, and Messrs. Rex Ma. A. Mendoza and Cesar V. Purisima are nominated as independent directors. All nominees are incumbent directors of the Company.

The Corporate Governance and Nomination Committee evaluated the qualifications of the nominees and prepared the final list of nominees in accordance with SRC Rule 38

[9] In 2020 and during the incumbency of the director.
[10] Served as director until April 22, 2020.
[11] Served as independent director until April 22, 2020.
[12] Elected as independent director at the annual stockholders' meeting on April 22, 2020.

(Requirements on Nomination and Election of Independent Directors), and the By-Laws of the Company.

Only nominees whose names appear in the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

Ms. Mantaring and Mr. Purisima have served as directors of the Company for five years and three years, respectively. While Mr. Mendoza and Ms. Nuesa have served as independent directors of the Company for one year. The other nominees for directors have served as such for more than five (5) years. None of the independent directors have served for more than nine (9) years.

A summary of the qualifications of the incumbent directors, who are also nominees for directors for election at the annual stockholders' meeting, and of the incumbent officers is set forth in Annex "B". The certifications on the qualifications of independent directors are attached hereto as Annex "B-1".

The officers of the Company are elected annually by the Board during its organizational meeting.

ii. **Significant employees**

The Company considers its human resources working as a team as a key element for its continued success. But the Company has no employee who is expected to make individually on his own a significant contribution to the business.

iii. **Family Relationships**

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

iv. **Involvement in Certain Legal Proceedings**

None of the directors or executive officers is involved in any material pending legal proceedings in any court or administrative agency.

As of December 31, 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 ongoing and unresolved litigations ALI is involved in which it considers material although the events giving rise to the said litigation occurred beyond the five (5) year period These include:

Las Piñas Properties

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

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

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

(b) **Certain Relationships and Related Transactions**

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

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

ALI directors and 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.

(c) **Ownership Structure and Parent Company**

Ayala Corporation is the parent company of ALI which owns 67.31% of the total outstanding voting shares of the Company as of January 31, 2021.

(d) **Resignation of Directors**

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Company relative to the Company's operations, policies and practices.

Item 6. **Compensation of Directors and Executive Officers**

(a) **Executive Compensation**

The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four (4) highly compensated executives amounted to P238.72 million in 2019 and P240 million in 2020. The projected total annual compensation for the current year is P200.92 million.

Total compensation paid to all senior personnel from Manager and up amounted to P1,076.91 million in 2019 and P1,098.88 million in 2020. The projected total annual compensation for the current year is P934.36 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Bernard Vincent O. Dy* President & CEO Dante M. Abando Senior Vice President Augusto D. Bengzon Senior Vice President			

Anna Ma. Margarita B. Dy Senior Vice President Jose Emmanuel H. Jalandoni Senior Vice President			
CEO & Most Highly Compensated Executive Officers	Actual 2019	₱135.03M	**₱103.69M
	Actual 2020	₱140.3M	**P99.7M
	Projected 2021	P141.1M	**P59.82M
All other officers*** as a group unnamed	Actual 2019	₱716.49M	**₱360.42M
	Actual 2020	P722.28M	**P376.6M
	Projected 2021	P708.4M	**P225.96M

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

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

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

(b) **Compensation of Directors**

Article IV, Section 12 of the By-Laws provides:

"Section 12 – 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. 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. *(Old Sections 12 to 15 transferred to Article VI; Old Section 17 renumbered as Section 12, as amended 26 November 2020.)*

The Personnel and Compensation 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. No Director shall be involved in deciding his own remuneration during his incumbent term. *(As amended 26 November 2020.)"*

i. **Standard Arrangement (Current Compensation)**

During the 2011 annual stockholders' meeting, the stockholders approved a resolution fixing the current remuneration of non-executive directors as follows:

Retainer Fee	₱ 1,000,000.00
Board Meeting Fee per meeting attended	₱ 200,000.00
Committee Meeting Fee per meeting attended	₱ 100,000.00

Directors who hold executive or management positions do not receive directors' fees.

ii. **Other Arrangement**

None of the non-executive directors has been engaged 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 non-executive directors aside from the compensation received as herein stated.

In 2020, the non-executive directors and independent directors of the Company received remuneration, net of tax, as follows:

Director	Total Remuneration in 2020
Fernando Zobel de Ayala	3,000,000.00
Jaime Augusto Zobel de Ayala	2,700,000.00
Delfin L. Lazaro*	300,000.00
Antonino T. Aquino	3,400,000.00
Arturo G. Corpuz	2,500,000.00
Cesar V. Purisima	3,700,000.00
Jaime C. Laya**	800,000.00
Rex Ma. A. Mendoza***	2,900,000.00
Rizalina G. Mantaring	3,400,000.00
Sherisa P. Nuesa***	3,000,000.00
Total	**25,700,000.00**

**Non-executive Director until April 22, 2020*
***Independent Director until April 22, 2020*
****Elected as Independent Director on April 22, 2020*

(c) **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

The above-named executive officers are covered by letters of appointment stating their respective job functionalities, among others.

(d) **Warrants and Options Outstanding: Repricing**

Since 1998, the Company has offered its officers options to acquire common shares under its Executive Stock Option Plan (ESOP).

There has been no ESOP shares available since end-December 2015.

Item 7. **Independent Public Accountants**

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

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

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, and Mr. Michael C. Sabado is the Partner-in-charge for the audit years 2020, 2019 and 2018 while Ms. Lucy L. Chan served as such for the audit years 2017 to 2018.

(c) **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

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

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

ALI and its subsidiaries paid its external auditor the following fees in the past two years: (in Php million; with VAT)

Year	Audit & Audit-related Fees	Tax Fees	Other Fees
2020	34.61*		13.08**
2019	35.12*		17.24**

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

(e) **Tax Fees**

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

Under paragraph 3.3 (a) of the ALI Audit Committee Charter, the Audit Committee (composed of Cesar V. Purisima, Chairman, and Rex Ma. A. Mendoza, and Antonino T. Aquino, members) recommends to the Board the appointment of the external auditor and the audit fees.

Item 8. **Compensation Plans**

No matters or actions with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up during the meeting

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

No matters or actions concerning authorization or issuance of securities will be taken up during the meeting.

Item 17 (*Amendment of Charter, Bylaws or Other Documents)* below sets forth proposed amendments to the Employee Stock Ownership (ESOWN) Plan to increase the share allocation for ESOWN grants from the current limit of 2.5% to 3% of the Company's authorized capital stock equivalent to 100 million common shares bringing the total allocation to 600 million common shares.

Article VII of our Amended Articles of Incorporation provides that no stockholder of the Company shall have pre-emptive rights to issues of common shares covered by the Company's stock option plans for the employees, officers and directors of the Company of its subsidiaries or affiliates.

Item 10. **Modification or Exchange of Securities**

The Company will not be presenting any matter or act involving the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class during the meeting.

Item 11. **Financial and Other Information**

The audited financial statements as of December 31, 2020, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex "C". The Schedules required under Part IV(c) of Rule 68 will be included in the Annual Report (SEC Form 17-A).

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

On February 23 2021, the Board of Directors, at its regular meeting, approved the merger of the Company and its listed subsidiary, Cebu Holdings, Inc. as well as its other subsidiaries, Asian I-Office Properties, Inc., Arca South Commercial Ventures, Corp. and Central Block Developers Inc., with the Company as the surviving entity. The terms of the merger, including the share swap ratio and relevant valuations, have also been approved by the Related Party Transactions Review Committee, composed of independent directors of the Company. The Plan of Merger shall be submitted for approval of the stockholders of the Company during their meeting on April 21, 2021. It will be likewise approved by the stockholders of the other companies involved in the merger during their respective annual stockholders' meetings in April 2021.The Plan of Merger will then be filed with the SEC and expected to be approved within the year.

(a) Nature of business of the Absorbed Entity

1. Cebu Holdings, Inc. (CHI) is a publicly listed company with headquarters in Cebu City that is 71.1% owned by the Company. It was registered with the Securities and Exchange Commission (SEC) on December 9, 1988. It is engaged in real estate development including the sale of commercial lots, residential and office units and lease of commercial spaces.

   A total of 1,920,517,031 common shares of CHI are listed with the Philippine Stock Exchange. The principal office address and contact number of CHI are as follows:

   20th Floor, Ayala Center Cebu Tower, Bohol Street
   Cebu Business Park, Cebu City
   (032) 888-3700

2. Asian I-Office Properties, Inc. (AiO) is a wholly-owned subsidiary of CHI and was registered with the SEC on September 24, 2007, primarily to develop, invest, own, acquire, lease, hold, mortgage, administer or otherwise deal with commercial, residential buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment. It is engaged in real estate development, specifically the development and operations of office towers within the Cebu IT Park Estate.

   The principal office address and contact number of AiO are as follows:

   20th Floor, Ayala Center Cebu Tower, Bohol Street
   Cebu Business Park, Cebu City
   (032) 888-3700

3. Arca South Commercial Ventures Corp. (ASCVC) was incorporated on November 16, 2017 as a stock corporation domiciled in the Philippines. ASCVC is organized primarily to develop, sell, own, acquire, lease, hold, mortgage, administer, or otherwise deal with or invest in commercial, residential, industrial or agricultural lands, buildings, structures or apertures, to engage or invest in any other profitable business enterprise, venture or establishment.

   The principal office address and contact number of ASCVC are as follows:

   5/F Glorietta 4, Ayala Center, Makati City 1224
   0917 5827748

4. Central Block Developers Inc. (CBDI) owns and operates a mall and two office towers, and, through a wholly-owned subsidiary, a hotel. Gross leasable area for the mall is about forty thousand square meters while the office towers combined is at sixty-seven thousand (67,000) square meters. The hotel has two hundred fourteen rooms. CBDI's primary business, as registered, is to develop, sell, invest, own, acquire, lease, hold, mortgage, administer, or otherwise deal with commercial, residential, industrial, or

agricultural lands, buildings, structures or apertures, or in any profitable business enterprise, ventures or establishment, including to own, hold in ownership, manage deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and to the limit and extent permitted by law, alone or jointly with other persons, natural or artificial.

The principal office address and contact number of CBDI are as follows:

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City 1226
(02) 7908-3804

(b) Summary of the Material Features of the Merger

The merger is an internal restructuring as well as a consolidation of ALI's Cebu portfolio under one listed entity. The merger is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.

Once approved by the SEC and other regulatory bodies, ALI will issue 0.19 ALI common share for every one share of CHI or a total of four hundred nine million seven hundred eighty-three thousand seven hundred sixty (409,783,760) ALI Common Shares, including two hundred ninety-one million four hundred sixty-three thousand seven hundred eighty-four (291,463,784) ALI Common Shares which ALI will issue to itself in exchange for its shares held in CHI.

ALI will issue one hundred ninety nine million eight hundred forty two thousand five hundred ninety one (199,842,591) Common Shares to itself in exchange for its outstanding issued shares held in AiO, ASCVC and CBDI, following the swap ratios below:

AiO	3.29 ALI shares for every 1 AiO share or 22,244,842 ALI Common Shares
ASCVC	0.0255 ALI share for every 1 ASCVC share or 58,917,750 ALI Common Shares
CBDI	24.17 ALI share for every 1 CBDI share or 118,680,000 ALI Common Shares

Total ALI Common Shares to be issued following the merger is six hundred nine million six hundred twenty six thousand three hundred fifty one (609,626,351), of which four hundred ninety one million three hundred six thousand three hundred seventy five (491,306,375) will be issued by ALI to itself and thereafter classified as treasury shares.

Net of treasury shares, total new ALI Common Shares to be issued will be one hundred eighteen million three hundred nineteen thousand nine hundred seventy six (118,319,976).

(c) Dividends in Arrears or Defaults in Principal or Interest in Respect of Any Security

There are no dividends in arrears or defaults in principal or interest in respect of any security of the Company or of CHI, AiO, ASCVC and CBDI.

(d) Comparative Financial Information

	ALI Conso		CHI Conso		AIO		CBDI Conso		ASCVC	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net Sales or Operating Revenues ('000)	96,272,699	168,793,712	2,933,252	4,797,053	831,505	788,203	265,510	53,221	19	16
Income (Loss) from Continuing Operations ('000)	10,994,238	37,515,031	400,417	1,669,481	374,678	317,674	(255,892)	(9,708)	3	(57)
Long-term Obligations ('000)	202,819,593	193,064,051	6,279,753	6,348,648	1,283,345	1,360,311	NIL	NIL	NIL	NIL
Redeemable Preferred Stock ('000)	1,306,649	1,306,649	NIL	NIL	NIL	NIL	3,599,995	3,599,995	2,079,450	2,079,450
Book Value per Share - Conso (ALI/CHI)	**17.54**	**16.37**	**5.78**	**5.62**						
Book Value per Share - Parent (ALI/CHI)	**14.99**	**14.22**	**4.52**	**4.36**						
Book Value per Share (Common and Preferred) - Conso					**128.14**	**179.73**	**947.52**	**999.56**	**1.00**	**0.99**
Book Value per Share (Common and Preferred) - Parent							**947.52**	**999.56**		
Cash dividend declared per share - (Common)	0.27	0.52	NIL	0.15						
Cash dividend declared per share - (Preferred)	0.005	0.005	NIL	NIL						
Cash dividend declared per share (Common and Preferred)					107.00	45.00	NIL	NIL	NIL	NIL
Income (loss) per share from Continuing operations	0.59	2.25	0.18	0.77	0.06	0.05	(0.05)	(0.00)	0	(0)

(e) Approval of the Regulatory Agencies

The Company will obtain the SEC's approval of the merger and will comply with the merger-related requirements of the Philippine Competition Commission, the PSE, the Philippine Economic Zone Authority, the Bureau of Internal Revenue and other relevant government agencies.

The Philippine Competition Commission in its letter dated March 17, 2021, confirmed that the merger appears to be qualified as internal restructuring and therefore, exempt from compulsory notification.

(f) Valuation

The Company engaged Isla Lipana & Co. for the issuance of independent fairness opinion and valuation reports on the merger.

Isla Lipana & Co. was chosen because of its competency, professionalism and ability to deliver on a tight timeline based on first-hand experience during the merger of CHI and Cebu Property Ventures and Development Corporation in 2018.

ALI and all the parties to the merger have no special instruction or limitation imposed to Isla Lipana & Co. that will compromise the independence of the latter, and will invalidate the fairness opinion and valuation reports.

Isla Lipana & Co. has provided professional services in the Philippines for ninety-eight (98) years and is acknowledged to have one of the highest quality standards in delivering audit and assurance, tax and advisory services within and outside the Philippines.

Item 12(b) above explained the material features of the merger. The swap ratio was determined by the parties to the merger based on their net asset values.

Aside from the current engagement on the merger, Isla Lipana &Co. was also engaged by some of the Company's subsidiaries in the last two (2) years.

(g) Material Contracts

For the past two (2) years, the parties to the merger have not entered into contracts with their subsidiaries or affiliates that they consider material. Nonetheless, the related party transactions of the parties to the merger are disclosed in their respective audited financial statements, as attached in Annex "F".

(h) Market Prices of the Shares of Company and the Absorbed Entity

The following are the stock market prices of ALI and CHI as of February 26, 2021:

Share type	**High**	**Low**	**Close**
ALI	39.70	37.60	39.05
CHI	7.48	7.00	7.00

The other companies AiO, ASCVC and CBDI are not publicly listed companies.

The Plan of Merger[13], which sets out the terms and conditions of the proposed merger, is attached hereto as Annex "E". All other relevant information on the absorbed entities are set forth in the attached Annex "F". The Plan of Merger will be submitted to the SEC upon its approval by the stockholders of the ALI and the rest of the companies involved in the merger.

[13] The Annexes in the Plan of Merger showing the lists of stockholders before and after the proposed merger were omitted for purposes of complying with Republic Act No. 10173 or the Data Privacy Act. Stockholders may contact the Office of the Corporate Secretary for any questions.

Item 13. **Acquisition or Disposition of Property**

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. **Restatement of Accounts**

As used herein and in other sections of this Information Statement, unless the context otherwise requires, the Group refers to the Company and its subsidiaries where the Company has a control pursuant to SRC Rule 68, Par. 6 (Consolidated Financial Statements).

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRS) and the Philippine Interpretations of International Financial Reporting Interpretation Committee (IFRIC) which became effective beginning January 1, 2020. The Group will also adopt several amended and revised standards and interpretations in 2021 and onwards.

Please refer to Note 2 of the attached Company's audited financial statements on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2020 and new PFRS and IFRIC that will be effective in 2021 and onwards.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the Minutes of the 2020 annual meeting of stockholders held on April 22, 2020 covering the following matters:

i. Annual report;
ii. Ratification of acts of the Board of Directors and Officers;
iii. Election of the members of the Board, including the Independent Directors, and
iv. Election of the external auditor and fixing of its remuneration.

The Minutes of the 2020 Stockholders' Meetings are uploaded on the Company's website within five (5) business days from the date of the Meeting and may be viewed through the following link: https://ir.ayalaland.com.ph/wp-content/uploads/2020/04/ALI-Minutes-ASM-2020-draft-as-of-27Apr2020.pdf.

(b) Approval of the annual report of the Management for the year ending December 31, 2020, including the 2020 audited financial statements.

Item 16. **Matters Not Required to be Submitted**

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17. **Amendment of Charter, Bylaws or Other Documents**

(a) On November 26, 2020, the Board of Directors approved the amendments to the By-Laws of the Company, as summarized in the attached Annex "G". Given that our stockholders have delegated to the Board the power to amend the By-Laws[14], the amendments became effective on February 16, 2021, upon the approval of the SEC.

[14] Delegation to the Board of Directors of the authority to amend the By-Laws was approved by the stockholders on March 3, 2013.

The amendments to the By-Laws were intended to align with the provisions of the Revised Corporation Code and to enhance the Company's adherence to good corporate governance practices.

The Corporate Governance Manual, Board Charter and Corporate Governance and Nomination Committee Charter were also amended on November 26, 2020 to align with the amendments to the By-Laws and provisions of the Code of Corporate Governance for Publicly-listed Companies.

(b) On February 23, 2021, the Board of Directors approved the amendment of the Company's Employee Stock Ownership (ESOWN) Plan to increase the share allocation for ESOWN grants from the current limit of 2.5% to 3% of the Company's authorized capital stock equivalent to 100 million common shares bringing the total allocation to 600 million common shares. The increase in the allocation is to continue the effective reward mechanism that has enabled the Company to attract, reward and retain key talents in the organization. This amendment of the ESOWN Plan shall be presented to the stockholders for approval.

Item 18. **Other Proposed Action**

(a) Ratification of the acts of the Board of Directors and officers

The acts of the Board of Directors and officers include –

(i.) Election of officers, appointment of the various Board Committee members and Independent Advisors to the Board, and designation of lead independent director;
(ii.) Ratification and confirmation of the actions of the Board Committees;
(iii.) Updating of list of counterparty risk limits and bank signatories;
(iv.) Budget and funding plan;
(v.) 2021 key result areas;
(vi.) Renewal of short-term credit facilities;
(vii.) Declaration of dividends;
(viii.) Increase in sale of accounts receivable limit;
(ix.) Increase in share allocation for employee stock ownership grants;
(x.) Debt refinancing;
(xi.) Project launches;
(xii.) Grant of authority to Makati Development Corporation to participate in various biddings;
(xiii.) Investments (joint venture with Tagle Group, acquisition of lots in Laguna Technopark by AREIT, Inc.);
(xiv.) Merger of the Company, Cebu Holdings, Inc., Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developer, Inc. with the Company as the surviving entity; and
(xv.) Matters covered by disclosures to the SEC and PSE.

(b) Election of the members of the Board, including the independent directors, for the ensuing year

(c) Election of the external auditor and fixing of its remuneration

Item 19. **Voting Procedures**

(a) **Vote required:** The affirmative vote of stockholders representing at least 2/3 of the issued and outstanding capital stock is required for the approval of the merger. The affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting is required for the approval of all other matters presented to the stockholders for decision. The election of directors is by plurality of votes.

(b) **Method of Voting:** Straight and Cumulative Voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one (1) vote. In view of the Regulations, as explained in Item 20 below, stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In the case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

A stockholder may vote electronically *in absentia* using the online web address, http://www.ayalagroupshareholders.com/, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this DIS, and shall be received by the Corporate Secretary at corporatesecretary@ayalaland.com.ph on or before April 12, 2021.

All votes will be counted and tabulated by the Inspectors of Proxies and Ballots Committee and the results will be validated by an independent third party.

Item 20. Participation of Shareholders by Remote Communication

To comply with applicable regulations prohibiting mass gatherings and/or requiring social distancing to prevent the spread of COVID-19 (the "Regulations") and to ensure the safety and welfare of our stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication, as set forth below, and by voting *in absentia*, as provided in Item 4(c) and Item 19 above, or voting through the Chairman of the meeting as proxy.

To enable the Company to identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by email to corporatesecretary@ayalaland.com.ph on or before April 12, 2021, of their participation in the meeting by remote communication. Further, stockholders may participate by remote communication by clicking on the Meeting livestreaming access button which will be available on the Stockholder's dashboard in the VIASH System on the date set for the Meeting as indicated in the Company's Notice of Meeting.

Stockholders may email questions or comments prior to or during the meeting at the following email address: corporatesecretary@ayalaland.com.ph. The detailed instructions for participation through remote communication are set forth in Annex A (II).

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of March 5, 2021 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before April 14, 2021[15].

[15] The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on the 29th day of March 2021.

AYALA LAND, INC.

SOLOMON M. HERMOSURA
Corporate Secretary
and Group General Counsel

ANNEX "A"

2021 ANNUAL STOCKHOLDERS' MEETING
OF
AYALA LAND, INC.
(THE "MEETING")

REQUIREMENTS AND PROCEDURE FOR
ELECTRONIC VOTING IN ABSENTIA
AND
PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Voting *in Absentia* & Shareholder (VIASH) System.

I. ELECTRONIC VOTING IN ABSENTIA

1. Stockholders as of March 5, 2021 ("Stockholders") have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation in the VIASH System. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the VIASH System. To register in the VIASH System, Stockholders shall simply follow the instructions sent in the e-mail.

2. Otherwise, Stockholders may access the link http://www.ayalagroupshareholders.com/ to create an account and register in the VIASH System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 4 below.

3. All registered accounts shall be subject to the validation process set forth. The deadline for registration to vote *in absentia* is April 12, 2021. The VIASH System will be open for registration on **March 19, 2021**.

4. The following are needed for registration:

    4.1 For individual Stockholders –

    4.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.1.2 A scanned-copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    4.1.3 A valid and active e-mail address;
    4.1.4 A valid and active contact number;

    4.2 For Stockholders with joint accounts –

    A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

    4.3 For Stockholders under Broker accounts –

    4.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
    4.3.2 A recent photo of the stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;

4.3.4 A valid and active e-mail address;
4.3.5 A valid and active contact number;

4.4 For corporate Stockholders –

4.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the corporation (in JPG or PDF format). The file size should be no larger than 5MB;
4.4.2 A recent photo of the Stockholder's representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
4.4.3 A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file-size should be no larger than 5MB;
4.4.4 A valid and active e-mail address of the Stockholder's representative;
4.4.5 A valid and active contact number of the Stockholder's representative.

Important Notes:

• Stockholders who are also stockholders as of record date of the other publicly listed corporations in the Ayala group need only to register one account in the VIASH System. The digital absentee ballot for each corporation shall be separately accessed from the Stockholder's Dashboard in the VIASH System and votes shall be cast per corporation.

• Considering the prevailing extraordinary circumstances in relation to COVID-19, the Company shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

• Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the Meeting as proxy, by submitting a duly accomplished proxy form, on or before April 12, 2021.

5. The validation process in the VIASH System will be concluded by the Company no later than three (3) business days from the date of the Stockholder's complete registration. The Stockholder's dashboard in the VIASH System will indicate the status of registration.

   Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

6. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot in the VIASH System and the registered Stockholder may vote as follows:

   6.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
   6.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

   Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

   The VIASH System will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

   After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

7. The Office of the Corporate Secretary will tabulate all votes cast *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.

II. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders as of March 5, 2021 ("Stockholders") are required to register in the VIASH System to participate in the Meeting on April 21, 2021 by remote communication. A Meeting livestreaming access button will be available in the Stockholder's dashboard in the VIASH System on the date set for the Meeting as indicated in the Company's Notice of the Meeting.

2. The procedure and requirements for registration in the VIASH System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on April 12, 2021.

3. In addition to their registration in the VIASH System, Stockholders are requested to notify the Company by e-mail to corporatesecretary@ayalaland.com.ph by April 12, 2021 of their intention to participate in the Meeting by remote communication.

4. Only the Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum at the Meeting.

5. Stockholders participating by remote communication may vote anytime until the end of the Meeting using the digital ballot in the VIASH System.

6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to corporatesecretary@ayalaland.com.ph.

7. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to corporatesecretary@ayalaland.com.ph.

For any clarifications, please contact our Office of the Corporate Secretary through corporatesecretary@ayalaland.com.ph.

ANNEX "B"

DIRECTORS AND KEY OFFICERS
(as of December 31, 2020)

The write-ups below include positions held as of December 31, 2020 and in the past five years, and personal data as of December 31, 2020 of directors and executive officers.

Board of Directors

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

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 Corporation (formerly 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., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly 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., ALI Eton Property Development Corporation, 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 Holdings Corp., and Bonifacio Art Foundation, Inc.; Director of LiveIt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development, Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Board of INSEAD Business School and Georgetown University; Member of the International Advisory Board of Tikehau Capital and of the Hispanic Society Museum & Library International Advisory Council; Vice Chairman of the Philippine-Singapore Business Council, member of the 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 Corporation (formerly 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 and Infrastructure Corporation (formerly 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. He is also a Senior Managing Director of Ayala Corporation and has been a member of the Ayala Group Management Committee since April 2014. He was the Head of Residential Business, Commercial Business and Corporate Marketing and Sales. He is also the Chairman of Ayala Property Management Corporation; Makati Development Corporation; Alveo Land Corporation; Amaia Land Corporation; Bellavita Land Corporation; Ayagold Retailers, Inc.; Station Square East Commercial Corporation; Aviana Development Corp.; Cagayan De Oro Gateway Corp.; BGSouth Properties, Inc.; BGNorth Properties, Inc.; BGWest Properties, Inc.; Portico Land Corporation.; Philippine Integrated Energy Solutions, Inc.; Avencosouth Corp.; Nuevocentro, Inc. and Cebu Holdings, Inc. Mr. Dy also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc.He is also President of President of Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; Fort Bonifacio Development Corporation; Aurora Properties Incorporated; Vesta Property Holdings, Inc.; Ceci Realty Inc.; Alabang Commercial Corporation; and Accendo Commercial Corporation. Mr. Dy also serves as Director of AyalaLand Logistics Holdings Corp.; MCT Bhd of Malaysia; Avida Land Corporation; Amicassa Process Solutions, Inc.; Whiteknight Holdings, Inc.; AyalaLand Medical Facilities Leasing, Inc.; Serendra, Inc.; Alveo-Federal Land Communities, Inc.; ALI Eton Property Development Corporation; and AKL Properties, Inc. Mr. Dy is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. 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 has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985, He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

Antonino T. Aquino*,* Filipino, 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. Currently, he is a Board member of Philippine American Life & General Insurance Company, 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. In 2020, he was awarded Honorary Fellow by the Institute of Corporate Directors. He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

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

Rizalina G. Mantaring, Filipino, 61, has served as an Independent Director of ALI since April 2014. Concurrently, she also holds the following positions: Director, Sun Life Grepa Financial, Inc.; an Independent Director of Ayala Corporation, First Philippine Holdings Corp. Inc., PHINMA Corp. Inc., Universal Robina Corp. Inc., East Asia Computer Center 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 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.

Rex Ma. A. Mendoza, Filipino, 58, has served as the Independent Director of Ayala Land, Inc. since April 22, 2020. He 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 the lead independent director of Globe Telecom, Inc. (publicly listed company) and an independent director of two (2) listed firms, Ayalaland Logistics Holdings Corp. andthe National Reinsurance Corporation of the Philippines. He is also a director of Esquire Financing, Inc., the Cullinan Group, TechnoMarine Philippines, Seven Tall Trees Events Company, Inc., and Mobile Group, Inc. Rex is a member of Bro. Bo Sanchez' Mastermind Group, and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He 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. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He 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.

Sherisa P. Nuesa, Filipino, 66, has served as an Independent Director of Ayala Land, Inc. since April 22, 2020. She is the President and Director of the ALFM Mutual Funds Group until March 31, 2021. She is also an Independent Director of Far Eastern University, Integrated Micro-electronics, Inc., Manila Water Company, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.) She is also an Independent Director of East Asia Computer Center, Inc. and FERN Realty Corporation. She is a member of the Boards of Trustees of the Institute of Corporate Directors (Vice Chair), the Judicial Reform Initiative (Chairperson), and the Financial Executives (FINEX) Foundation. She is a Senior Adviser to the Boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. She retired as a Managing Director of Ayala Corporation in 2011, and held various senior positions in finance and management operations. She was the Chief Finance Officer and concurrently, Chief Administration Officer of IMI from 2009 to 2010. She was the Chief Finance Officer of Manila Water Company, Inc. from 2000 to 2008. She also served in Ayala Land, Inc. from 1989 to1999 as Vice President/Controller, then as the Group Head of its Commercial Centers Group. She was awarded the ING-FINEX CFO of the Year for 2008. She received a Master of 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.

Cesar V. Purisima, Filipino, 60, has served as an Independent Director of ALI in April 18, 2018. He is an Asia Fellow of Milken Institute, a global non-profit, non-partisan think tank. He is a founding partner at IKHLAS Capital, a pan-ASEAN private equity platform. He currently serves on the boards of the AIA Group, World Wildlife Fund-Philippines, De La Salle University, Ayala Land, Universal Robina Corporation, Jollibee Foods Corporation, Bank of the Philippine Islands, and the International School of Manila. He is a member of Sumitomo Mitsui Banking Corporation's Global Advisory Council and Singapore Management University's International Advisory Council in the Philippines. From 2010 to 2016, Purisima was the Secretary of Finance of the Philippines and the Chair of Economic Development Cluster of the President's Cabinet. 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. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to his stints in the government service, he was the Chairman & Country Managing Partner of the Philippines' largest professional services firm SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. Purisima obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979. He earned his Master of Business Administration degree from Kellogg School of Management, Northwestern University, Illinois in 1983. He was conferred a Knight in the National Order of the Legion of Honour by the French Republic (Chevalier dans l'Ordre National de la Legion d'Honneur) in 2017. In 2016, Purisima was awarded the Order of Lakandula with the rank of Grand Cross (Bayani) for his contributions to the Philippine economy. The Order of Lakandula is one of the highest civilian honors conferred by the President of the Republic of the Philippines.

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

All the incumbent directors.

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
Laurent P. Lamasuta***	Senior Vice President
Jaime E. Ysmael**	Senior Vice President
Lyle A. Abadia	Vice President
Amelia Ann T. Alipao	Vice President***, Chief Information Officer and Data Protection Officer
Aniceto V. Bisnar, Jr.	Vice President
Manuel A. Blas II**	Vice President
Ma. Luisa D. Chiong***	Vice President
Dindo R. Fernando	Vice President
Rufino Hermann S. Gutierrez	Vice President
Javier D. Hernandez	Vice President
Ma. Carmela K. Ignacio**	Vice President
Joseph Carmichael Z. Jugo	Vice President
Ma. Divina Y. Lopez***	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
June Vee D. Monteclaro-Navarro***	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
Annabeth R. Bernardo****	Chief Audit Executive
Solomon M. Hermosura	Group General Counsel & Corporate Secretary

*Member of the Board of Directors
**Until December 31, 2020
***Appointed November 26, 2020 effective January 1, 2021
****Appointed November 26, 2020 effective January 2, 2021

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 (PCA) in 2016-2017 and a member of the Board of Trustees of the University of the Philippines Alumni Engineers (UPAE) since 2015-2018. He graduated with a degree in Bachelor of Science in Civil Engineering from the University of the Philippines in 1986 and earned his Master's degree in Business Administration in 1995 from the same university. In 2012, he completed the Executive Program on Real Estate Management at Harvard University Graduate School of Business.

Augusto D. Bengzon, Filipino, 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 of AREIT, Inc. and Treasurer of Cebu Holdings Inc. and 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 Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., 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 AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier 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 Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of the 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 President of Cebu Holdings, Inc. one of the publicly listed subsidiaries of ALI. Her other significant positions are: Chairman and President of Bonifacio Global City Estate Association and Taft Punta Engano Property, Inc.; Chairman of Adauge Commercial Corporation, Amorsedia Development Corporation, AyalaLand Estates, Inc, Buendia LandHoldings, Inc., Bonifacio Estate Services Corporation, Crimson Field Enterprises, Inc., and Red Creek Properties, Incorporated; Vice Chairman and President of Vesta Properties Holdings, Inc.; Director and Executive Vice President of Bonifacio Land Corporation and Fort Bonifacio Development Corporation; Director and President of Altaraza Development Corporation, ALI Eton Property Development Corporation, Aurora Properties, Inc., Nuevocentro, Inc., and Alviera Country Club, Inc; Director of Accendo Commercial Corp., Alveo Land Corp., Aviana Development Corp., Avida Land Corp., Ayala Greenfield Development Corporation, Berkshires Holdings, Inc., Cagayan de Oro Gateway Corp., Columbus Holdings, Inc., Emerging City Holdings, Inc., CECI Realty, Inc., Crans Montana Property Holdings Corporation, AyalaLand Medical Facilities Leasing, Inc., and HLC Development Corporation, Next Urban Alliance Development Corp.; Trustee of Alagang Ayala Land Foundation Inc.; and, Trustee and Treasurer of Bonifacio Art Foundation, Inc. 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 AREIT, Inc., 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., AsiaTown Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati North Hotel Ventures, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., North Triangle Hotel Ventures., Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Sicogon Town Hotel, Inc., Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine FamilyMart CVS, Inc., Philippine Integrated Energy Solutions, Inc., Station Square East Commercial Corporation. 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, 47, 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, AKL Properties Inc., BGSouth Properties, Inc., and President and Chief Operating Officer of 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.

Laurent P. Lamasuta, Filipino, 55, was designated as Senior Vice President of Ayala Land, Inc. in 2021 and is currently the President and Chief Executive Officer of Ayala Property Management Corporation (APMC) and the Chairman and President of Prime Support Services, Inc. Prior to joining APMC, he was President and CEO of Ten Knots Development Corporation, developer, operator and manager of El Nido Resorts comprising of four eco-tourism island resorts in Palawan. Mr. Lamasuta has had several posts with the international luxury hotel industry with stints in independent top properties like The Ritz in Paris, the Dorchester in London, The Manila Hotel in Manila as well as international brands like Intercontinental Hotels, Ritz-Carlton Hotels and Le Meridien Hotels. Previously he was a Senior Advisor of Ayala Land for member and customer relations of its Residential Business Group. He Joined Ayala Land in 2005 to open Ayala Greenfield Golf and Leisure Club, Inc. and Anvaya Cove Beach and Nature Club. He graduated from Collège "La Rostagne," in Antibes, France, and further gained a degree in tourism and hotel management in 1985 with the following qualifications: Certificat d'Aptitude Professionnelle (C.A.P.), Brevet d'Enseignement Professionel (B.E.P.), and Brevet de Technicien Hôtelier (B.T.H.) from the Lycée d'Hôtellerie et de Tourisme, in Nice, France. He is a recipient of the Hotel and Catering International Management Association (HCIMA) Certificate and License in Hotel Management given by the Westminster College in London, England.

Jaime E. Ysmael, Filipino, 60, was a Senior Vice President of ALI until December 31, 2020 He was a Managing Director of Ayala Corporation and Chairman, President & Chief Executive Officer of Ortigas Land Corporation (formerly OCLP Holdings, Inc.) and Concrete Aggregates Corporation. He is the 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 hectares former sugarcane plantation into what is now known as one of the word- class industrial estates in the country. He likewise set up BellaVita Land Corporation, a socialized housing arm of ALI, 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.

Amelia Ann T. Alipao, Filipino, 58, is currently Vice President and Chief Information Officer of ALI. She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She sits on the board of APRISA Business Process Solutions, Inc and HCX Technology Partners Inc. She is also Vice President for Ka-uSAP inc, a non-profit organization for SAP User Group of the Philippines. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

Aniceto V. Bisnar, Jr., Filipino, 57, serves as Vice President of ALI since January 2009 and the Senior Vice President & Chief Operating Officer of Ortigas Land Corporation. His other significant positions are: Chairman of Adauge Commercial Corp., Central Block Developers, Inc. and Amaia Southern Properties, Inc.; Chairman and President of North Point Estate Association, Inc., Asian I-Office Properties, Inc., Cebu Leisure Company, Inc., Cebu Business Park Association, Inc. and Asia Town I.T. Park Association, Inc.; and Vice Chairman of Avenco South Corporation. He is the President of Aviana Development Corporation and Lagdigan Land Corporation. He is also the Vice President of Solinea, Inc. He is a Director of Accendo Commercial Corporation, Cebu District Property Enterprise, Inc., Cagayan de Oro Gateway Corp., Taft Punta Engaño Property, Inc., and a Member of the Board of Trustee of Hero Foundation, Inc.

Manuel A. Blas II, Filipino, 65, served as Vice President of Ayala Land Inc. until December 31, 2020. He is the Head of the Corporate Services Group of Ayala Land Estates (HR, Corporate & Estates Marketing, Innovation and Design, Urban Planning, and Sustainability). He is a board director of the following companies: Fort Bonifacio Development Corporation, Bonifacio Estate Corporation, Bonifacio Transport Corporation, Bonifacio Water Corporation, Bonifacio Gas Corporation, Berkshire Holdings, Inc., Bonifacio Land Corporation, Capital Consortium, Inc., Columbus Holdings, Inc., Crimson Field Enterprises Inc., and Emerging City Holdings, Inc. He is a trustee in Fort Bonifacio Development Foundation, Inc., Bonifacio Global City Estate Association, Makati Central Estate Association, One Bonifacio Condominium Corporation, and Tower One and Exchange Plaza Condominium Corporation.

He graduated from De La Salle University and has a Master's degree in Religious Studies from Maryhill School of Theology.

Ma. Luisa D. Chiong, Filipino, 49, is currently a Vice President and the Controller of Ayala Land, Inc. Prior to this role, she was the Chief Finance Officer and Compliance Officer of Cebu Holdings, Inc., a publicly listed company, and Chief Finance Officer of the Estates Group from 2017 to 2020. Her other significant positions include: Director of Cebu Leisure Company, Inc. and Central Block Developers, Inc.; Director and Treasurer of Asian I-Office Properties, Inc., North Point Estate Association, Inc. and Vertis North Estate Association, Inc.; Director, Treasurer & Chief Finance Officer of Adauge Commercial Corporation; Director & Chief Finance Officer of ALInet.com, Inc.; Treasurer and a member of the Board of Trustees of Lakeside Evozone Association, Inc.; Trustee, Treasurer of Altaraza Town Center Estate Association, Inc. and Arca South Estate Association Inc.; Treasurer and Chief Finance Officer of Accendo Commercial Corp., Cagayan de Oro Gateway Corp. and Taft Punta Engano Property, Inc.; Chief Finance Officer of Aurora Properties Incorporated, Aviana Development Corp., CECI Realty Inc. and Vesta Property Holdings, Inc.; and the Comptroller of Nuevocentro, Inc. She completed the academic requirements for a Master in Business Administration degree from De La Salle University in 1998 and obtained her Bachelor of Science in Commerce Major in Accounting degree from the same university in 1991. She is a Certified Public Accountant, garnering 5th place in the May 1992 CPA Board Examinations and is a member of the Philippine Institute of Certified Public Accountants (PICPA).

Dindo R. Fernando*,* Filipino, 52, has been Vice President of ALI. since April 2017. He currently heads the company's External Affairs Division. Moreover, he is the Treasurer of Anvaya Beach and Nature Club, Corporate Secretary of Santa Rosa (Laguna) Business Club, Board Member of the Calamba City Business Club and Vice President of Avida Towers Makati West Condominium Corporation. Prior to joining ALI, he was Head of Political Research at the Makati Business Club where he oversaw congressional research, analysis and publication. He graduated with a degree in AB Political Science from the Lyceum of the Philippines in 1989.

Rufino Hermann S. Gutierrez, Filipino, 48, 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. He is also part of Portico Land Corp.'s Executive Committee. In his more than 17 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, 52, has been Vice President of ALI since April 2017. He is now the Chief Operating Officer of AyalaLand Hotels & Resorts Corporation concurrent to his present role as President of the Ten Knots Group - Ten Knots Philippines, Inc., Bacuit Bay Development Corporation, Ecoholdings Company, Inc., Regent Horizons Conservation Company,Inc., Lio Tourism Estate Management Corp., Ten Knots Development Corp., Chirica Resorts Corporation, Pangulasian Island Resort Corp., Lio Resort Ventures, Inc., North Liberty Resort Ventures, Inc. and Paragua Eco-Resort Ventures, Inc. He is responsible for the overall management of all Seda properties, El Nido Resorts and LIO Estate in El Nido, Palawan. President and Chief Executive Officer 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 Inc., North Triangle Depot Commercial Corporation, Primavera Towncentre, Inc., Ayalaland Malls Vismin, Inc., He has worked for Ayala Land for 29 years, spending seven years with Ayala Malls, four years with the Sales and Marketing Group, thereafter rejoining Ayala Malls 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.

Ma. Carmela K. Ignacio, Filipino, 53, was a Vice President of ALI until December 31, 2020. She is the Estate Development Head of Ayala Land, Inc.'s (ALI) Strategic Landbank Management Group. She concurrently serves as Chairman and President of Altaraza Town Center Estate Association, Inc., Crans Montana Property Holdings Corporation, HLC Development Corporation; Chairman of Altaraza Prime Realty Corporation; Vice Chairman of Ayala Land Estates, Inc.; Director and President of Buendia

LandHoldings, Inc.; and, Director of Amorsedia Development Corporation. She has handled various roles in ALI such as the Leasing and Project Development Head of the Offices Group and Customer Relations Head under Marketing and Sales Group. She joined ALI in 1993. She graduated with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University in 1988 and obtained a Master's Degree in Business Management from the Asian Institute of Management in 1993.

Joseph Carmichael Z. Jugo, Filipino, 46, is a Vice President of Ayala Land, Inc. and President of Ayala Land Premier, Inc. He is concurrently Chairman & President of Roxas Land Corp., OLC Development Corp., Southportal Properties, Inc.; Vice Chairman & President of Ayala Hotels., Inc.; Chairman of Ayala Land Sales, Inc., Ayala Land Club Management, Inc., Verde Golf Development Corp.; President & 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 18 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.

Ma. Divina Y. Lopez, Filipino, 49, is currently Vice President and Chief Finance Officer the Estates Group. Prior to this she was 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.

Michael Alexis C. Legaspi, Filipino, 63, served as Vice President of ALI until December 31, 2021. He currently served as a consultant of ALI and sits as a board member of all hotel and resort owning companies while handling the branded hotel line of the company. He also represents ALI in related government and industry networks, including the Philippine Hotel Owners Association where he sits as Vice President and Director. 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 the Chairman and President of Ayalaland Malls, Inc starting December 2020. Currently, he is also the Chairman and President of various companies under the Malls Group of ALI.. Prior to this, he was the 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, 47, was appointed Vice President & Chief Engineer of Ayala Land, Inc. in 2019, currently serves as the Chief Operating Officer and Corporate Chief Engineer of Ayala Property Management Corporation (APMC), and the President of Philippine Integrated Energy Solutions, Inc. (PhilEnergy). He is also a currently Professor of the Mechanical Engineering Department at the Mapua Institute of Technology, a position he has held since 1996. He is also concurrently APMC's Corporate Safety Officer, Corporate Professional Mechanical Engineer, and Corporate Energy Manager. He is a Professional Mechanical Engineer since 2001, a licensed OSH Consultant as certified by the Department of Labor and Employment, and Certified ASEAN Energy Manager by AEMAS. Mr. Magpusao has over 20 years of industry experience and has held the following positions prior to his appointment: 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; Property Manager, Technical Support Group Manager and Project Manager of APMC from 1996 to 2004; and Operation Engineer of Procter and Gamble Philippines from 1995 to 1996. 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, 51, is a Vice President of ALI effective January 1, 2020. He has headed the Corporate Resource and Services Group of Makati Development Corporation since May 2013 and concurrently acting as Head of Corporate Labor Relations for the Ayalaland Group. He is a member of the Board of MDC Equipment Solutions Inc. and a member of the Board Trustee of the Philippine Constructors Association. He is the former Head of the Corporate Human Resources, Customer Care and Product delivery Group of Avida Land Corporation, Business Group HR Head of the Ayala Land Commercial and Residential Group, HR Head of Amicassa Process Solutions, Inc., Amaia Land Corp., and BelaVita Land Corp. Prior to ALI, he was Labor Relations Manager of Pfizer Inc., HR Manager of Warner Lambert Inc., Business Group HR Officer of Intel Philippines and Manufacturing Plant HR Officer of Matsushita Electric Philippines Corporation (PANASONIC Philippines). He has a total 29 years of experience in Human Resource Management, Labor Relations and Organizational Development. He graduated from Polytechnic University of the Philippines with a degree in Bachelor in Human Behavior Technology major in Clinical Psychology and finished his Master's 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 Solutions Group of Makati Development Corporation (MDC). He is also currently the President of MDC Equipment Solutions, Inc. and MDC Conqrete, Inc. He is also a Director of 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., Director, President and Chief Executive Officer of AREIT, Inc., 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 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.

June Vee D. Monteclaro-Navarro, Filipino, 49, is a Vice President and Chief Legal Counsel of Ayala Land, Inc. Concurrently, she is the Corporate Secretary of Cebu Holdings, Inc. and AyalaLand Logistics Holdings Corp. and the Assistant Corporate Secretary of AREIT, Inc. She is also the Corporate Secretary of Alveo Land Corp., Avida Land Corp., AKL Properties, Inc., ALI Eton Property Development Corporation and Altaraza Development Corporation. She served as Director (management position) and Corporate Secretary of Ayala Group Legal from 2012 to 2020. She was Legal Officer at Ayala Land, Inc. from 2007 to 2012 and Senior Associate at SyCip Salazar Hernandez & Gatmaitan prior to that. She graduated from the University of St. La Salle in Bacolod with a Bachelor of Arts with a Major in Economics and a Bachelor of Science in Commerce Major in Data Processing in 1993. She earned a Bachelor of Laws degree from the University of the Philippines in 1997. She finished the Program on Negotiation at Harvard Law School in 2012 and the Leadership in Corporate Counsel Executive Education at Harvard Law School in 2016.

Rodelito J. Ocampo, Filipino, 58, 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. He also took Management Development Program in 2006 and Construction Management Course in 1994 at Asian Institute of Management.

Ginaflor 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), positions she has held since 2014. She is a board director of MDC, MDC Buildplus Inc., MDC Conqrete Inc., MDC Equipment Solutions Inc., MDBI Construction Corp and MDC Subic, Inc. 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 extensive 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, 48, 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. He is likewise the President of MDBI, a joint venture partnership between MDC and Bouygues Batiment International (BBI). 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, was a Vice President of ALI, and Controller of the Company until December 2020. She holds the following positions: 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, 59, is the Vice President and Head of the Real Estate Logistics and Special Investments of Ayala Land, Inc (ALI). She is the President and Chief Executive of AyalaLand Logistics Holdings Inc., a publicly listed subsidiary of ALI, which developed and manages Laguna Technopark, Cavite Technopark, Laguindingan Technopark, Mabalacat Technopark, Tutuban Center and Southpark Mall. Her other significant positions include: Chairman of the Board of Laguna Technopark, Inc (LTI); Ecozone Power Management, Inc ((EPMI); LCI Commercial Ventures, Inc; Unity Realty & Development Corp. Chairman and President of AMSI, Inc., Orion Property Development, Inc.; FLT Prime Insurance Corporation; ESTA Galleria, a wholesale distributor of premium quality tiles. She was a board member of the International Council of Shopping Centers (ICSC), Asia Pacific Advisory Board from 2008 until 2020. She is a 2015 ICSC Trustees Distinguished Service Awardee. She graduated as cum laude of Bachelor of Arts in Economics from the University of the Philippines in 1983 and earned her Masters in Business Administration degree from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

Jennylle S. Tupaz, Filipino, 48, is Vice President of ALI and Estate Development Head. Prior to this post she was the President of Ayala Land Malls, Inc. 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.

Annabeth R. Bernardo, Filipino, 38, was appointed Chief Audit Executive of Ayala Land, Inc. (ALI) effective January 2021. Prior to this position she was the Head of Control & Analysis handling management reports and financial analyses of Makati Development Corporation (MDC), a wholly-owned subsidiary of ALI. She also served as its Head of Internal Audit and as Chief Finance Officer of one of MDC's Construction Divisions. She was the Internal Audit Manager of ALI prior to her secondment to MDC. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certification in Control Self-Assessment (CCSA) holder, and a member of the Institute of Internal Auditors Philippines (IIAP). She holds a Bachelor of Science degree in Business Administration and Accountancy, Cum Laude, from the University of the Philippines and was awarded with the Certificate of Honor for being part of the Top 25 successful CIA examinees worldwide back in 2007.

Solomon M. Hermosura, Filipino, 58, 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 since 1999 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., AREIT, 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. Mr. Hermosura 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.

Annex B-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Rizalina G. Mantaring, of legal age and a resident of 12 Vicente Lim St., Ayala Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Ayala Land, Inc. for its Annual Stockholders Meeting to be held on April 21, 2021 and have been its independent director since April 7, 2014.

2. I am affiliated with the following companies or organizations

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Sun Life Grepa Financial, Inc.	Director	8 years 5 months
PHINMA Corp. Inc.	Independent Director	1 year 10 months
First Philippine Holdings, Inc.	Independent Director	4 years 10 months
Ayala Corp Inc.	Independent Director	1 year
Universal Robina Corp Inc.	Independent Director	8 months
Microventures Foundation, Inc.	Independent Director	7 years
Makati Business Club	Trustee/Treasurer	3 years 5 months/1 year 9 months
Philippine Business for Education	Trustee	3 years 10 months
East Asia Computer, Inc.	Independent Director	2 years 5 months
PPCRV	Trustee	1 year 3 months
Operation Smile Philippines	Trustee	1 year 3 months

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Ayala Land, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of Ayala Land, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. *(where applicable).*

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of Ayala Land, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 26 2021 day of ____________, at MAKATI CITY.

Rizalina G. Mantaring
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of FEB 26 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me /her Driver's License N16-82-035812 issued at Pasig City on 27 December 2017.

Doc. No. 149;
Page No. 31;
Book No. IX;
Series of 2020.

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

RIZZA ANNE O. SY NOTARY PUBLIC ROLL NO. 64676 MAKATI CITY, PHILIPPINES

RIZZA ANNE O. SY
Notary Public – Makati City
Appt. No. M-187 until December 31, 2020
Extended until June 30, 2021
Roll of Attorneys No. 64676
Lifetime IBP No. 018509 - 01/04/18 - Bulacan
PTR No. 8533982ME - 01/04/2021 - Makati City
MCLE Compliance No. VI - 0009493 - 06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **REX MA. A. MENDOZA**, Filipino, of legal age and a resident of No. 10 San Antonio St., Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AYALA LAND, INC.** for its Annual Stockholders' Meeting on April 21, 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
TechnoMarine Enterprises Philippines, Inc.	Member, Board of Directors	2001 to present
Cullinan Group, Inc.	Member, Board of Directors	2008 to present
Seven Tall Trees Events Company, Inc.	Member, Board of Directors	2008 to present
Esquire Financing, Inc.	Member, Board of Directors	2013 to present
Rampver Financials Inc.	Member, Board of Directors	2014 to present
Globe Telecom Inc.*	Independent Director	2014 to present
AyalaLand Logistics Holding Corp.*	Lead Independent Director	2016 to present
FLT Prime Insurance	Member, Board of Directors	2016 to present
National Reinsurance Corporation of the Philippines*	Independent Director	2019 to present
Seedbox Technologies, Inc.	Member, Board of Directors	2019 to present
Singapore Life Philippines, Inc.	Chairman, Board of Directors	2019 to present
Mobile Group, Inc.	Member, Board of Directors	July 30, 2020 to present
Anvaya Beach and Nature Club, Inc.	Member, Board of Directors	December 10, 2020 to present

*publicly-listed company on the Philippine Stock Exchange

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **AYALA LAND, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of Ayala Land, Inc. and its subsidiaries and affiliates other than the relationships provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of Ayala Land, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 0 3 2021 at Makati City.

REX MARIA. A. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 03 2021 day of ______ at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P6999664A issued at DFA Manila, Philippines on May 02, 2018.

Doc. No. 191;
Page No. 40;
Book No. XXIV;
Series of 2021.

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

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-150 until December 31, 2021
Roll of Attorneys No. 58335
IBP No. 136251 – 12/21/2020 – Makati City
PTR No. 8533980ME – 01/04/2021 – Makati City
MCLE Compliance No. VI-0009490-06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SHERISA P. NUESA**, Filipino, of legal age, and resident of 306 Lian Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with the law, do hereby declare that:

1. I am an Independent Director of **Ayala Land, Inc.,**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
ALFM Mutual Funds Group *	President/Board Director	May 2012
AC Energy Philippines Inc.	Independent Director	April 2019
Integrated Micro-Electronics, Inc.	Independent Director	April 2018
Manila Water Company	Independent Director	April 2013
FEU Group: Far Eastern University, Inc.	Independent Trustee	August 2010
East Asia Computer Center Inc.	Independent Director	April 2014
FERN Realty Corp.	Independent Director	August 2012
Vicsal Development Corporation	Board Adviser	March 2012
Metro Retail Stores, Group Inc. (MRSGI)	Senior Adviser to BoD	August 2015
Judicial Reform Initiative	Board Trustee/Chair	May 2017
Institute of Corporate Directors (ICD)	Board Trustee/Vice Chairman	May 2012
Financial Executives Institute of the Phils Foundation	Board Trustee	2016-2017, 2020

* *ALFM : Board Director since 2012; President since 2013 and until March 2021*

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Ayala Land, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

5. I am not related to any director/officer/substantial shareholder of Ayala Land, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

6. I shall inform the Corporate Secretary of Ayala Land, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of FEB 24 2021 at Makati City.

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this City, affiant exhibited to me her Passport No. P8595622A issued on 04 September 2018 in Manila.

Doc. No.

SUBSCRIBED AND SWORN to before me this FEB 24 2021 day of __________ at Makati City, affiant personally appeared before me and exhibited to me her Passport No. P8595622A issued at DFA Manila, Philippines on September 4, 2018.

Doc. No. 24;
Page No. 6;
Book No. XXXIV;
Series of 2021.

ROBERTO T. ONGSIAKO NOTARY PUBLIC ROLL NO. 37041 MAKATI CITY, PHILIPPINES

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-155 until December 31, 2020
Extended until June 30, 2021
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8533973ME – 01/04/2021 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Cesar V. Purisima, Filipino, of legal age and a resident of 1567 Cypress Street, Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Ayala Land, Inc. for its Annual Stockholders' Meeting on April 21, 2021 and have been its independent director since April 18, 2018.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Milken Institute	Asia Fellow	August 2016 to present
Asian Institute of Management	Executive in-Residence	October 2016 to present
International School Manila	Trustee	May 2017 to present
International Advisory Council (Phils) Singapore Management University	Member	June 2017 to present
AIA Group Limited	Independent Non-Executive Director	September 2017 to present
Ayala Land, Inc.	Independent Director	April 2018 to present
De La Salle University	Member	December 2017 to present
Universal Robina Corporation	Independent Director	May 2018 to present
Sumitomo Mitsui Banking Corp.	Global Advisory Council Member	July 2018 to present
Ikhlas Capital Singapore Pte. Ltd	Founding Partner	March 2019 to present
Unistar Credit and Finance Corporation	Independent Non-Executive Director	April 2019 to present
WWF-Philippines	Member Board of Trustees	October 2019 to present
Jollibee Foods Corporation	Independent Director	July 23, 2020 to present
ABS-CBN Corporation	Member, Board of Advisor	September 25, 2020 to present
Bank of the Philippine Islands	Independent Director	January 20, 2021

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Ayala Land, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of Ayala Land, Inc and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations,

7. I shall inform the Corporate Secretary of Ayala Land, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 0 3 2021 day of ____________, at Makati City.

CESAR V. PURISIMA
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of MAR 0 3 2021 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P4757199B issued at Manila on February 10, 2020.

Doc. No. 193;
Page No. 40;
Book No. XXIV;
Series of 2021.

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

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY, PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-150 until December 31, 2021
Roll of Attorneys No. 58335
IBP No. 136251 – 12/21/2020 – Makati City
PTR No. 8533980ME – 01/04/2021 – Makati City
MCLE Compliance No. VI-0009490-06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX “C”

I. MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATION

<u>Review of FY 2020 operations vs FY 2019</u>

Ayala Land endured the severe impact of COVID-19 in 2020 recording a 43% decline in consolidated revenues to P96.27 billion from P168.79 billion and a 74% drop in net income to P8.73 billion from P33.19 billion. Key indicators improved steadily from the third quarter to the fourth quarter reflecting a 49% growth in total revenues to P32.95 billion and a 28% jump in net income to P2.36 billion, sustaining the momentum for recovery.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services registered at P85.97 billion, a 46% decline from P157.85 billion due to construction restrictions, lower bookings, and restrained mall and hotel operations.

Capital expenditures amounted to P63.67 billion, within the revised full-year budget of P69.82 billion and financial sustainability initiatives strengthened the balance sheet with the net gearing ratio improving to 0.74:1 from 0.78:1 in FY 2019.

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, and commercial and industrial lots, and operations of MCT Bhd, Ayala Land’s consolidated subsidiary based in Malaysia. The Property Development business generated revenues of P57.86 billion, a 47% dip from P109.69 billion due to construction restrictions and lower bookings.

Residential. Revenues from the sale of residential lots and units and MCT Bhd’s operations declined 44% to P47.79 billion from P86.09 billion, however, in the fourth quarter, this amounted to P21.6 billion, a 54% improvement from the third quarter.

AyalaLand Premier (ALP) posted revenues of P15.01 billion, 39% lower than P24.45 billion, due to the lower percentage-of-completion (POC) of West Gallery Place in BGC, Park Central South Tower and Garden Tower 2 in Makati CBD and Arbor Lanes in Arca South and lower bookings from Park Central North Tower in Makati CBD and combined lower bookings and POC of The Alcoves in Cebu and Cerilo in Nuvali.

ALVEO recorded revenues of P8.05 billion, a decline of 58% from P19.00 billion owing to lower POC of High Park 2 in Vertis North and Park Triangle Residences in BGC, lower bookings from Orean Place 1 & 2 in Vertis North, The Residences at Evo City 1, Venido in Biñan Laguna, and combined lower bookings and POC of Travertine in Portico.

Avida meanwhile registered revenues of P14.42 billon, a 47% decrease from P27.36 billion, attributed to lower bookings from The Montane in BGC, Avida Towers Asten 3 in Makati, Avida Towers Sola 1 and 2 in Vertis North, Avida Northdale Settings in Nuvali, Avida Towers Vireo 1 in Arca South and Avida Towers Prime Taft 3 in Manila.

Amaia reached P4.69 billion in revenues, a 36% reduction from P7.37 billion relating to lower bookings from Skies Cubao Tower 2, Skies Shaw Tower 1, Skies Sta. Mesa and Skies Avenida Tower 1. **BellaVita** meanwhile recognized revenues of P790.65 million, 34% less than P1.20 billion because of lower bookings from projects in Cagayan de Oro, Batangas and Laguna.

MCT Bhd contributed P4.85 billion in revenues, a 28% decline from P6.71 billion as the inventory of projects in Lakefront and Cybersouth are almost sold-out and construction activities in the 2nd quarter and 4th quarters were limited under Malaysia’s movement control order (MCO).

These factors offset the contribution from projects under Market Homes, its affordable housing segment.

Office for Sale. Revenues from the sale of office units came down by 72% to P3.51 billion from P12.34 billion, owing to limited inventory and lower incremental completion of remaining projects such as ALVEO Financial Tower in Makati CBD, Park Triangle Corporate Plaza, Park Triangle Tower and High Street South Corporate Plaza 2, all in BGC.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial decelerated by 42% to P6.56 billion from P11.27 billion mainly due to slower take-up of inventory in Broadfield and limited inventory in Altaraza, Evo City and Nuvali.

Sales Reservations. Despite limited sales mobility, sales reservations registered at P81.90 billion, 56% of the level in 2019. This translates to an average of P6.8 billion in monthly sales. Fourth quarter sales reservations reached 55-75% of pre-COVID levels due to sustained property demand, totaling P21.08 billion, equivalent to an average of P7.0 billion in monthly sales.

Local and overseas Filipinos accounted for 89% of total sales with the balance of 11% from other nationalities. Sales from local Filipinos which comprise 74%, amounted to P60.4 billion, 42% lower year-on-year, while sales from overseas Filipinos which represented 15% of the total, amounted to P12.6 billion, a decline of 35%year-on-year. Meanwhile, sales to other nationalities amounted to P8.9 billion, a 60% drop, primarily as sales to mainland Chinese buyers which comprise 28% decreased by 70% to only P2.5 billion.

Project Launches. A total of 13 projects totaling P10.59 billion were launched in 2020. In the first quarter, Ayala Land was able to launch five (5) projects with a total value of P4.99 billion. These are Avida Greendale Settings at Alviera in Pampanga, Amaia Steps Aria at The Junction Place in Quezon City, Amaia Scapes Cabuyao Series 3 area 2, and Bellavita Alaminos 2, both in Laguna. No new residential projects were launched in the second quarter of 2020. However, with improving demand in the third quarter, three (3) sequel projects were launched amounting to P2.19 billion. These are Andacillo Phase 3A in Nuvali, Laguna, Amaia Scapes Series 4A in Sta. Maria, Bulacan and Bellavita Alaminos 2. Meanwhile, five (5) sequel projects amounting to P3.41 billion were launched in the fourth quarter. These are Andacillo Phase 4 in Nuvali, Laguna, Amaia Scapes Gen. Trias S3 and S4 in Cavite, and two tranches of additional units in Bellavita Alaminos 2 in Laguna.

Commercial Leasing. This includes the operation of Shopping Centers, Office Buildings and Hotels and Resorts. Total revenues from commercial leasing declined 44% to P21.86 billion from P39.31 billion given restrained mall and hotel operations.

Shopping Centers. Revenues from shopping centers dropped 59% to P9.06 billion from P22.02 billion. Operating GLA and foot traffic as a percentage of pre-COVID levels improved towards the end of 2020. In the fourth quarter, operating GLA reached 64% from 62% in the third quarter. Likewise, foot traffic reached 35-45% in the fourth quarter from 30-35% in the third quarter as the less strict general community quarantine restriction was maintained, boosted by the holiday season. These improvements resulted in P1.69 billion in mall revenues in the fourth quarter, a 10% recovery from the third quarter of 2020. Average tenant sales also improved quarter on quarter reaching 53% in the fourth quarter from 41% in the third quarter. The average occupancy rate for all malls is 85% and 90% for stable malls. Total Malls GLA stands at 2.12 million square meters.

Offices. Revenues from office leasing was sustained at P9.41 billion from P9.67 billion on account of continuing BPO and HQ office operations. The average occupancy rate for all offices is 88% and 94% for stable offices. Total office leasing GLA increased to 1.23 million square meters with the completion of BGC Corporate Center 2 and Central Bloc Corporate Center 2 in October and December, respectively.

Hotels and Resorts. Revenues from hotels and resorts ended 56% lower to P3.39 billion from P7.62 billion. The average occupancy for all hotels was 41% and 44% for stable hotels. Meanwhile, the average occupancy for all and stable resorts stood at 16%. In the fourth quarter, El Nido Resorts and the Lio Estate were able to host more travel bubbles to the public, in close coordination with the Department of Tourism and the Local government. From only four (4) in the third quarter, a total of 37 travel bubbles were launched in the fourth quarter, driving a 52% increase in revenues to P787 million from the third quarter. The hotels and resorts segment ended 2020 with a total of 4,030 rooms in its portfolio with the completion of 345 rooms in the first half as it opened Seda Central Bloc in Cebu and additional rooms in Seda Residences Ayala North Exchange and Seda BGC.

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 through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and businesses engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and AirSWIFT, the airline for the hotels and resorts in Palawan and Sicogon. Total revenues amounted to P6.25 billion, 29% lower than P8.85 billion due to the restricted construction activity of MDC, lower power consumption of power subsidiary customers during the lock down, and very limited operations of AirSWIFT.

Construction. Net construction revenues totaled P3.28 billion, only 3% lower than P3.40 billion last year.

Property Management and Others. APMC, power services companies and AirSWIFT registered revenues of P2.97 billion, 46% less than P5.45 billion.

Blended EBITDA margins of the Services segment stood at 7%, lower than 10% in 2019 owing to COVID-19 related expenses.

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

Equity in net earnings of associates and JV companies, particularly Ortigas and FBDC companies, declined 39% to P586.50 million from P965.79 million.

Interest income from real estate sales increased 9% to P8.60 billion from P7.89 billion in 2019 driven by increased sale of real estate receivables. Meanwhile, Interest and investment income registered a 58% drop to P394.70 million from P930.45 million owing to lower balances and yields from short term investments.

Other income, composed mainly of marketing and management fees from joint ventures, among others, decreased 38% to P723.27 million from P1,157.94 million. This decline was largely due to the higher base in 2019 given the gain recognized from the sale of Vertex One office building in Santa Cruz Manila to Manila Jockey Club, Inc.

Expenses

Total expenses stood at P81.22 billion, 31% lower than P117.96 billion as real estate expenses decreased by 40% to P56.67 billion from P94.75 billion.

General and administrative expenses declined 14% to P8.01 billion from P9.37 billion on account of a lower topline. This resulted in a GAE ratio of 8.3% and an EBIT margin of 25.9%.

Interest, other financing charges and other expenses, which includes interest expense related to PFRS 16 (Leases) totaled P16.53 billion. This was a 19% increase from P13.84 billion due the higher discounting cost related to the sale of accounts receivables, interest expense from the higher average loan balance and bank charges related to loan prepayments. The average cost of debt registered at 4.7%, 50 basis points lower than 5.2% at the end of December 2019. Of the total, 95% is locked in fixed rates, while 96% is contracted for a long-term basis.

Capital Expenditures

Capital expenditures reached P63.67 billion for the full-year of 2020. These were mainly spent for the completion of residential and commercial leasing assets. 45% was spent on residential projects, 23% on commercial projects, 15% for land acquisition and 14% for the development of estates. The full year capex estimate was reduced to P70.0 billion from the original estimate of P110.0 billion.

Financial Condition

Financial sustainability initiatives strengthened the balance sheet with the net gearing ratio improving to 0.74:1 from 0.78:1 in FY 2019. Total borrowings registered at P211.95 billion which translated to a debt-to-equity ratio of 0.81:1 from 0.87:1.

Cash and cash equivalents, including short-term investments and financial assets at fair value through profit or loss stood at P18.36 billion resulting in a current ratio of 1.62:1.

Return on equity was at 4.03% as of December 31, 2020.

	End-December 2020	*End-December 2019*
Current ratio [1]	1.62:1	1.30:1
Debt-to-equity ratio [2]	0.81:1	0.87:1
Net debt-to-equity ratio [3]	0.74:1	0.78:1
Profitability Ratios:		
Return on assets [4]	1.53%	5.43%
Return on equity [5]	4.03%	16.66%
Asset to Equity ratio [6]	2.77:1	2.94:1
Interest Rate Coverage Ratio [7]	2.96	6.27

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 Net income / average total assets
5 Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
6 Total Assets /Total stockholders' equity
7 EBITDA/Interest expense

There are no events that will trigger direct or contingent financial 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 FY 2020.

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

Income Statement items* – *For the year ended December 31, 2020 and 2019

Real estate and hotel revenues decreased by 46% due to construction restrictions, lower bookings, and restrained mall and hotel operations.

Equity in net earnings decreased by 39% mainly due to lower income contributions from Ortigas Land Corporation (OLC) and Fort Bonifacio Development Corp. (FBDC).

Interest income from real estate sales increased by 9% owing to higher sale of real estate receivables.

Interest and investment income decreased by 58% driven by lower balance and lower yield from short-term investments.

Other Income decreased by 38% due to higher gain recognized in 2019 from sale of Vertex One building in Santa Cruz Manila.

Cost of real estate sales decreased by 40% due to lower real estate and hotel revenues.

General administrative expenses decreased by 14% mainly from manpower costs including security and janitorial, rent and dues and fees, transportation and travel, and other overhead expenses.

Interest, other financing charges and other expenses increased by 19% due to higher discounting cost related to sale of trade receivables, interest expense from higher average loan balance, and bank charges related to loan repayments.

Provision for income tax decreased by 70% due to lower taxable income.

Balance Sheet items - As at December 2020 versus 2019

Cash and cash equivalents - decreased by 17% mainly due to lower collection from customers, payments of capital expenditures, interest expense from borrowings, and cash dividends, partially offset by proceeds from initial public offering of AREIT, Inc, sale of trade receivables, and loan availments.

Short-term investments decreased by 42% due to reallocation to investments with higher yield.

Financial asset at fair value through profit and loss increased by 99% attributable to increase in investments in UITF and treasury bills.

Real Estate Inventories increased by 22% as a driven by land acquisitions, incremental POC, reclassification from investment property, partially offset by lower real estate sales.

Other current assets increased by 19% mainly due to payment of advances to contractors and suppliers, payment of CWT, and building classified as held for sale.

Investments in associates and joint ventures increased by 5% owing to the increase in investments in joint ventures, and equity in net earnings for the period net of dividend received.

Investment properties decreased by 8% due to reclassification of land to inventory, and depreciation expense for the period.

Deferred tax assets increased by 5% coming from accrued expenses, allowances for probable losses, and NOLCO.

Other noncurrent assets decreased by 9% mainly from recoupment of advances to contractors and suppliers, partially offset by increase in deferred input VAT.

Short-term debt decreased by 49% due to various payments during the year.

Account and other payables decreased by 11% due to payments of accounts payable and accrued operating expenses, lower taxes payables and interest payable, and other accrued expenses.

Income tax payable decreased by 31% due to lower taxable income.

Current portion of lease liabilities decreased by 36% due to payments to lessors.

Current portion of long-term debt increased by 9% attributable to maturing bonds and bank loans within 12 months.

Long-term debt – net of current portion increased by 5% due to increase in bonds issuance and bank loans.

Pension liabilities increased by 52% mainly due to increase in benefit obligation and remeasurement loss for the current period.

Deferred tax liabilities higher by 17% mainly due to timing difference between tax and book basis of accounting for real estate transactions and right-of-use assets.

Deposit and other noncurrent liabilities increased by 14% mainly coming from unrealized revenues from collected receivables and security deposits from tenants, partially offset by payment for contractors payable, purchased land and collected output VAT.

Stock options outstanding decreased by 49% attributable to the exercise of stock options.

Remeasurement loss on defined benefit plans increased by 143% due to actuarial loss from change in pension liability assumptions.

Fair value reserve of financial assets at FVOCI increased by 64% attributable to unrealized fair value loss from cash flow hedging of loans bearing interest at floating rate.

Cumulative translation adjustments decreased by 33% mainly due to translation loss on financial statements of MCT Bhd.

Equity reserves increased by 108% attributable to gain on sale ownership in AREIT, Inc. to Non-controlling Interest (NCI).

Treasury Stock increased by 14% as a result of share buy-backs during the year.

Non-controlling interests increased by 19% as a result of public listing of AREIT, Inc.

Review of 2019 operations vs 2018

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

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

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

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

Business Segments

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

Property Development. This segment includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and the operations of the Malaysia-based consolidated subsidiary MCT Bhd.

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

Residential. Revenues from the sale of residential lots and units and MCT Bhd's operations were lower by 9% at PHP86.09 billion from PHP94.63 billion in 2018. The decline was due to the lower contribution of AyalaLand Premier (13% drop from PHP28.00 billion in 2018 to PHP24.45 billion in 2019) and ALVEO (28% decrease from 26.28 billion in 2018 to PHP19.00 billion last year). Most of their vertical projects recognized in 2019 were booked in previous periods and are now nearing completion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There are now have 11 Seda Hotels, operating 2,367 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (468); Centrio, Cagayan de Oro (150); Abreeza, Davao (186); Nuvali, Santa Rosa, Laguna (150); Vertis North, Quezon City (438); Capitol Central, Bacolod (154); Lio, Palawan (153); Ayala Center Cebu (301); Seda Residences Ayala North Exchange (215); and Circuit Corporate Residences (255). El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 152 rooms under its Bed and Breakfast (B&B) and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

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

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

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

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

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

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

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

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

Expenses

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

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

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

Project and Capital Expenditure

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

Financial Condition

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

Cash and cash equivalents, including short-term investments and financial assets at fair value through profit or loss , stood at PHP21.52 billion resulting in a current ratio of 1.30:1.

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheet items – December 2019 versus December 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Review of 2018 operations vs 2017</u>

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

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

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

BUSINESS SEGMENTS

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

Residential. Driven by new bookings and project completions, revenues from the sale of Ayala Land residential lots and units and from MCT Bhd’s operations reached ₱94.63 billion, an 18% growth from previous year’s ₱79.90 billion.

Revenues generated by **AyalaLand Premier (ALP)** rose by 6% to ₱28.00 billion from ₱26.50 billion previous year, due to bookings from The Courtyards in Vermosa, Cavite and The Alcoves in Cebu Business Park and higher completion of The Suites at the Bonifacio Global City, Taguig, Metro Manila.

Alveo posted slightly higher revenues at ₱26.29 billion from previous year's ₱26.17 billion. The increase is attributed to bookings from Orean Place Tower 1 at Vertis North, Quezon City, Metro Manila and Travertine Tower at Portico, Pasig City, Metro Manila, and higher completion at The Residences at Evo City in Kawit, Cavite.

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

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

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

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

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

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

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

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

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

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

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

The Company opened three new malls in 2018—Circuit Mall in Makati with 52,000 sq. meters of gross leasable area (GLA), Capitol Central Mall in Bacolod with 67,000 sq. meters, and One Bonifacio High

Street in Taguig with 23,000 sq. meters—bringing the shopping centers' year-end GLA to 1.90 million sq. meters.

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

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

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

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

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

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

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

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

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

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

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

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

Project and Capital Expenditures

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

Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks

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

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

High-End, Middle-Income, Affordable Residential, and Economic and Socialized Housing Developments

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

Shopping Center, Office Space and Land Rental

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

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

Hotel and Resort Operations

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

Construction

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

Property Management

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

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

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

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

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A, free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

Ayala Land, Inc.
30/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City 1226

Attention: Mr. Augusto D. Bengzon
Senior Vice-President
Chief Finance Officer, Treasurer and Chief Compliance Officer

II. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

A) Principal Market where the Registrant's Common equity is traded.

Philippine Stock Exchange
Prices (in PhP/share)

	High		Low		Close	
	2020	2019	2020	2019	2020	2019
First Quarter	45.30	45.75	19.44	40.60	30.20	44.90
Second Quarter	38.20	52.50	28.20	44.40	33.80	50.80
Third Quarter	37.70	53.85	26.50	46.30	29.70	49.45
Fourth Quarter	42.10	49.90	29.00	42.55	40.90	45.50

The market capitalization of ALI as of end-2020, based on the closing price of ₱40.90/share, was approximately ₱602.5 billion.

The price information as of the close of the latest practicable trading date March 25, 2021 is ₱35.00 per share.

B) Holders

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

Common Stockholders: There are 8,984 registered holders of common shares of the Company as of January 31, 2021.

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Corporation	6,545,946,579	44.4384%
2.	PCD Nominee Corporation (Non-Filipino)	5,393,515,444	36.6149%
3.	PCD Nominee Corporation (Filipino)	2,487,797,715	16.8889%
4.	ESOWN Administrator 2020	14,845,498	0.1008%
5.	ESOWN Administrator 2012	13,685,969	0.0929%
6.	ESOWN Administrator 2015	12,618,236	0.0857%
7.	ESOWN Administrator 2010	12,543,936	0.0852%
8.	0.0795%ESOWN Administrator 2016	11,711,440	0.0795%
9.	ESOWN Administrator 2013	10,975,745	0.0745%
10.	ESOWN Administrator 2019	10,064,002	0.0683%
11.	ESOWN Administrator 2017	9,862,182	0.0670%
12.	ESOWN Administrator 2011	9,859,663	0.0669%
13.	ESOWN Administrator 2014	9,620,370	0.0653%
14.	Antonino T. Aquino	8,973,208	0.0609%
15.	ESOWN Administrator 2018	8,247,901	0.0560%
16.	Emilio Lolito J. Tumbocon	7,340,134	0.0498%
17.	Vincent Y. Tan	5,969,832	0.0405%
18.	Estrellita B. Yulo	5,732,823	0.0389%
19	Jose Luis Gerardo Yulo	5,062,624	0.0344%
20	Ma. Angela Y. La'o	3,728,620	0.0253%

Voting Preferred Stockholders: There are approximately 2,854 registered holders of voting preferred shares of the Company as of January 31, 2021.

	Stockholder Name	No. of Voting 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.	Belson Securities, Inc.	2,800,874	0.0214%
18.	CBNA FAO 6002079572 CITIMNIFOR	2,725,700	0.0209%
19.	Deutsche Bank AG Manila OBO Swedbank Robur	2,700,000	0.0207%
20.	Maybank ATR Kim Eng Securities, Inc.	2,666,714	0.0204%

As a result of the merger, the percentage ownership of Ayala Corporation, the Company's parent company, will be reduced from 67.3065% to 67.0213%. The merger will have no significant effect on the shareholdings of Ayala Land's directors and officers.

C) Dividends

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

CASH DIVIDEND (Per Common Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.2400	Feb. 20, 2017	Mar. 06, 2017	Mar. 22, 2017
0.2400	Aug. 18, 2017	Sept. 05, 2017	Sept. 15, 2017
0.2520	Feb. 20, 2018	Mar. 12, 2018	April 3, 2018
0.2520	Aug. 17, 2018	Sep. 6, 2018	Oct. 2, 2018
0.2600	Feb. 27, 2019	Mar. 13, 2019	Mar. 29, 2019
0.2600	Oct. 31, 2019	Nov. 15, 2019	Nov. 29, 2019
0.2680	Feb. 20, 2020	Mar. 06, 2020	Mar, 20, 2020
0.1358	Feb. 23, 2021	Mar. 10, 2021	Mar. 25, 2021

CASH DIVIDEND (Per Voting Preferred Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
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 24, 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.

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.

D) Recent Sale of Securities

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

Year	No. of Shares	
	ESOP*	ESOWN
	(exercised)	(subscribed)
2019	-	10.5 million
2020	-	14.8 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 and September 2017.

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

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

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

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

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

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

E) Corporate Governance

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

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

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

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

ANNEX "D"

NATURE AND SCOPE OF BUSINESS

Ayala Land is the largest property developer 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.

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

Property Development

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

Strategic Land Bank Management handles the acquisition, development and sale of large scale, mixed-use, master-planned communities, the sale of Ayala Land's share in properties made available to subsidiaries for development and the lease of gas station sites and carparks outside Ayala Center in Makati City. Visayas-Mindanao Group handles the development, sale and lease of the Company 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 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. is Ayala Land's listed subsidiary in Malaysia which specializes in the affordable housing segment. MCT has a land bank of 286 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 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 ("OF") market is handled by Ayala Land International Sales, Inc. ("ALISI"). Created in March 2005, ALISI leads the marketing, sales and channel development activities and marketing initiatives of the brands abroad through project websites, permanent sales offices or broker networks, and regular roadshows with strong follow-through marketing support in key cities abroad. ALISI has marketing offices in North America (Milpitas and San Francisco), Hong Kong, Singapore, Dubai, Rome, and London. ALISI likewise assumed operations of AyalaLand Int'l. Marketing in Italy and London, in 2014.

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

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

PLAN OF MERGER

This Plan of Merger is executed on //, 2021 in Makati City, Philippines, by and among:

AYALA LAND, INC. a corporation duly organized and existing under the laws of the Philippines with principal office at 31/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines ("**ALI**") represented herein by its President, Bernard Vincent O. Dy, and its Corporate Secretary, Solomon M. Hermosura;

CEBU HOLDINGS, INC. a corporation duly organized and existing under the laws of the Philippines with principal office at 20/F Ayala Center Cebu Tower, Bohol Street, Cebu City, Philippines ("**CHI**") represented herein by its President, Anna Ma. Margarita B. Dy, and its Corporate Secretary, June Vee D. Monteclaro-Navarro;

ASIAN I-OFFICE PROPERTIES, INC. a corporation duly organized and existing under the laws of the Philippines with principal office at 20/F Ayala Center Cebu Tower, Bohol Street, Cebu City, Philippines ("**AiO**") represented herein by its President, Aniceto V. Bisnar, Jr., and its Corporate Secretary, Nimfa Ambrosia L. Perez-Paras;

ARCA SOUTH COMMERCIAL VENTURES CORP. a corporation duly organized and existing under the laws of the Philippines with principal office at 5/F Floor, Glorietta 4, Ayala Center, Makati City, 1224, Metro Manila, Philippines ("**ASCVC**") represented herein by its President, Christopher B. Maglanoc, and its Corporate Secretary, Nimfa Ambrosia L. Perez-Paras;

-and-

CENTRAL BLOCK DEVELOPERS, INC. a corporation duly organized and existing under the laws of the Philippines with principal office at 28/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines ("**CBDI**") represented herein by its President, Carol T. Mills, and its Corporate Secretary, Nimfa Ambrosia L. Perez-Paras;

Recitals

A. ALI, CHI, AiO, ASCVC, and CBDI (collectively, the "**Constituent Corporations**") are engaged in the real estate business, particularly in holding, developing, managing, administering, selling, conveying, encumbering, purchasing, acquiring, renting, or otherwise dealing in and disposing of residential, commercial, industrial, urban, or other kinds of real property;

B. ALI has an authorized capital stock of Twenty-One Billion Five Hundred Million Pesos (Php21,500,000,000.00) divided into: Twenty Billion (20,000,000,000) common shares with a par value of One Peso (Php1.00) per share and Fifteen Billion (15,000,000,000) preferred shares with a par value of Ten Centavos (Php0.10). Twenty-Seven Billion Seven Hundred Ninety-Six Million Eight Hundred Ninety Thousand Three Hundred Fifty-Eight (27,796,890,358) ALI shares are issued and outstanding to the stockholders listed in **Annex "A"**, such shares being comprised of Fourteen Billion Seven Hundred Thirty Million Three Hundred Ninety-Five Thousand

Five Hundred Ninety-Nine (14,730,395,599) common shares and Thirteen Billion Sixty-Six Million Four Hundred Ninety-Four Thousand Seven Hundred Fifty-Nine (13,066,494,759) preferred shares;

C. CHI has an authorized capital stock of Three Billion Pesos (Php3,000,000,000.00), divided into Three Billion (3,000,000,000) common shares with a par value of One Peso (Php1.00) per share. Of such CHI shares, Two Billion One Hundred Fifty-Six Million Seven Hundred Fifty-Six Thousand Six Hundred Thirty-One (2,156,756,631) shares are issued and outstanding to the stockholders listed in **Annex "B"**;

D. AiO has an authorized capital stock of One Billion Two Hundred Fifty Million Pesos (Php1,250,000,000) divided into: One Million Two Hundred Fifty Thousand (1,250,000) common shares with a par value of One Hundred Pesos (Php100.00) per share and Eleven Million Two Hundred Fifty Thousand (11,250,000) preferred shares with a par value of One Hundred Pesos (Php100.00) per share. Of such shares, Six Million Seven Hundred Sixty-One Thousand Three Hundred Fifty (6,761,350) AiO shares are issued and outstanding to the stockholders listed in **Annex "C"**, such shares being comprised of Six Hundred Seventy Six Thousand One Hundred Thirty-Five (676,135) common shares and Six Million Eighty-Five Thousand Two Hundred Fifteen (6,085,215) preferred shares;

E. ASCVC has an authorized capital stock of Five Billion Four Hundred Forty-Two Million Pesos (Php5,442,000,000.00), divided into: Five Hundred Forty-Four Million Two Hundred Thousand (544,200,000) common shares with a par value of One Peso (Php1.00) per share and Four Billion Eight Hundred Ninety-Seven Million Eight Hundred Thousand (4,897,800,000) preferred class A shares with a par value of One Peso (Php1.00). Of such shares, Two Billion Three Hundred Ten Million Five Hundred Thousand (2,310,500,000) ASCVC shares are issued and outstanding to the stockholders listed in **Annex "D"**, such shares being comprised of Two Hundred Thirty-One Million Fifty Thousand (231,050,000) common shares and Two Billion Seventy-Nine Million Four Hundred Fifty Thousand (2,079,450,000) preferred class A shares;

F. CBDI has an authorized capital stock of Five Billion Five Hundred Million Pesos (Php5,500,000,000.00), divided into: Five Hundred Fifty Thousand (550,000) common shares with a par value of One Thousand Pesos (Php1,000.00) per share and Four Million Nine Hundred Fifty Thousand (4,950,000) preferred shares with a par value of One Thousand Pesos (PHP1,000.00). Of such shares, Four Million Nine Hundred Nine Thousand Three Hundred Ten (4,909,310) CBDI shares are issued and outstanding to the stockholders listed in **Annex "E"**, such shares being comprised of Four Hundred Ninety Thousand Nine Hundred Thirty-One (490,931) common shares and Four Million Four Hundred Eighteen Thousand Three Hundred Seventy-Nine (4,418,379) preferred shares;

G. The Constituent Corporations desire to merge pursuant to Sections 75 to 79, Chapter IX, of the Revised Corporation Code of the Philippines (the "**Revised Corporation Code**") and Section 40(C)(2)(b) of the National Internal Revenue Code of 1997, as amended;

H. ALI owns, directly or indirectly, 100% of or at least a majority of the other Constituent Corporations. The merger is desirable and advantageous to the Constituent Corporations because the merger will consolidate ALI's various real estate portfolios under one listed vehicle, thereby strengthening current shareholders' investments, facilitating prospective investors' decision-making, allowing investors to focus on one listed entity, and creating a wider shareholder base which will increase the liquidity of ALI's shares; and will create operational efficiencies and simplify reporting to government regulatory agencies.

I. ALI shall be the surviving company in the merger and shall absorb and take over CHI, AiO, ASCVC, and CBDI (the "**Merger**"). The Merger and the terms in this Plan of Merger, as set forth in this Plan of Merger, were approved by the Constituent Corporations' respective Boards of Directors on the following dates: CHI - February 22, 2021; ALI - February 23, 2021; and AiO, ASCVC, and CBDI - March 5, 2021. This Plan of Merger contains the terms of the Merger approved by such Boards of Directors, and the latter have authorized the execution of this Plan of Merger.

J. The Merger and this Plan of Merger will also be submitted to the stockholders of the Constituent Corporations for ratification and approval at each Constituent Corporation's annual meeting.

K. Upon adoption and approval by the stockholders of the Constituent Corporations of this Plan of Merger, the proper officers and directors of the Constituent Corporations are to sign, execute, file and deliver such documents and instruments, and to do all acts or things as may be required or necessary to fully implement the Merger;

NOW THEREFORE, in consideration of the premises and of the mutual agreements, provisions, covenants, terms, and conditions contained in this Plan of Merger, the Constituent Corporations agree to the Merger in accordance with the Revised Corporation Code as follows:

ARTICLE I

THE MERGER

1.1 **Merger of CHI, AiO, ASCVC, and CBDI with and into ALI**. In accordance with the provisions of this Plan of Merger and the Revised Corporation Code, at the Effective Date as defined in Article 1.5 hereunder, the Merger shall take effect and CHI, AiO, ASCVC, and CBDI (the "**Absorbed Corporations**") shall be merged with and into ALI, with ALI as the surviving corporation (the "**Surviving Corporation**").

1.2 **Approvals**. After the approval of this Plan of Merger by the Board of Directors of each of the Constituent Corporations, it shall be submitted to the stockholders of Constituent Corporations pursuant to Section 76 of the Revised Corporation Code for ratification and approval.

1.3 **Effects of Merger.** Upon the Effective Date of the Merger:

(a) The separate existence of the Absorbed Corporations shall cease.

(b) ALI shall continue to exist as a corporation organized and existing under the laws of the Philippines, shall continue to conduct its business as presently conducted, and shall be the Surviving Corporation.

(c) ALI shall acquire all issued and outstanding shares held by the Absorbed Corporations' stockholders, and in exchange for their shares, such stockholders shall be issued ALI common shares in accordance with Article 2.1 hereunder. In case the stockholder of an Absorbed Corporation is itself an Absorbed

Corporation or is ALI itself, the shares that would have been issued to such a stockholder will be ALI treasury shares.

(d) ALI, as the Surviving Corporation, shall continue to possess all the rights, privileges, immunities, and powers and shall be subject to all the duties and liabilities of a corporation under the Revised Corporation Code.

(e) ALI shall thereupon and thereafter possess all the rights, privileges and immunities of the Absorbed Corporations, and all property, real or personal, and all receivables due on whatever account, including subscriptions to shares and other choses in action, and all and every other interest of, or belonging to, or due to the Absorbed Corporations shall be taken and deemed to be transferred to and vested in ALI without further act or deed.

(f) ALI shall be responsible and liable for all the liabilities and obligations of the Absorbed Corporations, in the same manner as if ALI had itself incurred such liabilities and obligations, and any pending claim, action or proceeding brought by or against any of the Absorbed Corporations may be prosecuted by or against ALI, as the case may be. Neither the lawful rights or creditors nor any valid lien upon the property of the Constituent Corporations shall be impaired by the Merger.

1.4. **Additional Actions.** If, at any time after the Effective Date, ALI shall consider or be advised that any further assignments or assurances in law or in any other acts are necessary or desirable, *(a)* to vest, perfect or confirm, of record or otherwise, in ALI, title to and possession of any property or rights of ALI, acquired or to be reason of, in connection with, or as result of the Merger, or *(b)* otherwise to more effectively effectuate this Plan of Merger, ALI and its officers and directors shall be deemed to have granted each of the Absorbed Corporations and the Absorbed Corporations' officers and directors an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law, and to do all acts necessary or proper to vest, perfect to confirm title to, and possession of such right or property in ALI and otherwise to take any and all such action.

1.5. **Effective Date.** Upon approval of this Plan of Merger by the respective stockholders of the Constituent Corporations, the Articles of Merger with the attached Plan of Merger shall be filed by the Constituent Corporations with the Securities and Exchange Commission ("**SEC**"). The Merger shall take effect upon the approval of the Merger and the issuance of the Certificate of Filing of the Articles and Plan of Merger by the SEC.

ARTICLE II

SHARE OF STOCK

2.1. **Acquisition and Issuance of Stock.**

(a) All of the shares of CHI, AiO, ASCVC and CBDI owned by their respective stockholders (legally and/or beneficially) prior to the Merger (as indicated in **Annexes "B" to "E"**) shall be acquired by ALI, and in exchange for the net assets of the Absorbed Corporations, a total of Six Hundred Nine Million Six Hundred Twenty-Six Thousand Three Hundred Fifty-One (609,626,351) ALI common shares will be issued to the stockholders of the Absorbed Corporations using the following exchange ratio as follows:

Absorbed Corporations	**Exchange ratio**	**Total No. of ALI common shares to be issued**
CHI	0.19 ALI common share for every 1 CHI common share	409,783,760
AiO	3.29 ALI common share for every 1 AiO common share	22,244,841
ASCVC	0.0255 ALI common share for every 1 ASCVC common share	58,917,750
CBDI	24.17 ALI common share for every 1 CBDI common share	118,680,000
Total		**609,626,351**

Provided that if such a stockholder is an Absorbed Corporation or ALI itself, the shares that would have been so issued shall be ALI treasury shares. Of the foregoing 609,626,351 ALI shares, 491,306,375 shall be treated as ALI treasury shares.

After the Merger, ALI's stockholders shall be as attached in **Annex "F"**.

(b) As of the date of this Plan of Merger, ALI directly or indirectly owns all or at least a majority of the shareholdings in each of the Absorbed Corporations as follows:

Absorbed Corporations	**ALI Ownership**
CHI	71.13% (direct)[1]
AiO	71.13% (indirectly through CHI; CHI owns 100% of AiO)[2]
ASCVC	100% (direct)[3]
CBDI	45% (direct)[4] 39.12%[5] (indirectly through CHI; CHI owns 55% of CBDI)[6]

(c) The present outstanding capital stock of CHI, AiO, ASCVC and CBDI shall be retired and cancelled.

2.2. **Surrender of Shares/Stock Certificates.** As soon as reasonably practicable after the Effective Date of the Merger, ALI's Corporate Secretary shall send to each former stockholder of the Absorbed Corporations instructions relating to the surrender of their shares of stock/stock certificates for cancellation, as applicable.

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[1] *See* CHI's General Information Sheet ("*GIS*") for the annual meeting dated April 14, 2020, p. 4.
[2] *See* AiO's GIS for the annual meeting dated July 10, 2020, p. 4.
[3] *See* ASCVC's GIS for the annual meeting dated December 23, 2020, p. 4.
[4] *See* CBDI's GIS for the annual meeting dated December 8, 2020, p. 4 and the Certificate of Approval of Increase of Capital Stock dated 21 December 2020.
[5] 55% x 71.13%
[6] *See* CBDI's GIS for the annual meeting dated December 8, 2020, p. 4.

ARTICLE III

AUDITED FINANCIAL STATEMENTS

3.1. The cut-off date of the audited financial statements the Constituent Corporations for the purpose of this Merger is 31 December 2020 (the "**Cut-Off Date**"). It is understood that whatever assets that may not have been reflected in the audited financial statements of the Absorbed Corporations as of the Cut-Off Date or may have been omitted therefrom for any reason whatsoever as well as other assets which may come into its possession or to which they may be entitled after the Cut-Off Date and until the Effective Date shall be deemed included in the conveyance, assignment and transfer pursuant to this Merger.

ARTICLE IV

ARTICLES OF INCORPORATION AND BY-LAWS OF ALI

4.1. **Articles of Incorporation.** The Articles of Incorporation of ALI as the Surviving Corporation shall not change from the present Articles of Incorporation of ALI in effect immediately prior to the Effective Date of the Merger on account of the Merger.

4.2. **By-Laws.** The By-Laws of ALI, as the Surviving Corporation, shall not change from by-laws in effect immediately prior to the Effective Date of the Merger on account of the Merger.

ARTICLE V

SHAREHOLDERS' APPROVAL

5.1. The Plan of Merger will be submitted for approval and adoption by shareholders of ALI at the annual meeting of such shareholders scheduled on April 21, 2021 which shall be held through remote communications.

5.2. The Plan of Merger will be submitted for approval and adoption by shareholders of CHI at the annual meeting of such shareholders scheduled on April 14, 2021 which shall be held through remote communications.

5.3. The Plan of Merger will be submitted for approval and adoption by shareholders of AiO at the annual meeting of such shareholders scheduled on April 13, 2021 at its principal office located at 20/F Ayala Center Cebu Tower, Bohol Street, Cebu City.

5.4. The Plan of Merger will be submitted for approval and adoption by shareholders of ASCVC at the annual meeting of such shareholders scheduled on April 13, 2021 at its principal office located at 5/F Glorietta 4, Ayala Center, Makati City.

5.5. The Plan of Merger will be submitted for approval and adoption by shareholders of CBDI at the annual meeting of such shareholders scheduled on April 13, 2021 at its principal office located at 28/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

5.6. In all the foregoing meetings of the shareholders of the Constituent Corporations, at least two-thirds (2/3) of the outstanding capital stock of the corporation must vote in favor of approving and adopting this Plan of Merger. The Constituent Corporations shall each forthwith implement the Merger, and as required under the Revised Corporation Code, shall execute the Articles of Merger, signed by their respective President or Vice-President, and certified by their respective Corporate Secretaries, setting forth: *(a)* the Plan of Merger; *(b)* the number of outstanding shares; and *(c)* the number of shares voting for and against the Plan of Merger, respectively

ARTICLE VI

BOARD OF DIRECTORS AND OFFICERS

6.1. **Board of Directors and Officers of ALI.** The incumbent directors and officers of the Surviving Corporation shall continue to be the directors and officers of the Surviving Corporation for the balance of their unexpired term and until their successors shall have been duly elected and qualified in accordance with the By-laws of the Surviving Corporation.

6.2. **Board of Directors and Officers of Absorbed Corporations.** The incumbent directors and officers of the Absorbed Corporations shall continue to be such directors and officers until the Effective Date, provided that, on the day following the Effective Date, such directors and officers, except solely for the purpose of implementing the Plan of Merger, shall not perform or exercise any act or enter into any agreement pertaining to the day-to-day business of their respective corporations without the express consent and written authority of the Surviving Corporation or its duly authorized representatives.

ARTICLE VII

AMENDMENT AND TERMINATION

7.1. **Amendment.** This Plan of Merger may be amended by the vote of the majority of the respective Boards of Directors of the Constituent Corporations and ratified by the affirmative vote of stockholders of each Constituent Corporation representing at least two-thirds (2/3) of the outstanding capital stock. Such Plan of Merger, together with any amendment, shall be considered as the agreement for the Merger.

7.2. **Termination**. At any time prior to the Effective Date, this Plan of Merger may be terminated and the Merger abandoned by mutual agreement of the Board of Directors of the Constituent Corporations. If terminated, this Plan of Merger shall forthwith become wholly void and of no further force or effect.

ARTICLE VIII

MISCELLANEOUS

8.1. **Governing Law**. This Plan of Merger shall be governed in all respects, including but not limited to validity, interpretation, effect, and performance, by Philippine law.

8.2. **Cooperation**. Until the Effective Date, the Absorbed Corporations shall: *(a)* cooperate in carrying out the provisions of this Plan of Merger to the end that the Merger contemplated hereby may be duly consummated, and *(b)* carry on the business and conduct their affairs in and only in the usual and customary manner.

8.3. **Confidentiality**. Each of the Constituent Corporations shall keep confidential any information obtained from the other party in connection herewith, and, in the event that the Merger is abandoned or not consummated, the Constituent Corporations shall each upon the request of the other, return all statements, documents and other written information and material obtained in connection herewith and all copies thereof.

8.4. **Notice**. Any notice or other communication required or permitted hereunder shall be sufficiently given if in writing sent by personal delivery or by registered mail addressed as follows:

Party	Contact Details
ALI	Name: Michael Anthony Garcia Designation/Position: Head for Investor Communications and Compliance Division/Deputy Compliance Officer Email address: investorrelations@ayalaland.com.ph Business address 30th Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Phone number: (02)79083816
CHI	Name: Ma. Divina Y. Lopez Designation/Position: Chief Financial Officer Email address: lopez.divine@ayalaland.com.ph Business address: c/o Strategic Landbank and Management Group 31st Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Phone number: (02)79083622
AiO	Name: Ma. Divina Y. Lopez Designation/Position: Treasurer Email address: lopez.divine@ayalaland.com.ph Business address: c/o Strategic Landbank and Management Group 31st Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Phone number: (02)79083622
ASCVC	Name: Ma. Teresa R. Famy Designation/Position: Treasurer Email address: famy.myrra@ayalaland.com.ph Business address: c/o Ayala Malls Group 5/F Floor, Glorietta 4, Ayala Center, Makati City Phone number: (02)79083622
CBDI	Name: Ricardo Ulysses C. Tabije IV Designation/Position: Chief Financial Officer and Treasurer Email address: tabije.uly@ayalaland.com.ph Business address: c/o AyalaLand Offices Group 28th Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Phone number: (02)79083622

[Signature page follows.]

IN WITNESS WHEREOF, the Constituent Corporations have caused this Plan of Merger to be signed in their respective corporate names by their respective representatives, all as of the day and year first above written.

AYALA LAND, INC.	**CEBU HOLDINGS, INC.**
BERNARD VINCENT O. DY President	ANNA MA. MARGARITA B. DY President
SOLOMON M. HERMOSURA Corporate Secretary	JUNE VEE D. MONTECLARO-NAVARRO Corporate Secretary
ASIAN I-OFFICE PROPERTIES, INC.	**ARCA SOUTH COMMERCIAL VENTURES CORP.**
ANICETO V. BISNAR, JR. President	CHRISTOPHER B. MAGLANOC President
NIMFA AMBROSIA L. PEREZ-PARAS Corporate Secretary	NIMFA AMBROSIA L. PEREZ-PARAS Corporate Secretary
CENTRAL BLOCK DEVELOPERS, INC.	
CAROL T. MILLS President	
NIMFA AMBROSIA L. PEREZ-PARAS Corporate Secretary	

SIGNED IN THE PRESENCE OF:

_______________________________ _______________________________

[Acknowledgment page follows.]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) ss.

BEFORE ME a Notary Public in Makati City, Philippines, on this ___ day of ___________, personally appeared the following:

Name	ID	Date and Place of Issue, Expiry Date
BERNARD VINCENT O. DY		
SOLOMON M. HERMOSURA		
ANICETO V. BISNAR, JR.		
ANNA MA. MARGARITA B. DY		
JUNE VEE D. MONTECLARO-NAVARRO		
CHRISTOPHER B. MAGLANOC		
NIMFA AMBROSIA L. PEREZ-PARAS		
CAROL T. MILLS		

known to me and to me known to be the same persons who executed the foregoing Articles of Merger which consists of ___________ pages, including the page on which this Acknowledgment is written, and sealed with my notarial seal and the parties acknowledged to me that it was an act of their free will and deed and the free and voluntary act and deed of the corporations they represent.

IN WITNESS WHEREOF, I see my hand and affix my notarial seal at the place and on the date first herein abovementioned.

Doc No.___;
Page No.___;
Book No.___;
Series of 2021.

ANNEX "F"

OTHER RELEVANT INFORMATION ON THE ABSORBED ENTITIES

I. Cebu Holdings, Inc.

a. Description of Business, Properties and Legal Proceedings

Cebu Holdings, Inc. is a publicly listed company engaged in real property ownership, development, marketing, and management. It was registered with the Securities and Exchange Commission on December 9, 1988. Currently, its authorized capitalization stock is ₱3 Billion.

It is 71.13%-owned subsidiary of ALI and 28.87% of its outstanding shares are owned by the public.

The Company's operations consist of six (6) types of activities:

- ❖strategic land management
- ❖mixed-use development
- ❖real estate business (commercial land sales and residential subdivision/condominium sales)
- ❖commercial business operations and management (retail space lease and office space lease)
- ❖hotel development and operations
- ❖proprietary sports club shares sales

The Company owns and manages the **Cebu Business Park,** a 50-hectare business and commercial subdivision in Cebu City, and, to date, the single largest operating IT economic zone in Southern Philippines. Cebu Business Park is master-planned to be the central business district in Cebu that integrates business, high-rise residential, shopping, and sports and recreational facilities. Cebu Business Park is complete with world-class utilities and is home to some of the top local and international companies.

Cebu Business Park is strategically located to co-exist with the development plans and directions of Cebu City's urban growth. Cebu Business Park's major streets serve as a vital part of Cebu City's radial road network in the northern district.

Cebu Business Park was officially proclaimed as a PEZA-accredited IT Park pursuant to Presidential Proclamation 2053 (2010). According to the Special Economic Zone Act of 1995 (as amended in R.A. 7916), all investors and locators in PEZA-accredited IT Parks are now entitled to fiscal and non-fiscal incentives. Among the benefits of an IT park are improvement in international competitiveness, increase in direct investments and capital formation, employment of job creation, and an improved of quality of life.

This development allows Cebu to maximize its advantages as a preferred business and tourist destination in the country.

There are currently 45 buildings in Cebu Business Park, with eight (8) ongoing constructions.

This development is noteworthy not only for its scale but also because of its environment and urban development aspects. Its roadways have become integral to Cebu City's road network, and therefore contribute to the easy flow of vehicular traffic and to daytime population distribution. The master plan allows for generous open spaces (20 percent of Cebu Business Park is devoted to open green space and greenery), and makes allowances for the growing demands of a modern urban commercial community.

Ayala Center Cebu is the shopping and lifestyle destination of the region. Nestled at the heart of the vibrant metropolis, it showcases the most sought-after retail brands as well as promising concepts clustered in specialized zones. It also hosts a collection of popular dining and hangout places for fun, bonding, and nurturing relationship activities.

Since 1994, Ayala Center has continuously offered the most unique and rewarding shopping and dining experiences to both its local and tourist patrons. It is the preferred mall of the AB market, gated villages, and office workers with its wide selection of foreign and local brands. It is a masterpiece of retail innovation.

Strategically located at the center of Cebu Business Park, it is only 20 minutes away from the Mactan Cebu International Airport, and is just a walk away from some of Cebu's best hotels, including Cebu City Marriott Hotel. It is also just 10 minutes away from the nearest seaports for that quick island getaway.

The Terraces at Ayala Center Cebu aims to strengthen the mall's ambiance-driven dining component with a cohesive and comprehensive mix of established national brands. Set at the center of The Terraces is the outdoor activity area surrounded by vibrant greeneries and soothing water features that provides a distinctive in dining and entertainment. The Terraces strengthens Ayala Center Cebu's position as the landmark of unsurpassed shopping, dining, and entertainment in the region.

In 2011, the company embarked on the expansion project of Ayala Center Cebu to address the market gap and strengthen its landmark as the lifestyle and retail destination in Metro Cebu. Opened to the public last 2013, this expansion adds four levels of retail, dining and entertainment establishments with over 34,000 square meters of gross leasable space in a gross floor area of approximately 50,000 square meters. Rustan's Supermarket and Rustan's Department Store moved to an expanded area in this new wing, occupying four storeys to bring in their full line-up in product and brand offerings. This latest expansion of this mall garnered Gold in the renovations and expansions design and development category of the 2015 Asia Pacific Shopping Center Awards competition of The International Council of Shopping Centers.

CHI also developed the **City Sports Club Cebu**, an exclusive urban resort equipped with health and fitness facilities, as well as restaurants and function rooms for members and their guests to use. This project is in partnership with ALI.

In 2010, CHI partnered with Ayala Land Premier (ALP), the high-end product category of ALI, for the development of a premier residential condominium project within the Cebu Business Park. **1016 Residences** provides 109 units of country club living in Cebu's address of choice. Located beside the City Sports Club Cebu, residents will be entitled to club usage rights.

With the success of 1016 Residences, CHI and ALP unveiled another 38-storey residential tower, the first of its kind in ALP's residential portfolio in the region. Rising on top of the mall's expansion wing, **Park Point Residences** is sophisticatedly modern and integrated convenient living in the district since its location offers private access to Ayala Center Cebu.

In March of 2015, CHI and ALP launched another residential tower on top of Ayala Center Cebu, **The Alcoves**. The Alcoves is a 37-story luxury condominium that boasts of a number of unique amenities and residential concepts fit for a discerning market. A mixed-use tower with a retail podium and high-rise residences, The Alcoves will feature retail and dining establishments on the second and third floors, while a private access to Ayala Center Cebu provides residents with even more options.

CHI also partnered with Alveo Land for the development of **Sedona Parc** in 2010. This residential condominium of 114 units offers upscale lifestyle inspired by style, design, and nature. Sedona Parc is located in a tranquil and highly- accessible parkside location in Cebu Business Park.

The following year, CHI and Alveo Land showcased its residential innovation through **Solinea**— its first multi-tower Alveo project in Cebu that upholds a city-resort living experience through its overall design while reminiscent of a vacation destination.

In August 2018, Ayala Land's homegrown hotel brand, Seda, opened its flagship property in the Visayas, the 301-room **Seda Ayala Center Cebu**, at the heart of Cebu Business Park. The only hotel within Cebu Business Park – the preferred location of multinational and international firms – Seda Ayala Center Cebu targets travelers doing business as well as guests on leisure trips.

Amara is CHI's premier residential development in Catarman, Liloan, which carries the ALP label and follows the standards of the brand. ALP is set exclusively for the most well-appointed addresses—the likes of renowned communities such as Ayala Alabang, Forbes Park, and Dasmariñas Village in Luzon.

Amara offers a range of facilities for lot owners and residents which include a breathtaking esplanade, the grand clubhouse with infinity pools, jacuzzi, social hall, function room, a beach bar, and view decks with spectacular views of the Mactan channel. This seaside residential community also has its own sports and recreation center, Serenity Park, picnic groves, pocket parks and a wharf for yachts and speed boats in an exclusive enclave at the Catarman headland. The latest phase of Amara opened in December of 2016.

To capitalize on the Park's PEZA Accreditation, CHI launched its first office building in Cebu Business Park. The **Ayala Center Cebu Tower** is a 20-storey office building with 12 office floors, 6 podium parking, and 2 floors for retail. This brings in 30,688.05 square meters of additional office space in CBP. The project was launched last January 30, 2013 and serves as the new headquarters of Cebu Holdings, Inc. and all of ALI's Special Business Units in Visayas and Mindanao.

The **BPI Cebu Corporate Center** is Alveo Land's first office condominium in the Southern Philippines, in partnership with CHI. It offers professional workspaces available for ownership.

We also completed a new office building concept, the **Tech Tower**, in 2017. This IT/BPO office building offers units at smaller cuts and more affordable specifications to allow start- ups and smaller companies to locate in a premium PEZA-accredited address.

One and a half kilometer away from Cebu Business Park is **Cebu I.T. Park** (formerly Asiatown I.T. Park).

Cebu I.T. Park is a well-planned IT economic zone and modern trading hub with global gateway. The integrated, mixed-use, masterplanned development obtained accreditation from the Philippine Economic Zone Authority (PEZA) as an IT Park in 2000. The PEZA accreditation is the first such distinction accorded a property development project in the Visayas and Mindanao.

In September 22, 2011, Asiatown I.T. Park was officially re-named Cebu I.T. Park – strengthening the emphasis the queen city of the South which has today become one of the top BPO destinations globally. In 2017, Cebu was ranked the 12th top outsourcing destination globally by Tholons Magazine.

Home to over a hundred IT companies and related services, Cebu I.T. Park is host to over 70 percent of Cebu's business process outsourcing (BPO) industry. It hosts a good mix of software research and development, BPOs, and contact centers, bringing in millions of pesos in investments and employing thousands of people.

Cebu's thriving IT and BPO industry is most evident in the bullish build-up within Cebu I.T. Park with five (5) buildings under construction. This will be an addition to the existing 31 buildings at the I.T. Park.

eBloc Tower 1 is 12-storey mid-rise office condominium with retail provision at the ground floor. It is a project of Asian I-Office Properties, Inc., a joint venture between CHI and ALI. The building has redundant power and water supply, optimum telecommunications facilities, centralized sewage and a secure location within the heart of the city.

With its first tower fully leased out, AiO launched **eBloc Tower 2**, a 16-level office building with a total gross floor area of 34,762 square meters in June 2010. Like its predecessor, eBloc Tower 2 is proud manifestation of sustainable design practices. The building is fully leased out to some of the big players in the BPO/IT industry.

To accommodate the ever-increasing demand for office spaces, **eBloc Tower 3** and **eBloc Tower 4** were launched last February 2012 and October 2013 respectively. These two 12-level office buildings add a total of 29,805 square meters of leaseable floor area.

Cebu I.T. Park's retail center, **The Walk,** remains to be a strong retail magnet in the ever-busy Cebu IT Park. Heavily frequented by BPO workers, young professionals, tourists, and families it has emerged from simply being a hangout haven into popular venue for showcasing recreational activities like sports, music, photography, and even luxury vehicle collections.

To provide a more vibrant and lush development for our communities, the **Garden Bloc** was opened in December 2015. Garden Bloc is an expansive green enclave which now features new and popular dining concepts set amid a tranquil garden setting.

To maximize land value and increases recurring income, CHI with parent company, Ayala Land thru Central Block Developers, Inc. (CBDI) opened AyalaMalls **Central Bloc** at Cebu I.T. Park in December of 2019. The Central Bloc is a two-hectare central superblock includes a regional mall, a hotel, and office towers. **Seda Hotel Central Bloc** was then opened in February of 2020. This development complements the 24/7 community in this area, as well as enhance the pedestrian experience, connecting the growing number of buildings within the park.

In December 2018, CHI broke ground on **The Flats** at Cebu Business Park and Cebu I.T. Park. The Flats is Ayala Land's new co-living concept which brings independence within reach. With affordable living arrangements, prime city locations, and a welcoming community, The Flats is a home where students and young professionals can thrive.

As CHI sees brisk build-up within its properties, it continues to explore opportunities for expansion within Cebu.

Gatewalk Central, a 15-hectare city center project located in Subangdaku, Mandaue City was launched in June of 2016. This project, a partnership with parent company, ALI, and Aboitizland will provide a highly energized lifestyle experience with master-planned residential and commercial spaces. It will feature the city's unique avor with a dynamic lifestyle row and innovative work spaces and facilities.

In November of 2017, CHI, in partnership with Taft Property Venture and Development Corporation launched Seagrove, a 14-hectare property at Punta Engaño in Lapu-Lapu City. The estate is envisioned to be the country's next world-class leisure estate with diverse product offerings. The development will be a coastal leisure hub, highlighting the natural features of the location and providing a unique eco-fun experience for locals and tourists to enjoy. The natural ecosystem will be maintained and enhanced by the sustainable brand of development Ayala Land is known for.

In January of 2020, CHI, with parent company Ayala Land, Inc., and SM Prime Holdings Inc. broke ground on **South Coast City** at the South Road Properties in Cebu City. This 26.3-hectare waterside district that is envisioned to become the entertainment capital of the Central Visayas Region. Envisioned as a future growth center and tourist destination, South Coast City brings new attractions, services, employment and complementary facilities to further prime the area.

The magnitude and significance of its projects make CHI the leading real estate company in Cebu. Brining the Ayala brand of development to the Visayas and Mindanao, it is the premier multi-lined real estate organization which continues to create landmarks, set standards, and build lasting relationships with its customers. In over 30 years, CHI has definitely changed the physical landscape of Cebu, bringing with it a distinctive lifestyle for a market that aspires "world class".
For the past five (5) years and the preceding years, there are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law to which the Company or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties is subject in any court or administrative government agency.

The Company is a respondent to a case for Declaratory Relief with Prayer for Temporary Restraining Order and Writ of Preliminary Injunction[16], filed by the petitioner, former Cebu City

[16] Tomas R. Osmena vs. City of Cebu represented by Mayor Edgardo C. Labella, Sangguniang Panlungsod of the City of Cebu, SM Prime Holdings, Inc., Ayala Land, Inc., Cebu Holdings, Inc., Filinvest Land, Inc., Filinvest Alabang

Mayor Tomas R. Osmena, seeking among others, to nullify the Consortium, Ayala Land, Inc., Cebu Holdings, Inc. and SM Prime Holdings, Inc.'s purchase of the 26-hectare property located in South Road Properties 2, Cebu City, from the Local Government Unit of Cebu City. In an Order dated January 13, 2021, the Regional Trial Court has ordered the dismissal of the case, subject of a motion for reconsideration filed by the petitioner pending in the same court.

The Company (as successor of CPVDC) is currently a respondent in a Petition for Declaration of Nullity of Contract before the Regional Trial Court. A locator at Cebu I.T. Park violated its Deed of Restrictions. To avoid the consequence of nullification of the sale, the locator entered into a Memorandum of Agreement with CPVDC to pay fines, pending the rectification of the cited violation. Two years after the MOA was executed and honored by both parties, the locator sought its nullification. The case is currently pending.

b. Market Price of and Dividends on the Common Equity

A.Principal Market where the Registrant's Common equity is traded.

Philippine Stock Exchange
Prices (in PhP/share)

2020	**High**	**Low**	**Close**
1st Quarter	6.10	6.10	6.10
2nd Quarter	6.18	5.92	6.18
3rd Quarter	6.00	5.80	6.00
4th Quarter	5.90	5.00	5.90

2019	**High**	**Low**	**Close**
1st Quarter	6.59	6.59	6.59
2nd Quarter	6.10	6.08	6.08
3rd Quarter	6.35	6.32	6.34
4th Quarter	6.95	6.50	6.80

The market capitalization of the Company as of end-2020 based on the closing price of ₱5.90/share was approximately ₱12.72 billion.

The price information as of the close of the latest practicable trading date, March 25, 2021, is ₱6.38 per share.

Holders

There are 4,372 registered holders of common equity security of the Company as of January 31, 2021. The following are the top 20 registered holders of the common equity securities of the Company:

	Stockholder Name	**No. of Shares**	**Percentage**
1.	Ayala Land, Inc.	1,534,019,916	71.13%
2.	PCD Nominee Corp. (Non-Filipino)	288,378,890	13.37%
3.	PCD Nominee Corp. (Filipino)	164,762,990	7.64%
4.	The Province of Cebu	82,537,333	3.83%
5.	Ronald S. Po	7,514,128	0.35%
6.	Makati Supermarket Corporation	3,013,265	0.14%
7.	Laguna Properties Holdings, Inc.	1,875,000	0.09%
8.	Alfonso Lao	1,750,000	0.08%
9.	Robert Coyiuto, Jr.	1,544,992	0.07%
10.	Mark C. Tan	1,053,640	0.05%
11.	Jose C. Lee	1,000,000	0.05%

Inc., Cyberzone Properties, Inc., Anesy Holdings Corporation, Igold Holdings Corporation, Betterfiled Phils. Corp., with Special Civil Action No. 19-07576-SC pending before the Regional Trial Court, 7th Judicial Region Cebu City, Branch 10.

12.	Aurora E. Panlilio	937,500	0.04%
13.	Vicente Jayme Jr.	767,500	0.04%
14.	Socorro C. Ramos or Cecilia R. Licauco	764,847	0.04%
15.	Luis Moro. Jr.	752,600	0.03%
16.	Fermin P. Angcao	670,000	0.03%
17.	Victor G. Sy	625,000	0.03%
18.	Jose E. Suarez	618,750	0.03%
19.	Jimmy T. Sy	535,300	0.02%
20.	Douglas Luym	530,000	0.02%

Dividends

Stock Dividend (per share)		
Percent	**Record Date**	**Payment Date**
50%	August 5, 1994	August 31, 1994
25%	October 2, 1997	November 12, 1997

Cash Dividend (per share)			
Peso Amount	**Declaration Date**	**Record Date**	**Payment Date**
0.15	December 06, 2017	December 20, 2017	December 27, 2017
0.15	November 22, 2018	December 13, 2018	December 20, 2018
0.15	November 27, 2019	December 11, 2019	December 23, 2019

There was no cash dividend declaration in 2020.

c. Management's Discussion and Analysis (MD&A)

<u>2020 vs. 2019 Results of Operations</u>

Year 2020 posed a challenge to the company due to the economic downturn caused by the pandemic. Despite this, **Cebu Holdings, Inc.** ended the year with consolidated revenue of ₱ 2.9 billion that was lower than last year's figure of ₱ 4.8 billion by 39%. The significant decrease in revenue was mainly due to lower leasing income from the mall, lower sale of commercial lot versus sale of Cebu IT Park lot in 2019 amounting to ₱ 1.1 billion, and lower equity in net earnings from affiliates. Other sources of the company's revenues are lease income from office space, sale of club shares, income from hotel, and interest & other income.

The company posted a net income of ₱ 0.392 billion, 76% lower than ₱ 1.658 billion in the previous year. The decline in bottomline was primarily due to lower income from mall leasing operations which was greatly affected by the COVID-19 pandemic.

Business Segments

<u>Rental Income</u>

Ayala Center Cebu (ACC) as the ultimate lifestyle icon in Cebu.

Ayala Center Cebu ended the quarter with an occupancy of 87% and a lease out rate of 91%.

As of December 31, 2020, total revenue of ₱ 535.6 million was 62% lower compared with last year with a net operating income of ₱ 91.0 million. Overall gross sales performance of ₱ 5.5 billion for the period was 46% lower than same period of last year. The drop in revenue and sales is due to the closure of the mall from March to July in compliance with Enhanced Community Quarantine imposed by the City of Cebu.

The holiday season was welcomed early to provide a cheerful and colourful ambiance to mall-goers with hallway decor, garden area lights and the Christmas tree on full display by October.

Families were treated to a bring-home celebration of Halloween in partnership with store Toys R Us and popular kids' show Pinkfong & Babyshark, while office workers were surprised with treats thru the weekday walk-in promos.

Many store brands also ushered the holidays with pop-up and flash discount activities such as Metro Dept Store, Rustan's Dept Store, True Value, and Petrol. Other up-and-coming pastry businesses also set-up shop at The Gallery to provide sweet treats.

ACC rewarded patrons with Christmas Sale activities and a Holiday Cash Back promo to complement the shopping season.

Cebu Leisure Company, Inc.

For the period ended 31 December 2020, sales/sqm of Active Zone is 36% lower compared with last year while Food Choices is lower by 51%. Ayala Cinemas continued to be closed.

Total revenue of ₱ 35.4 million was 84% lower than same period of last year while net operating income of ₱ 11.0 million is 87% lower versus last year.

Leading athletic stores in Active Zone such as Nike Park and Planet Sports held the season's biggest sale activities which prompted a holiday shopping spree for many of the Cebuanos, this was supplemented with social media posts which gained high engagement from the online community.

Ayala Malls Central Bloc at Cebu I.T. Park dubbed as Cebu's Hip & Happening Bloc

Ayala Mall Central Bloc ended the year with an occupancy rate of 49% and a lease out rate of 72%.

As of December 31, 2020, total revenue of ₱ 78.7 million was 123% higher compared with last year. Overall gross sales performance of ₱ 802.0 million for the period was 283% higher than same period of last year. The mall opened last December 6, 2019 thus operating only for a month. Because of this, current year revenue and gross sales are higher despite the mall closure from March to July in compliance with the Enhanced Community Quarantine imposed by the City of Cebu.

Ayala Malls Central Bloc has opened its doors for its shoppers with a safe shopping commitment ensuring that health and safety protocols are in place and are strictly implemented.

Taking advantage of its glass bridgeways and hallways, the mall provided multiple extended dining areas to make up for the limited dining capacity.

ANA, DriveBuy, and DeliverEasy programs were implemented as an alternative way so customers can shop even at the comforts of their home through online delivery platforms. On ground activities such as Slogos Night, Mall Into Shape and even consumer promos were translated to digital executions through the mall's social media pages.

The mall also released a microsite where it houses Today's Menu – a collection of all the opened restaurant's menu and food selection. In this microsite, you can also find the mall's virtual directory where contact numbers of the merchants are made available for shopper convenience.

The Walk revenue grossed ₱11.5 million, reflecting a 60% reduction versus the previous year's level of ₱28.8 million due to closure of non-essential stores during the quarantine period and ongoing effect of the COVID-19 pandemic.

Ayala Center Cebu Tower rental revenue totaled ₱183.8 million, higher by 11% vis-à-vis last year's level of ₱165.8 million resulting from higher occupancy rate on account of the additional locators. The ACC Tower is already fully occupied.

Tech Tower reported a sum of ₱87.1 million as rental revenue, which reduced slightly compared to previous year's ₱88.9 million. Tech Tower is also fully occupied.

eBloc Towers contributed ₱614.0 million gross rental revenue, showing an improvement of 2% versus last year's figure of ₱603.6 million.

Central Bloc Corporate Tower 1 registered a total revenue of ₱99.3 million during the period. It had an occupancy rate of 16%.

Seda Hotel at Central Bloc total revenue amounted to ₱73.5 million.

Garden Bloc (Land Lease) revenue was reported at ₱27.1 million, which declined compared to previous year's ₱40.7 million.

Real Estate Income

Commercial lots revenue registered at ₱583.1 million derived from the current year sale of four (4) lots at Seagrove Estate in Phase 2 computed based on percentage of completion which was at 100% as of end of 2020.

Sports Club shares recorded a total revenue of ₱1.9 million during the period.

The company also obtained **interest and other income** grossing ₱ 566.0 million, derived from well-placed short-term investments and other income from fees & recovery charges and sale of development rights in Cebu Business Park. It is 7% higher compared to last year's figure of ₱528.9 million mainly due to higher recoveries & fees.

Equity in net earnings of affiliates reached ₱44.8 million which reduced in comparison to the previous year's ₱234.9 million resulting from lower income from affiliates for the period.

Earnings before Interest and Taxes (EBIT) signified a decline of 81% from the ₱1.846 billion in 2019 to ₱0.344 billion in 2020.

Stock price decreased from a closing of ₱6.80 per share in 2019 to ₱5.90 per share in 2020.

Financial Condition

As of December 31, 2020 vs. December 31, 2019

CHI's Balance Sheet remains strong with total assets amounting to ₱29.0 billion as of December 31, 2020, ₱195.1 million of which is cash. It has a current ratio of 0.28: 1 compared to 0.42: 1 in December 2019. Total liabilities as of the period stood at ₱16.6 billion, ₱14.9 billion of which is current. Total Debt-to-equity ratio stood at 1.70: 1 compared to the December 2019 level of 1.82: 1. Bank Debt-to-equity ratio registered at 0.64: 1 compared to 0.68: 1 in December 2019.

Key Performance Indicators

The table below shows the comparative key performance indicators of the Company:

Indicators	2020	2019
Current Ratio [1]	0.28: 1	0.42: 1
Total Debt to Equity Ratio [2]	1.70: 1	1.82: 1
Bank Debt to Equity Ratio [3]	0.64: 1	0.68: 1
Net Debt /(Cash) to Equity Ratio *4*	0.62: 1	0.64: 1
Return on Assets (ROA) *5*	1.34%	5.96%
Return on Equity (ROE) *6*	4.09%	18.98%

[1]*Current Asserts / Current Liabilities*
[2]*Total Liabilities / Stockholders' Equity*

[3]*Total Bank Debt / Stockholders' Equity*
4Total Bank Debt less Cash & Cash Equivalents / Stockholders' Equity
[5]*Net Income / Average Total Assets (Assets beginning of the year plus Assets end of the year divide by two)*
[6]*Net Income / Average Stockholders' Equity (Stockholders' Equity beginning of the year plus Stockholders' Equity end of the year divide by two)*

Causes for Material Changes (5% or more) from Period to Period of the Financial Statements

Cash and Cash Equivalents was reported at ₱185.2 million, showing a reduction of 41% compared to the ₱313.1 million as of December 2019 brought about by the payment to contractors & suppliers and settlement of bank loans.

Short-term Investments declined by 100% versus the December 2019's level of ₱26.4 million primarily due to the reclassification of money market placements from short-term investments to cash and cash equivalents.

Receivables reduced by 9% or ₱268.7 million against the ₱3.0 billion of December 2019 due to collection from merchants & BPO locators and settlement of receivables from affiliates during the period.

Inventories (Subdivided Land for Sale and Development and Condominium Units for Sale) grossed ₱861.7 million, reflecting a 50% increase in comparison to the ₱576.2 million in December 2019 driven by commercial lots inventory at South Road Property (SRP).

Financial Assets at fair value through Other Comprehensive Income (OCI) reached ₱310.5 million, an 11% decline vis-à-vis the December 2019's level of ₱349.8 million resulting from sale of club shares for the period.

Deferred Income Tax Assets-net increased by ₱30.1 million contrary to the December 2019 level of ₱12.3 million primarily on the account of higher deferred tax assets from Central Block Developers, Inc. (CBDI).

Current Portion of Long-term Debt amounted to ₱ 5.4 billion, higher relative to the December 2019 level of ₱ 0.1 billion particularly due to reclassification of Bonds payable from noncurrent portion of long-term debt to current portion of long-term debt. The Bonds maturity date will be on June 2021.

Income Tax Payable totaled ₱0.4 million, exhibiting a decrease based on the December 2019 level of ₱ 261.8 million resulting from payment of income taxes this year.

Long-term Debt-net of current portion was registered at ₱ 0.9 billion, reflecting a decline versus the December 2019 level of ₱ 6.3 billion mainly due to reclassification of Bonds payable from noncurrent portion of long-term debt to current portion of long-term debt.

Pension Liabilities for the period exceeded by 65% (₱23.2m) the December 2019's level of ₱35.6 million primarily attributed to booking of additional contribution on retirement fund.

Deferred Income Tax Liabilities-net declined by ₱35.7 million against the December 2019's level of ₱232.7 million attributed to settlement of deferred tax liability account.

Deposits and Other Noncurrent Liabilities increased by 46% (₱155.8m) relative to the ₱337.7 million as of end of 2019 brought about by the deposits from Seagrove lot buyers, construction bond and deferred credits.

Retained Earnings indicated a growth of ₱391.9 million driven by the 2020 Net Income.

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have material impact on its short-term or long-term liquidity.

- Funding will be sourced from internally-generated funds and bank loans.

- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

- There is no significant element of income arising from continuing operations.

- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.

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

- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

e. Board of Directors and Executive Officers

Board of Directors

BERNARD VINCENT O. DY
ANNA MA. MARGARITA B. DY
ANICETO V. BISNAR JR.
JOSE EMMANUEL H. JALANDONI
MARIANA E. ZOBEL DE AYALA
EMILIO LOLITO J. TUMBOCON
PAMPIO A. ABARINTOS*
ENRIQUE L. BENEDICTO*
FR. RODERICK C. SALAZAR JR., SVD*
**Independent Directors*

***Bernard Vincent O. Dy**,* Filipino, 57, has been re-elected as the Chairman of the Board of Cebu Holdings, Inc. on December 3, 2020. He has served as Director since August 2014 and has been the Chairman of the Board from August 2014 to April 2017. He also holds the following positions in other publicly listed Companies: Senior Managing Director and a member of the Ayala Group Management Committee of Ayala Corporation; Director, President and Chief Executive Officer of Ayala Land, Inc.; and, Director of AyalaLand Logistics Holdings Corp. and MCT Bhd of Malaysia. Prior to being the President of ALI, he was the Head of its Residential Business, Commercial Business and Corporate Marketing and Sales. His other significant positions include: Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corporation, Amaia Land Corporation, Bellavita Land Corporation, Altaraza Development Corporation Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corporation., Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., and Nuevocentro, Inc. Mr. Dy also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc.He is also President of President of Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; Fort Bonifacio Development Corporation; Aurora Properties Incorporated; Vesta Property Holdings, Inc.; Ceci Realty Inc.; Alabang Commercial Corporation; and Accendo Commercial Corporation. Mr. Dy also serves as Director of Avida Land Corporation, Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation, and AKL Properties, Inc. Mr. Dy is the President of Hero Foundation

Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. 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 has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985, He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

Anna Ma. Margarita B. Dy, Filipino, 51, has served as the President of CHI since December 3, 2020. She has been a director of the Company since August 17, 2016 and Chairman of the Board of Directors from April 24, 2017 to December 3, 2020. She is a Senior Vice President and a member of the Management Committee of ALI. She is the Head of the Strategic Landbank Management (SLMG) of ALI. Her other significant positions are: Chairman and President of Bonifacio Global City Estate Association and Taft Punta Engano Property, Inc.; Chairman of Adauge Commercial Corporation, Amorsedia Development Corporation, AyalaLand Estates, Inc, Buendia LandHoldings, Inc., Bonifacio Estate Services Corporation, Crimson Field Enterprises, Inc., and Red Creek Properties, Incorporated; Vice Chairman and President of Vesta Properties Holdings, Inc.; Director and Executive Vice President of Bonifacio Land Corporation and Fort Bonifacio Development Corporation; Director and President of Altaraza Development Corporation, ALI Eton Property Development Corporation, Aurora Properties, Inc., Nuevocentro, Inc., and Alviera Country Club, Inc; Director of Accendo Commercial Corp., Alveo Land Corp., Aviana Development Corp., Avida Land Corp., Ayala Greenfield Development Corporation, Berkshires Holdings, Inc., Cagayan de Oro Gateway Corp., Columbus Holdings, Inc., Emerging City Holdings, Inc., CECI Realty, Inc., Crans Montana Property Holdings Corporation and HLC Development Corporation; Trustee of Alagang Ayala Land Foundation Inc.; and, Trustee and Treasurer of Bonifacio Art Foundation, Inc. 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, U.S.A in 1996..

Aniceto V. Bisnar, Jr., Filipino, 56, has been the Director of CHI since January 1, 2015. He served as its President from January 1, 2015 to December 3, 2020. Concurrently, he is also a Vice President of ALI and the Senior Vice President and Chief Operating Officer of Ortigas Land Corporation. His other significant positions are: Chairman of Amaia Southern Properties, Inc.; Chairman and President of 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 AvencoSouth Corporation. He is the Director and President of Aviana Development Corporation and Lagdigan Land Corporation. He is also a Vice President of Solinea, Inc. He holds directorship in Taft Punta Engaño Property, Inc., and a Board of Trustee of Hero Foundation, Inc. He completed his Master in Business Management (MBM) degree in 1989 from the Asian Institute of Management (AIM) in Makati City and graduated in the top 5% of his class at the Philippine Military Academy in Baguio City in 1985. He also took up Master Planning and Mixed-Use Development Program at Harvard University School of Urban Design.

Jose Emmanuel H. Jalandoni, Filipino, 53, has served as director of CHI since August 17, 2016. He is a Senior Vice President and a member of the Management Committee of ALI. He is the Group Head of ALI's commercial businesses including malls, offices, hotels, resorts and Chairman of ALI Capital Corporation. He is the Chairman of AREIT, Inc. and AyalaLand Logistics Holdings, Inc., other 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., AsiaTown Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati North Hotel Ventures, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., North Triangle Hotel

Ventures., Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Sicogon Town Hotel, Inc., Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine Integrated Energy Solutions, Inc., Station Square East Commercial Corporation. 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.

Mariana Zobel de Ayala, Filipino, 32, has served as Director of Cebu Holdings, Inc. since April 14, 2020. She is currently the Vice President for Retail Marketing and Customer Insighting & Analytics for Bank of the Philippine Islands. She also serves on the board of a number of Ayala Group companies across BPI, Ayala Land, AC Health, and ACTIVE Fund. She joined Ayala Corporation's Strategy and Business Development team in 2013. She was then seconded to Ayala Land, Inc. as a Project Development Associate for Alveo Land Corp. from 2015 to 2016 where she supported design, planning, and sales launch of a number of residential and commercial projects for Alveo. She then transferred to the Ayala Malls Group from 2016-2019 where, most recently, she served as Deputy Head. She began her career as an Analyst at J.P. Morgan's New York office. She earned a Bachelor of Arts Degree in Social Studies (Philosophy, Politics, & Economics) from Harvard University, and a Masters in Business Administration from INSEAD.

Emilio Lolito J. Tumbocon, Filipino, 64, has served as Director of Cebu Holdings, Inc. since April 29, 2008. He is presently a Commissioner of the Construction Industry Arbitration Commission; Managing Director & Treasurer of Datem, Inc.; Director of Keyland Corporation; Vice-President of the Makati Commercial Estate Association, (MACEA); President of the Makati Parking Authority, (MAPA); President of Project Management Institute, Philippines Chapter; and President of Philippine Events, Exhibition & Convention Corporation (PEECC). He was the Group Head of ALI Vismin Group, Human Resources & Public Affairs Group and Construction Management Group; and a member of the Management Committee of Ayala Land, Inc. (ALI). He was also the President of Makati Development Corporation and Ayala Property Management Corporation. He was a Senior Vice President of ALI and in the past has served as a board director of various subsidiaries & affiliates under the ALI Group, as follows: Cebu Insular Hotel Co., Inc.; Cebu District Property Enterprise, Inc.; Accendo Commercial Corporation; Cagayan de Oro Gateway Corporation; Taft Punta Engaño Property, Inc.; Alveo Land Corporation; Amaia Land Corporation; Makati Development Corporation; MDC Buildplus, Inc.; MDC Equipment Solutions, Inc.; MDC Subic, Inc.; Ecozone Power Management; Laguna Technopark, Inc.; Anvaya Cove Golf & Sports Club, Inc.; Northgate Hotel Ventures, Inc.; ALI Makati Hotel Property, Inc.; ALI Makati Hotel and Residences, Inc.; Aviana Development Corporation; AyalaLand Hotels and Resorts Corporation; Cebu Leisure Company, Inc.; Lagdigan Land Corporation; Southcrest Hotel Ventures, Inc.; Westview Commercial Ventures Corporation; Avencosouth Corporation; Whiteknight Holdings, Inc.; Asian i-Office Properties, Inc.; Adauge Commercial Corporation, among others. He graduated at the University of the Philippines with a degree of B.S. in Civil Engineering in 1979 and finished his Master's in Business Administration (MBA) in the same university in 1985. He also took the Construction Executive Program (CEPS '87) at Stanford University, California, U.S.A., the Senior Business Executive Program (SBEP'91) at the University of Asia & the Pacific, and The Executive Program (TEP'97) at the Darden Graduate School of Business Administration, University of Virginia, U.S.A. He is a certified Project Management Professional (PMP) by the Project Management Institute since 2006. He has 40 years of extensive work experience in the project management, construction and real estate industry.

Pampio A. Abarintos, Filipino, 77, has served as an independent director of CHI since April 8, 2014. He retired as Executive Justice of the Court of Appeals, Visayas Station from 2004 to 2013.

Awarded as Presiding Justice with the Presidential Award for speedy case disposal by the Court of Appeals, Manila in 2005. He retired with ZERO backlog of cases in 2013. After practicing as a lawyer for 17 years, he was appointed as Presiding Judge of the Regional Trial Court in Negros Oriental and in Cebu City from 1987 to 2013 and Executive Judge of the Regional Trial Court Cebu Province from 2012 to 2014. He was an awardee for the Judicial Excellence as the Most Outstanding Judge of the Philippines in 2003. He was former Officer of the Integrated Bar of the Philippines, Cebu City Chapter and President of the Rotary Club of Cebu University District. Presently, he is a member of the Regional Advisory Council of the Philippine National Police (PNP) Region 7; Director of Alta Vista Golf and Country Club, Cebu City; Member of the Management Committee (MANCOM) and Chairman of the Committee on Discipline and Arbitrator of Alta Vista Golf and Country Club, Cebu City and he also served as a Director of South Hills Residents' Association (SHRA), Cebu City. He graduated as cum laude in Bachelor of Arts from the University of San Jose-Recoletos, Cebu City in 1965. In 1969, he also graduated Bachelor of Laws from the University of the Visayas, Cebu City. He has Master's Degree units in Business Administration (MBA), (lacking thesis) from the Southwestern University, Cebu City in 1981.

Enrique L. Benedicto, Filipino, 79, has served as an independent director of CHI since April 25, 2003. His other current regular directorships include: Chairman of Mabuhay Filcement, Inc., Enrison Land, Inc., Enrison Holdings, Inc. and Benedict Ventures, Inc.; and Vice-Chairman of Bernardo Benedicto Foundation, Inc. He also serves as an Independent Director of KEPCO-SPC Power Corp.. He has served as an Honorary Consul, *ad honorem* of the Kingdom of Belgium for more than 30 years, and received the following awards: 'Officer in the Order of Leopold II' by his Majesty Baudowin King of the Belgians, 'Officer in the Order of Leopold ll' by His Majesty King Albert II of the Kingdom of Belgium, the highest award that can be given to civilians, Belgian or non-Belgian, Garbo sa Sugbu Awardee given by the Province of Cebu for his outstanding achievement in International Relations as Honorary Consul of Belgium, Most Outstanding Cebuano Citizen per Cebu City Council Resolution dated February 18, 1991, Great Cebuano Award conferred by the Province of Cebu, Sugbuanong Kumintaristang Nagpakabana (SUKNA), Kapisanan ng mga Brodkaster ng Pilipinas (KBP) and Mandaue Chamber of Commerce and Industry, Inc., Awardee of Asia Pacific Enterprise Awards 2017 Philippines, Entrepreneur of the Year Award conferred by the Cebu Chamber of Commerce & Industry in celebration of its Centennial +10 Anniversary, 'Most Outstanding Alumnus' award given by the University of San Jose-Recoletos. He earned his degree in BS Commerce at the University of San Jose-Recoletos in 1964.

***Fr. Roderick C. Salazar Jr. SVD**,* Filipino, 73, has served as an independent director of CHI since April 29, 2005. For more than 15 years, until June 2014, he was Chairman of the Board of Trustees of St. Jude Catholic School in Manila. He has returned to the same Board as a member. He is currently the Chairman of the Board of Trustees of St. Agnes Academy in Legazpi City and of the Center for Educational Measurement (CEM). He is the Regional Secretary for Asia, and the Vice-President for Asia of the Office Internationale de l'Enseignement Catholique (OIEC) [International Office of Catholic Education]. He is a Director in three Boards of First Metro Asset Management, Inc. (FAMI). He is a member of the Board of Trustees of Immaculate Conception Academy of Manila. He worked in various academic and administrative positions at the University of San Carlos for 34 years (1975-2009) since his ordination to the priesthood on June 21, 1974. He was USC president for twelve years (four 3-year terms: 1987-1990; 1990-1993; 2002-2005; 2005-2008). For sixteen years, from 1992 to 2008, he was also President of the Catholic Educational Association of the Philippines (CEAP). He was member of various groups like FILIPINO, Inc. (Filipino Institute for the Promotion of Integrity and Nobility); San Carlos Community Development Foundation, Divine Word Educational Association (DWEA); Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); Private Educational Advisory Council (PEAC); and Word Broadcasting Corporation. As past CEAP president, he served three terms as Chair of the Coordinating Council of Private Educational Associations (COCOPEA). He had also been Chair of the Board of Trustees of St. Scholastica's College, Westgrove; Scholastica's Academy in Tabunok, Talisay City, Cebu; Divine Word University (now Liceo del Verbo Divino) in Tacloban City; and Divine Word College of Tagbilaran (now Holy Name University). He was a member of the Board of Trustees of St. Paul University in Tuguegarao, and at different times of the St. Paul Colleges in Pasig, Iloilo, Dumaguete, and Surigao, as well as of the Visayas Cluster of the Daughters of Charity (DC) Schools. For eight years, he was the Executive Secretary of the Office of Education and Faith Formation of the Federation of Asian

Bishops Conferences (FABC-OEFF). He was a member of the Board of Directors of People's Television Network (PTV4). On December 31, 2018, he ended his term as the Mission Director of SVD Mission Philippines. He has two Master's Degree, one in Philosophy from Divine Word Seminary, Tagaytay City in 1976, and another in Mass Communications from the University of Leicester, England (October 1982 to September 1983), degree conferred on July 1984. He has two honorary Doctorates in the Humanities, the first given in March 2010 by St Paul University, Tuguegarao City; the second, awarded by Aquinas University, Legazpi City on April 8, 2011. On August 14, 2010, in the Archdiocese of Cebu, he received the Papal Award Croce Pro Ecclesia et Pontifice for his years of service in Catholic Education.

<u>Nominees to the Board of Directors for election at the stockholders' meeting</u>

Except for Messrs. Benedicto and Salazar, all the incumbent directors of the Company are being nominated to the Board of Directors with the addition of Ms. Jessie D. Cabaluna and Msgr. Roberto F. Alesna.

Jessie D. Cabaluna, Filipino, 62, is presently the Assurance Partner and Head of Market Circle–1 - Bacolod Branch of SyCip Gorres Velayo & Co. (SGV). She is an Independent Director of AllHome Corp. and AREIT Fund Managers, Inc. She is a Certified Public Accountant. She joined SGV in 1978 and was a partner from 1997 to 2017. She graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. She also completed Finance for Corporate Directors Program in 2017.

Rt. Rev. Msgr. Roberto F. Alesna, ***P.A.***, Filipino, 70, has served as an Independent Director of Cebu Property Ventures and Development Corporation (CPVDC) from 2015 until the merger of the Corporation and CPVDC in 2018. He is the Parish Priest of the Archdiocesan Shrine of Sta. Teresa de Avila in Talisay City. He also holds the following positions: Administrator and Associate Judge of the Metropolitan Matrimonial Tribunal of Cebu (1981-present); A member of the Presbyteral Council of Cebu and of the Diocesan Board of Consultors in the Archdiocese, and the Episcopal Vicar for the Retired Priests in Cebu (2017-2019); Chairman of the Finance Committee of the [5]1st International Eucharistic Congress (2016); Trustee of the [5]1st 2016 International Eucharistic Congress Foundation; Member and Church Representative in the Regional Peace and Order Council V–I - Central Visayas (2001-2014); Member of Cebu Provincial Anti- Drug Abuse Commission (2009-2014) and Member of the Board of Trustees of the Christian Lay Formation Center (2012 up to present). Secretary and Media Liaison Officer, Cebu Diocesan Investigating Team on Cases of Sexual Abuse Against the Religious in the Archdiocese (20–1 - 2014). Member, Cebu City Multi-Sectoral Monitoring Team (20–3 - 2014). Promoter Justitiae, Diocesan Tribunal for the Canonical Process on an assumed Miraculous Healing Attributed to Blessed Pedro Calungsod (20–4 - 2010). Vicar General, Metro Ce–u - North and South Districts (20–9 - 2014). He was also co-Chairman of Regional Development Council VII- Central Visayas (2001-2004); Vice President of Cebu Caritas, Inc. (1991-2014); and Board Member of the Cebu Normal University Board of Regents representing the prominent citiz'ns' sector of Cebu (2009-2013). He also held various positions as: Co-Chairman and Official spokesperson of Cebu-Citiz'ns' Involvement and Maturation in Peo'le's Empowerment and Liberation (C-CIMPEL as Come'ec's Electoral Arm (1992-2014)); Member and CBCP representative of Regional Multi-Sectoral Monitoring Team (RMMT) of DILG VII on justice, other forms of illegal gambling and illegal drug trade (2004-2008). He received the following awards: First, Ecclesiastical Conferment as Honorary Prelate in Nov. 22, 1996 and as Protonotary Apostolic Supernumerary in June 8, 2007, Episcopal Vic–r - District 1 Metro Cebu North (1998-2009) and Vicar General- Metro Cebu (North & South Districts) (2009-2014) and secondly, Plaque of Commendation from the Board of Regents of Cebu Normal University as member of the Board of Regents from December 2009 to December 2013 and a Plaque of Ma'or's Special Award for Pastoral Service in the [7]8th Cebu City Charter Day (2015). Chairman, Finance Committee for the Canonization of San Pedro Calungsod (October 21, 2012); Member, Board of Directors of City Sports Club Cebu, Inc. (2018-2021); Member, Board of Trustees of MSY Foundation, Operation Smile Internation–l - Cebu Chapter (20–4 - present). He graduated with a degree of Bachelor of Arts Major in English and Philosophy from Seminario Mayor de San Carlos, Cebu City and he also took post- graduate studies in Theology.

Corporate Officers

Bernard Vincent O. Dy*	Chairman of the Board
Anna Ma. Margarita B. Dy*	President
Nerissa N. Josef-Mediano	Chief Operating Officer**
Augusto D. Bengzon	Treasurer
Ma. Luisa D. Chiong***	Chief Finance Officer and Compliance Officer
Ma. Divina Y. Lopez****	Chief Finance Officer and Compliance Officer
June Vee D. Monteclaro-Navarro	Corporate Secretary
Nimfa Ambrosia L. Perez-Paras	Assistant Corporate Secretary
Annabeth R. Bernardo****	Chief Audit Executive

** Members of the Board of Directors*
***Position is effective upon approval of the SEC of the amended By-Laws which include COO as officer of the Company*
****Until February 22, 2021*
****Effective February 22, 2021*

Nerissa N. Josef-Mediano, Filipino, 49, has been elected the Chief Operating Officer of the Company effective upon approval of the SEC of the Amended By-Laws which include COO as officer of the Company. She is the Vice President and Head of the Business Development Group of Cebu Holdings, Inc. Concurrently, she is Assistant Vice President of ALI and the Officer-in-Charge for its VISMIN Operations. She holds various positions within the ALI VISMIN Group such as, Chairman and President of North Point Estate Association, Inc.; Director and President of Adauge Commercial Corporation; Director and General Manager of Asian I-Office Properties, Inc.; Director and Treasurer of Southportal Properties, Inc., and 1016 Residences Condominium Corporation; and Director of Taft Punta Engaño Property, Inc., Solinea, Inc., Amaia Southern Properties, Inc., Asiatown IT Park Association, Inc., and Cebu Business Park Association, Inc. She was a Director of Westview Commercial Ventures Corp., Cebu Leisure Company, Inc., and City Sports Club Cebu. She led various land acquisitions and the development of Makati Circuit and Vertis North during her stint as a Project Development Head of ALI's Strategic Landbank Management Group. She was also the Project Development Group Head of Alveo Land Corp. and a Project Development Manager of Avida Land Corp. She graduated with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University in 1992 and obtained a Master's Degree in Business Management from the Asian Institute of Management in 1997.

Augusto D. Bengzon, Filipino, 58, is the Treasurer of Cebu Holdings, Inc. since April 24, 2017. He served as a Director of the Company from August 15, 2017 to April 14, 2020. He joined ALI in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Compliance Officer & Treasurer. He is a Director of AREIT, Inc. and Treasurer of AyalaLand Logistics Holdings Corp., the other 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., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWestProperties 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 AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier, 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 Alabang Commercial Corporation, 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.

***Ma. Luisa D. Chiong**,* Filipino, 48, served as the Chief Finance Officer and Compliance Officer of CHI from August 15, 2017 to February 22, 2021. She is Vice President of ALI and served as Chief Finance Officer of ALI.'s Vismin Group and Strategic Landbank Management Group. Her other significant positions include: Director of Central Block Developers, Inc. and Cebu Leisure Company, Inc; Director, Treasurer and Chief Finance Officer of Adauge Commercial Corporation; Director and Treasurer of Asian i-Office Properties, Inc.; Treasurer and a member of the Board of Trustees of Altaraza Town Center Estate Association, Inc., Lakeside Evozone Association Inc. and North Point Estate Association, Inc.; Treasurer and Chief Finance Officer of Taft Punta Engano Property, Inc., Accendo Commercial Corp., Lagdigan Land Corporation and Cagayan de Oro Gateway Corp.; Director and Chief Finance Officer of Alinet.com, Inc.; Comptroller and Chief Finance Officer of Alviera Country Club, Inc.; Chief Finance Officer of Aviana Development Corp., Aurora Properties Incorporated, CECI Realty, Inc. and Vesta Property Holdings, Inc.; and the Comptroller of Nuevocentro, Inc. She completed the academic requirements for a Master in Business Administration degree from De La Salle University in 1998 and obtained her Bachelor of Science in Commerce Major in Accounting degree from the same university in 1991. She is a Certified Public Accountant, garnering 5th place in the May 1992 CPA Board Examinations and is a member of the Philippine Institute of Certified Public Accountants (PICPA).

Ma. Divina Y. Lopez, Filipino, 49, has been elected as the Chief Finance Officer and Compliance Officer of the Company on February 22, 2021. She is currently Vice President of ALI and the Chief Finance Officer of ALI's Vismin Group and Strategic Landbank Management Group. She served as the Chief Audit Executive of ALI from 2019 until January 1, 2021. Prior to this post, she was President of Amicassa Process Solutions, Inc. and Chief Finance Officer of the Residential Business Group of ALI. She is a member of the Institute of Internal Auditors Philippines (IIAP). 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.

June Vee D. Monteclaro-Navarro, Filipino, 49, has served as the Corporate Secretary of CHI since February 2014. She is a Vice President of ALI; Corporate Secretary of AyalaLand Logistics Holdings, Inc.; and Assistant Corporate Secretary of AREIT, Inc. All are publicly listed companies. She is a Director (management position) and Corporate Secretary of Ayala Group Legal. Currently, she is also the Corporate Secretary of Alveo Land Corp., Avida Land Corp., AKL Properties, Inc., ALI Eton Property Development Corporation and Altaraza Development Corporation; and the Assistant Corporate Secretary of Alinet.com, Inc. Prior to joining ALI in 2007, she was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan. She graduated from the University of St. La Salle in Bacolod with a Bachelor of Arts with a Major in Economics and a Bachelor of Commerce with a Major in Data Processing in 1993. She earned a Bachelor of Laws degree from the University of the Philippines in 1997. She finished the Program on Negotiation at Harvard Law School in 2012 and the Leadership in Corporate Counsel Executive Education at Harvard Law School in 2016.

Nimfa Ambrosia L. Perez-Paras, Filipino, 55, has served as the Assistant Corporate Secretary of CHI since February 2014. She is a Senior Counsel 2 of Ayala Group Legal. She is the Assistant Corporate Secretary of listed companies, namely: AyalaLand Logistics Holdings Corp. and AREIT, Inc. She heads and handles various corporate secretarial functions for affiliates of CHI and for a number of companies within the Ayala Group. Prior to joining Ayala Group Legal in February 2014, she was a State Counsel at the Department of Justice. She also worked at the Regional Trial Courts of Makati and Quezon City. In the private sector, she worked as Legal Counsel for Coca-Cola Bottlers Philippines, Inc., RFM Corporation, and Roasters Philippines, Inc. She graduated with a Bachelors of Law degree from Manuel L. Quezon School of Law in 1990. She finished the Program on Negotiation and Leadership at Harvard Law School in 2018.

Annabeth R. Bernardo, Filipino, 38, has been the Chief Audit Executive of the Company on February 22, 2021. She is also the Chief Audit Executive of ALI. She was Head of Control & Analysis handling management reports and financial analyses of Makati Development Corporation (MDC), a wholly-owned subsidiary of ALI. She also served as the Head of Internal Audit of MDC and as Chief Finance Officer of one of its Construction Divisions. She was the Internal Audit Manager of ALI prior to her secondment to MDC. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certification in Control Self-Assessment (CCSA) holder, and a member of the Institute of Internal Auditors Philippines (IIAP). She holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines and was awarded with the Certificate of Honor for being part of the Top 25 successful CIA examinees worldwide back in 2007.

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

None of the directors and executive officers of the Company is related up to the fourth civil degree either by consanguinity or affinity.

f. Attached is the Audited Financial Statement of CHI for the period ending December 31, 2020

II. ASIAN I-OFFICE PROPERTIES, INC.

a. Description of Business, Properties and Legal Proceedings

Asian I-Office Properties, Inc. ("AiO") is a wholly-owned subsidiary of CHI and was registerd with the Philippine Securities and Exchange Commission (SEC) on September 24, 2007, primarily to develop, invest, own, acquire, lease, hold, mortgage, administer or otherwise deal with commercial, residential buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment. It is engaged in real estate development, specifically the development and operations of office towers within the Cebu IT Park Estate.

AiO owns and operates the e-Bloc Towers 1 to 4 office buildings located in Cebu IT Park Estate, catering mostly to the growing IT/BPO industry in Cebu. All buildings are currently fully leased out.

AiO, its directors and officers are not involved in any ongoing and unresolved legal cases.

b. Market Price of and Dividends on the Common Equity

AiO is a non-listed company with the following issued and outstanding shares are of January 31, 2021:

Type of Security	Number of Shares	Par Value	Amount
Common	676,135	Php100	Php67,613,500.00
Preferred	6,085,215	Php100	Php608,521,500.00

Listed below are the names of the stockholders of AiO, their respective subscriptions and amount paid.

Stockholder	Type of Shares	No. of Shares Subscribed	Amount of Shares Subscribed (Php)	Amount Paid (PhP)
Cebu Holdings, Inc.[17]	*Common*	676,130	67,613,000.00	676,134,500.00
	Preferred	6,085,215	608,521,500.00	
Aniceto V. Bisnar, Jr.	*Common*	1	100.00	100.00
Maria Clavel G. Tongco	*Common*	1	100.00	100.00
Nerissa N. Josef-Mediano	*Common*	1	100.00	100.00
Ma. Luisa D. Chiong	*Common*	1	100.00	100.00
Noel F. Alicaya	*Common*	1	100.00	100.00
Total		**6,761,350**	**676,135,000.00**	**676,135,000.00**

AiO declared the following cash dividends in 2019 and 2020:

Declaration Date	Total Amount
November 29, 2019	Php304,260,750.00
November 16, 2020	723,464,450.00

c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

[17] *In Ruling No. MS4O-0132-2020 dated 5 February 2020, the Bureau of Internal Revenue confirmed that the statutory merger of Cebu Holdings, Inc. and Cebu Property Ventures and Development Corporation, with the former as the surviving entity, which was approved by the Securities and Exchange Commission on 6 November 2018, qualifies for a tax-free merger.*

d. Board of Directors and Executive Officers

Board of Directors

Name	Regular or Independent
Aniceto v. Bisnar, Jr.	Regular
Maria Clavel G. Tongco	Regular
Nerissa N. Josef-Mediano	Regular
Ma. Luisa D. Chiong	Regular
Noel F. Alicaya	Regular

Principal Officers

Name	Position/Designation
Aniceto V. Bisnar, Jr.	Chairman and President
Nerissa N. Josef-Mediano	General Manger
Ma. Luisa D. Chiong	Treasurer
Noel F. Alicaya	Chief Finance Officer
Nimfa Ambrosia L. Perez-Paras	Corporate Secretary
Maria Paula G. Romero-Bautista	Assistant Corporate Secretary

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

None of the directors and executive officers of the Company is related up to the fourth civil degree either by consanguinity or affinity.

e. Attached is the Audited Financial Statement of ALI for the period ending December 31, 2020

III. CENTRAL BLOCK DEVELOPERS, INC.

a. Description of Business, Properties and Legal Proceedings

Central Block Developers Inc. (CBDI) owns and operates a mall and two (2) office towers, and, through a wholly-owned subsidiary, a hotel. Gross leasable area for the mall is about forty (40) thousand sqm while the office towers combined is at sixty-seven (67) thousand sqm. The hotel has two hundred fourteen (214) rooms. The company's primary business, as registered, is to develop, sell, invest, own, acquire, lease, hold, mortgage, administer, or otherwise deal with commercial, residential, industrial, or agricultural lands, buildings, structures or apertures, or in any profitable business enterprise, ventures or establishment, including to own, hold in ownership, manage deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and to the limit and extent permitted by law, alone or jointly with other persons, natural or artificial.

CBDI owns and operates the mixed-use block which consists of a 5-storey mall development, 2 office towers and 1 hotel tower stacked on top of the mall, catered with three (3) levels of basement parking and located in Cebu IT Park Estate.

It also wholly owns Central Bloc Hotel Ventures, Inc., the operator of the 214 room Seda Central Bloc Cebu, a 17-storey hotel offering a unique combination of hotel rooms for short stays, and serviced residences with home-like conveniences for extended visits.

CBDI, its directors and officers are not involved in any ongoing and unresolved legal cases.

b. Market Price of and Dividends on the Common Equity

CBDI is a non-listed company with the following issued and outstanding shares are of January 31, 2021:

Type of Security	Number of Shares	Par Value	Amount
Common	550,000	Php1,000.00	Php550,000,000.00
Preferred	4,950,000	Php1,000.00	Ph4,950,000,000.00

Listed below are the names of the stockholders of CBDI, their respective subscriptions and amount paid.

Stockholder	Type of Security	No. of Shares Subscribed	Amount of Shares Subscribed (Php)	Amount Paid (PhP)
Ayala Land, Inc.	*Common*	247,498	247,498,000.00	2,209,188,000.00
	Preferred	2,227,499	2,227,499,000.00	
Cebu Holdings, Inc.	*Common*	302,497	302,497,000.00	2,700,177,000.00
	Preferred	2,722,501	2,772,501,000.00	
Aniceto V. Bisnar, Jr	*Common*	1	1,000.00	1,000.00
Ma. Luisa D. Chiong	*Common*	1	1,000.00	1,000.00
Carol T. Mills	*Common*	1	1,000.00	1,000.00
Jennylle S. Tupaz	*Common*	1	1,000.00	1,000.00
Maria Clavel G. Tongco	*Common*	1	1,000.00	1,000.00
Total		**5,500,000**	**5,500,000,000.00**	**4,909,310,000.00**

CBDI has no cash dividend declarations for the years 2019 and 2020.

c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

d. Board of Directors and Executive Officers

Board of Directors

Name	Regular or Independent
Nerissa N. Josef-Mediano	Regular
Carol T. Mills	Regular
Ma. Luisa D. Chiong	Regular
Christopher B. Maglanoc	Regular
Maria Clavel G. Tongco	Regular

Principal Officers

Name	Position/Designation
Nerissa N. Josef-Mediano	Chairman
Carol T. Mills	Vice Chairman and President
Ricardo Ulysses C. Tabije Iv	Chief Finance Officer & Treasurer
Noel F. Alicaya	Chief Finance Officer
Nimfa Ambrosia L. Perez-Paras	Corporate Secretary
Maria Paula G. Romero-Bautista	Assistant Corporate Secretary

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

None of the directors and executive officers of the Company is related up to the fourth civil degree either by consanguinity or affinity.

e. Attached is the Audited Financial Statement of ALI for the period ending December 31, 2020

IV. ARCA SOUTH COMMERCIAL VENTURES CORP.

a. Description of Business, Properties and Legal Proceedings

Arca South Commercial Ventures Corp. (“ASCVC”) was incorporated on November 16, 2017 as a stock corporation domiciled in the Philippines. The Company is organized primarily to develop, sell, own, acquire, lease, hold, mortgage, administer, or otherwise deal with or invest in commercial, residential, industrial or agricultural lands, buildings, structures or apertures, to engage or invest in any other profitable business enterprise, venture or establishment.

ASCVC, its directors and officers are not involved in any ongoing and unresolved legal cases.

b. Market Price of and Dividends on the Common Equity

ASCVC is a non-listed company with the following issued and outstanding shares are of January 31, 2021:

Type of Security	Number of Shares	Par Value	Amount
Common	231,050,000	Php1.00	Php231,050,000.00
Preferred A	2,079,450,000	Php1.00	Php2,079,450,000.00
Total	2,310,500,000		Php2,310,500,000.00

Listed below are the names of the stockholders of ASCVC, their respective subscriptions and amount paid.

Stockholder	Type of Security	No. of Shares Subscribed	Amount of Shares Subscribed (Php)	Amount Paid (PhP)
Ayala Land, Inc.	*Common*	231,049,995	231,049,995.00	2,310,499,995.00
	Preferred A	2,079,450,000	2,079,450,000.00	
Aniceto V. Bisnar, Jr	*Common*	1	1,000.00	1,000.00
Ma. Luisa D. Chiong	*Common*	1	1,000.00	1,000.00
Carol T. Mills	*Common*	1	1,000.00	1,000.00
Jennylle S. Tupaz	*Common*	1	1,000.00	1,000.00
Maria Clavel G. Tongco	*Common*	1	1,000.00	1,000.00
Total		**2,310,500,000**	**2,310,500,000.00**	**2,310,500,000.00**

ASVC has no cash dividend declarations for the years 2019 and 2020.

c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

d. Board of Directors and Executive Officers

Board of Directors

Name	Regular or Independent
Christopher B. Maglanoc	Regular
Ma. Veronica I. Arcenas-Timbol	Regular
Ma. Teresa R. Famy	Regular
Joseph F. Reyes	Regular
Charmaine N. Bauzon	Regular

Principal Officers

Name	Position/Designation
Christopher B. Maglanoc	Chairman and President
Ma. Veronica I. Arcenas-Timbol	General Manger
Ma. Teresa R. Famy	Treasurer
Ma. Graciela A. Palamo	Chief Finance Officer
Nimfa Ambrosia L. Perez-Paras	Corporate Secretary
Maria Paula G. Romero-Bautista	Assistant Corporate Secretary

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

None of the directors and executive officers of the Company is related up to the fourth civil degree either by consanguinity or affinity.

e. Attached is the Audited Financial Statement of ALI for the period ending December 31, 2020

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Cebu Holdings, Inc. and Subsidiaries
20th Floor, Ayala Center Cebu Tower, Bohol Street
Cebu Business Park, Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Holdings, Inc. (the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and their consolidated financial performance and their cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Accounting for lease rental income and lease concessions

Rental income represents 71% of the Group’s consolidated revenue for the year ended December 31, 2020. The Group generally recognizes lease payments as rental income on a straight-line basis over the lease term. Also, there are several lease arrangements where recognition of rental income is based on certain percentages of sales of the lessees. In 2020, the Group granted various lease concessions such as lease payment holidays or lease reduction to the lessees of its commercial and office spaces in response to the laws and regulations issued by the government mandating the granting of certain lease concession during the coronavirus pandemic. The Group evaluated that the lease concessions do not qualify as lease modification and accounted for these in the form of negative variable rent which the Group recorded when the “event or condition” that triggers it occurs (e.g., when the concession is given), regardless of the period to which the concession pertains.

We considered this as a key audit matter because the Group has high volume of lease agreements and lease concessions granted during the year, the accounting for lease concession under PFRS 16, *Leases*, involves application of significant judgment and estimation in determining whether the lease concession will be accounted for as lease modification, and the recorded rental income is material to the consolidated financial statements.

The disclosures related to rental income and lease concessions granted by the Group are included in Notes 3 and 21 to the consolidated financial statements.

Audit response

We tested the population of lease agreements by comparing the details of the contracts in the calculation prepared by management against the lease contract database. On a test basis, we inspected the lease agreements and traced these contractual terms and conditions to the lease calculation prepared by management. We performed recalculation and test of details to assess whether the rental income recognized is consistent with the contract terms and to identify any non-standard lease clauses.

We obtained an understanding of the type, extent and periods covered of the various lease concessions granted by the Group, including the determination of the population of the lease contracts covered by the lease concession granted by the Group during the year. On a test basis, we inspected the communications of the Group in connection with the lease concessions granted to the lessees and traced these contractual terms and conditions to the calculation of the financial impact of lease concessions prepared by the management. We test computed the lease concession impact prepared by management on a sample basis. We obtained management assessment, and a legal opinion from the Group’s external legal counsel supporting the assessment that the lease concession granted does not qualify as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor’s report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 206-544-506
BIR Accreditation No. 08-001998-138-2018,
December 17, 2018, valid until December 16, 2021
PTR No. 8534368, January 4, 2021, Makati City

February 22, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Cebu Holdings, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Cebu Holdings, Inc. (the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and their consolidated financial performance and their cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 206-544-506
BIR Accreditation No. 08-001998-138-2018,
December 17, 2018, valid until December 16, 2021
PTR No. 8534368, January 4, 2021, Makati City

February 22, 2021

SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Cebu Holdings, Inc. and Subsidiaries
20th Floor, Ayala Center Cebu Tower, Bohol Street
Cebu Business Park, Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated February 22, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog
Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Cebu Holdings, Inc. and Subsidiaries
20th Floor, Ayala Center Cebu Tower, Bohol Street
Cebu Business Park, Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Holdings, Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 206-544-506
BIR Accreditation No. 08-001998-138-2018,
December 17, 2018, valid until December 16, 2021
PTR No. 8534368, January 4, 2021, Makati City

February 22, 2021

CEBU HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱185,187**	₱313,148
Short-term investments (Note 6)	**–**	26,380
Financial assets at fair value through profit or loss (Note 7)	**9,947**	9,688
Receivables (Notes 8 and 20)	**2,749,033**	3,017,755
Inventories (Note 9)	**861,720**	576,189
Other current assets (Note 10)	**352,032**	339,260
Total Current Assets	**4,157,919**	4,282,420
Noncurrent Assets		
Receivables - net of current portion (Note 8)	**255,190**	254,609
Financial assets at fair value through other comprehensive income (OCI) (Note 11)	**310,500**	349,806
Property and equipment (Note 12)	**270,418**	261,056
Investments in associates and a joint venture (Note 13)	**1,731,257**	1,721,426
Investment properties (Note 14)	**21,005,136**	21,066,414
Deferred income tax assets - net (Note 25)	**42,386**	12,315
Other noncurrent assets (Notes 16)	**1,276,613**	1,294,484
Total Noncurrent Assets	**24,891,500**	24,960,110
	₱29,049,419	₱29,242,530
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 17 and 20)	**₱8,577,625**	₱8,946,476
Current portion of long-term debt (Note 18)	**5,367,627**	76,966
Income tax payable	**412**	261,802
Deposits and other current liabilities (Note 19)	**965,932**	954,749
Total Current Liabilities	**14,911,596**	10,239,993
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 18)	**912,126**	6,271,682
Pension liabilities (Note 24)	**58,778**	35,619
Deferred income tax liabilities - net (Note 25)	**196,945**	232,687
Deposits and other noncurrent liabilities (Note 19)	**493,451**	337,688
Total Noncurrent Liabilities	**1,661,300**	6,877,676
Total Liabilities	**16,572,896**	17,117,669
Equity (Note 28)		
Equity attributable to equity holders of Cebu Holdings, Inc.		
Capital stock	**2,916,845**	2,916,845
Treasury shares	**(760,088)**	(760,088)
Additional paid-in capital	**856,684**	856,684
Retained earnings	**6,535,395**	6,143,508
Equity reserves	**264,560**	264,560
Remeasurement loss on defined benefit plan (Note 24)	**(39,867)**	(29,294)
Unrealized gain (loss) on financial asset at fair value through OCI	**(28,665)**	9,517
	9,744,864	9,401,732
Non-controlling interests (Note 4)	**2,731,659**	2,723,129
Total Equity	**12,476,523**	12,124,861
	₱29,049,419	₱29,242,530

See accompanying Notes to Consolidated Financial Statements.

CEBU HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings Per Share Figures)

	Years Ended December 31		
	2020	2019	2018
REAL ESTATE REVENUE (Notes 14, 21 and 30)	**₱2,322,431**	₱4,033,266	₱3,112,558
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURE (Note 13)	**44,831**	234,864	106,039
	2,367,262	4,268,130	3,218,597
Interest income (Notes 5, 6, 8 and 22)	**94,365**	84,186	67,047
Other income (Note 22)	**471,625**	444,737	436,196
	565,990	528,923	503,243
	2,933,252	4,797,053	3,721,840
COSTS AND EXPENSES			
Real estate (Note 23)	**1,782,386**	1,900,536	1,875,263
Interest expense (Notes 18 and 20)	**508,881**	419,668	368,467
General and administrative expenses (Note 23)	**195,821**	286,237	218,329
Other charges (Note 23)	**19,373**	25,519	17,022
	2,506,461	2,631,960	2,479,081
INCOME BEFORE INCOME TAX	**426,791**	2,165,093	1,242,759
PROVISION FOR INCOME TAX (Note 25)			
Current	**92,691**	524,695	274,643
Deferred	**(66,317)**	(29,083)	(1,914)
	26,374	495,612	272,729
NET INCOME	**₱400,417**	₱1,669,481	₱970,030
Net Income Attributable to:			
Equity holders of Cebu Holdings, Inc.	**₱391,887**	₱1,657,569	₱857,111
Non-controlling interests (Note 4)	**8,530**	11,912	112,919
	₱400,417	₱1,669,481	₱970,030
Basic/Diluted Earnings Per Share (Note 26)	**₱0.18**	₱0.77	₱0.44

See accompanying Notes to Consolidated Financial Statements.

CEBU HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
Net income	**₱400,417**	₱1,669,481	₱970,030
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Unrealized gain (loss) on financial asset at fair value through OCI	**(38,182)**	7,156	38,877
Remeasurement gain (loss) on defined benefit plan (Note 24)	**(15,104)**	(2,700)	1,485
Tax effect relating to components of other comprehensive gain (loss)	**4,531**	810	(445)
Total other comprehensive income (loss)	**(48,755)**	5,266	39,917
Total comprehensive income	**₱351,662**	₱1,674,747	₱1,009,947
Total comprehensive income attributable to:			
Equity holders of Cebu Holdings, Inc.	**₱343,132**	₱1,662,835	₱897,028
Non-controlling interests	**8,530**	11,912	112,919
	₱351,662	₱1,674,747	₱1,009,947

See accompanying Notes to Consolidated Financial Statements.

CEBU HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Parent											
	Capital Stock (Note 28)	**Treasury Shares** (Note 2)	**Additional Paid-in Capital** (Note 28)	**Retained Earnings** (Note 28) **Appropriated**	**Unappropriated**	**Total**	**Equity Reserve** (Note 2)	**Remeasurement Gain (Loss) on Defined Benefit Obligation** (Note 24)	**Unrealized Gain (Loss) on Financial Asset At Fair Value through OCI**	**Total Equity Attributable to Equity Holders of Parent Company**	**Non-controlling Interests** (Note 4)	**Total**
				For the Year Ended December 31, 2020								
Balance as of January 1, 2020	**₱2,916,845**	**(₱760,088)**	**₱856,684**	**₱3,800,000**	**₱2,343,508**	**₱6,143,508**	**₱264,560**	**(₱29,294)**	**₱9,517**	**₱9,401,732**	**₱2,723,129**	**₱12,124,861**
Comprehensive income:												
Net Income	**–**	**–**	**–**	**–**	**391,887**	**391,887**	**–**	**–**	**–**	**391,887**	**8,530**	**400,417**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,573)**	**(38,182)**	**(48,755)**	**–**	**(48,755)**
Total Comprehensive income	**–**	**–**	**–**	**–**	**391,887**	**391,887**	**–**	**(10,573)**	**(38,182)**	**343,132**	**8,530**	**351,662**
Balance as of December 31, 2020	**₱2,916,845**	**(₱760,088)**	**₱856,684**	**₱3,800,000**	**₱2,735,395**	**₱6,535,395**	**₱264,560**	**(₱39,867)**	**(₱28,665)**	**₱9,744,864**	**₱2,731,659**	**₱12,476,523**
				For the Year Ended December 31, 2019								
January 1, 2019	₱2,916,845	(₱760,088)	₱856,684	₱1,300,000	₱3,509,452	₱4,809,452	₱264,560	(₱27,404)	₱2,361	₱8,062,410	₱1,997,039	₱10,059,449
Comprehensive income:												
Net Income	–	–	–	–	1,657,569	1,657,569	–	–	–	1,657,569	11,912	1,669,481
Other comprehensive income	–	–	–	–	–	–	–	(1,890)	7,156	5,266	–	5,266
Total Comprehensive income	–	–	–	–	1,657,569	1,657,569	–	(1,890)	7,156	1,662,835	11,912	1,674,747
Appropriation	–	–	–	2,500,000	(2,500,000)	–	–	–	–	–	–	–
Additional capital infusion of NCI (Note 4)	–	–	–	–	–	–	–	–	–	–	714,178	714,178
Dividends declared (Note 28)	–	–	–	–	(323,513)	(323,513)	–	–	–	(323,513)	–	(323,513)
Balance as of December 31, 2019	₱2,916,845	(₱760,088)	₱856,684	₱3,800,000	₱2,343,508	₱6,143,508	₱264,560	(₱29,294)	₱9,517	₱9,401,732	₱2,723,129	₱12,124,861
				For the Year Ended December 31, 2018								
Balance as of January 1, 2018	₱1,920,074	₱–	₱856,684	₱1,300,000	₱2,975,854	₱4,275,854	(₱9,474)	(₱28,444)	(₱36,516)	₱6,978,178	₱958,500	₱7,936,678
Comprehensive income												
Net Income	–	–	–	–	857,111	857,111	–	–	–	857,111	112,919	970,030
Other comprehensive income	–	–	–	–	–	–	–	1,040	38,877	39,917	–	39,917
Total Comprehensive income	–	–	–	–	857,111	857,111	–	1,040	38,877	897,028	112,919	1,009,947
Additional shares issued	996,771	–	–	–	–	–	–	–	–	996,771	–	996,771
Treasury shares	–	(760,088)	–	–	–	–	–	–	–	(760,088)	–	(760,088)
CBDI non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,495,012	1,495,012
Effect of merger with a subsidiary (Note 28)	–	–	–	–	–	–	274,034	–	–	274,034	(569,392)	(295,358)
Dividends declared (Note 28)	–	–	–	–	(323,513)	(323,513)	–	–	–	(323,513)	–	(323,513)
Balance as of December 31, 2018	₱2,916,845	(₱760,088)	₱856,684	₱1,300,000	₱3,509,452	₱4,809,452	₱264,560	(₱27,404)	₱2,361	₱8,062,410	₱1,997,039	₱10,059,449

See accompanying Notes to Consolidated Financial Statements.

CEBU HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱426,791**	₱2,165,093	₱1,242,759
Adjustments for:			
Depreciation and amortization (Notes 12, 14 and 23)	**735,601**	604,523	549,685
Interest expense (Notes 18 and 20)	**508,881**	419,668	368,467
Interest income (Note 22)	**(94,365)**	(84,186)	(67,047)
Equity in net earnings of associates and a joint venture (Note 13)	**(44,831)**	(234,864)	(106,039)
Pension expense - net of contribution	**8,055**	216	1,920
Loss on disposal of property and equipment	**1,516**	4	–
Unrealized foreign exchange loss (gain)	**337**	(207)	(579)
Operating income before working capital changes	**1,541,985**	2,870,247	1,989,166
Decrease (increase) in:			
Receivables	**254,047**	(617,996)	(670,857)
Financial assets at fair value through profit or loss	**(259)**	691	312
Inventories	**306,275**	123,430	232,894
Other current assets	**(12,771)**	(104,970)	(62,030)
Increase (decrease) in:			
Accounts and other payables	**(331,687)**	544,967	4,741,010
Contract liabilities	**–**	(65,541)	65,541
Deposits and other liabilities	**166,946**	208,588	(64,324)
Net cash generated from operations	**1,924,536**	2,959,416	6,231,712
Interest paid	**(531,905)**	(418,857)	(290,461)
Income taxes paid	**(354,081)**	(276,310)	(311,607)
Interest received	**94,317**	83,950	33,497
Dividends received	**35,000**	–	–
Net cash provided by operating activities	**1,167,867**	2,348,199	5,663,141
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 14 and 32)	**(1,314,569)**	(2,341,789)	(4,179,762)
Property and equipment (Notes 12 and 32)	**(36,009)**	(10,173)	(25,813)
Short-term investments	**26,380**	(1,136)	(22,701)
Decrease (increase) in other noncurrent assets	**17,871**	(236,580)	(1,003,176)
Proceeds from sale/disposal of:			
Investment properties	**86,533**	–	–
Property and equipment	**1,180**	232	–
Financial assets at fair value through OCI	**1,124**	–	–
Net cash used in investing activities	**(1,217,490)**	(2,589,446)	(5,231,452)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments:			
Long-term debt	**(₱78,000)**	(₱61,000)	(₱61,000)
Dividends paid	**–**	(323,513)	(323,533)
Additional capital infusion of NCI	**–**	714,178	–
Net cash provided by (used in) financing activities	**(78,000)**	329,665	(384,533)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(338)**	207	579
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(127,961)**	88,625	47,735
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**313,148**	224,523	176,788
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱185,187**	₱313,148	₱224,523

See accompanying Notes to Consolidated Financial Statements.

1. **Group Information**

Cebu Holdings, Inc. (“CHI”, “the Parent Company”) is domiciled and was incorporated on December 9, 1988 in the Republic of the Philippines. The Parent Company is a 71.13%-owned subsidiary of Ayala Land, Inc. (ALI), a publicly listed company. ALI is a subsidiary of Ayala Corporation (AC), a publicly listed company which is 47.33%-owned by Mermac, Inc. and the rest by public.

The Parent Company’s registered office address is at 20th Floor, Ayala Center Cebu Tower, Bohol Street, Cebu Business Park, Cebu City. The Parent Company is engaged in real estate development, sale of subdivided land, residential and office condominium units, sports club shares, and lease of commercial spaces.

The Parent Company’s shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

Details on the Parent Company’s subsidiaries are as follows:

- Cebu Leisure Company, Inc. (CLCI), a wholly owned subsidiary, is engaged in subleasing of commercial spaces, food courts and entertainment facilities. The registered office address of CLCI is at Admin Office, Level 4, Ayala Center Cebu, Cebu Business Park, Cebu City.

- CBP Theatre Management Company, Inc. (CBP Theatre), a wholly owned subsidiary, is engaged in all aspects of the theatrical and cinematographic entertainment business, including theatre management and other related undertakings. CBP Theatre has not yet started its operations as of December 31, 2019.

- Asian I-Office Properties, Inc. (AiO), a wholly owned subsidiary, is engaged in all aspects of real estate development and in leasing of corporate spaces. The registered office address of AiO is at 20th Floor, Ayala Center Cebu Tower, Bohol Street, Cebu Business Park, Cebu City.

- Taft Punta Engaño Property Inc. (TPEPI), a partially-owned subsidiary, is engaged in real estate development of mixed-use commercial and residential district within a 12-hectare property in Lapu-Lapu City. The registered office address of TPEPI is at Vicsal Bldg., cor. C.D. Seno & W.O. Seno Sts., San Miguel Extension, Barangay Guizo, North Reclamation Area, Mandaue City.

- Central Block Developers, Inc. (CBDI), a partially-owned subsidiary, is engaged in all aspects of real estate development and in leasing of corporate spaces. The project of CBDI is called Central Bloc and is located at the core of Cebu IT Park. The development includes two BPO towers, an Ayala branded hotel, and a 5-storey mall. The Company’s registered address and principal place of business is at 28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

- Central Bloc Hotel Ventures, Inc. (CBHVI), a wholly-owned subsidiary of CBDI, is engaged in the general business of a hotel. The project of CBVHI is called Seda Central Bloc Cebu in Cebu IT Park with 214 guestrooms (the Hotel Project). Its registered office address and principal place of business is at 3rd Floor, Alveo Headquarters, 728 28th Street, Bonifacio Global City, Taguig City, Metro Manila.

The consolidated financial statements of Cebu Holdings Inc. and its subsidiaries (the Group) as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were endorsed for approval by the Audit and Risk Committee on February 9, 2021 and were approved and authorized for issue by the Board of Directors (BOD) on February 22, 2021.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

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

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the reliefs granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15 affecting the real estate industry:

- *Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry*
  a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
  b. Treatment of land in the determination of the percentage-of-completion (POC);
  c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
  d. Accounting for Common Usage Service Area (CUSA) charges

- *Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another three (3) years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in *New Standards, Interpretations and Amendments* section in Note 2.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by PIC.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries as of December 31:

	Percentage of ownership		
	2020	2019	2018
CLCI	**100**	100	100
CBP Theatre	**100**	100	100
AiO	**100**	100	100
TPEPI	**55**	55	55
CBDI	**55**	55	55
CBHVI	**55***	–	–

**wholly owned by CBDI*

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the 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 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.

- 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.

These amendments are not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

- PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

<u>Standards and Interpretation Issued but Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the ’10 per cent’ test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board 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.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

  a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred income tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.

b. The exclusion of land and uninstalled materials in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred income tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

c. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related statement of financial position accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*)

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of PFRS 15, *Revenue from Contracts with Customers*. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, this would have no impact to the consolidated balances since it is the Group’s practice to expense out borrowing costs related to projects with pre-selling activities in the period incurred.

- Adoption of PIC Q&A 2020-05, *Accounting for Cancellation of Real Estate Sales* (Supersedes PIC Q&A 2018-14)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (Approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the FRSC.

The Group availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group is still evaluating the approach to be availed among the existing options. Had the relief not been adopted and the current practice would be different from the approach to be implemented, this could have impacted the recording of real estate revenue, cost of sales, valuation of repossessed inventory and gain or loss from repossession in 2020.

Current and Noncurrent Classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

The Group measures financial instruments such as financial assets at FVPL and FVOCI at fair value and discloses the fair value of its other financial instruments as well as investment properties at each reporting date.

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

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

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

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

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

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

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

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

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

The Group's management determines the policies and procedures for recurring fair value measurement of financial assets at FVPL and FVOCI and investment properties.

External valuers are involved for the valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

<u>Financial Assets and Financial Liabilities</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition and subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies in section *Revenue from contracts with customers*.
In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

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

Financial assets at amortized cost (debt instruments). A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for impairment loss" in the consolidated statement of income.

For trade receivables, these are measured at the transaction price determined under PFRS 15. Refer to the accounting policies in *Revenue from contracts with customers*.

The Group's financial assets at amortized cost include cash and cash equivalents, short-term investments, trade receivables, receivables from related parties, other nontrade receivables and refundable deposits (under "Other current" and "Other noncurrent" assets).

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in unquoted club shares under this category.

Financial assets at FVPL. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the profit or loss when the right of payment has been established.

The Group's financial assets at FVPL include short-term money market placements.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash in banks and short-term investments, the Group applies the low credit risk simplification. Loss allowances are recognized based on 12-month ECL for debt instrument that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade", or when the exposure is less than 30 days past due.

At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, long-term debt, deposits and other liabilities, and excluding statutory liabilities and other obligations that meet the above definition (other than liabilities covered by other accounting standards such as income tax payable).

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Loans and borrowings. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets.

Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

The Group does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and,
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

Derecognition of financial instruments

Financial assets. A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the contractual rights to the cash flows from the financial asset expire; or,
- the Group transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which it either (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Group has not retained control.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group.

Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell.

Cost includes:
- Land cost
- Land improvement cost
- Amount paid to contractors for construction and development of the properties (i.e. planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs)

The cost of inventory recognized in the consolidated statement of income as disposal is determined with reference to the specific costs incurred on the property sold and is allocated to saleable area based on relative size.

Other Assets
Other assets include input value-added tax (VAT), creditable withholding tax (CWT) and prepaid expenses.

Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input VAT can also be recovered as tax credit against future income tax liability of the Group upon approval of the BIR. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability.

CWT represents the amount withheld by the payee. These are recognized upon collection of the related sales and are utilized as tax credits against income tax due.

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotion, taxes and licenses, rentals and insurance.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Expenditures incurred after the fixed assets have been put into operations, such as repairs and maintenance are normally charged to expenses in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the related property and equipment.

Depreciation and amortization commences once the property and equipment are available for their intended use and are computed on a straight-line basis over the estimated useful lives as follows:

	Years
Buildings and improvements	40
Furniture, fixtures and equipment	3−10
Transportation equipment	3−5

The useful lives and depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use although no further depreciation is credited or charged to current operations.

Intangible Assets
The Group's development rights included under "Other noncurrent assets" pertain to the unsold cost of development rights purchased by the Group allocated based on the revised gross floor area of a structure in a particular lot.

These are measured on initial recognition at cost. After initial recognition, these are carried at cost less any accumulated impairment losses. The development rights are capitalized as additional cost of the structure once the development commences.

Investments in Associates and a Joint Venture
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and a joint venture is accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in associates and a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as "Equity in net earnings of associates and a joint venture" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of completed properties and properties under construction or re-development that are held to earn rentals and for capital appreciation or both and are not occupied by the companies in the Group. The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including borrowing costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Land improvements	Up to 25
Buildings and improvements	Up to 40

Expenditure incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are available for their intended use.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied properties and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

For investments in associates and a joint venture, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the investee companies and the carrying value and recognizes the amount in the consolidated statement of income.

Equity

Capital stock, additional paid-in capital and treasury shares

Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Treasury share is the Parent Company's own equity instruments that is not recognized as a financial asset regardless of the reason for which it is reacquired. When the Parent Company reacquires its own equity instruments, the cost of the treasury stock is deducted from total equity.

Retained earnings
Retained earnings represent net accumulated earnings (losses) of the Group less dividends declared and any adjustments arising from the application of new accounting standards or policies applied retrospectively. The individual accumulated earnings of the subsidiaries are available for dividends only after declared by their respective BOD.

Unappropriated retained earnings
Unappropriated retained earnings represent the portion of retained earnings that is free and can be declared as dividends to stockholders.

Appropriated retained earnings
Appropriated retained earnings represent the portion of retained earnings which has been restricted and therefore is not available for dividend declaration.

Dividend distributions
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Group. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Equity reserves
Equity reserves pertain to the difference between the consideration transferred and the equity acquired in a common control business combination.

Revenue from contract with customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized as trade receivables under the residential and commercial development receivables account. Any excess of collections over the total of recognized installment contract receivables is included in the "Customers' deposit" account in the liabilities section of the consolidated statements of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by SEC under Memorandum Circular Nos. 14-2018 and 34-2020 for the implementation issues of PFRS 15 affecting the real estate industry.

Rental income
Rental income from noncancellable and cancellable leases is recognized in the consolidated statement of income on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided for under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Cost recognition
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Hotel and resorts revenue
The Group recognizes room accommodation services over time since the guest simultaneously receives and consumes the services provided by the Group. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Customers' deposit
Customers' deposit is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a customers' deposit is recognized when the payment is made or the payment is due, (whichever is earlier). Customers' deposits are recognized as revenue when the Group performs under the contract.

Customers' deposits also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Theater income
Theater income is recognized when earned.

Interest income
Interest income is recognized as it accrues using the effective interest method.
Other income
Dues are recognized as they accrue.

Insurance claim is recognized when the realization of income is virtually certain.

Net gain or loss from the sale of development rights is recognized when risk and reward are transferred to the buyer.

Others are recognized when earned.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

The borrowing costs capitalized as part of "Investment properties" are depreciated using straight-line method over the estimated useful life of the assets.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. A reassessment is made after inception of the lease only if one of the following applies:
(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessor
Leases where the Group retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as lessee

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

<u>Pension Cost</u>
The Group maintains a defined contribution (DC) plan that covers all regular full-time employees. Under its DC plan, the Group pays fixed contributions based on the employees' monthly salaries. The Group, however, is covered under Republic Act (RA) No. 7641, *The Philippine Retirement Law,* which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

In accordance with PIC Q&A No. 2013-03, the obligation for post-employment benefits of an entity that provides a DC plan as its only post-employment benefit plan, is not limited to the amount it agrees to contribute to the fund, if any. In this case, therefore, the Group's retirement plan shall be accounted for as a defined benefit plan. Accordingly, the Group accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the DC plan.

The DC liability is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the DC benefits.

For the DB minimum guarantee plan, the liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method.

Pension costs comprise:
- Service cost;
- Net interest on the net defined benefit liability or asset; and,
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as an expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Income Tax

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and its carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and NOLCO can be utilized.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in associates and a joint venture.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as of reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred income tax relating to items recognized outside profit or loss is recognized in OCI. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign-currency-denominated Transactions
The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at reporting dates. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares, if any.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 29 of the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events up to the date of the consolidated financial statements were authorized for issue that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements of the Group in conformity with PFRSs requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Management believes the following represent a summary of these significant judgments, estimates and assumptions:

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Evaluating impairment of nonfinancial assets
The Group reviews its investment properties and investments in associates and a joint venture for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results of the investees and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect its nonfinancial assets.

The Group's nonfinancial assets are not impaired as of December 31, 2020 and 2019. The carrying values of the Group's nonfinancial assets are disclosed in Notes 13,14 and 16.

Assessment of joint control of an arrangement and the type of arrangement
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management assessed that the Group has joint control over Cebu District Property Enterprise, Inc. (CDPEI) by virtue of a contractual agreement with other shareholders.

The Group applies judgment when assessing whether a joint arrangement is a joint operation or a joint venture.

In making this judgment, the Group determines the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. The Group assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. Management assessed that CDPEI is a joint venture arrangement as it is a separate legal entity and its stockholders have rights to its net assets.

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted are considered lease modifications under PFRS 16.

In making this judgment, the Group determines the rent concessions granted have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under the PFRS 16.

The rent concessions granted by the Group for the year ended December 31, 2020 amounted to ₱699.9 million.

Real estate revenue recognition

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method is used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Identifying performance obligation
The Group has various contracts to sell covering (a) serviced lot; and, (b) condominium unit. The Group concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering condominium unit, the developer has the obligation to deliver the house or condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service is to transfer the title of the real estate unit to the customer.

Collectability of the sales price
Revenue and cost recognition on real estate sales and selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

The Group has set a certain percentage (%) of collection over the total selling price in determining buyer's commitment on the sale. It is when the buyer's investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group.

Provisions and contingencies
The Group is involved in a legal proceeding and contingently liable for various claims. The estimate of the probable costs for the resolution of these legal proceeding and claims has been developed in consultation with the legal counsels and based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the Group's financial position (see Note 33).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Estimating the NRV of inventories
Inventories are valued at the lower of cost or NRV. To determine the NRV, the Group is required to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions. NRV, in respect of real estate inventories under construction, is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

No provision for inventory obsolescence was recognized in 2020 and 2019. The Group's inventories carried at cost are disclosed in Note 9.

Fair value of financial instruments
PFRS requires certain financial assets and liabilities to be carried at fair value or have the fair values disclosed in the notes, which requires the use of extensive accounting estimates and judgments.

While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of income and consolidated statement of changes in equity.

Certain financial assets and liabilities of the Group were initially recorded at its fair value by using the discounted cash flow methodology. See Note 27 for the related balances.

4. Non-controlling Interests

The Group has two subsidiaries with material NCI. Additional information regarding the subsidiaries is as follows:

		Accumulated balances		**Share of NCI in net income (loss)**		
	NCI %	**2020**	2019	**2020**	2019	2018
		(In Thousands)			(In Thousands)	
CBDI	45%	**₱2,113,133**	₱2,200,795	**(₱87,662)**	(₱11,701)	₱3,307
TPEPI	45%	**618,526**	522,334	**96,192**	23,613	51,839
CPVDC*	24%	**–**	–	**–**	–	57,773
		₱2,731,659	₱2,723,129	**₱8,530**	₱11,912	₱112,919

**Merged to the Parent Company effective November 6, 2018*

The summarized financial information of CBDI and TPEPI is provided below. This information is based on amounts before intercompany eliminations.

	2020		2019	
	CBDI	**TPEPI**	CBDI	TPEPI
	(In Thousands)		(In Thousands)	
Statements of financial position				
Current assets	**₱402,686**	**₱1,014,872**	₱365,601	₱835,462
Noncurrent assets	**9,614,634**	**616,264**	8,942,582	594,563
Current liabilities	**5,123,578**	**226,340**	4,249,701	240,193
Noncurrent liabilities	**197,890**	**30,294**	167,237	29,091
Statements of comprehensive income				
Revenue	**₱306,394**	**₱641,559**	₱43,409	₱217,128
Net income(loss)/Total comprehensive income (loss) attributable to:				
Equity of holders of the parent company	**(107,142)**	**117,568**	(14,031)	28,861
Non-controlling interests	**(87,662)**	**96,192**	(11,701)	23,613
Statements of cash flows				
Cash provided by (used in):				
Operating activities	**₱808,317**	**₱68,542**	(₱2,036,708)	₱1,469
Investing activities	**(855,370)**	**(7,445)**	(460,280)	(3,948)
Financing activities	**–**	**–**	2,592,614	–
Net increase (decrease) in cash and cash equivalents	**(₱47,053)**	**₱61,097**	₱95,626	(₱2,479)

Additional Capital Infusion
In 2019, ALI invested additional capital infusion to CBDI amounting to ₱714.2 million.

5. Cash and Cash Equivalents

	2020	2019
	(In Thousands)	
Cash on hand and in banks	**₱185,187**	₱259,429
Cash equivalents	**–**	53,719
	₱185,187	₱313,148

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

Total interest income earned from cash and cash equivalents amounted to ₱1.6 million, ₱2.7 million and ₱2.0 million in 2020, 2019 and 2018, respectively (see Note 22).

6. Short-term Investments

Short-term investments consist of money market placements with maturity date of more than 90 days and up to one (1) year and earn at the respective short-term investment rates.

In 2020 and 2019, the Group entered into a short-term investment with BPI to be used for short-term cash requirements. These investments earn an annual interest ranging from 2.62% in 2020 and 2019 and 2.96% in 2018.

As of December 31, 2020 and 2019, the Group's short term investments amounted to nil and ₱26.4 million, respectively.

Interest income earned from short-term investments amounted to ₱5.0 thousand in 2020 and ₱0.2 million in 2019 and 2018 (see Note 22).

7. Financial Assets at Fair Value through Profit or Loss

This account pertains to investments in BPI Short Term Fund (the Fund), a money market unit investment trust fund (UITF) which the Group holds for trading and is a portfolio of funds invested and managed by professional managers. The Fund aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments. This is measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statements of income under "Other income".

As of December 31, 2020 and 2019, the Group's financial assets at FVPL amounted to ₱9.9 million and ₱9.7 million, respectively.

Realized gain from redemption and unrealized gains recognized from changes in fair value through profit or loss amounted to ₱0.3 million, ₱0.6 million and ₱0.4 million in 2020, 2019 and 2018, respectively (see Note 22).

8. **Receivables**

	2020	2019
	(In Thousands)	
Receivables from related parties (Note 20)	**₱1,221,773**	₱2,103,364
Trade (Note 27):		
Commercial development	**794,573**	123,789
Residential development	**180,751**	270,023
Shopping centers	**173,257**	162,437
Corporate business	**42,227**	76,230
Accrued receivable	**545,671**	472,958
Receivable from insurance	**–**	21,267
Receivables from employees	**18,798**	19,887
Others	**60,546**	57,897
	3,037,596	3,307,852
Less allowance for impairment losses	**33,373**	35,488
	3,004,223	3,272,364
Less noncurrent portion	**255,190**	254,609
	₱2,749,033	₱3,017,755

The nature of trade receivables of the Group follows:

- Commercial development pertains to receivables arising from the sale of commercial lots and development rights.
- Residential development pertains to receivables arising from the sale of residential lots and condominium units.
- Shopping center pertains to receivables arising from the lease of retail space and land therein, movie theaters, food courts, entertainment facilities and carparks.
- Corporate business pertains to receivables arising from the lease of office buildings and accrued rent receivable.
- Receivable from insurance pertains to claim from insurer which encompasses business interruption and material damage.
- Other receivables pertain to receivable related to interests.

Terms and conditions of receivables are as follows:

- Sales contract receivables, included under residential development trade receivables, are noninterest-bearing and are collectible in monthly installments over a period of one (1) to two (2) years. Titles to real estate properties are transferred to the buyers once full payment has been made.
- Leases of retail space and land therein, included under shopping centers, are noninterest-bearing and are collectible monthly based on the terms of the lease contracts. These are unpaid billed receivables as of reporting date.
- Leases of office spaces, included under corporate business, are noninterest-bearing and are collectible monthly based on the terms of the lease contracts. These are unpaid billed receivables as of reporting date.
- Receivables from the sale of commercial lots and development rights, included under commercial development are noninterest-bearing and are collectible in monthly or quarterly installments over a period ranging from two (2) to four (4) years. Titles to real estate properties and development rights are not transferred to buyers until full payment has been made.
- Receivables from related parties are both interest and noninterest-bearing, and are due for collection within one year.
- Receivables from employees are composed of both interest and noninterest-bearing advances and are collectible over a period of one year through salary deduction.

- Accrued receivable consists of receivables from rental income arising from operating lease on investment properties which is accounted for on a straight-line basis over the lease term and accrual of interest income.
- Other receivables are due and demandable.

"Sales contract receivables" under residential development trade receivables has a nominal amount of ₱180.8 million and ₱270.0 million as of December 31, 2020 and 2019, respectively. "Receivables from the sale of development rights" under commercial development trade receivables were initially recorded at fair value. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount on trade receivables in 2020 and 2019 are as follows:

	2020		
	Residential development	**Commercial development**	**Total**
		(In Thousands)	
At January 1	**₱20,385**	**₱389**	**₱20,774**
Additions (reversals)	**(1,228)**	**76,112**	**74,884**
Accretion (Note 22)	**(13,570)**	**(46,031)**	**(59,601)**
At December 31	**₱5,587**	**₱30,470**	**₱36,057**

	2019		
	Residential development	Commercial development	Total
		(In Thousands)	
At January 1	₱29,906	₱5,961	₱35,867
Additions	11,954	7,127	19,081
Accretion (Note 22)	(21,475)	(12,699)	(34,174)
At December 31	₱20,385	₱389	₱20,774

Allowance for impairment

Set out below is the movement in allowance for expected credit losses of trade receivables:

	2020	2019
	(In Thousands)	
At January 1	**₱35,488**	₱30,715
Provision for the year (Note 23)	**9,018**	4,773
Written off during the year	**(11,133)**	–
At December 31	**₱33,373**	₱35,488

The impairment losses above pertain to individually impaired accounts.

9. Inventories

	2020	2019
	(In Thousands)	
Lots for sale and development		
Commercial lots	**₱577,664**	₱267,063
Subdivision lots	**241,865**	267,424
	819,529	534,487
Condominium units for sale	**42,191**	41,702
	₱861,720	₱576,189

The lots and condominium units are carried at cost.

A summary of the movements in inventories is set out below:

	2020		
	Lot for sale and development	**Condominium units for sale**	**Total**
		(In Thousands)	
At January 1	**₱534,487**	**₱41,702**	**₱576,189**
Transfers from investment properties (Note 14)	**577,664**	**–**	**577,664**
Disposals (recognized as cost of real estate sales) (Note 23)	**(307,598)**	**–**	**(307,598)**
Construction/development costs incurred	**1,323**	**–**	**1,323**
Other adjustments	**13,653**	**489**	**14,142**
At December 31	**₱819,529**	**₱42,191**	**₱861,720**

	2019		
	Lot for sale and development	Condominium units for sale	Total
		(In Thousands)	
At January 1	₱668,400	₱143,892	₱812,292
Transfers from investment properties (Note 14)	95,882	–	95,882
Transfers to investment properties (Note 14)	(175,064)	(33,491)	(208,555)
Disposals (recognized as cost of real estate sales) (Note 23)	(337,692)	(68,699)	(406,391)
Construction/development costs incurred	282,961	–	282,961
At December 31	₱534,487	₱41,702	₱576,189

The amount of inventories recognized as cost of real estate sales in the consolidated statements of income amounted to ₱307.6 million, ₱406.4 million and ₱523.0 million in 2020, 2019 and 2018, respectively (see Note 23).

There are no inventories as of December 31, 2020 and 2019 that are pledged as securities to liabilities.

10. Other Current Assets

	2020	2019
	(In Thousands)	
Input VAT	**₱148,444**	₱196,598
CWT	**80,862**	17,554
Advances to contractors	**55,180**	54,368
Prepaid expenses	**44,954**	48,294
Others	**22,592**	22,446
	₱352,032	₱339,260

Input VAT is applied against output VAT. The remaining balance is expected to be applied within the next twelve months. This also includes input VAT deferred pertaining to unpaid services which are incurred and billings which had been received but not yet paid as of date.

Prepaid expenses consist of advance payments for project management fees, business taxes, office supplies, commissions, energy supply paid to a local utility provider and other expenses.

CWTs are applied against income tax payable and are expected to be applied within the next twelve months.

Advances to contractors are recouped every progress billing payment depending on the percentage of accomplishment.

Others pertains to deposits for a utility company.

11. Financial Assets at Fair Value through OCI

The carrying value of the financial assets at fair value through OCI is as follows:

	2020	2019
	(In Thousands)	
Financial assets at fair value through OCI	**₱349,806**	₱342,650
Unrealized gain (loss) on fair value changes (Note 27)	**(38,182)**	7,156
Disposal	**(1,124)**	–
	₱310,500	₱349,806

Fair value hierarchy disclosures for the Group's financial assets at fair value through OCI are provided in Note 27.

12. Property and Equipment

	2020			
	Buildings and Improvements	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Total**
	(In Thousands)			
Cost				
At January 1	**₱372,869**	**₱146,645**	**₱39,390**	**₱558,904**
Additions	**12,506**	**2,130**	**21,373**	**36,009**
Disposals	**(4,373)**	**(355)**	**(27,621)**	**(32,349)**
At December 31	**381,002**	**148,420**	**33,142**	**562,564**
Accumulated Depreciation				
At January 1	**131,304**	**134,959**	**31,585**	**297,848**
Depreciation and amortization (Note 23)	**14,052**	**5,134**	**4,765**	**23,951**
Disposals	**(3,469)**	**(355)**	**(25,829)**	**(29,653)**
At December 31	**141,887**	**139,738**	**10,521**	**292,146**
Net Book Value	**₱239,115**	**₱8,682**	**₱22,621**	**₱270,418**

	2019			
	Buildings and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Total
	(In Thousands)			
Cost				
At January 1	₱368,366	₱148,440	₱36,415	₱553,221
Additions	4,503	2,370	3,300	10,173
Disposals	–	(4,165)	(325)	(4,490)
At December 31	372,869	146,645	39,390	558,904
Accumulated Depreciation				
At January 1	116,358	128,430	27,785	272,573
Depreciation and amortization (Note 23)	14,946	10,458	4,125	29,529
Disposals	–	(3,929)	(325)	(4,254)
At December 31	131,304	134,959	31,585	297,848
Net Book Value	₱241,565	₱11,686	₱7,805	₱261,056

As at December 31, 2020 and 2019, there are no property and equipment items that are pledged as security to liabilities.

As at December 31, 2020 and 2019, there are no contractual purchase commitments for property and equipment.

13. Investments in Associates and a Joint Venture

The movements in investments in associates and a joint venture accounted for under equity method follow:

	2020	2019
	(In Thousands)	
Cost		
At January 1	**₱1,008,154**	₱1,008,927
Others	**–**	(773)
At December 31	**1,008,154**	1,008,154
Accumulated equity in net income		
At January 1	**714,350**	479,486
Equity in net income for the year	**44,831**	234,864
Dividends received	**(35,000)**	–
At December 31	**724,181**	714,350
Accumulated equity in other comprehensive loss		
At January 1 and December 31	**(1,078)**	(1,078)
	₱1,731,257	₱1,721,426

The details of the Group's investment in associates and a joint venture and the related percentages of ownership are shown below:

	Percentages of Ownership December 31		Carrying Amounts December 31	
	2020	2019	**2020**	2019
			(In Thousands)	
Associates:				
Solinea, Inc. (Solinea)	**35%**	35%	**₱535,473**	₱511,262
Cebu Insular Hotels Company, Inc. (CIHCI)	**37**	37	**297,149**	296,447
Southportal Properties, Inc. (SPI)	**35**	35	**310,111**	331,426
Amaia Southern Properties, Inc. (ASPI)	**35**	35	**160,621**	149,324
Joint Venture:				
CDPEI	**15**	15	**427,903**	432,967
			₱1,731,257	₱1,721,426

As of December 31, 2020 and 2019, the statements of financial position of these investments in associates and a joint venture are as follows:

	2020				
	Solinea	**CIHCI**	**SPI**	**ASPI**	**CDPEI**
			(In Thousands)		
Current assets	**₱2,222,980**	**₱94,264**	**₱1,936,316**	**₱970,838**	**₱771,183**
Noncurrent assets	**1,134,214**	**769,948**	**–**	**14,750**	**6,836,324**
Total assets	**₱3,357,194**	**₱864,212**	**₱1,936,316**	**₱985,588**	**₱7,607,507**
Current liabilities	**₱1,870,036**	**₱63,680**	**₱789,318**	**₱470,643**	**₱377,391**
Noncurrent liabilities	**293,803**	**2,347**	**344,302**	**56,025**	**4,377,459**
Equity	**1,193,355**	**798,185**	**802,696**	**458,920**	**2,852,657**
Total liabilities and equity	**₱3,357,194**	**₱864,212**	**₱1,936,316**	**₱985,588**	**₱7,607,507**

	2019				
	Solinea	CIHCI	SPI	ASPI	CDPEI
			(In Thousands)		
Current assets	₱2,273,928	₱125,276	₱2,386,091	₱884,744	₱270,626
Noncurrent assets	984,309	791,844	477,897	18,967	6,406,935
Total assets	₱3,258,237	₱917,120	₱2,863,988	₱903,711	₱6,677,561
Current liabilities	₱1,806,700	₱116,392	₱1,632,743	₱478,700	₱311,601
Noncurrent liabilities	327,357	1,149	371,517	–	3,479,541
Equity	1,124,180	799,039	859,728	425,011	2,886,419
Total liabilities and equity	₱3,258,237	₱917,120	₱2,863,988	₱903,711	₱6,677,561

The statements of comprehensive income of these investments for the years ended December 31, 2020, 2019 and 2018 are as follows:

	For the year ended December 31, 2020				
	Solinea	**CIHCI**	**SPI**	**ASPI**	**CDPEI**
			(In Thousands)		
Revenue	**₱798,109**	**₱149,795**	**₱446,022**	**₱140,356**	**₱1,871**
Costs and expenses	**728,934**	**147,897**	**406,921**	**106,447**	**35,633**
Other income	**–**	**–**	**–**	**–**	**–**
Net income (loss)	**69,175**	**1,898**	**39,101**	**33,909**	**(33,762)**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**
Total comprehensive income (loss)	**₱69,175**	**₱1,898**	**₱39,101**	**₱33,909**	**(₱33,762)**

	For the year ended December 31, 2019				
	Solinea	CIHCI	SPI	ASPI	CDPEI
			(In Thousands)		
Revenue	₱756,389	₱448,699	₱2,566,466	₱569,467	₱2,759
Costs and expenses	654,322	349,755	2,238,044	487,634	45,761
Other income	15,233	–	–	–	1,200
Net income (loss)	117,300	98,944	328,422	81,833	(41,802)
Other comprehensive loss	–	–	–	–	–
Total comprehensive income (loss)	₱117,300	₱98,944	₱328,422	₱81,833	(₱41,802)

	For the year ended December 31, 2018				
	Solinea	CIHCI	CBDI	ASPI	CDPEI
			(In Thousands)		
Revenue	₱1,303,247	₱85,237	₱1,801,616	₱281,459	₱2,802
Costs and expenses	1,145,977	101,126	1,611,450	283,472	26,658
Net income (loss)	157,270	(15,889)	190,166	(2,013)	(23,856)
Other comprehensive loss	–	–	–	–	–
Total comprehensive income (loss)	₱157,270	(₱15,889)	₱190,166	(₱2,013)	(₱23,856)

The difference between the carrying amount of the Group’s investment in Solinea as of December 31, 2020 and 2019 and its share in the total equity of Solinea is attributable to implied goodwill.

The Group's total equity in net earnings of associates and a joint venture amounted to ₱44.8 million, ₱234.9 million and ₱106.0 million in 2020, 2019 and 2018, respectively.

14. Investment Properties

	2020				
	Land	**Land Improvements**	**Buildings and Improvements**	**Construction-in-Progress**	**Total**
			(In Thousands)		
Cost					
At January 1	**₱4,880,930**	**₱14,401**	**₱13,929,180**	**₱6,424,863**	**₱25,249,374**
Additions	**272,553**	**–**	**54,154**	**987,862**	**1,314,569**
Transfers to inventories (Note 9)	**(577,664)**	**–**	**–**	**–**	**(577,664)**
Disposal	**(86,533)**	**–**	**–**	**–**	**(86,533)**
At December 31	**4,489,286**	**14,401**	**13,983,334**	**7,412,725**	**25,899,746**
Accumulated Depreciation					
At January 1	**–**	**10,749**	**4,172,211**	**–**	**4,182,960**
Depreciation and amortization (Note 23)	**–**	**2,921**	**708,729**	**–**	**711,650**
At December 31	**–**	**13,670**	**4,880,940**	**–**	**4,894,610**
Net Book Value	**₱4,489,286**	**₱731**	**₱9,102,394**	**₱7,412,725**	**₱21,005,136**

	2019				
	Land	Land Improvements	Buildings and Improvements	Construction-in-Progress	Total
			(In Thousands)		
Cost					
At January 1	₱4,720,734	₱14,401	₱13,494,987	₱4,564,790	₱22,794,912
Additions	81,014	–	92,613	2,168,162	2,341,789
Transfers from inventories (Note 9)	175,064	–	33,491	–	208,555
Transfers to inventories (Note 9)	(95,882)	–	–	–	(95,882)
Reclassification	–	–	308,089	(308,089)	–
At December 31	4,880,930	14,401	13,929,180	6,424,863	25,249,374
Accumulated Depreciation					
At January 1	–	7,828	3,600,138	–	3,607,966
Depreciation and amortization (Note 23)	–	2,921	572,073	–	574,994
At December 31	–	10,749	4,172,211	–	4,182,960
Net Book Value	₱4,880,930	₱3,652	₱9,756,969	₱6,424,863	₱21,066,414

The Group's investment properties consist of land and building held for commercial leasing to earn rentals.

In 2019, the Group transferred ₱95.9 million worth of land from investment properties to inventories for lot intended for sale and TPEPI's Mactan Seagrove project (see Note 9).

Total rental income from investment properties amounted to ₱1,660.4 million, ₱2,446.2 million and ₱2,191.2 million in 2020, 2019 and 2018, respectively (see Note 21). Total direct operating expenses related to investment properties that generated rental income amounted to ₱1,031.7 million, ₱1,055.7 million and ₱938.7 million in 2020, 2019 and 2018, respectively. Total direct operating expenses related to investment properties that did not generate income amounted to ₱75.6 million, ₱34.3 million and ₱41.2 million in 2020, 2019 and 2018, respectively.

As of December 31, 2020 and 2019, there are no investment properties that are pledged as security to liabilities.

The aggregate fair value of the Group's investment properties amounted to ₱101,255.0 million and ₱74,077.0 million as of December 31, 2020 and 2019, respectively, which is based on the latest appraisal report. The fair values were classified under Level 3 of the fair value hierarchy (see Note 27).

The fair values of the investment properties were determined by independent professionally qualified SEC accredited appraisers. The fair values of the land and buildings were arrived at using the sales comparison approach and income approach, respectively.

Sales comparison approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

Description of valuation techniques used and key inputs to valuation on land and buildings included under investment properties as of December 31, 2020 and 2019 follows:

Property	Valuation technique	Significant unobservable inputs	Range	
			2020	2019
Land	Sales comparison approach	Price per square meter	**₱36,000−₱365,900**	₱14,400−₱237,000
Buildings	Income approach	Income produced by property	Prospective economic benefits of ownership into the future and these benefits are capitalized into an indication of value	

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Performance Obligation

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover the contract for either the (i) serviced lot and (ii) condominium unit and the Group concluded that there is one performance obligation in each of these contracts. In accordance with Philippines Interpretation Committee Q&A 2016-04, the Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction. Sale of lot is recognized at point in time upon execution of deed of absolute sale which typically evidence the transfer of control of the lot together with other evidences.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a certain period (e.g., one to three years) at a fixed monthly payment with the remaining balance payable in full at the end of the period.

After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered real estate unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

Hotel and resorts
Rooms revenue from hotel and resort operations is recognized when the services are rendered. Revenue from banquets and other special events are recognized when the events take place.

Theater operations
Revenue from theater operations is recognized as the services are rendered, based on a fixed price, since the customers simultaneously receive and consume the benefits provided to them.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to nil as at December 31, 2020 and 2019.

Contract liabilities consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion amounting to nil as of December 31, 2020 and 2019.

Amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to nil and ₱65.5 million in 2020 and 2019, respectively.

16. Other Noncurrent Assets

	2020	2019
	(In Thousands)	
Input VAT	**₱1,091,243**	₱896,318
Advances to contractors	**134,521**	325,435
Development rights	**43,984**	63,314
Prepaid commission	**5,805**	8,052
Deposits	**1,060**	1,365
	₱1,276,613	₱1,294,484

Input VAT arises from the purchase of goods and services but are expected to be applied against output VAT in future periods. This includes deferred input VAT which arises from the purchase of capital goods and is amortized over five (5) years or the assets' useful life, whichever is lower, and is applied against output VAT.

Advances to contractors pertain to advances made for the construction of investment properties.

Development rights pertain to the unsold cost of development rights acquired by the Parent Company allocated based on the revised gross floor area of a structure in a particular lot.

Prepaid commission pertains to costs to obtain a contract from its leasing operation and amortized over the lease term.

Deposits include advance payments made by the Group for future land and building developments.

17. Accounts and Other Payables

	2020	2019
	(In Thousands)	
Payable to related parties (Note 20)	**₱6,485,551**	₱6,431,049
Accrued expenses		
Utilities	**155,072**	191,220
Repairs and maintenance	**106,953**	111,856
Marketing and management fees	**50,169**	101,112
Advertising	**27,275**	79,272
Others	**373,921**	413,058
Accrued project costs (Note 20)	**765,112**	845,449
Retentions payable	**203,777**	189,389
Taxes payable	**200,220**	363,744
Dividends payable (Note 28)	**1,731**	1,731
Interest payable	**8,052**	31,076
Others	**199,792**	187,520
	₱8,577,625	₱8,946,476

Accrued expenses others consist mainly of professional fees, commissions and salaries. These are noninterest-bearing and are normally settled within a year.

Accrued project costs arise from unbilled completed work on the development of residential and commercial projects.

Retentions payable pertains to the portion of the progress billings of constructions retained by the Group which will be released after the completion of the contractor's projects. The retention serves as a security from the contractor in case of defects in the project.

Taxes payable includes amusement taxes, expanded withholding taxes and deferred output VAT on uncollected receivables. These are settled on a monthly basis.

Interest payable pertains to unpaid interest expense on long-term debt as of reporting date.

Other payables are noninterest-bearing and are normally settled within one year.

18. Long-term Debt

	2020	2019
	(In Thousands)	
Bonds - due 2021	**₱5,000,000**	₱5,000,000
Bank loans with corresponding interest rate:		
Fixed rate corporate notes with interest rate of 4.50% per annum	**341,250**	362,250
Fixed rate corporate notes with interest rate of 4.75% per annum	**315,000**	336,000
Fixed rate corporate notes with interest rate of 4.50% per annum	**306,875**	325,875
At 0.70% per annum spread over the 90-day DST-R2	**323,000**	340,000
	6,286,125	6,364,125
Less unamortized debt issue cost	**6,372**	15,477
	6,279,753	6,348,648
Less current portion	**5,367,627**	76,966
	₱912,126	₱6,271,682

The Group's long-term debt are all unsecured. Debt issue costs are deferred and amortized using effective interest method over the term of the loans.

The rollforward analysis of the unamortized debt issue cost follows:

	2020	2019
	(In Thousands)	
At January 1	**₱15,477**	₱24,150
Amortization (Note 23)	**(9,105)**	(8,673)
At December 31	**₱6,372**	₱15,477

a. On June 6, 2014, the Parent Company issued ₱5.0 billion fixed rate bonds. These bonds have a term of 7 years, payable in 2021, with a fixed rate of 5.32% per annum. The proceeds were used to fund the Group's projects.

b. In March 2017, the Group availed the second drawdown from the ₱800.0 million credit facility amounting to ₱420.0 million which will mature in 2023.

   The loan bears a floating interest rate based on the average yield for the 91-day treasury bills on PDST-R2 plus a spread of 70 basis points per annum or 95% of the BSP Overnight Reverse Repurchase Agreement rate, inclusive of gross receipts tax, whichever is higher. Starting 2018, the interest rate has been fixed at 4.5%. The related outstanding balance amounted to ₱341.3 million and ₱362.3 million as of December 31, 2020 and 2019, respectively.

c. In December 2013, the Group obtained a loan with a principal amount of ₱420.0 million which are due in 2021. The loan is subject to a fixed interest rate of 4.75% per annum. This loan was used to finance the construction of eBloc 3 and eBloc 4 commercial buildings which were completed in 2016 included under "Investment properties" (see Note 14).

   The related outstanding balance amounted to ₱315.0 million and ₱336.0 million as of December 31, 2020 and 2019, respectively.

d. In March 2016, the Group obtained a credit facility amounting to ₱800.0 million. In 2016, the Group made the first drawdown amounting to ₱380.0 million which will mature in 2023 and was used to finance the construction of eBloc 3. The loan bears a floating interest rate based on the average yield for the 91-day treasury bills on PDST-R2 plus a spread of 70 basis points per annum or 95% of the BSP Overnight Reverse Repurchase Agreement rate, inclusive of gross receipts tax, whichever is higher. Starting 2018, the interest rate has been fixed at 4.5%. The related outstanding balance amounted to ₱306.9 million and ₱325.9 million as of December 31, 2020 and 2019, respectively.

e. In September 2017, the Group obtained a credit facility amounting to ₱375.0 million. In October 2017, the Group made the first drawdown amounting to ₱340.0 million which is due in installments until 2027. Proceeds were used to refinance existing loans and for general corporate purposes. The loan is subject to floating interest rate of 90-day PDST-R2 plus 0.70% per annum spread, or a floor rate of equivalent to the average of the BSP Overnight Deposit Facility Rate and Term Deposit Facility Rate of the tenor nearest to the interest period. The related outstanding balance amounted to ₱323.0 million and ₱340.0 million as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the undrawn amount amounted to ₱35.0 million.

Interest on long-term debt recognized in the consolidated statements of income amounted to ₱323.3 million, ₱335.4 million and ₱336.3 million in 2020, 2019 and 2018, respectively.

For the years ended December 31, 2020 and 2019, the Group has not capitalized any interest from borrowed funds because all of the Group's projects funded by these specific borrowings were completed in 2016 (see Note 14).

Debt covenant
The loan agreements provide for certain restrictions and requirements with respect to, among others, major disposal of property, pledge of assets, liquidation, merger or consolidation and maintenance of ratio between debt and the tangible net worth not to exceed 3:1. As of December 31, 2020 and 2019, the Group is in compliance with these restrictions and requirements.

19. Deposits and Other Liabilities

	2020	2019
	(In Thousands)	
Tenants' deposits	**₱1,255,934**	₱1,071,573
Construction bond	**131,792**	122,075
Advance rent	**71,657**	97,725
Contract liabilities	**–**	1,064
	1,459,383	1,292,437
Less noncurrent portion	**493,451**	337,688
	₱965,932	₱954,749

The rollforward analysis of deferred credits under tenants' deposits follows:

	2020	2019
At January 1	**₱22,600**	₱22,807
Additions	**4,538**	8,373
Amortization (Note 23)	**(7,179)**	(8,580)
At December 31	**₱19,959**	₱22,600

Tenants' deposits consist of rental security deposits to be refunded by the Group at the end of the lease contracts. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates for similar types of instruments.

Construction bond pertains to deposits made by tenants as security for the construction and design of the leased premises, to be refunded upon completion, which usually takes less than a year.

Advance rentals from lessees represent cash received in advance representing three (3) months rent which will be applied to the last three (3) months rental on the related lease contract.

20. Related Party Transactions

Parties are considered to be related if, among others, one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or the party is an associate or a joint venture.

Terms and Conditions of Transactions with Related Parties
Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

There have been no guarantees provided or received for any related party receivables or payables and are generally unsecured. Furthermore, these accounts are noninterest-bearing except for intercompany loans.

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

	Amounts owed by related parties		Amounts owed to related parties	
	2020	2019	**2020**	2019
	(In Thousands)			
Subsidiaries of ALI	**₱710,188**	₱1,489,429	**₱3,142,190**	₱5,392,103
Associates:				
Solinea	**251,743**	252,579	**20,016**	7,258
SPI	**258**	92,651	**30,050**	39,028
CIHCI	**–**	–	**–**	5,099
Parent Company - ALI	**247,213**	263,608	**3,288,292**	987,561
Joint venture - CDPEI	**2,022**	2,005	**–**	–
Others	**10,349**	3,092	**5,003**	–
	₱1,221,773	₱2,103,364	**₱6,485,551**	₱6,431,049

	Revenue			Costs/Expenses		
	2020	2019	2018	**2020**	2019	2018
	(In Thousands)			(In Thousands)		
Subsidiaries of ALI	**₱100,759**	₱1,189,877	₱52,956	**₱541,743**	₱637,823	₱443,326
Parent Company - ALI	**13,295**	14,193	3,077	**162,162**	161,728	346,317
	₱114,054	₱1,204,070	₱56,033	**₱703,905**	₱799,551	₱789,643

Receivables from/payables to Solinea, Avida and Alveo pertain mostly to advances for and reimbursements of operating expenses, development costs and land acquisitions. Other related party receivables and payables pertain to advances and reimbursements arising from the Group's ordinary course of business. These are generally trade-related, unsecured with no impairment, noninterest-bearing and payable within one year.

The loans from related parties also included under "Payables to related parties" account bear interest ranging from 2.58% to 3.32%, are due and demandable as of December 31, 2020 and 2019. Interest on these intercompany loans recognized in the consolidated statements of income amounted to ₱185.6 million, ₱84.3 million and ₱32.2 million in 2020, 2019 and 2018, respectively.

The nature and amounts of material transactions with related parties as of December 31, 2020 and 2019 are as follows:

- In December 2019, the Group sold land to ALC amounting to ₱1,110.6 million which is payable in three tranches until December 2020. In December 2015, the Group sold land to ALC amounting to ₱633.6 million which is payable in installment basis for twenty (20) years starting 2015. The related receivable is interest-bearing.

- Included under the accrued project costs in "Accounts and other payables" are construction costs payable to MDC amounting to ₱765.1 million and ₱845.4 million as of December 31, 2020 and 2019, respectively. Advances to MDC amounted to ₱432.5 million and ₱2.6 million as of December 31, 2020 and 2019, respectively.

- Expenses to ALI pertain to management fees, professional fees and systems costs.
  - Management and service fees charged by ALI amounted to ₱126.9 million ₱161.8 million and ₱132.6 million in 2020, 2019 and 2018, respectively.
  - Systems costs which were included in the Group's manpower costs amounted to ₱17.7 million in 2020 and 2019 and ₱19.0 million 2018.

- In December 2017, the Parent Company purchased commercial units with a floor area of 11,478.52 sq. m. from SPI's The Alcoves project amounting to ₱125.9 million, which is noninterest-bearing and subsequently paid in 2018.

- As of December 31, 2020 and 2019, the Group has entered into transactions with BPI, an affiliate, consisting of cash and cash equivalents, financial assets at FVPL, plan assets and long-term debt with carrying amounts as follows:

	2020	2019
	(In Thousands)	
Cash and cash equivalents (Note 5)	**₱72,903**	₱98,386
Financial assets at FVPL (Note 7)	**9,947**	9,688
Long-term debt (Note 18)	**1,283,345**	1,360,311
Plan assets (Note 24)	**28,606**	35,889

Compensation of key management personnel by benefit type follows:

	2020	2019	2018
		(In Thousands)	
Short-term employee benefits	**₱19,155**	₱19,097	₱14,165
Post-employment pension and other benefits	**2,548**	1,810	1,273
	₱21,703	₱20,907	₱15,438

21. Revenues

This account consists of:

	2020	2019	2018
		(In Thousands)	
Rental income (Notes 14 and 30)	**₱1,660,396**	₱2,446,176	₱2,191,231
Revenue from contracts with customers			
Lot and residential development	**576,289**	1,453,084	800,852
Hotel and resorts	**75,718**	–	–
Theater income	**10,028**	134,006	120,475
	₱2,322,431	₱4,033,266	₱3,112,558

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. The Group's disaggregation of each source of revenue from contracts with customers are presented below:

Lot and residential development

	2020	2019	2018
	(In Thousands)		
Type of Product			
Lot only	**₱576,289**	₱1,344,345	₱712,144
Condominium	**–**	108,739	88,708
	₱576,289	₱1,453,084	₱800,852

Hotel and resorts

In 2020, the Group started to operate its hotel operations with sources of revenue as follows (in thousands):

Type of Product	
Rooms	₱65,800
Food and beverage	7,533
Others	2,385
	₱75,718

The Group's revenue from hotels and resorts is attributed to the operations from the development and management of hotels and resorts. In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported under this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues if the segment.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rent discounts and concessions given vary for merchants that are (1) forced to close and those that are still (2) operational. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived with 50% discount in their common area usage expenses.

22. **Interest and Other Income**

Interest income consists of:

	2020	2019	2018
		(In Thousands)	
Interest income derived from:			
Accretion of receivables (Note 8)	**₱59,601**	₱34,174	₱33,254
Intercompany loans	**31,899**	44,220	28,876
Cash and cash equivalents (Note 5)	**1,562**	2,683	2,020
Short-term investments (Note 6)	**5**	159	236
Others	**1,298**	2,950	2,661
	₱94,365	₱84,186	₱67,047

Accretion of receivables includes interest accretion from the sale of land and condominium units.

Others includes interest earned from intercompany and employee loans and interest and penalty charges on real estate sales.

Other income consists of:

	2020	2019	2018
		(In Thousands)	
Dues	**₱287,808**	₱223,013	₱221,969
Net gain on sale of development rights (Notes 8 and 16)	**93,426**	179,330	151,495
Insurance claim	**44,915**	–	27,503
Service income	**14,897**	14,334	13,823
Forfeited deposits	**9,214**	3,184	2,388
Beverage	**5,428**	5,643	2,841
Net realized and unrealized gain on financial assets at FVPL (Note 7)	**259**	638	444
Others	**15,678**	18,595	15,733
	₱471,625	₱444,737	₱436,196

Dues pertain to net recoveries from sewer, light and power and water charges from its rental operations. These are recognized when earned.

Gain on sale of development rights pertains to the net gain earned by the Parent Company from selling the development rights, which represents a portion of the gross floor area of a structure in a particular lot that is allowed to be developed by the buyers in the future (see Notes 8 and 16).

Service income pertains to the various management fees charged by the Group to various parties.

Insurance claim pertains to claim against insurer for damage due to fire which include business interruption and material damage (see Note 8).

23. **Costs and Expenses**

Real estate, rental and theater expenses consist of:

	2020	2019	2018
		(In Thousands)	
Depreciation and amortization (Note 14)	**₱711,650**	₱574,994	₱517,096
Cost of real estate sales (Note 9)	**307,598**	406,391	522,956
Marketing and management fees (Note 20)	**244,943**	285,881	272,801
Hotel and resort	**32,276**	–	–
Manpower cost	**29,114**	43,188	32,125
Producers' film share	**5,445**	75,054	67,501
Rental	**249**	4,639	1,798
Direct operating expenses:			
Taxes and licenses	**154,450**	120,782	106,922
Security and janitorial	**143,982**	219,097	163,693
Repairs and maintenance	**93,042**	101,191	119,192
Insurance	**15,355**	7,274	6,268
Commission	**14,510**	14,928	24,705
Dues and fees	**13,845**	7,031	8,855
Professional fees	**5,549**	14,117	4,599
Transportation and travel	**80**	110	232
Representation	**39**	2,103	146
Others	**10,259**	23,756	26,374
	₱1,782,386	₱1,900,536	₱1,875,263

General and administrative expenses consist of:

	2020	2019	2018
		(In Thousands)	
Manpower cost (Note 24)	**₱82,080**	₱124,420	₱91,647
Taxes and licenses	**40,280**	30,811	19,913
Depreciation and amortization (Note 12)	**23,951**	29,529	32,589
Provision for impairment loss (Note 8)	**9,018**	4,773	14,032
Professional fees	**8,826**	5,365	10,010
Stockholders' meeting	**7,937**	8,531	7,188
Repairs and maintenance	**5,523**	6,542	7,170
Postal and communication	**5,185**	3,899	3,935
Security and janitorial	**1,952**	2,181	2,556
Supplies	**1,859**	2,545	2,738
Utilities	**948**	2,993	5,159
Transportation and travel	**944**	4,793	4,834
Trainings	**630**	2,967	3,364
Dues and fees	**626**	4,685	1,106
Others	**6,062**	52,203	12,088
	₱195,821	₱286,237	₱218,329

Others pertain to miscellaneous expenses such as advertising, representation, sponsorship, insurance, rental, provisions and other expenses.

Other charges consist of:

	2020	2019	2018
		(In Thousands)	
Amortization of discount on long-term debt (Note 18)	**₱9,105**	₱8,673	₱8,399
Amortization of deferred credits (Note 19)	**7,179**	8,580	7,909
Financing charges and other expenses	**3,089**	8,266	714
	₱19,373	₱25,519	₱17,022

24. Pension Plan

As discussed in Note 2, the Group maintains a DC plan which is accounted for as a defined benefit (DB) plan with minimum guarantee due to the requirements of RA No. 7641, *The Retirement Pay Law*, covering all regular and permanent employees.

The plan assets are being managed by BPI. The asset allocation of the plan is set and reviewed from time to time by the Plan Trustees taking into account the membership profile, the liquidity requirements of the Plan and the risk appetite of the Plan sponsor.

The Group contributes to the fund based on the provision of the DC Plan. The Group updates the actuarial valuation every year by hiring the services of a third party professional qualified actuary. The latest actuarial valuation report was as of reporting date.

Changes in net defined liability in 2020 and 2019 are as follows:

	2020												
		Net benefit cost in consolidated statements of comprehensive income							**Remeasurement in other comprehensive income**				
	January 1, 2020	**Current service cost**	**Past service cost**	**Net interest**	**Subtotal**	**Benefits paid from plan assets**	**Contributions**	**Curtailment and Settlement**	**Return on plan assets**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Subtotal**	**December 31, 2020**
Present value of defined benefit obligation	**₱71,508**	**₱6,267**	**₱–**	**₱3,590**	**₱81,365**	**(₱9,579)**	**₱–**	**₱–**	**₱–**	**₱15,258**	**₱339**	**₱15,597**	**₱87,383**
Fair value of plan assets	**(35,889)**	**–**	**–**	**(1,802)**	**(37,691)**	**9,579**	**–**	**–**	**(493)**	**–**	**–**	**(493)**	**(28,605)**
Net defined benefit liability (asset)	**₱35,619**	**₱6,267**	**₱–**	**₱1,788**	**₱43,674**	**₱–**	**₱–**	**₱–**	**(₱493)**	**₱15,258**	**₱339**	**₱15,104**	**₱58,778**

	2019												
		Net benefit cost in consolidated statements of comprehensive income							Remeasurement in other comprehensive income				
	January 1, 2019	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid from plan assets	Contributions	Curtailment and Settlement	Return on plan assets	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal	December 31, 2019
Present value of defined benefit obligation	₱71,757	₱4,609	₱–	₱5,698	₱82,064	(₱13,777)	₱–	₱–	₱–	₱5,582	(₱2,361)	₱3,221	₱71,508
Fair value of plan assets	(39,054)	–	–	(3,101)	(42,155)	₱13,777	(6,990)	–	(521)	–	–	(521)	(35,889)
Net defined benefit liability (asset)	₱32,703	₱4,609	₱–	₱2,597	₱39,909	₱–	(₱6,990)	₱–	(₱521)	₱5,582	(₱2,361)	₱2,700	₱35,619

The Group's fund is in the form of a trust fund being maintained by BPI Asset Management. The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The major categories of the Group's plan asset follows:

	2020	2019
Government securities	**63.62%**	90.38%
Equities	**13.58**	–
Unit investments trust fund	**12.17**	1.78
Corporate Bonds	**10.63**	7.84
	100.00%	100.00%

All debt instruments held have quoted prices in an active market.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2020	2019	2018
Discount rate	**3.44 to 3.83%**	5.02%	7.94%
Salary increase rate	**4.00 to 7.00%**	7.00%	7.00%

The sensitivity analyses below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant, as of December 31:

		Effect on DBO	
		2020	2019
Discount rate	1.0% increase	**(12.04%)**	(4.67%)
Discount rate	1.0% decrease	**14.22%**	12.59%
Rate of salary increase	1.0% increase	**13.09%**	11.76%
Rate of salary increase	1.0% decrease	**(11.40%)**	(4.58%)

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 to 22 years and 17 years as of December 31, 2020 and 2019, respectively.

The following table shows the maturity profile of the Group's defined benefit obligation based on undiscounted benefit payments:

	2020	2019
	(In Thousands)	
Within 1 year	**₱1,740**	₱–
More than 1 year to 5 years	**2,991**	14,806
More than 5 years to 10 years	**75,545**	43,272
More than 10 years	**367,359**	372,569
	₱447,635	₱430,647

25. Income Taxes

The provision for current income tax represents 30% RCIT, 2% MCIT and 5% rate on gross income tax (GIT) amounting to ₱92.7 million, ₱524.7 million and ₱274.6 million in 2020, 2019 and 2018, respectively.

Reconciliation between the statutory income tax rate and the effective income tax rate follows:

	2020	2019	2018
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Income subjected to lower income tax rates	**(22.66)**	(3.80)	(6.87)
Equity in net earnings of associates and a joint venture	**(3.15)**	(3.25)	(2.57)
Unrecognized deferred income tax assets on MCIT and NOLCO	**1.44**	0.04	0.61
Interest income and capital gains taxed at lower rates	**(0.03)**	(0.01)	(0.02)
Expired NOLCO and MCIT	**–**	0.38	1.18
Others	**0.58**	(0.47)	(0.39)
Effective income tax rate	**6.18%**	22.89%	21.94%

The components of net deferred income tax assets as of December 31 are as follows:

	2020	2019
	(In Thousands)	
Deferred income tax assets on:		
Accrued expenses	**₱40,321**	₱10,994
NOLCO	**16,746**	–
Advance rent	**7,798**	3,899
Allowance for impairment losses	**642**	642
Unamortized discount on customers' deposits	**6**	44
Difference between tax and book basis of accounting for real estate transactions	**–**	7,282
MCIT	**–**	407
	65,513	23,268
Deferred income tax liabilities on:		
Accrued rental income	**23,127**	4,352
Unamortized capitalized interest	**–**	6,601
	23,127	10,953
	₱42,386	₱12,315

The components of net deferred income tax liabilities as of December 31 are as follows:

	2020	2019
	(In Thousands)	
Deferred income tax assets on:		
Accrued expenses	**₱55,959**	₱55,959
Advance rent	**19,441**	20,604
Retirement benefits	**14,677**	10,686
Allowance for impairment losses on receivables and other losses	**6,664**	10,004
Unamortized discount on customers' deposits	**3,389**	2,641
MCIT	**3,662**	–
Others	**3,140**	3,041
	106,932	107,351

(Forward)

	2020	2019
	(In Thousands)	
Deferred income tax liabilities on:		
Unamortized capitalized interest	**₱95,036**	₱98,753
Accrued rental income	**90,610**	91,596
Unrealized gross profit on lot sale	**60,794**	76,672
Difference between tax and book basis of accounting for real estate transactions	**38,834**	54,878
Others	**18,603**	18,139
	303,877	340,038
	₱196,945	₱232,687

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱55,820,657	₱–	₱–	₱–	₱55,820,657

As of December 31, 2020 and 2019, the Group has MCIT that are available for offset against future income tax due as follows:

Year Incurred	Expiry Date	At December 31, 2019	Additions	Applied	Expired	At December 31, 2020
2020	2023	₱–	₱3,661,841	₱–	₱–	₱3,661,841
2019	2022	3,043,105	–	(406,705)	–	2,636,400
2018	2021	2,330,069	–	(2,330,069)	–	–
2017	2020	1,246,578	–	(1,246,578)	–	–
		₱6,619,752	₱3,661,841	(₱3,983,352)	₱–	₱6,298,241

As of December 31, 2020 and 2019, the Group has MCIT amounting to ₱2.6 million and ₱6.2 million, respectively, for which no deferred income tax asset has not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized.

<u>Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill</u>
On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE Bill". The same was submitted to the Office of the President on February 24, 2021 for his review and is still pending approval of the President into law.

Provisions under the CREATE Bill include reductions in corporate income tax rate from 30% to 25% for large domestic corporations (i.e., those with total assets of more than P100 Million, excluding the value of the land on which the entity's office, plant and equipment are situated, and taxable income of more than P5 Million) and 20% for small and medium domestic corporations (i.e., those that do not breach the aforementioned threshold during the particular taxable year) with effectivity date of July 1, 2020. Also, for qualified and registered projects under CREATE, the income tax holiday (ITH) may be given four to seven years, subject to further extension of up to three years upon approval of the application thereof for qualified projects, depending on location and industry priorities of registered projects or activities. It shall be followed by the 5% Special Corporate Income Tax Rate or Enhanced Deductions for five to ten years after meeting certain criteria. However, for existing registered projects or activities, entities may choose to be governed by CREATE and waive their incentives under their previous registrations. Otherwise, the CREATE Bill allows them a certain sunset period and may continue to enjoy their current income tax incentive (i.e., finish the remaining ITH period for those currently under ITH and avail of the 5% Gross Income Tax (GIT) of up to ten more years for projects that are currently subject to 5% GIT or those entitled to 5% GIT after the lapse of the current ITH period) with option to reapply for qualified export enterprises subject to the conditions and qualifications under the Strategic Investment Priorities Plan and performance review by the Fiscal Incentives Review Board before the reduced corporate income tax rate is used.

PAS 12, *Income Taxes*, requires current and deferred income taxes to be measured with reference to the tax rates and laws, as enacted or substantively enacted by the end of the reporting period. Accordingly, the Group does not reflect in its consolidated financial statements the amounts of income taxes calculated following the provisions of CREATE Bill since the same was not yet enacted or substantively enacted as of December 31, 2020.

26. Basic/Diluted Earnings Per Share

The following table presents information necessary to compute EPS:

	2020	2019	2018
	(In Thousands, except EPS)		
a. Net income attributable to the equity holders of CHI	**₱391,887**	₱1,657,569	₱857,111
b. Weighted average number of outstanding shares	**2,156,757**	2,156,757	1,959,521
c. Basic/Diluted Earnings per share (a/b)	**₱0.18**	₱0.77	₱0.44

There were no potential dilutive shares in 2020, 2019 and 2018.

27. Financial Information and Financial Instruments

Fair Value Information

The carrying amount of cash and cash equivalents, short-term investments, financial assets at FVPL, receivables (except trade residential development and certain receivables from related parties), accounts and other payables (excluding statutory liabilities) and deposits and other liabilities (except tenants' deposits) are approximately equal to their fair value due to the short-term nature of the transaction.

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

- *Cash and cash equivalents and short-term investments*: The fair value of cash and cash equivalents and short-term investment approximate the carrying amounts at initial recognition due to the short-term maturities of these instruments.
- *Financial assets at FVPL*: The fair value estimates are based on net assets value of the reporting date.
- *Receivables*: The fair value of receivables due within one year approximates its carrying amounts. Noncurrent portion of receivables are discounted using the applicable discount rates for similar types of instruments. The discount rates used ranged from 3.7% to 5.0% as of December 31, 2020 and 2019.
- *Financial assets at FVOCI*: The fair value of financial assets at FVOCI is determined based on the available selling price in the market for identical assets.
- *Accounts and other payables*: The fair values of accounts and other payables approximate the carrying amounts due to the short-term nature of these transactions.

- *Long-term debt and deposits and other liabilities*: Current portion of long-term debt and deposits and other liabilities approximates its fair value due to its short-term maturity. The fair value of fixed rate instruments are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being value. The discount rates used ranged from 1.8% to 5.0% as of December 31, 2020 and 2019.

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities:

	December 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	(In Thousands)			
Loans and Receivables				
Trade residential development	**₱180,751**	**₱175,164**	₱270,023	₱278,004
Receivable from related parties	**1,221,773**	**1,221,773**	2,103,364	2,103,364
Other Financial Liabilities				
Long-term debt	**₱6,279,753**	**₱6,349,078**	₱6,348,648	₱6,487,375
Tenants' deposits under deposits and other liabilities	**1,255,934**	**1,255,934**	1,071,573	1,071,573

<u>Fair Value Hierarchy</u>
The Group uses the following hierarchy for determining and disclosing the fair value of the assets and liabilities by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly
Level 3: inputs for the asset or liability that are not based on observable market data

The quantitative disclosures on fair value measurement hierarchy for assets and liabilities as of December 31 follow:

			2020			
			Fair value measurements using			
	Date of valuation	**Carrying Values**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value						
Financial assets at FVOCI	December 31, 2020	**₱310,500**	**₱310,500**	**₱–**	**₱310,500**	**₱–**
Financial assets at FVPL	December 31, 2020	**9,947**	**9,947**	**–**	**9,947**	**–**
Assets for which fair values are disclosed						
Trade residential development	December 31, 2020	**180,751**	**175,164**	**–**	**–**	**175,164**
Receivable from related parties	December 31, 2020	**1,221,773**	**1,221,773**	**–**	**–**	**1,221,773**
Investment properties	December 31, 2020	**21,005,136**	**101,255,000**	**–**	**–**	**101,255,000**
Liabilities for which fair values are disclosed						
Long-term debt	December 31, 2020	**6,279,753**	**6,349,078**	**–**	**–**	**6,349,078**
Tenants' deposits under deposits and other liabilities	December 31, 2020	**1,255,934**	**1,255,934**	**–**	**–**	**1,255,934**

			2019			
			Fair value measurements using			
	Date of valuation	Carrying Values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value						
Financial assets at FVOCI	December 31, 2019	₱349,806	₱349,806	₱–	₱349,806	₱–
Financial assets at FVPL	December 31, 2019	9,688	9,688	–	9,688	–
Assets for which fair values are disclosed						
Trade residential development	December 31, 2019	270,023	278,004	–	–	278,004
Receivable from related parties	December 31, 2019	2,103,364	2,103,364	–	–	2,103,364
Investment properties	December 31, 2019	21,066,414	74,077,000	–	–	74,070,000
Liabilities for which fair values are disclosed						
Long-term debt	December 31, 2019	6,348,648	6,487,375	–	–	6,487,375
Tenants' deposits under deposits and other liabilities	December 31, 2019	1,071,573	1,071,573	–	–	1,071,573

The Group categorized the fair value of receivables, long-term debt and deposits and other noncurrent liabilities under Level 3 as of December 31, 2020 and 2019. The fair value of these financial instruments was determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

For land, significant increases (decreases) in the price per square meter, in isolation, would result in a significantly higher (lower) fair value of the properties.

For buildings, significant increases (decreases) in the anticipated future benefits would result in a significantly higher (lower) fair value of the properties.

The Group categorized the fair value of financial assets at FVOCI and FVPL under Level 2 as of December 31, 2020 and 2019. The fair value of these instruments was determined based on available selling price for identical assets.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at FVPL and FVOCI and long-term debt.

The main purpose of the Group's financial instruments is to fund its operations, capital expenditures and finance the projects. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Exposure to credit risk, liquidity risk and market risk (i.e., foreign currency risk and interest rate risk) arises in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

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

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risks are primarily attributable to financial assets such as cash and cash equivalents, short-term investments and receivables.

To manage credit risk, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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

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

As for the receivables from related parties, receivable from employees and other receivables, the maximum exposure to credit risk from these financial assets arise from the default of the counterparty with a maximum exposure equal to their carrying amounts.

The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeit
- contract restructuring is no longer possible

The Group may also write-off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2020 and 2019.

An analysis of the maximum exposure to credit risk from the Group's trade receivables and the fair values of the related collaterals are shown below:

	December 31, 2020			
	Maximum exposure to credit risk	**Fair value of collaterals**	**Net Exposure**	**Financial effect of collateral or credit enhancement**
	(In Thousands)			
Trade receivables:				
Commercial	**₱794,573**	**₱–**	**₱794,573**	**₱–**
Residential development	**180,751**	**175,164**	**4,587**	**176,164**
Shopping centers	**173,257**	**805,417**	**–**	**173,257**
Corporate business	**42,227**	**373,078**	**–**	**42,227**
	₱1,190,808	**₱1,353,659**	**₱799,160**	**₱391,648**

	December 31, 2019			
	Maximum exposure to credit risk	Fair value of collaterals	Net Exposure	Financial effect of collateral or credit enhancement
	(In Thousands)			
Trade receivables:				
Commercial development	₱123,789	₱–	₱123,789	₱–
Residential development	270,023	278,004	–	270,023
Shopping centers	162,437	810,166	–	162,437
Corporate business	76,230	261,407	–	76,230
	₱632,479	₱1,349,577	₱123,789	₱508,690

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2020 and 2019:

General approach

- *Cash and cash equivalents and short-term investments* - As of December 31, 2020 and 2019, the ECL relating to the cash and cash equivalents and short-term investments of the Group is minimal as these are considered with low credit risk.

- *Receivables from related parties, commercial development and other receivables* - The Group did not recognize any allowance relating to receivable from related parties, commercial development and other receivables in prior years. No ECL is recognized since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

Simplified approach

- *Trade receivables (i.e., residential, corporate business, shopping centers, lease receivables, accrued receivables)* - The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2020 and 2019, the allowance for impairment losses pertain only to individually impaired accounts. No impairment losses resulted from performing collective impairment test, due to the expected recoveries from security deposits (i.e., stipulated as 3 to 6 months' worth of rental), advance payments/rentals and cash flows from sale of foreclosed properties which help reduce the Group's credit risk exposure in case of defaults by the customers.

The maximum exposure to credit risk, net of allowance for impairment, amounted to ₱3.2 billion and ₱3.6 billion as at December 31, 2020 and 2019, respectively.

	2020				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱2,280,167**	**₱–**	**₱–**	**₱941,906**	**₱3,222,073**
Loss allowance	**–**	**–**	**–**	**(33,373)**	**(33,373)**
Carrying amount	**₱2,280,167**	**₱–**	**₱–**	**₱908,533**	**₱3,188,700**

	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱2,665,732	₱–	₱–	₱981,648	₱3,647,380
Loss allowance	–	–	–	(35,488)	(35,488)
Carrying amount	₱2,665,732	₱–	₱–	₱946,160	₱3,611,892

As of December 31, 2020 and 2019, the aging analysis of receivables presented per class, is as follows:

	2020							
	Neither Past Due nor Impaired	**Past Due but not Impaired**						
		<30 days	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**	**Impaired**	**Total**
				(In Thousands)				
Trade receivables:								
Residential development	**₱128,800**	**₱–**	**₱528**	**₱479**	**₱10,718**	**₱40,226**	**₱–**	**₱180,751**
Shopping centers	**109,882**	**34**	**11,289**	**5,848**	**26,401**	**9,074**	**10,729**	**173,257**
Commercial development	**540,540**	**35,385**	**–**	**1,529**	**37,147**	**179,972**	**–**	**794,573**
Corporate business	**1,967**	**–**	**1,097**	**2,187**	**14,332**	**–**	**22,644**	**42,227**
Receivable from related parties	**1,221,773**	**–**	**–**	**–**	**–**	**–**	**–**	**1,221,773**
Receivable from insurance	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Receivable from employees	**18,798**	**–**	**–**	**–**	**–**	**–**	**–**	**18,798**
Accrued receivable	**545,671**	**–**	**–**	**–**	**–**	**–**	**–**	**545,671**
Others	**60,546**	**–**	**–**	**–**	**–**	**–**	**–**	**60,546**
	₱2,627,977	**₱35,419**	**₱12,914**	**₱10,043**	**₱88,598**	**₱229,272**	**₱33,373**	**₱3,037,596**

	2019							
	Neither Past Due nor Impaired	Past Due but not Impaired						
		<30 days	30-60 days	60-90 days	90-120 days	>120 days	Impaired	Total
				(In Thousands)				
Trade receivables:								
Residential development	₱270,023	₱–	₱–	₱–	₱–	₱–	₱–	₱270,023
Shopping centers	75,240	–	18,229	9,123	17,888	22,914	19,043	162,437
Commercial development	123,789	–	–	–	–	–	–	123,789
Corporate business	50,211	–	5,566	4,008	–	–	16,445	76,230
Receivable from related parties	1,848,667	–	–	–	–	254,697	–	2,103,364
Receivable from insurance	21,267	–	–	–	–	–	–	21,267
Receivable from employees	19,887	–	–	–	–	–	–	19,887
Accrued receivable	472,958	–	–	–	–	–	–	472,958
Others	57,897	–	–	–	–	–	–	57,897
	₱2,939,939	₱–	₱23,795	₱13,131	₱17,888	₱277,611	₱35,488	₱3,307,852

Others includes nontrade receivables from sewer and management fees, receivable from SSS and accrued interest receivable from money market placements.

As of December 31, 2020 and 2019, the Group does not have restructured financial assets.

The Group has no significant credit risk concentrations on its receivables. Policies are in place to ensure that lease contracts and contracts to sell are made with customers with good credit history.

Given the Group's diverse base of counterparties, it is not exposed to large concentration of credit risk. For financial assets recognized on the balance sheet, the gross exposure to credit risk equals their carrying amount.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

As of December 31, 2020 and 2019, current ratio is 0.28:1 and 0.42:1, respectively, with cash and cash equivalents, short-term investments and financial assets at FVPL of ₱195.1 million and ₱349.2 million, respectively, accounting for 4.7% and 8.2% of the total current assets, respectively, and resulting in a negative net working capital of ₱10,670 million and ₱5,957.6 million, respectively.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31 based on the contractual undiscounted payments.

December 31, 2020

	< 1 year	1 to < 2 years	2 to < 3 years	> 3 years	Total
Financial assets:			(In Thousands)		
Cash and cash equivalents	**₱185,187**	**₱–**	**₱–**	**₱–**	**₱185,187**
Financial assets at FVPL	**9,947**	**–**	**–**	**–**	**9,947**
Receivable	**2,749,033**	**205,316**	**36,596**	**13,278**	**3,004,223**
Total financial assets	**2,944,167**	**205,316**	**36,596**	**13,278**	**3,199,357**
Financial liabilities:					
Accounts and other payables	**8,391,345**	**–**	**–**	**–**	**8,391,345**
Long-term debt	**5,372,000**	**57,000**	**585,125**	**272,000**	**6,286,125**
Interest payable - long-term debt	**27,342**	**39,637**	**21,887**	**11,151**	**100,017**
Deposits and other liabilities	**965,932**	**242,725**	**125,720**	**125,006**	**1,459,383**
Total financial liabilities	**14,756,619**	**339,362**	**732,732**	**408,157**	**16,236,870**
Net financial liabilities	**(₱11,812,452)**	**(₱134,046)**	**(₱696,136)**	**(₱394,879)**	**(₱13,037,513)**

December 31, 2019

	< 1 year	1 to < 2 years	2 to < 3 years	> 3 years	Total
			(In Thousands)		
Financial assets:					
Cash and cash equivalents	₱313,148	₱–	₱–	₱–	₱313,148
Financial assets at FVPL	9,688	–	–	–	9,688
Short-term investments	26,380	–	–	–	26,380
Receivable	3,017,755	195,460	57,568	1,581	3,272,364
Total financial assets	3,366,971	195,460	57,568	1,581	3,621,580
Other financial liabilities:					
Accounts and other payables	8,582,732	–	–	–	8,582,732
Long-term debt	78,000	5,372,000	57,000	857,125	6,364,125
Interest payable - long-term debt	106,216	57,366	11,749	20,544	195,875
Deposits and other liabilities	967,395	83,772	65,648	175,622	1,292,437
Total other financial liabilities	9,734,343	5,513,138	134,397	1,053,291	16,435,169
Net financial liabilities	(₱6,367,372)	(₱5,317,678)	(₱76,829)	(₱1,051,710)	(₱12,813,589)

Cash and cash equivalents, financial assets at FVPL and receivables are used for the Group's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed under interest rate risk section.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Majority of the Group’s transactions are denominated in Philippine Peso. There are only minimal placements in foreign currencies and the Group does not have any foreign-currency-denominated debt. As such, the Group’s foreign currency risk is minimal.

The following table shows the Group’s consolidated foreign-currency-denominated monetary assets and their Peso equivalents as of December 31:

	2020		2019	
	US Dollar	**Php Equivalent**	US Dollar	Php Equivalent
Cash and cash equivalents	**$22,775**	**₱1,094,345**	$1,645	₱83,471

In translating the foreign-currency-denominated monetary assets into Peso amounts, the exchange rates used were ₱48.05 to US$1.00 and ₱50.74 to US$1.00, the Philippine Peso-US Dollar exchange rates as of December 31, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar rate, with all variables held constant, of the Group’s profit before tax (due to changes in the Peso equivalent of the dollar-denominated cash and cash equivalents and short-term investments). There is no other impact on the Group’s equity other than those already affecting the profit or loss.

	Increase (Decrease) in exchange rate	Effect on Profit Before Tax
	(In Thousands)	
December 31, 2020	**₱1.00**	**₱22,775**
	(1.00)	**(22,775)**
December 31, 2019	₱1.00	₱1,645
	(1.00)	(1,645)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows. The Group's ratio of fixed to floating rate debt stood at around 95:5 as of December 31, 2020 and 2019.

The following tables demonstrate the sensitivity of the Group's income before tax to a reasonable possible change in interest rates on December 31, 2020 and 2019, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
2020	**(₱3,219)**	**₱3,219**
2019	(₱3,387)	₱3,387

The assumed change in the rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting profit or loss.

The maturities of long-term debt at nominal values are as follow:

	2020	2019
	(In Thousands)	
Due in:		
2020	**₱–**	₱78,000
2021	**5,372,000**	5,372,000
2022	**57,000**	57,000
2023	**585,125**	585,125
2024	**17,000**	17,000
2025	**17,000**	17,000
2026	**17,000**	17,000
2027	**221,000**	221,000
	₱6,286,125	₱6,364,125

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

The Group measures the sensitivity of its investment securities based on the average historical fluctuation of the investment securities' net asset value per unit (NAVPU). All other variables held constant, with a duration of 0.18 year and 0.36 year for 2020 and 2019, respectively, a 1.0% change in NAVPU will increase/decrease net income, total comprehensive income and equity by ₱0.01 million for the years ended December 31, 2020 and 2019.

28. Equity

Capital Stock
The details of the Parent Company's common shares as of December 31, 2020 and 2019 follow:

Authorized shares	3,000,000,000
Par value per share	₱1.0
Shares issued and outstanding	2,156,756,631

On November 6, 2018, SEC certified the Plan of Merger between the Parent Company and Cebu Property Ventures and Development Corporation (CPVDC). As a result, the Parent Company issued shares to CPVDC shareholders, including the Parent Company, from its unissued shares with a share swap ratio of 1.06 resulting to an issuance of a total 996,771,000 shares.

The summary of the Parent Company's track record of registration of securities as of December 31 is shown below:

				2020	2019
	Number of shares registered	Issue/offer price	Date of approval	**Number of holders of securities**	Number of holders of securities
Common shares	2,916,844,521	₱1.00 par value ₱4.00 issue price	February 14, 1994	**4,374**	4,343

Treasury Shares
Prior to merger, the Parent Company owns 717,064,047 shares from CPVDC which were then re-acquired by issuing 760,087,890 shares and classified as treasury shares.

Equity Reserves
The equity reserves resulted from the merger between the Parent Company and CPVDC. Under the accounting for legal merger, the Group recognized the difference between the net assets acquired and the total cost of the investments in CPVDC under equity reserve in the consolidated statements of changes in equity amounting to ₱274.0 million in 2018.

Appropriated Retained Earnings
On November 27, 2019, the Parent Company's BOD approved and authorized the appropriation of retained earnings amounting to ₱2.5 billion which shall be used for future development projects within SRP, Cebu IT Park and Cebu Business Park which are expected to be completed in 2026.

On November 22, 2012, the Parent Company's BOD approved and authorized the appropriation of retained earnings amounting to ₱1.3 billion which shall be used for land acquisition and future development projects within Cebu Business Park. On August 13, 2018, the Parent Company's BOD approved to continue the appropriation for the expansion projects within Cebu IT Park and Cebu Business Park which are expected to be completed in 2021.

Unappropriated Retained Earnings
The retained earnings available for dividend distribution of the Parent Company amounted to ₱777.3 million and ₱378.8 million as of December 31, 2020 and 2019, respectively.

Retained earnings include undistributed net earnings of subsidiaries, associates and a joint venture amounting ₱1,166.0 million and ₱1,179.8 million as of December 31, 2020 and 2019, respectively. These amounts are not available for dividend declaration until declared by the subsidiaries and affiliates.

On November 27, 2019, the Parent Company's BOD declared ₱0.15 per share cash dividends totaling to ₱323.5 million from unappropriated retained earnings to all its issued and outstanding shares as of record date December 11, 2019, and paid on December 23, 2019.

On November 22, 2018, the Parent Company's BOD declared ₱0.15 per share cash dividends totaling to ₱323.5 million from unappropriated retained earnings to all its issued and outstanding shares as of record date December 13, 2018, and paid on December 20, 2018.

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Parent Company is not subject to externally imposed capital requirements. No changes were made in the objectives, policies and processes from the previous years.

The Group monitors its capital structure using leverage ratios on both a gross and net basis, and makes adjustments to it in light of economic conditions. Debt consists of long-term debt. Net debt includes long-term debt less cash and cash equivalents, short-term investments and financial assets at FVPL. The Group considers as capital the equity attributable to equity holders of the Parent Company.

As of December 31, the Group had the following ratios:

	2020	2019
	(In Thousands)	
Long-term debt	**₱6,279,753**	₱6,348,648
Less:		
Cash and cash equivalents	**185,187**	313,148
Short-term investments	**–**	26,380
Financial assets at fair value through profit or loss	**9,947**	9,688
Net debt	**₱6,084,619**	₱5,999,432
Equity attributable to equity holders of Cebu Holdings, Inc.	**₱9,744,864**	₱9,401,732
Debt to equity	**64.44%**	67.53%
Net debt to equity	**62.44%**	63.81%

29. Segment Information

The business segments where the Group operates are as follows:

Core business:
- Commercial development - sale of commercial lots, club shares and development rights
- Residential development - sale of residential lots and condominium units
- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls
- Corporate business - development and lease of office buildings
- Others - other investing activities such as investment in joint ventures and sale of non-core assets

No business segments have been aggregated to form the reportable business segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The accounting and measurement policies used are consistent with the policies used in preparing general-purpose financial statements.

Sales, costs and expenses include amounts that are directly attributable to each segment. Items that are not directly identified are allocated based on the segment's proportionate share on the total revenue.

Business Segments

The following tables regarding business segments present assets and liabilities as of December 31, 2020, 2019 and 2018 revenue and expense information for the three-year ended December 31, 2020.

2020

	Commercial Development	Residential Development	Shopping Centers	Corporate Business	Hotel and Resort	Others	Eliminations and Adjustments	Total
					(In Thousands)			
Revenue								
Sales to external customers	**₱612,160**	**(₱8,734)**	**₱696,413**	**₱975,694**	**₱73,535**	**₱–**	**(₱26,637)**	**₱2,322,431**
Equity in net earnings of associates and a joint venture	**–**	**–**	**–**	**–**	**–**	**440,556**	**(395,725)**	**44,831**
Total revenue	**612,160**	**(8,734)**	**696,413**	**975,694**	**73,535**	**440,556**	**(422,362)**	**2,367,262**
Operating expenses	**(395,277)**	**(46,066)**	**(646,960)**	**(862,035)**	**(69,932)**	**–**	**42,063**	**(1,978,207)**
Operating profit (loss)	**216,883**	**(54,800)**	**49,453**	**113,659**	**3,603**	**440,556**	**(380,299)**	**389,055**
Interest income	**51,143**	**6,175**	**4,865**	**45,540**	**136**	**–**	**(13,494)**	**94,365**
Other income	**93,426**	**7,727**	**66,680**	**303,792**	**–**	**–**	**–**	**471,625**
Interest and other financing charges	**–**	**4**	**(7,869)**	**(533,883)**	**–**	**–**	**13,494**	**(528,254)**
Provision for income tax	**–**	**–**	**(3,312)**	**(22,997)**	**(65)**	**–**	**–**	**(26,374)**
Net income (loss)	**₱361,452**	**(₱40,894)**	**₱109,817**	**(₱93,889)**	**₱3,674**	**₱440,556**	**(₱380,299)**	**₱400,417**
Net income (loss) attributable to:								
Equity holders of Cebu Holdings, Inc.	**₱265,260**	**(₱40,894)**	**₱161,161**	**(₱55,918)**	**₱2,021**	**₱440,556**	**(₱380,299)**	**₱391,887**
Non-controlling interests	**96,192**	**–**	**(51,344)**	**(37,971)**	**1,653**	**–**	**–**	**8,530**
	₱361,452	**(₱40,894)**	**₱109,817**	**(₱93,889)**	**₱3,674**	**₱440,556**	**(₱380,299)**	**₱400,417**
Other Information								
Segment assets	**₱3,516,717**	**₱1,300,844**	**₱12,419,389**	**₱10,477,470**	**₱89,517**	**₱11,891**	**(₱540,052)**	**₱27,275,776**
Investments in associates and a joint venture	**–**	**–**	**–**	**–**	**–**	**4,623,889**	**(2,892,632)**	**1,731,257**
Deferred income tax assets	**–**	**–**	**–**	**–**	**–**	**42,386**	**–**	**42,386**
Total assets	**₱3,516,717**	**₱1,300,844**	**₱12,419,389**	**₱10,477,470**	**₱89,517**	**₱4,678,166**	**(₱3,432,684)**	**₱29,049,419**
Segment liabilities	**(₱880,457)**	**(₱168,211)**	**(₱3,711,424)**	**(₱12,089,585)**	**(₱37,984)**	**(₱11,912)**	**₱523,622**	**(₱16,375,951)**
Deferred income tax liabilities	**–**	**–**	**(26,059)**	**(170,886)**	**–**	**–**	**–**	**(196,945)**
Total liabilities	**(₱880,457)**	**(₱168,211)**	**(₱3,737,483)**	**(₱12,260,471)**	**(₱37,984)**	**(₱11,912)**	**₱523,622**	**(₱16,572,896)**
Segment additions to property and equipment and investment properties	**₱16,450**	**₱–**	**₱604**	**₱1,311,781**	**₱21,743**	**₱–**	**₱–**	**₱1,350,578**
Depreciation and amortization	**₱2,973**	**₱1**	**₱343,706**	**₱387,024**	**₱1,897**	**₱–**	**₱–**	**₱735,601**

2019

	Commercial Development	Residential Development	Shopping Centers	Corporate Business	Others	Eliminations and Adjustments	Total
				(In Thousands)			
Revenue							
Sales to external customers	₱1,424,136	₱201,687	₱1,674,934	₱786,104	₱–	(₱53,595)	₱4,033,266
Equity in net earnings of associates and a joint venture	–	–	–	–	647,430	(412,566)	234,864
Total revenue	1,424,136	201,687	1,674,934	786,104	647,430	(466,161)	4,268,130
Operating expenses	(446,853)	(179,479)	(777,966)	(581,019)	(253,791)	52,335	(2,186,773)
Operating profit (loss)	977,283	22,208	896,968	205,085	393,639	(413,826)	2,081,357
Interest income	35,478	22,594	9,451	–	29,181	(12,518)	84,186
Other income	194,195	(6,390)	80,173	164,986	11,773	–	444,737
Interest and other financing charges	–	–	–	–	(457,705)	12,518	(445,187)
Provision for (benefit from) income tax	(298,749)	(5,524)	(162,997)	(4,458)	(23,884)	–	(495,612)
Net income (loss)	₱908,207	₱32,888	₱823,595	₱365,613	(₱46,996)	(₱413,826)	₱1,669,481
Net income (loss) attributable to:							
Equity holders of Cebu Holdings, Inc.	₱884,594	₱32,888	₱835,296	₱385,112	(₱66,495)	(₱413,826)	₱1,657,569
Non-controlling interests	23,613	–	(11,701)	–	–	–	11,912
	₱908,207	₱32,888	₱823,595	₱385,112	(₱66,495)	(₱413,826)	₱1,669,481
Other Information							
Segment assets	₱7,268,755	₱3,093,569	₱13,394,280	₱4,498,714	₱7,848	(₱754,377)	₱27,508,789
Investments in associates and a joint venture	–	5,222,192	–	–	–	(3,500,766)	1,721,426
Deferred tax assets	1,088	–	11,227	–	–	–	12,315
Total assets	₱7,269,843	₱8,315,761	₱13,405,507	₱4,498,714	₱7,848	(₱4,255,143)	₱29,242,530
Segment liabilities	₱815,749	₱6,667,095	₱7,411,902	₱1,585,649	₱1,136,262	(₱731,675)	₱16,884,982
Deferred tax liabilities	–	236,440	–	6,070	5,544	(15,367)	232,687
Total liabilities	₱815,749	₱6,903,535	₱7,411,902	₱1,591,719	₱1,141,806	(₱747,042)	₱17,117,669
Segment additions to property and equipment and investment properties	₱22,719	₱–	₱2,289,888	₱36,389	₱2,966	₱–	₱2,351,962
Depreciation and amortization	₱–	₱–	₱370,291	₱234,232	₱–	₱–	₱604,523

2018

	Commercial Development	Residential Development	Shopping Centers	Corporate Business	Others	Eliminations and Adjustments	Total
				(In Thousands)			
Revenue							
Sales to external customers	₱99,672	₱819,256	₱1,466,830	₱758,146	₱–	(₱31,346)	₱3,112,558
Equity in net earnings of associates and a joint venture	–	–	–	–	–	106,039	106,039
Total revenue	99,672	819,256	1,466,830	758,146	–	74,693	3,218,597
Operating expenses	(6,273)	(674,631)	(867,030)	(576,696)	(308)	31,346	(2,093,592)
Operating profit (loss)	93,399	144,625	599,800	181,450	(308)	106,039	1,125,005
Interest income	9,303	26,551	6,424	10,615	16,648	(2,494)	67,047
Other income	151,905	7,179	89,603	169,653	376,465	(358,609)	436,196
Interest and other financing charges	–	–	–	–	(387,983)	2,494	(385,489)
Provision for (benefit from) income tax	(15,980)	(54,175)	(172,856)	(7,537)	(22,181)	–	(272,729)
Net income (loss)	₱238,627	₱124,180	₱522,971	₱354,181	(₱17,359)	(₱252,570)	₱970,030
Net income (loss) attributable to:							
Equity holders of Cebu Holdings, Inc.	₱235,047	₱94,755	₱470,287	₱346,229	(₱36,637)	(₱252,570)	₱857,111
Non-controlling interests	3,580	29,425	52,684	27,230	–	–	112,919
	₱238,627	₱124,180	₱522,971	₱373,459	(₱36,637)	(₱252,570)	₱970,030
Other Information							
Segment assets	₱3,312,693	₱2,628,019	₱16,196,161	₱5,794,675	₱9,354	(₱3,111,897)	₱24,829,005
Investments in associates and a joint venture	–	–	–	–	4,078,909	(2,591,574)	1,487,335
Deferred tax assets	–	–	–	–	25,488	–	25,488
Total assets	₱3,312,693	₱2,628,019	₱16,196,161	₱5,794,675	₱4,113,751	(₱5,703,471)	₱26,341,828
Segment liabilities	₱309,451	₱7,294,708	₱6,948,522	₱1,432,424	₱1,275,712	(₱1,254,191)	₱16,006,626
Deferred tax liabilities	–	–	–	–	260,386	15,367	275,753
Total liabilities	₱309,451	₱7,294,708	₱6,948,522	₱1,432,424	₱1,536,098	(₱1,238,824)	₱16,282,379
Segment additions to property and equipment and investment properties	₱411,575	₱1,768	₱2,222,686	₱1,569,546	₱–	₱–	₱4,205,575
Depreciation and amortization	₱487	₱24,949	₱222,347	₱301,902	₱–	₱–	₱549,685

30. **Leases**

Operating Leases - Group as Lessor
The Group enters into lease agreements with third parties covering rentals of commercial and office spaces and land therein: (a) fixed monthly rent, or (b) minimum rent payment or fixed rent plus percentage of gross sales, whichever is higher. All leases include a clause to enable upward revision on its rental charge on annual basis based on prevailing market conditions.

Future minimum rentals receivable under noncancellable operating leases of the Group are as follows:

	December 31	
	2020	2019
	(In Thousands)	
Within one year	**₱1,044,559**	₱987,661
After one year but not more than five years	**2,241,891**	2,516,088
More than five years	**961,787**	780,415
	₱4,248,237	₱4,284,164

31. **Philippine Economic Zone Authority (PEZA) Registration**

On December 18, 2007, PEZA approved the registration of AiO, the subsidiary, as an Economic Zone Information Technology (IT) Facility Enterprise. As a registered ecozone facilities enterprise, the subsidiary is entitled to establish, develop, construct, administer, manage and operate a 12-storey building and 17-storey building located at Asia Town IT Park, in accordance with the terms and conditions of the Registration Agreement with PEZA.

On June 22, 2017, PEZA also approved the registration of CBDI as a Developer/Operator of the Central Bloc 1 & 2.

The Group shall pay income tax at the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

Gross income earned refers to gross sales or gross revenues derived from any business activity, net of returns and allowances, less cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses. Income generated from sources outside of the PEZA economic zone shall be subject to regular internal revenue taxes. It is certified by the Bureau of Internal Revenue under Section 4.106-6 and 4 108-6 of Revenue Regulation No. 16-2005 that the enterprise is conducted for purposes of its VAT zero-rating transactions with its local suppliers of goods, properties and services.

32. **Supplemental Cash Flow Information**

Changes in liabilities arising from financing activities follow:

2020

	January 1, 2020	Cash Flows	Non-cash changes Amortization of discount on loans	Other	December 31, 2020
			(In Thousands)		
Current portion of long-term debt (see Note 18)	**₱76,966**	**(₱78,000)**	**₱8,353**	**₱5,360,308**	**₱5,367,627**
Long-term debt - net of current portion (see Note 18)	**6,271,682**	**–**	**752**	**(5,360,308)**	**912,126**
Interest payable	**31,076**	**(531,905)**	**–**	**508,881**	**8,052**
Dividends payable	**1,731**	**–**	**–**	**–**	**1,731**
Total liabilities from financing activities	**₱6,381,455**	**(₱609,905)**	**₱9,105**	**₱508,881**	**₱6,289,536**

2019

	January 1, 2019	Cash Flows	Non-cash changes Amortization of discount on loans	Other	December 31, 2019
			(In Thousands)		
Current portion of long-term debt (see Note 18)	₱59,956	(₱61,000)	₱1,044	₱76,966	₱76,966
Long-term debt - net of current portion (see Note 18)	6,341,019	–	7,629	(76,966)	6,271,682
Interest payable	30,266	(418,857)	–	419,667	31,076
Dividends payable	1,731	(323,513)	–	323,513	1,731
Total liabilities from financing activities	₱6,432,972	(₱803,370)	₱8,673	₱743,180	₱6,381,455

2018

	January 1, 2018	Cash Flows	Non-cash changes Amortization of discount on loans	Other	December 31, 2018
			(In Thousands)		
Current portion of long-term debt	₱59,942	(₱61,000)	₱1,058	₱59,956	₱59,956
Long-term debt - net of current portion	6,393,634	–	7,281	(59,896)	6,341,019
Interest payable	4,286	(290,461)	–	316,441	30,266
Dividends payable	1,751	(323,533)	–	323,513	1,731
Total liabilities from financing activities	₱6,459,613	(₱674,994)	₱8,339	₱640,014	₱6,432,972

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

The noncash investing and financing activities of the Group pertain to:

- Transfer from inventories to investment properties amounting to ₱208.6 million in 2019; and
- Transfers from investment properties to inventories amounting to ₱577.7 million, ₱95.9 million and ₱294.1 million in 2020, 2019 and 2018, respectively.

33. Long term Commitments and Contingencies

Commitments

a. On June 30, 2015, the Parent Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Parent Company and ALI (together with the Parent Company collectively referred to as the "ALI Group"). Consistent with the agreed payment schedule in the Deed of Absolute Sale, as of August 1, 2018, the Parent Company has fully paid ₱2.23 billion, excluding taxes. The SM-ALI Group has finished with the joint masterplan and has secured the development permit last November 2019 from the Cebu City Council.

   On January 29, 2020, SM-ALI Group broke ground the 263,384 sqm development and the construction of road networks and underground utilities which commenced on February 18, 2020. Estimated total construction cost to complete of the Parent Company is ₱277.5 million, excluding taxes.

   As of December 31, 2020, the construction completion is at 47.51% and is forecasted to be completed in May 2022. As of December 31, 2020, the remaining contractual obligations of the Parent Company amounted to ₱134.1 million.

b. In 2019, the Group entered into contracts in relation to the development and construction of CBP and CITP Flats which are located at Mactan Road, Cebu Business Par, Cebu City and Jose Maria del Mar St., Barangay Apas, Cebu City, respectively. The contracts entered into include general construction works, sewage treatment, plumbing and sanitary works, bored piling works, fire protection works, and site formation and demolition works. Total remaining commitment from these contracts amounted to ₱1,357.5 million and ₱1,565.4 million as of December 31, 2020 and 2019, respectively.

Contingencies

The Parent company is currently involved in a legal proceeding and the outcome of this legal proceeding is not presently determinable.

In the opinion of management and its legal counsel, the eventual liability under this legal proceeding, if any, will not have a material effect on the Group's financial position and results of operations. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter.

34. Events After the Reporting Date

The Board of Directors of the Parent Company at its regular meeting held on February 22, 2021, approved the merger of the Parent Company with ALI, its parent company, as well as the Parent Company's other subsidiaries, AiO and CBDI, with ALI as the surviving entity.

ALI will issue 0.19 ALI common share for every one (1) share of CHI Common share or a total of four hundred nine million seven hundred eighty three thousand seven hundred sixty (409,783,760) ALI common shares, including two hundred ninety one million four hundred sixty three thousand seven hundred eighty four (291,463,784) ALI common shares which ALI will issue to itself in exchange of its shares held in CHI.

The plan of merger shall be submitted for approval to the stockholders of the companies involved in the merger during their respective stockholder's meetings. The plan of merger will then be filed with the SEC and expected to be approved within the year.

SCHEDULE B

CEBU HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020

Name and Designation of debtor	Balance at beginning of period	Additions (Write off)	Amounts collected	Current	Not Current	Balance at the end of the period
ALAGON, IZABELLE	₱28,999	₱3,691,927	₱304,927	₱422,283	₱2,993,716	₱3,415,999
ALAJID, ROMULO M	2,452,989		64,861	64,862	2,323,266	2,388,128
ALICAYA, NOEL F	383,855		113,456	106,815	163,584	270,399
BOHOLST, JUDILYNE L	51,718		51,718		-	-
CALERO, JASMIN R.	20,000	544,554	107,638	100,747	356,169	456,916
CLIMACO, MARIE ANNE KATHERINE	171,877	2,097,612	183,533	212,247	1,873,709	2,085,956
DEE, JOSEPH FRANCISCO A.	337,035		91,967	91,968	153,100	245,068
GO, SUZETTE T	966,798	176,137	31,950	44,035	1,066,950	1,110,985
JAPZON, JEANETTE A	3,665,523		98,598	98,599	3,468,326	3,566,925
OBESO, ARCHIE		434,993	103,378	102,936	228,679	331,615
QUIJADA, FRAULEIN	186,504		86,999	86,999	12,506	99,505
SIA, JENNIFER	187,889		86,771	86,770	14,348	101,118
SUAN, JONAS	221,122		98,598	98,599	23,925	122,524
URBINA, MA. CECILIA T	312,731		132,358	84,546	95,827	180,373
	₱8,987,040	₱6,945,223	₱1,556,752	₱1,601,406	₱12,774,105	₱14,375,511

SCHEDULE C

CEBU HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020

	Receivable Balance per CHI Parent	Payable Balance per CHI Subsidiaries	Current Portion
AIOPI	₱277,296,836	₱277,296,836	₱277,296,836
CBDI	97,727,577	97,727,577	97,727,577
CLCI	13,867,718	13,867,718	13,867,718
TPEPI	925,107	925,107	925,107
Total Eliminated Receivables	₱389,817,238	₱389,817,238	₱389,817,238

CEBU HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2020

Long-term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in the related consolidated statement of financial position	Amount shown under the caption "long-term debt - net of current portion" in the related consolidated statement of financial position
Bank Loan (BPI)	₱420,000,000	₱314,931,284	₱–
Bank Loan (BPI)	380,000,000	18,766,876	287,418,266
Bank Loan (BPI)	420,000,000	20,703,183	319,668,080
Bank Loan (BPI)	340,000,000	16,817,547	305,039,971
Bonds (PDTC)	5,000,000,000	4,996,407,791	–
	₱6,560,000,000	₱5,367,626,681	₱912,126,317

SCHEDULE F

CEBU HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2020

Indebtedness to related parties (Long-term loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
BPI	**₱1,360,311,299**	**₱1,283,345,207**

SCHEDULE G

CEBU HOLDINGS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee

Not Applicable

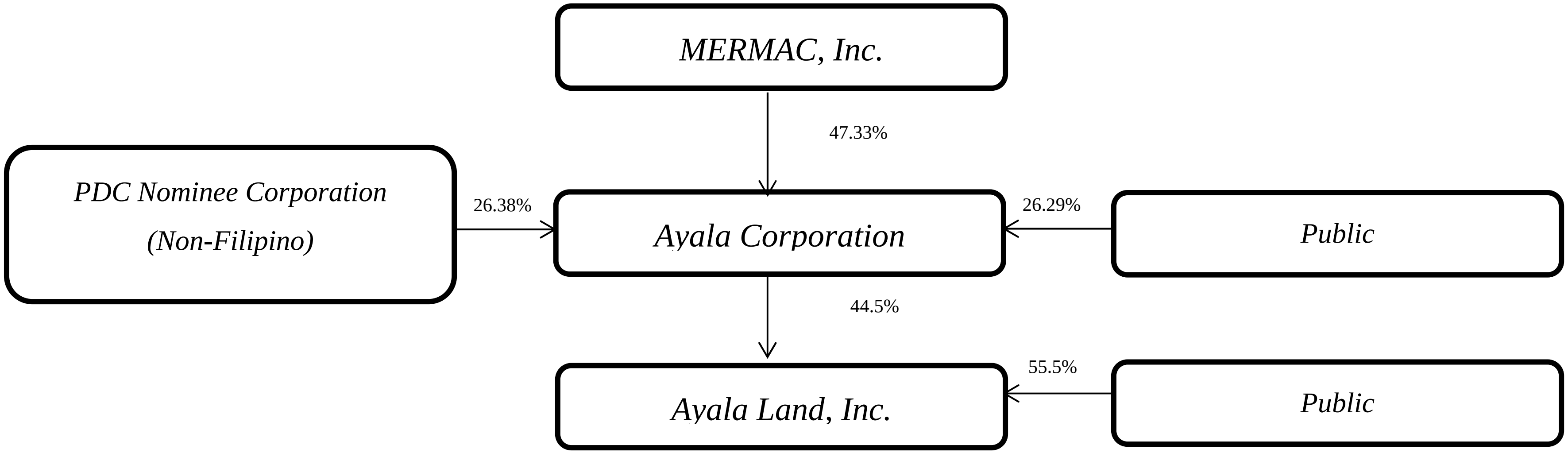
The Group does not have any guarantees of securities of other issuing entities by the issuer for which the statement is filed.

CEBU HOLDINGS, INC.
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2020

Items	Amount
Unappropriated Retained Earnings, Beginning	₱892,514,488
Adjustments:	
Deferred income tax assets that reduced the amount of provision for income tax	(70,953,194)
Accumulated fair value adjustment (M2M gains)	(408,731)
Unappropriated Retained Earnings, as Adjusted, Beginning	821,152,563
Net Income Based on the Face of AFS	719,795,774
Less: Non-actual/Unrealized Income Net of Tax	
Deferred income tax assets that reduced the amount of provision for income tax	3,356,288
Fair value adjustments (M2M gains)	159,365
Net Income Actual/Realized	716,280,121
Less:	
Treasury shares	760,087,890
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱777,344,794

SCHEDULE J

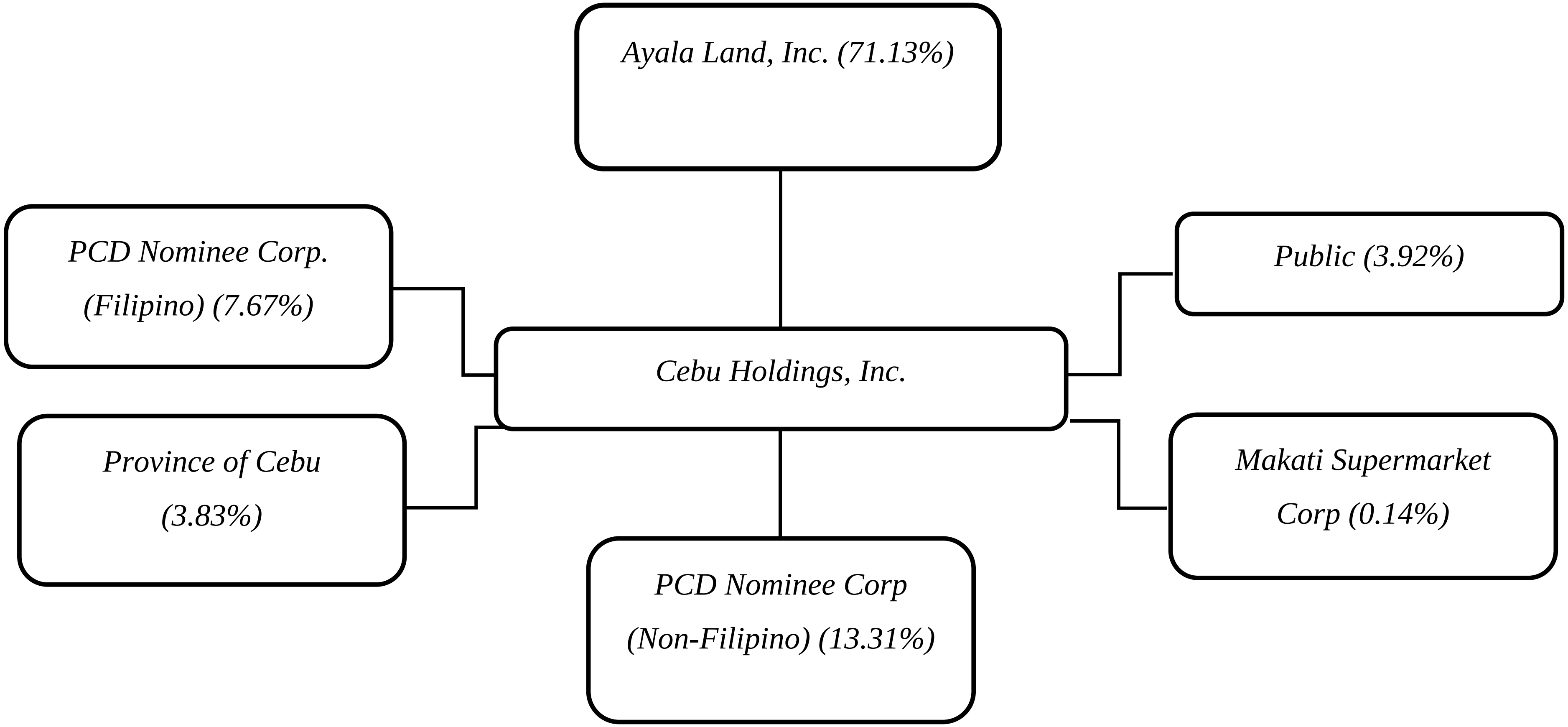
CEBU HOLDINGS INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2020



CEBU HOLDINGS INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2020



AYALA LAND, INC.

Cagayan de Oro Gateway Corp. (70%)

Adauge Commercial Corporation (60%)

Alabang Commercial Corporation (50%)

Ayala Property Management Corp. (100%)

Soltea Commercial Corp. (60%)

Southgateway Development Corp. (100%)

Makati Development Corporation (100%)

Ayala Theatres Management, Inc. & S. (100%)

CMPI Holdings, Inc. (60%)

Ayalaland MetroNorth, Inc. (100%)

Ayala Hotels, Inc. (50%)

DirectPower Services, Inc. (100%)

ALI-CII Development Corporation (50%)

North Triangle Depot Commercial Corp. (73%)

AyalaLand Hotels and Resorts Corp. (100%)

Phil. Integrated Energy Solutions, Inc. (100%)

Roxas Land Corporation (50%)

BGWest Properties, Inc. (50%)

Lagdigan Land Corp. (60%)

Five Star Cinema, Inc. (100%)

Ten Knots Phils, Inc. (60%)

Ten Knots Development, Corp. (60%)

Southportal Properties Inc. (65%)

Leisure and Allied Industries Philippines, Inc. (50%)

ALInet.com, Inc. (100%)

First Longfield Investments Limited (100%)

Aprisa Business Process Solutions, Inc. (100%)

AyalaLand Club Management, Inc. (100%)

Varejo Corp. (100%)

Ayala Land Malls, Inc. (100%)

Verde Golf Development Corporation (100%)

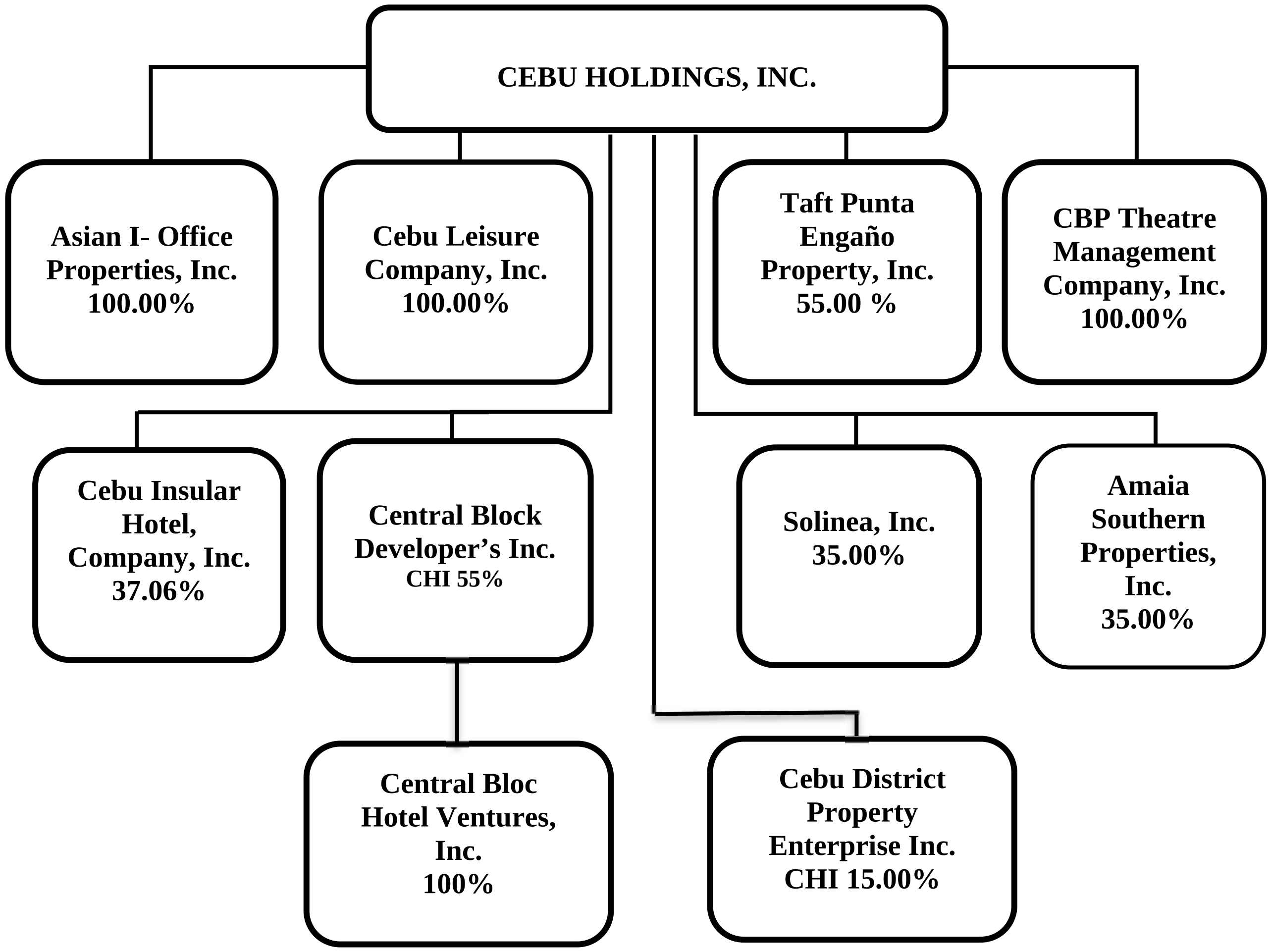
Whiteknight Holdings, Inc. (100%)

ALI Commercial Center Inc. (100%)

Cebu Holdings Inc. (71%)

AYALA LAND, INC.

- *Alveo Land Corporation (100%)*
- *Serendra, Inc. (28%)*
- *Amorsedia Development Corporation (100%)*
- *Avida Land Corporation (100%)*
- *Amaia Land Co. (100%)*
- *Ayala Land International Sales, Inc. (100%)*
- *Ayala Land Sales, Inc. (100%)*
- *Buendia Landholdings, Inc. (100%)*
- *Crans Montana Holdings, Inc. (100%)*
- *Crimson Field Enterprises, Inc. (100%)*
- *Ecoholdings Company, Inc. (100%)*
- *NorthBeacon Commercial Corporation (100%)*
- *Red Creek Properties, Inc. (100%)*
- *Regent Time International, Limited (100%)*
- *Asterion Technopod, Incorporated (100%)*
- *Westview Commercial Ventures Corp. (100%)*
- *North Ventures Commercial Corp. (100%)*
- *Hillsford Property Corporation (100%)*
- *Primavera Towncentre, Inc. (100%)*
- *Summerhill E-Office Corporation (100%)*
- *Sunnyfield E-Office Corporation (100%)*
- *Subic Bay Town Centre, Inc. (100%)*
- *Regent Wise Investments Limited (100%)*
- *AyalaLand Commercial REIT, Inc. (100%)*
- *Arvo Commercial Corporation (100%)*
- *BellaVita Land Corporation (100%)*
- *Nuevo Centro, Inc. (55%)*
- *Cavite Commercial Town Center, Inc. (100%)*
- *AyalaLand offices, Inc. (100%)*
- *Laguna Technopark, Inc. (75%)*
- *Aurora Properties Incorporated (80%)*
- *Vesta Property Holdings, Inc. (70%)*
- *Station Square East Commercial Corporation (69%)*
- *Ceci Realty, Inc. (60%)*
- *Accendo Commercial Corp. (67%)*
- *Aviana Development Corporation (50%)*


CEBU HOLDINGS, INC.
Asian I- Office Properties, Inc. 100.00%
Cebu Leisure Company, Inc. 100.00%
Taft Punta Engaño Property, Inc. 55.00 %
CBP Theatre Management Company, Inc. 100.00%
Cebu Insular Hotel, Company, Inc. 37.06%
Central Block Developer's Inc. CHI 55%
Solinea, Inc. 35.00%
Amaia Southern Properties, Inc. 35.00%
Central Bloc Hotel Ventures, Inc. 100%
Cebu District Property Enterprise Inc. CHI 15.00%

CEBU HOLDINGS, INC. AND SUBSIDIARIES
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2020
(Amounts in Thousands)

<table>
<tr><th>Ratio</th><th colspan="2">Formula</th><th>2020</th><th>2019</th></tr>
<tr><td>Current Ratio</td><td colspan="2">Total Current Assets divided by Total Current Liabilities

Total Current Assets ₱4,157,919
Divide by: Total Current Liabilities 14,911,596
Current Ratio 0.28</td><td>0.28</td><td>0.42</td></tr>
<tr><td>Acid Test Ratio/Quick Ratio</td><td colspan="2">Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities

Total Current Assets ₱4,157,919
Less: Inventories 861,720
Other Current Assets 352,032
Quick Assets ₱2,944,167
Divide by: Total Current Liabilities 14,911,596
Acid Test Ratio 0.20</td><td>0.20</td><td>0.33</td></tr>
<tr><td>Solvency Ratio/Debt-to-Equity Ratio</td><td colspan="2">Total Long-term Debt divided by Equity Attributable to Parent

Current portion of long-term debt ₱5,367,627
Long-term debt– net of current portion 912,126
Total Long-term Debt ₱6,279,753
Divide by: Equity Attributable to Parent 9,744,864
Debt-to-Equity Ratio 0.64</td><td>0.64</td><td>0.68</td></tr>
<tr><td>Net Debt-to-Equity Ratio</td><td colspan="2">Net Debt (Total Debt less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL) divided by Equity Attributable to Parent

Total Long-term Debt ₱6,279,753
Less: Cash and Cash Equivalents 185,187
Short-term Investments –
Financial Assets at FVTPL 9,947
Net Debt ₱6,084,619
Divide by: Equity Attributable to Parent 9,744,864
Net Debt-to-Equity Ratio 0.62</td><td>0.62</td><td>0.64</td></tr>
<tr><td>Asset-to-Equity Ratio</td><td colspan="2">Total Assets divided by Equity Attributable to Parent

Total Assets ₱29,049,419
Divide by: Equity Attributable to Parent 9,744,864
Asset-to-Equity Ratio 2.98</td><td>2.98</td><td>3.11</td></tr>
</table>

Ratio	Formula	2020	2019
Interest Rate Coverage Ratio	Earnings before Income Tax, Depreciation and Amortization (*net Income plus provision for income tax, interest and other charges, depreciation and amortization less interest income)* divided by Interest and Other Financing Charges Net Income ₱400,417 Add: Provision for Income Tax 26,374 Interest and Other Financing Charges 528,254 ₱955,045 Less: Interest Income 94,365 EBIT ₱860,680 Add: Depreciation and Amortization 735,601 EBITDA ₱1,596,281 Interest and Other Financing Charges 528,254 Interest Expense Coverage Ratio 3.02	**3.02**	6.78
Return on Equity	Net Income divided by Average Total Equity (*Total Equity PY + Total Equity CY divided by 2)* Net Income ₱400,417 Total Equity CY ₱12,476,523 Total Equity PY 12,124,861 Average Total Equity ₱12,300,692 Return on Equity 3.26%	**3.26%**	15.05%
Return on Assets	Net Income divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income ₱400,417 Total Assets CY ₱29,049,419 Total Assets PY 29,242,530 Average Total Assets ₱29,145,975 Return on Assets 1.37%	**1.37%**	6.01%
Net Income Margin	Net Income Attributable to Parent divided by Revenue Net Income Attributable to Parent ₱391,887 Revenue 2,888,421 Net Income Margin 13.57%	**13.57%**	36.33%

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	1	4	2	2	2

C O M P A N Y   N A M E

CENTRAL BLOCK DEVELOPERS, INC.

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

28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
tabije.uly@ayalaland.com.ph	908-3804	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	12/08	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ricardo Ulysses C. Tabije IV	tabije.uly@ayalaland.com.ph	908-3804	N/A

CONTACT PERSON's ADDRESS

28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Central Block Developers, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Block Developers, Inc. (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Building a better
working world

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Central Block Developers, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
SEC Accreditation No. 1561-AR-1 (Group A),
January 31, 2019 valid until January 30, 2022
Tax Identification No. 925-713-249
BIR Accreditation No. 08-001998-119-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534336, January 4, 2021, Makati City

March 10, 2021

CENTRAL BLOCK DEVELOPERS, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 4 and 18)	**₱10,318,256**	₱50,680,153
Receivables (Notes 5 and 18)	**111,222,987**	41,619,009
Other current assets (Note 6)	**45,739,134**	17,510,945
Total Current Assets	**167,280,377**	109,810,107
Noncurrent Assets		
Investment properties (Note 7)	**8,319,759,203**	8,154,338,867
Noncurrent portion of receivables (Notes 5 and 18)	**80,057,968**	28,167,933
Investment in a subsidiary (Note 8)	**47,500,000**	47,500,000
Deferred tax assets - net (Note 16)	**16,928,529**	5,955,390
Other noncurrent assets (Note 6)	**1,016,585,902**	905,611,288
Total Noncurrent Assets	**9,480,831,602**	9,141,573,478
	₱9,648,111,979	₱9,251,383,585
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 9 and 18)	**₱4,747,385,585**	₱4,153,117,706
Deposits for future stock subscription (Note 11)	**–**	909,310,000
Current portion of deposits and other liabilities (Notes 10 and 18)	**67,227,628**	37,781,348
Total Current Liabilities	**4,814,613,213**	5,100,209,054
Noncurrent Liability		
Deposits and other liabilities - net of current portion (Notes 10 and 18)	**151,474,910**	152,945,473
Total Liabilities	**4,966,088,123**	5,253,154,527
Equity (Note 11)		
Paid-up capital	**4,909,310,000**	4,000,000,000
Deficit	**(227,286,144)**	(1,770,942)
Total Equity	**4,682,023,856**	3,998,229,058
	₱9,648,111,979	₱9,251,383,585

See accompanying Notes to Financial Statements.

CENTRAL BLOCK DEVELOPERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Rental income (Note 12)	**₱200,311,284**	₱52,023,149
Theater Income (Note 12)	**3,037,319**	1,197,864
	203,348,603	53,221,013
COST AND EXPENSES		
Direct operating expenses (Notes 7 and 14)	**242,527,080**	46,676,131
General and administrative expenses (Note 14)	**55,719,136**	3,476,593
	298,246,216	50,152,724
OTHER INCOME (CHARGES) – Net		
Interest income (Notes 4 and 13)	**113,541**	211,919
Interest expense (Notes 10 and 14)	**(149,399,463)**	(17,887,136)
Others	**10,748,972**	796,615
	(138,536,950)	(16,878,602)
LOSS BEFORE INCOME TAX	**(233,434,563)**	(13,810,313)
BENEFIT FOR INCOME TAX (Note 16)	**(10,950,431)**	(4,102,413)
NET LOSS	**(222,484,132)**	(9,707,900)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱222,484,132)**	(₱9,707,900)

See accompanying Notes to Financial Statements.

CENTRAL BLOCK DEVELOPERS, INC.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2020	2019
PAID-UP CAPITAL (Note 11)		
Common shares		
Balance at beginning of year	**₱400,000,000**	₱332,226,000
Issuance of new shares	**90,931,000**	67,774,000
Balance at the end of year	**490,931,000**	400,000,000
Preferred shares		
Balance at beginning of year	**3,600,000,000**	2,990,023,000
Issuance of new shares	**818,379,000**	609,977,000
Balance at the end of year	**4,418,379,000**	3,600,000,000
	4,909,310,000	4,000,000,000
DEFICIT		
Balance at beginning of year	**(1,770,942)**	7,936,958
Share issuance cost	**(3,031,070)**	–
Total comprehensive loss/Net loss	**(222,484,132)**	(9,707,900)
Balance at end of year	**(227,286,144)**	(1,770,942)
	₱4,682,023,856	₱3,998,229,058

See accompanying Notes to Financial Statements.

CENTRAL BLOCK DEVELOPERS, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱233,434,563)**	(₱13,810,313)
Adjustments for:		
Depreciation (Note 14)	**148,679,369**	28,803,484
Interest expense (Note 14)	**149,399,463**	17,887,136
Interest income (Notes 4 and 13)	**(113,541)**	(211,919)
Operating loss before changes in working capital	**64,530,728**	32,668,388
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(121,494,013)**	(64,875,494)
Other current assets	**(28,228,189)**	2,088,031
Other noncurrent assets	**(110,974,615)**	(105,640,457)
Increase in:		
Accounts and other payables	**1,187,936,061**	705,167,422
Deposits and other liabilities	**24,211,431**	181,691,622
Net cash provided by operations	**1,015,981,403**	751,099,512
Interest paid	**(145,635,176)**	(17,334,242)
Interest received	**113,541**	211,919
Income taxes paid	**(22,708)**	(1,545,515)
Net cash provided by operating activities	**870,437,060**	732,431,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for additions to:		
Investment properties (Note 7)	**(314,099,705)**	(1,917,668,874)
Investment in a subsidiary (Note 8)	**–**	(47,500,000)
Cash used in investing activities	**(314,099,705)**	(1,965,168,874)
CASH FLOW FROM FINANCING ACTIVITIES		
Deposits for future stock subscriptions (Note 11)	**(909,310,000)**	909,310,000
Increase (decrease) in intercompany loans (Notes 9 and 17)	**(593,668,182)**	(326,199,443)
Share Issuance Cost	**(3,031,070)**	
Proceeds from issuance of shares (Notes 11)	**909,310,000**	677,751,000
Net cash provided (used in) by financing activities	**(596,699,252)**	1,260,861,557
NET INCREASE (DECREASE) IN CASH	**(40,361,897)**	28,124,357
CASH AT BEGINNNING OF YEAR	**50,680,153**	22,555,796
CASH AT END OF YEAR (Note 4)	**₱10,318,256**	₱50,680,153

See accompanying Notes to Financial Statements.

CENTRAL BLOCK DEVELOPERS, INC.
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Central Block Developers, Inc. (the Company) was incorporated on July 28, 2015 and is domiciled in the Republic of the Philippines. The Company was registered with the Securities and Exchange Commission primarily to develop, sell, invest, own, acquire, lease, hold, mortgage, administer, or otherwise deal with commercial, residential, industrial, or agricultural lands, buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment, including to own, hold in ownership, manage deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and to the limit and extent permitted by law, alone or jointly with other persons, natural or artificial. The Company's registered address and principal place of business is at 28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

As of December 31, 2020, and 2019, Ayala Land Inc. (ALI) and and Cebu Holdings Inc. (CHI) have 45.00% and 55.00% ownership over the Company, respectively. ALI's parent is Ayala Corporation (AC). AC is 47.28% owned by Mermac, Inc. and the rest by the public. ALI, CHI and AC are publicly listed companies domiciled and incorporated in the Philippines.

The operational and administrative functions of the Company are handled by ALI (see Note 15).

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 10, 2021.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (₱), which is also the Company's functional currency. All amounts are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The Company elected not to prepare consolidated financial statements under the exemption provided under the PFRS 10, *Consolidated Financial Statements*. The financial statements of the Company and its subsidiaries are included in the consolidated financial statements of ALI, which are also in compliance with PFRS. These may be obtained at ALI's office at 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 16, *Covid-19-related Rent Concessions*

  The amendments provides 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.

- Amendments to PFRS 3, *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 clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company 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 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. These amendments had no significant impact on the financial statements of the Company.

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

  The amendments 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 content 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 had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

- 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 International Accounting Standards Board 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. These amendments had no impact on the financial statements of the Company.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Current and Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on a current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are noncurrent.

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

Cash

Cash pertains to cash in bank that is stated at face amounts and earns interest at the prevailing bank deposit rates.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at its transaction price.

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

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

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

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

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

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

The Company's financial assets at amortized cost include cash in bank and receivables.

The Company has no financial assets under FVOCI with or without recycling and FVTPL categories.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts and other payables, deposits and other liabilities including security deposits, deferred credits, construction bonds, and retention payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to trade payables, deposits and other liabilities.

Derecognition of Financial Instruments

Financial asset
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Impairment of Financial Assets
The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, were there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due since security deposits are equivalent to 90 days which are paid in the start of the lease term which will cover any defaults. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

Deposits and other liabilities
Deposits and other liabilities which includes security deposits that are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest method.

The difference between the cash received and its fair value is deferred (included in the "Deferred credits" under "Deposits and other liabilities" account in the statement of financial position) and amortized using the straight-line method and recognized as "Amortization of deferred credits" under the "Rental income" account in profit or loss. Accretion of discount is recorded under "Interest expense" account in profit or loss.

Other assets
Other assets include deferred input value-added tax (VAT), prepaid expenses, prepaid taxes, input VAT and advances to contractors.

Input VAT
Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services which are incurred and billings which has been received as of date. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Deposits
Deposits pertain to payments made for construction supplies such as transformers and line materials.

Prepaid taxes
Prepaid taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and utilized as tax credits against income tax due.

Prepaid expenses
Prepaid expenses represent paid expenses that are not yet incurred. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Advances to contractors
Advances to contractors represent payment in advance which are recouped every progress billing. These are carried at cost less impairment losses, if any.

Investment in a subsidiary
The Company's investment in a subsidiary is accounted for under the cost method and is carried in the statement of financial position at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity to affect those returns through its power over the entity.

The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Investment properties
Investment properties comprise of construction-in-progress and completed properties that are held to earn rentals or capital appreciation or both and are not occupied by the Company. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including borrowing costs.

These are carried at cost less accumulated depreciation and amortization and any impairment.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Depreciation of investment properties, which consist of buildings, are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, *Revenue from Contracts with Customers*.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does

not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

Equity

Paid-up capital

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Deposits for future stock subscription

Deposits for future stock subscriptions are cash received from a stockholder for the subscription of unissued shares in the Company's authorized capital stock. These deposits are to be settled only by issuance of a fixed number of equity shares. These are classified as equity, only if all of the following elements are present as of the end of the reporting period, otherwise, these are classified as liabilities:

- the unissued authorized capital stock of the Company is insufficient to cover the amount of shares
- indicated in the subscription agreement;
- there is BOD approval on the proposed increase in authorized capital stock for which a deposit
- was received by the Company;
- there is Stockholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been filed with the SEC.

Deficit

Deficit represents accumulated net losses of the Company.

Revenue Recognition

The Company is in the business of leasing its investment properties portfolio. The Company's non-lease performance obligations include common area management and administration of utility services.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

Rental income

Rental income under noncancellable and cancellable leases on investment properties is accounted under operating lease and is recognized on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contracts. Lessor accounting under PFRS 16 is substantially the same under PAS 17.

No rental income is recognized when the Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment (see Note 15).

Dues
Dues are recognized when the related services are rendered. Common area, air conditioning, electricity and water dues in excess of actual charges and consumption are recorded as revenue since the Company acts as an agent for this service arrangements. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant.

Theater income
Theater income pertains to income earned from sale of cinema tickets net of taxes and producer's share.

Interest income
Interest income is recognized as it accrues using effective interest rate (EIR) method.

Other income
Other income is recognized when earned

Disaggregated revenue information
The non-lease component of the Company's revenue arises from common area charges and utilities dues. The Company's performance obligations are to ensure that common areas are available for general use of its tenants and to provide for uninterrupted utility services such as water and electricity (see Note 12).

Allocation of transaction price to performance obligation
Each of the non-lease component is considered a single performance obligation, therefore it is not necessary to allocate the transaction price. These services are capable of being distinct from the other services and the transaction price for each service is separately identified in the contract.

Timing of revenue recognition
Revenue from common area charges and utilities dues are recognized over time since the tenants simultaneously receives and consumes the services provided by the Company. The Company determined that the output method best represents the recognition pattern for revenue from utilities dues since this is recognized based on the actual consumption of the tenants.

Deferral of Philippine Interpretations Committee Question and Answers (PIC Q&As) on accounting for Common Usage Service Area (CUSA)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. This includes accounting for CUSA charges discussed in PIC Q&A No. 2018-12-H which concludes that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12 for a period of three years. The deferral will only be applicable for real estate transactions.

Effective January 1, 2021, the Company will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Company is currently presenting its common area, air conditioning, electricity and water dues on a net basis. Had the Company opted to not avail of the relief from the deferral and will comply in full requirement of PIC Q&A 2018-12, the Company will be presenting the revenue from common area charges at gross amounts (see Note 14).

Costs and Expenses
Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

Leases
Company as lessor – operating lease
Leases where the Company does not transfer substantially all the risks and benefits of the ownership of the assets are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) except when the rental payment is purely variable linked to the future performance or use of an underlying asset. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on all temporary differences, with certain exceptions between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and NOLCO can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying financial statements in compliance with PFRS requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates, judgments and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Judgment
In the process of applying the Company's accounting policies, management has made the judgment below, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statement.

Operating lease commitments - Company as lessor
The Company has entered into commercial property leases on its investment property portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the property as the Company considered, among others, the length of the lease term as compared with the estimated life of the assets.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. The Company considered inflation rate and gross domestic product as its forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying value of the Company's receivables amounted to ₱200.30 million and ₱69.79 million as of December 31, 2020 and 2019, respectively. (see Note 5).

Evaluating impairment of nonfinancial assets
The Company regularly reviews its nonfinancial asset for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends including the impact of COVID. If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that may affect its nonfinancial assets.

Based on management assessment, its nonfinancial assets are recoverable. The carrying values of the Company's nonfinancial assets follow:

	2020	2019
Investment properties (Note 7)	**₱8,319,759,203**	₱8,154,338,867
Input VAT (Note 6)	**982,033,635**	858,583,713
Advances to contractors (Note 6)	**48,034,052**	62,344,140
Investment in a subsidiary (Note 8)	**47,500,000**	47,500,000
	₱9,397,326,890	₱9,122,766,720

Estimating useful lives of investment properties
The Company estimates the useful life of its investment properties based on the period over which the asset is expected to be available for use. The estimated useful life of investment properties is reviewed at least annually and is updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of the asset. It is possible that future financial performance could be materially affected by changes in estimates brought about by changes in the factors mentioned above. See Note 7 for the related balances.

Recognizing deferred tax assets
The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Company recognized deferred tax assets amounting to ₱42.43 million and ₱14.89 million as at December 31, 2020 and 2019, respectively (see Note 16).

The Company's deductible temporary differences for which no deferred tax assets are recognized amounted to ₱196.40 million and nil as at December 31, 2020 and 2019, respectively. As a result, there were unrecognized deferred tax assets amounting to ₱58.92 million and nil, respectively (see Note 16).

4. Cash

This account consists of cash in bank amounting to ₱10.32 million and ₱50.68 million as of December 31, 2020 and 2019, respectively. Cash in bank earns interest at the respective bank deposit rates ranging from 0.35% to 0.45% in 2020 and 2019. Interest income earned from cash in bank amounted to ₱0.11 million and ₱0.17 million in 2020 and 2019, respectively (see Note 13).

5. Receivables

This account consists of:

	2020	2019
Trade receivables		
Billed	**₱114,638,170**	₱38,455,893
Accrued rent	**85,012,274**	29,796,401

(Forward)

	2020	2019
Due from related parties (Note 17)	**₱424,773**	₱1,011,154
Other receivables	**223,738**	523,494
	200,298,955	69,786,942
Less allowance for credit losses	**9,018,000**	–
	191,280,955	69,786,942
Less noncurrent portion of trade receivables	**80,057,968**	28,167,933
	₱111,222,987	₱41,619,009

Billed receivables arise mainly from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are noninterest-bearing and are generally collectible on 30-day term.

Accrued rent pertains to receivables resulting from the straight-line method of recognizing rental income.

Other receivables pertain to noninterest-bearing advances to employees which are subject to liquidation upon completion of the business transaction.

6. Other Assets

Other Current Assets
This account consists of the following:

	2020	2019
Input VAT	**₱24,622,801**	₱15,892,515
Deposits	**15,423,292**	–
Prepaid taxes	**4,086,168**	1,188,543
Prepaid expenses	**1,333,171**	429,886
Others	**273,702**	–
	₱45,739,134	₱17,510,944

Input VAT is applied against output VAT within 12 months. The remaining amount is recoverable in future periods.

Deposits pertain to payments made for construction supplies such as transformers and line materials and deposits made by the Company to utility company.

Prepaid taxes consist of creditable withholding taxes that are attributable to taxes withheld by the payee and tax credit certificates. These can be applied against future income tax payable.

Prepaid expenses pertain to paid prepaid taxes and licenses that are not yet incurred. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid.

Others pertains to foods and beverages supply that are being sold by the Company.

Other Noncurrent Assets
This account consists of the following:

	2020	2019
Input VAT	**₱957,410,834**	₱842,961,198
Advances to contractors	**48,034,052**	62,344,140
Deposits	**11,141,016**	305,950
	₱1,016,585,902	₱905,611,288

Advances to contractors represent advances that are recouped every progress billing payment based on the percentage of accomplishment.

7. Investment Properties

The rollforward analysis of this account follows:

	2020	2019
Cost		
Balance at beginning of year	**₱8,185,821,045**	₱6,268,152,171
Additions	**314,099,705**	1,917,668,874
Balance at end of year	**8,499,920,750**	8,185,821,045
Accumulated Depreciation		
Balance at beginning of year	**31,482,178**	2,678,694
Depreciation (Note 14)	**148,679,369**	28,803,484
Balance at end of year	**180,161,547**	31,482,178
Net Book Value	**₱8,319,759,203**	₱8,154,338,867

The Company's investment properties consist of a five (5) - storey mall development with two (2) office towers and one (1) hotel tower stacked on top of the mall podium, catered with three (3) levels of basement parking.

Additions include initial direct costs which comprise of broker's commission paid to various brokers amounting to ₱7.47 million and ₱5.15 million in 2020 and 2019, respectively. These are amortized over the lease term on the same basis as the lease income.

The aggregate fair value of investment properties amounted to ₱8,538.69 million and ₱8,222.37 million as of December 31, 2020 and 2019, respectively.

The fair value of Mall and Office properties, excluding newly completed buildings, was determined by independent and professionally qualified appraiser on January 8, 2021 and April 24, 2020.

The fair value of the Company's investment properties, excluding newly completed buildings, was determined using the Income Approach which is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The fair value of newly completed buildings approximates the carrying value as of December 31, 2020 and 2019.

The following table provides the fair value hierarchy of the Company's investment properties as of December 31, 2020 and 2019:

			Fair value measurement using		
2020	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Office Property	**April 24, 2020**	**₱4,475,685,547**	**₱–**	**₱–**	**₱4,475,685,547**
Mall Property	**January 8, 2021**	**4,063,005,000**	**–**	**–**	**4,063,005,000**
		₱8,538,690,547	**₱–**	**₱–**	**₱8,538,690,547**

			Fair value measurement using		
2019	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Office Property	April 24, 2020	₱8,222,372,000	₱–	₱–	₱8,222,372,000

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs
Office Property	Income approach	The fair value is sensitive to the following unobservable inputs – lease income growth rate and discount rate
Mall Property	Income approach	The fair value is sensitive to the following unobservable inputs – lease income growth rate and discount rate

Rental income and theater income earned from investment properties and direct operating expenses incurred are as follows:

	2020	2019
Rental income (Note 12)	**₱200,311,284**	₱52,023,149
Theater income (Note 12)	**3,037,319**	1,197,864
Direct operating expenses (Note 14)	**₱242,527,080**	₱46,676,131

8. Investment in a Subsidiary

On December 20, 2019, Central Block Hotel Ventures, Inc. (CBHVI) was incorporated and the Company's total cost of investment amounted to ₱47.50 million consisting of 9,500,000 common shares and 38,000,000 preferred shares with par value of ₱1.00 per share.

9. Accounts and Other Payables

This account consists of:

	2020	2019
Due to related parties (Note 17)	**₱4,674,888,567**	₱4,081,220,385
Accrued expenses		
Taxes and licenses	**13,938,909**	3,959,805
Professional fees	**8,755,054**	2,724,682
Rent	**7,320,704**	1,420,199
Light and water	**6,500,165**	8,813,178
Others	**14,195,546**	13,286,982
Taxes payable	**6,312,224**	25,826,689
Others	**15,474,416**	15,865,786
	₱4,747,385,585	₱4,153,117,706

Accrued expenses others consist mainly of repairs and maintenance, postal and communication, supplies, transportation and travel, security, insurance and representation. These are noninterest-bearing.

Taxes payable consist of amounts payable to taxing authority pertaining to expanded withholding taxes.

Others include trade payable arising from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on 15-day to 60-day terms.

10. **Deposits and Other Liabilities**

This account consists of:

	2020	2019
Security deposits	**₱135,280,188**	₱110,416,536
Advance rent	**33,523,933**	38,114,379
Construction bonds	**27,333,162**	24,179,226
Deferred credits	**14,232,302**	13,354,291
Retention payable	**8,332,953**	4,662,389
	218,702,538	190,726,821
Less current portion	**67,227,628**	37,781,348
	₱151,474,910	₱152,945,473

The current portion of this accounts follows:

	2020	2019
Security deposits	**₱27,542,502**	₱5,691,900
Construction bonds	**27,333,162**	24,179,226
Retention payable	**8,332,952**	4662,389
Deferred credits	**4,019,012**	3,247,833
	₱67,227,628	₱37,781,348

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligation under the lease. These are equivalent to three (3) months' rent and will be refunded to the lessee at the end of the lease term.

The rollforward of security deposits follows:

	2020	2019
Gross Amount		
Balance at beginning of year	**₱123,811,102**	₱5,981,940
Additions	**25,541,338**	117,829,162
Balance at end of year	**149,352,440**	123,811,102
Unamortized Discount		
Balance at beginning of year	**13,394,566**	309,639
Additions	**4,441,971**	13,637,821
Accretion (Note 14)	**(3,764,285)**	(552,894)
Balance at end of year	**14,072,252**	13,394,566
Net Amount	**₱135,280,188**	₱110,416,536

Advance rent from lessees pertains to cash received in advance representing three (3) months' rent which will be applied to the last three (3) months rentals on the related lease contracts.

Construction bonds represent cash bonds to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein. The bond will be refunded after full completion of the construction, renovation or improvements and inspection by the Company.

Retention payable pertains to the portion of contractor's progress billings withheld by the Company which will be released after the satisfactory completion of the contractor's work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract.

Deferred credits pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight-line method.

The rollforward analysis of deferred credits follows:

	2020	2019
Balance at beginning of year	**₱13,354,291**	₱299,001
Additions	**4,441,971**	13,637,821
Amortizations (Note 12)	**(3,563,960)**	(582,531)
Balance at end of year	**₱14,232,302**	₱13,354,291

11. **Equity**

Capital Stock
The details of the Company's capital stock as of December 31, 2020 and 2019 follow:

	2020		2019	
	Preferred	**Common**	Preferred	Common
Authorized	**4,950,000**	**550,000**	3,600,000	400,000
Par Value	**₱1,000**	**₱1,000**	₱1,000	₱1,000
Issued and outstanding shares	**4,418,374**	**490,936**	3,600,000	400,000

The changes in the number of shares follow:

	2020		2019	
	Preferred	**Common**	Preferred	Common
Authorized number of shares				
Balances at beginning and end of the year	**4,950,00**	**550,000**	3,600,000	400,000
Issued and outstanding shares				
Balances at beginning of year	**3,600,000**	**400,000**	2,990,023	332,226
Issuance	**818,379**	**90,931**	609,977	67,774
Balances end of the year	**4,418,379**	**490,931**	3,600,000	400,000

Common Shares
On November 22, 2019, the BOD approved the issuance of shares with an aggregate amount of ₱67.77 million.

Preferred Shares
Preferred shares shall have the following features: (a) voting; (b) participating; (c) redeemable at the option of the Company; and (d) entitled to cumulative dividends at a dividend rate

On November 22, 2019, the BOD approved the issuance of shares with an aggregate amount of ₱609.98 million.

Deposits for future subscriptions
On December 21, 2020, the SEC approved the increase in authorized capital stock of the Company. On the same date, deposits on future stock subscriptions were converted to issued preferred and common shares amounting to 818,379 and 90,931 shares, respectively.

On November 22, 2019, the Company's BOD and stockholders approved the increase in the Company's authorized capital stock from ₱4,000.00 million divided into 400,000 common shares and 3,600,000 preferred shares, with par value of ₱1,000.00 per share to ₱5,500.00 million divided into 550,000 common shares and 4,950,000 preferred shares, with par value of ₱1000.00 per share. Consequently, on December 9, 2019, the Company received ₱409.19 million and ₱500.12 million deposits for future stock subscriptions from ALI and CHI, respectively.

Capital Management
The primary objective of the Company's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value.

The Company's sources of capital as of December 31, 2020 and 2019 follow:

	2020	2019
Capital stock	**₱4,909,310,000**	₱4,000,000,000
Deficit	**(227,286,144)**	(1,770,942)
	₱4,682,023,856	₱3,998,229,058

The Company is not subject to any external capital requirement.

No changes were made in the Company's capital management objectives, policies and processes in 2020 and 2019.

12. Rental income

This account consists of:

	2020	2019
Office and retail	**₱190,494,164**	₱49,926,618
Parking fees	**6,253,160**	1,514,000
Amortization of deferred credits (Note 10)	**3,563,960**	582,531
	₱200,311,284	₱52,023,149

Rental income from offices, retail and parking includes from straight-line method of recognizing rental income amounting to ₱55.22 million and ₱29.80 million in 2020 and 2019, respectively.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rent discounts and concessions given vary for merchants that are (1) forced to close and those that are still (2) operational. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived with 50% discount in their common area usage expenses.

Theater income
Theater income pertains to income earned from sale of cinema tickets amounting to ₱3.04 million and ₱1.20 million in 2020 and 2019, respectively.

13. Interest Income

This account consists of:

	2020	2019
Interest income from:		
Cash (Note 4)	**₱113,541**	₱174,354
Others	**–**	37,565
	₱113,541	₱211,919

Others pertain to income from interests and penalties charged to tenants.

14. Costs and Expenses

Direct Operating Expenses
This account consists of:

	2020	2019
Depreciation (Note 7)	**₱148,679,369**	₱28,803,484
Taxes and licenses	**28,448,138**	6,255,509
Management fees	**20,689,394**	2,481,240
Contracted services	**13,624,566**	3,135,796
Utilities – net	**13,482,066**	3,791,408
Land lease (Note 17)	**8,124,651**	1,188,736
Insurance	**5,803,003**	761,337
Miscellaneous	**3,675,893**	258,621
	₱242,527,080	₱46,676,131

Breakdown of utilities in 2020 and 2019 follow:

	2020	2019
Dues	**₱126,886,642**	₱21,911,462
Less utilities	**140,368,708**	25,702,870
	₱13,482,066	₱3,791,408

General and Administrative Expenses
This account consists of:

	2020	2019
Taxes and licenses	**₱28,549,266**	₱21,159
Contracted services	**12,826,498**	3,019,758
Provision for doubtful accounts	**9,018,000**	–
Professional fees	**1,594,610**	6,050
Others	**3,730,762**	429,626
	₱55,719,136	₱3,476,593

Other charges consist mainly of repairs and maintenance, supplies, transportation and travel, postal and communication and representation.

Interest Expense
This account consists of:

	2020	2019
Interest expense from:		
Intercompany loan (Note 17)	**₱145,635,178**	₱17,334,242
Accretion of security deposits (Note 10)	**3,764,285**	552,894
	₱149,399,463	₱17,887,136

15. Operating Lease Commitments

Company as lessor - operating lease
The Company has entered into operating lease agreements with third parties for a period of one (1) year to twenty (20) years covering its investment properties. These noncancellable leases are subject to annual escalation rate of 5%.

The future minimum rentals receivable under these noncancellable operating leases as of December 31, 2020:

	2020	2019
Within one year	**₱152,219,092**	₱109,591,444
After one year but not more than five years	**631,290,400**	551,159,923
More than five years	**373,550,641**	430,024,002
	₱1,157,060,133	₱1,090,775,369

The total rental income amounted to ₱200.31 million and ₱52.02 million in 2020 and 2019 (see Notes 7 and 12).

In 2020, the Company granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱97.51 million. These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payment and reported as reduction of lease income in 2020 (see Note 2).

Company as lessee
The Company has an existing lease agreement with CHI for the land where the investment property is located for a period of forty-five (45) years which commenced on December 1, 2015. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

Rental expense recognized as “Land lease” under “Direct operating expenses” account in the statements of comprehensive income amounted to ₱8.12 million and ₱1.19 million in 2020 and 2019, respectively (see Note 14).

16. Income Taxes

The benefit from income tax consists of:

	2020	2019
Deferred	**(₱10,973,139)**	(₱4,498,595)
Current	**–**	361,311
Final	**22,708**	34,871
	(₱10,950,431)	(₱4,102,413)

The current provision for income tax represents RCIT in 2019.

The components of net deferred tax assets (liabilities) follow:

	2020	2019
Deferred tax assets on:		
Accrued expense	**₱39,910,763**	₱10,995,729
Advance rentals	**2,521,448**	3,898,581
	42,432,211	14,894,310
Deferred tax liabilities on excess of lease income over collections	**(25,503,682)**	(8,938,920)
	₱16,928,529	₱5,955,390

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. In 2020, the Company’s deductible temporary difference arising from NOLCO for which no deferred tax assets are recognized amounted to ₱196.40 million since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized.

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱196,396,665	₱–	₱–	₱–	₱196,396,665

The reconciliation between the statutory and the effective income tax rates follows:

	2020	2019
Statutory income tax rate	**30.00%**	30.00%
Tax effects of:		
Interest income subjected to final tax	**0.01**	0.13
Nontaxable income	**0.08**	1.27
Nondeductible expense	**(0.15)**	(1.70)
Changes in unrecognized deferred tax asset	**(25.24)**	–
Effective income tax rate	**4.70%**	29.70%

17. **Related Party Transactions**

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

Terms and Conditions of Transactions with Related Parties
The Company, in its regular conduct of business, has entered into transactions with related parties consisting of advances and development, management, marketing and leasing and administrative service agreements. These are based on terms agreed by the parties.

Outstanding balances at yearend are unsecured, noninterest-bearing and settlement occurs in cash, unless otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Company does not provide any allowance relating to receivable from related parties in prior years. There are also no ECL recognized in current year for related party receivables since there are no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

	2020			
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms**	**Conditions**
Due from related parties				
Parent Company				
Cebu Holdings, Inc. (g)	**₱23,015**	**₱23,015**	Noninterest-bearing, on demand	Unsecured
Ayala Land, Inc. (g)	**4,890**	**15,130**	Noninterest-bearing, on demand	Unsecured
Entities under common control				
Manila Water Philippine Ventures, Inc. (i)	**–**	**269,303**	Noninterest-bearing, on demand	Unsecured
Cebu Leisure Company, Inc.(g)	**72,430**	**108,595**	Noninterest-bearing, on demand	Unsecured
Cebu Insular Hotel Co. Inc.(g)	**₱–**	**₱6,960**	Noninterest-bearing, on demand	Unsecured
North Triangle Depot Commercial Corp.(g)	**–**	**1,770**	Noninterest-bearing, on demand	Unsecured
		₱424,773		

(Forward)

Category	2020 Amount/ Volume	Outstanding Balance	Terms	Conditions
Due to related parties				
Parent Company				
Ayala Land, Inc. (a) (b)	**₱2,220,050,712**	**₱2,228,943,970**	Interest-bearing, On demand	Unsecured
Cebu Holdings, Inc. (d)	**14,974,437**	**50,396,978**	Noninterest-bearing, on demand	Unsecured
Entities under common control				
Makati Development Corporation (a) (c)	**–**	**450,631,648**	Noninterest-bearing, on demand	Unsecured
AREIT, Inc. (a)	**274,478,804**	**390,088,703**	Interest-bearing, On demand	Unsecured
Ayala Hotels, Inc. (a)	**–**	**285,309,069**	Interest-bearing, On demand	Unsecured
North Eastern Commercial Corp. (a)	**150,438,391**	**227,712,041**	Interest-bearing, On demand	Unsecured
Vesta Property Holdings, Inc. (a)	**48,461,775**	**141,825,370**	Interest-bearing, On demand	Unsecured
UP North Property Holdings, Inc. (a)	**92,479,555**	**140,545,845**	Interest-bearing, On demand	Unsecured
Ceci Realty Inc. (a)	**31,614,882**	**105,143,017**	Interest-bearing, On demand	Unsecured
AyalaLand Offices, Inc. (a)	**–**	**103,643,043**	Interest-bearing, On demand	Unsecured
First Gateway Real Estate Corp. (a)	**39,044,844**	**101,184,897**	Interest-bearing, On demand	Unsecured
Glensworth Development Inc. (a)	**80,321,134**	**96,367,066**	Interest-bearing, On demand	Unsecured
North Ventures Commercial Corp. (a)	**20,217,577**	**69,282,637**	Interest-bearing, On demand	Unsecured
Asian I-Office Properties (a)	**9,769,275**	**46,852,902**	Interest-bearing, On demand	Unsecured
Ayala Property Management Corp. (a) (j)	**35,268,770**	**41,268,770**	Interest-bearing, On demand	Unsecured
Solinea Inc. (a)	**20,016,240**	**20,016,240**	Interest-bearing, On demand	Unsecured
Southportal Properties, Inc. (a)	**–**	**15,003,561**	Interest-bearing, On demand	Unsecured
Tutuban Properties, Inc.(a)	**–**	**14,348,414**	Interest-bearing, On demand	Unsecured
North Beacon Commercial Corp. (a)	**–**	**12,327,163**	Interest-bearing, On demand	Unsecured
Makati Cornerstone Leasing Corp. (a)	**2,312,002**	**12,051,681**	Interest-bearing, On demand	Unsecured
Adauge Commercial Corp.(a)	**–**	**12,022,778**	Interest-bearing, On demand	Unsecured
Ayala Land Sales Inc. (a)	**12,018,333**	**12,018,333**	Interest-bearing, On demand	Unsecured
Alabang Commercial Corporation (a)	**10,978,276**	**10,978,276**	Interest-bearing, On demand	Unsecured
Avida Sales Corp. (a)	**10,012,438**	**10,012,438**	Interest-bearing, On demand	Unsecured
ALI-CII Development Corp. (a)	**510,505**	**9,530,786**	Interest-bearing, On demand	Unsecured
Alveo Land Corp. (a)	**–**	**8,349,290**	Interest-bearing, On demand	Unsecured
Ayalaland Malls Synergies Inc. (a)	**12,018,333**	**8,035,335**	Interest-bearing, On demand	Unsecured
Station Square East Commercial Corp. (a)	**–**	**7,844,634**	Interest-bearing, On demand	Unsecured
AREIT Fund Manager, Inc. (a)	**7,037,885**	**7,037,885**	Interest-bearing, On demand	Unsecured
Ayalaland Estates, Inc. (a)	**–**	**7,001,866**	Interest-bearing, On demand	Unsecured
Aprisa Business Process Solutions, Inc.(a) (e)	**–**	**6,481,516**	Interest-bearing, On demand	Unsecured
Philippine Integrated Energy Solutions, Inc.(a)	**6,459,854**	**6,459,854**	Interest-bearing, On demand	Unsecured
Lagoon Development Corporation (a)	**5,002,867**	**5,002,867**	Interest-bearing, On demand	Unsecured
Ayalaland Malls, Inc. (f)	**602,362**	**3,988,809**	Noninterest-bearing, on demand	Unsecured
Direct Power Services, Inc. (j)	**3,507,792**	**3,507,792**	Noninterest-bearing, on demand	Unsecured
ALI Commercial Center, Inc. (a)	**1,272,835**	**1,618,552**	Interest-bearing, On demand	Unsecured
Ayalaland Hotels and Resorts, Corp. (d)	**427,416**	**1,484,524**	Noninterest-bearing, on demand	Unsecured
North Triangle Depot Commercial Corp. (a)	**–**	**309,686**	Interest-bearing, On demand	Unsecured
Ayalaland Malls Vismin, Inc.(f)	**–**	**119,713**	Noninterest-bearing, on demand	Unsecured
Cebu Leisure Company, Inc. (a)	**–**	**83,570**	Interest-bearing, On demand	Unsecured
Ecozone Power Management, Inc. (a)	**22,885**	**28,527**	Interest-bearing, On demand	Unsecured
Ayalaland Metro North Inc.(a)	**–**	**10,367**	Interest-bearing, On demand	Unsecured
Hillsford Property Corporation (a)	**18,154**	**18,154**	Interest-bearing, On demand	Unsecured
		₱4,674,888,567		

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
	2019			
Due from related parties				
Parent Company				
Ayala Land, Inc. (g)	₱10,240	₱14,590	Noninterest-bearing, on demand	Unsecured
Entities under common control				
Manila Water Philippine Ventures, Inc. (i)	1,777,619	962,979	Noninterest-bearing, on demand	Unsecured
Cebu Leisure Company, Inc.(h)	36.165	26,495	Noninterest-bearing, on demand	Unsecured
North Triangle Depot Commercial Corp.(g)	1,770	7,090	Noninterest-bearing, on demand	Unsecured
		₱1,011,154		
Due to related parties				
Parent Company				
Cebu Holdings, Inc. (d)	14,467,442	35,816,669	Noninterest-bearing, on demand	Unsecured
Ayala Land, Inc. (b)	824,708	8,893,259	Noninterest-bearing on demand	Unsecured
Entities under common control				
AyalaLand Offices, Inc. (a)	96,769,195	1,216,202,077	Interest-bearing, On demand	Unsecured
Makati Development Corporation (c)	1,389,542,527	1,069,145,125	Noninterest-bearing, on demand	Unsecured
Ayala Hotels, Inc. (a)	677,816,549	673,745,723	Interest-bearing, On demand	Unsecured
Alveo Land Corp. (a)	230,044,234	209,867,202	Interest-bearing, On demand	Unsecured
AREIT, Inc. (a)	51,612,795	115,609,899	Interest-bearing, On demand	Unsecured
Vesta Property Holdings, Inc. (a)	24,972,682	93,363,595	Interest-bearing, On demand	Unsecured
North Eastern Commercial Corp. (a)	97,910,055	77,273,650	Interest-bearing, On demand	Unsecured
Ceci Realty Inc. (a)	74,756,881	74,244,674	Interest-bearing, On demand	Unsecured
Ayalaland Estates, Inc. (a)	72,275,330	72,000,000	Interest-bearing, On demand	Unsecured
First Gateway Real Estate Corp. (a)	47,685,223	62,140,054	Interest-bearing, On demand	Unsecured
North Ventures Commercial Corp. (a)	34,467,715	49,065,060	Interest-bearing, On demand	Unsecured
UP North Property Holdings, Inc. (a)	48,712,304	48,066,291	Interest-bearing, On demand	Unsecured
Asian I-Office Properties (a)	37,334,398	37,083,627	Interest-bearing, On demand	Unsecured
Southportal Properties, Inc. (a)	33,424,601	33,000,000	Interest-bearing, On demand	Unsecured
Tutuban Properties, Inc.(a)	27,511,493	27,353,445	Interest-bearing, On demand	Unsecured
MDBI Construction Corp. (a)	22,428,153	22,300,000	Interest-bearing, On demand	Unsecured
North Triangle Depot Commercial Corp. (a)	1,332,371	20,128,957	Interest-bearing, On demand	Unsecured
North Beacon Commercial Corp. (a)	19,363,524	19,281,203	Interest-bearing, On demand	Unsecured
Station Square East Commercial Corp. (a)	32,897,404	17,897,404	Interest-bearing, On demand	Unsecured
Glensworth Development Inc. (a)	16,129,422	16,045,933	Interest-bearing, On demand	Unsecured
Adauge Commercial Corp.(a)	13,072,681	13,028,302	Interest-bearing, On demand	Unsecured
Aprisa Business Process Solutions, Inc.(e)	10,748,540	10,311,974	Interest-bearing, On demand	Unsecured
Avencosouth Corp.(a)	10,121,414	10,000,000	Interest-bearing, On demand	Unsecured
Makati Cornerstone Leasing Corp. (a)	35,882,675	9,739,679	Interest-bearing, On demand	Unsecured
ALI-CII Development Corp. (a)	9,058,970	9,020,281	Interest-bearing, On demand	Unsecured
Orion Land Inc. (a)	8,428,676	8,400,000	Interest-bearing, On demand	Unsecured
Cebu Leisure Company, Inc. (a)	7,084,785	7,041,785	Interest-bearing, On demand	Unsecured
Ayala Property Management Corp. (a)	6,019,117	6,000,000	Interest-bearing, On demand	Unsecured
LCI Commercial Ventures, Inc. (a)	20,375	4,000,000	Interest-bearing, On demand	Unsecured
Ayalaland Malls, Inc. (f)	4,603,183	3,386,447	Noninterest-bearing, on demand	Unsecured
Ayalaland Hotels and Resorts, Corp. (d)	1,053,353	1,057,108	Noninterest-bearing, on demand	Unsecured
ALI Commercial Center, Inc. (a)	679,104	679,104	Interest-bearing, On demand	Unsecured
Ayalaland Metro North Inc.(a)	18,714,592	16,616.30	Interest-bearing, On demand	Unsecured
Cebu Insular Hotel Co. Inc.(g)	218,480	9,600	Noninterest-bearing, on demand	Unsecured
Ecozone Power Management, Inc. (a)	49,994,358	5,642	Interest-bearing, On demand	Unsecured
		₱4,081,220,385		

The following describes the nature of the material transactions of the Company with related parties in 2020 and 2019:

a. The Company's payable to its related parties under common control. These loans are subject to monthly repricing and maturing within three months with interest rates ranging from 2.63% to 5.18% per annum in 2020 and 3.95% to 6.25% per annum in 2019.

   In 2020 and 2019, the Company recognized interest expense amounting to ₱145.64 million and ₱17.33 million, respectively (see Note 14).

b. The Company's payable to ALI includes reimbursements for information technology recoveries, legal fees and construction costs of the Company's investment properties which were incurred by ALI in behalf of the Company.

c. These are payable to Makati Development Corporation (MDC), the major contractor of the Company, for the development and construction of the Company's assets under construction.

   As of December 31, 2020 and 2019 advances to MDC recognized under "Advances to contractors" in "Other Noncurrent Assets" in the statements of financial position amounted to ₱48.03 million and ₱62.34 million, respectively (see Note 6).

d. The Company's payable to CHI and Ayalaland Hotels and Resorts, Corp. pertains to the share of building cost.

   The Company entered into a contract of lease with CHI to occupy a parcel of land where the building is located. The Company recognized "Land lease" under "Direct operating expenses" in the statements of comprehensive income amounting to ₱8.12 million and ₱1.19 million in 2020 and 2019, respectively (see Note 14).

e. The Company entered into a service agreement with APRISA Business Process Solutions, Inc., a subsidiary of ALI, which provides shared finance and accounting services. Service fee incurred amounted to ₱12.83 million and ₱3.02 million in 2020 and 2019, respectively (see Note 14).

f. Ayalaland Malls Inc. and Ayalaland Malls Vismin, Inc. provides management services to retail operations of the company amounting to ₱20.69 million and ₱2.48 million in 2020 and 2019, respectively (see Note 14).

g. The Company's receivable pertains mainly on redemption of cinema gift certificates, hotel accommodation, training expenses and representation expenses.

h. The Company's receivable from Manila Water Philippine Ventures, Inc. pertains to the electricity consumption on water pumps.

i. The Company's payable to Direct Power Services, Inc. pertains to electricity consumption of retail operation.

j. Ayala Property Management Corp. provides management services to office operations of the Company amounting to ₱13.46 million in 2020 (nil in 2019; see Note14)

<u>Transactions with Bank of the Philippine Islands (BPI)</u>
Cash in bank deposited in Bank of the Philippine Islands (BPI) amounted to ₱10.32 million and ₱50.68 million as of December 31, 2020 and 2019, respectively (see Note 4). Interest income earned from the deposit amounted to ₱0.11 million and ₱0.17 million in 2020 and 2019, respectively (see Note 13).

Compensation of Key Management Personnel
The key management personnel of the Company are employees of ALI. The compensation of the said employees is paid by ALI and as such, the necessary disclosures required by PAS 24, *Related Party Disclosures*, are included in the financial statements of ALI.

18. Financial Assets and Liabilities

Fair Value Information
Except for the Company's security deposits, which are disclosed below, carrying values of the other financial instruments of the Company approximate their fair values due to the short-term nature of the transactions.

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Security deposits (Note 10)	**₱135,280,188**	**₱133,292,670**	₱110,416,536	₱103,848,388

Fair Value Hierarchy
The Company has no financial assets and financial liabilities carried at fair value as of December 31, 2020 and 2019. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of Company's security deposits is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within level 3 of the fair value hierarchy as at December 31, 2020 and 2019 are shown below:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to fair value**
Security deposits	DCF Method	Discount rate	2020: 3.11%-4.75% 2019: 3.42%-4.97%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash in bank, receivables, accounts and other payables and security deposits. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Company reviews policies for managing each of these risks. The Company monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit and liquidity risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management follow:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

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

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Company maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. The security deposits are considered in the calculation of impairment as recoveries. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As of December 31, 2020 and 2019, 100% of the Company's trade receivables are covered by security deposits. Trade receivables include receivables as a result of straight-line method amounting to ₱85.01 million and ₱29.80 million as of December 31, 2020 and 2019, respectively. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits. The resulting ECL of ₱9.02 million as of December 31, 2020 (nil in 2019).

Set out below is the information about the credit risk exposure on Company's billed receivables using a provision matrix as of December 31, 2020 (nil in 2019):

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	−%	53.04%	
Gross carrying amount	₱182,648,009	₱17,002,435	₱199,650,444
ECL	−	9,018,000	9,018,000

As of December 31, 2020, and 2019, the ECL relating to cash in banks is minimal as these are considered as low credit risk.

The Company did not provide any allowance relating to receivable from related parties in prior year. There are also no ECL recognized in the current year for related party receivables since there are no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The Company's maximum exposure to credit risk as of December 31, 2020 and 2019 is equal to the carrying values of its financial assets except for "Trade receivables" under "Receivables" in the statements of financial position. Details as follow:

	2020			
	Gross Maximum Exposure	**Fair Value of Collateral or Credit Enhancement**	**Net Exposure**	**Financial Effect of Collateral or Credit Enhancement**
Cash in banks	**₱10,318,256**	**₱–**	**₱10,318,256**	**₱–**
Receivables				
Due from related parties	**424,773**	–	**424,773**	–
Trade receivables	**199,650,444**	**133,292,670**	**66,357,774**	**135,151,612**
Other receivables	**223,738**	–	**22,738**	–
	₱210,617,211	**₱133,292,670**	**₱77,123,541**	**₱135,151,612**

	2019			
	Gross Maximum Exposure	Fair Value of Collateral or Credit Enhancement	Net Exposure	Financial Effect of Collateral or Credit Enhancement
Cash in banks	₱50,680,153	₱–	₱50,680,153	₱–
Receivables				
Due from related parties	1,011,154	–	1,011,154	–
Trade receivables	68,252,294	103,848,388	–	68,252,294
Other receivables	523,494	–	523,494	–
	₱120,467,095	₱103,848,388	₱52,214,801	₱68,252,294

Liquidity risk
The Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Company's policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through long term debt, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, the Company also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost and ensures the availability of ample unused credit facilities as back-up liquidity.

The tables below summarize the maturity profile of the Company's financial instruments as of December 31, 2020 and 2019 based on undiscounted contractual payments:

	2020		
	< 1 year	**1 to < 5 years**	**Total**
Financial Assets			
Cash	**₱10,318,256**	**₱–**	**₱10,318,256**
Receivables:			
Trade receivables	**119,592,476**	**80,057,968**	**199,650,444**
Due from related parties	**424,773**	**–**	**424,773**
Other receivables	**223,738**	**–**	**223,738**
	₱130,559,243	**₱80,057,968**	**₱210,617,211**
Financial Liabilities			
Accounts and other payables:			
Due to related parties	**4,674,888,567**	**–**	**4,674,888,567**
Accrued expenses	**50,710,378**	**–**	**50,710,378**
Others	**15,474,416**	**–**	**15,474,416**
Deposits and other liabilities:			
Security deposits	**27,542,202**	**107,737,986**	**135,280,188**
Retention payable	**8,332,953**	**–**	**8,332,953**
Construction bonds	**27,333,162**	**–**	**27,333,162**
	₱4,804,281,678	**₱107,737,986**	**₱4,912,019,664**

	2019		
	< 1 year	1 to < 5 years	Total
Financial Assets			
Cash	₱50,680,153	₱–	₱50,680,153
Receivables:			
Trade receivables	40,084,361	28,167,933	68,252,294
Due from related parties	1,011,154	–	1,011,154
Other receivables	523,494	–	523,494
	₱92,299,162	₱28,167,933	₱120,467,095

(Forward)

	2019		
	< 1 year	1 to < 5 years	Total
Financial Liabilities			
Accounts and other payables:			
Due to related parties	₱4,081,220,385	₱–	₱4,081,220,385
Accrued expenses*	26,245,041	–	26,245,041
Others	15,865,786	–	15,865,786
Deposits and other liabilities:			
Security deposits	5,691,900	104,724,636	110,416,536
Retention payable	4,662,389	–	4,662,389
Construction bonds	24,179,226	–	24,179,226
	₱4,157,864,727	₱104,724,636	₱4,262,589,363

19. Notes to Cash Flows

The Company’s noncash activities are as follows:

- Movement in intercompany loans presented under financing activities amounting to ₱593.66 million and ₱326.20 million in 2020 and 2019, respectively, is accounted as movement that is presented under operating activities.
- Interest expense arising from accretion of security deposit and intercompany loans amounting to ₱3.76 million and ₱0.55 million in 2020 and 2019, respectively.

20. Event After Financial Reporting Date

On February 23, 2021, the BOD of ALI approved the merger of the ALI and CHI as well as its other subsidiaries, Asian I-Office Properties, Inc. (AiO), Arca South Commercial Ventures Corp. (ASCVC) and Central Block Developers Inc. (CBDI), with Ayala Land Inc., as the surviving entity. The plan of merger will be submitted for the approval of our stockholders during their annual meeting on April 21, 2021.

CHI is 71.1% subsidiary. ASCVC is a wholly owned subsidiary of ALI, while AiO is a wholly owned subsidiary of CHI, and CBDI is 55% owned by CHI and 45% owned by ALI. The merger is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.

21. Other Matters

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions to the Company’s business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

As of reporting date, all shopping malls have reopened at adjusted operating hours and construction works for commercial and residential projects have resumed while following the safety protocols mandated by the national government. Most hotels remained open throughout the community quarantine period, catering mostly to business process outsourcing employees and returning overseas Filipino workers.

22. **Report on the Supplementary Information Required Under RR 15-2010**

Value added tax (VAT)
The National Internal Revenue Code (NIRC) of 1997, as amended, also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT.

The Company's vatable sales are based on actual collections received, hence may not be the same as amounts accrued in the statements of comprehensive income. The Company has zero-rated and exempt sales pursuant to Section 106(A)(2)(a)(5) of the Tax Code and Sections 109(A), 109(K) and 109 of the Tax Code, respectively.

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes and licenses fees paid or accrued during the taxable year 2020

Receipts and output VAT declared in the Company's VAT returns in 2020

	Net Receipts	Output VAT
Taxable receipts	₱246,649,031	₱29,597,884

The Company, in its 2020 VAT declarations, has reported Net Receipts of ₱246,649,031 and output VAT of ₱29,597,884. These amounts arise from the Company's interest income on intercompany loans.

Details of Input VAT follow:

Balance at January 1, 2020	₱842,961,199
Domestic purchases/payments for:	
Domestic purchases of services	148,117,198
Purchase of goods other than capital goods	5,899,093
Total Input VAT	996,977,490
Less applied against output VAT	29,597,884
Balance at December 31, 2020	₱967,379,606

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees included in "Taxes and licenses" under "Direct operating expenses" and "General and Administrative expenses" in the statements of comprehensive income. Details of other taxes and licenses in 2020 follow:

Local	
Real property tax	₱25,000,000
Business permit	1,243,684
Community tax	10,500
	26,254,184
National	
Fire permit	104,267
BIR annual registration	500
Others	17,323
	122,090
	₱26,376,274

Withholding Taxes
The Company's expanded withholding taxes for the year amounted to ₱48,857,124. Out of which, ₱2,788,359 remain outstanding as part of "Taxes payable" under "Accounts and other payables" as of December 31, 2020.

Taxes on Importation
The Company has not made any importations in 2020.

Excise Tax
The Company has no transaction subject to excise tax in 2020.

Documentary Stamp Tax
The Company paid documentary stamp tax amounted ₱26.61 million for the year ended December 31, 2020 pertaining to the intercompany loans and lease contracts of various tenants.

Tax Contingencies
The Company did not receive any Letter of Assessment, Preliminary Assessment Notice and Final Tax Assessment before or during 2020, nor it has tax cases under preliminary investigations, litigation, and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.

SGV
Building a better
working world

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ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Central Block Developers, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited the financial statements of Central Block Developers, Inc. (the Company) as at and for the years ended December 31, 2020 and 2019, on which we have rendered the attached report dated March 10, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Dolmar C. Montañez

Dolmar C. Montañez
Partner
CPA Certificate No. 112004
SEC Accreditation No. 1561-AR-1 (Group A),
January 31, 2019 valid until January 30, 2022
Tax Identification No. 925-713-249
BIR Accreditation No. 08-001998-119-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8534336, January 4, 2021, Makati City

March 10, 2021

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS200714974

C O M P A N Y   N A M E

ASIAN I-OFFICE PROPERTIES, INC. (A WHOLLY OWNED SUBSIDIARY OF CEBU HOLDINGS, INC.)

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

20TH FLOOR, AYALA CENTER CEBU TOWER, BOHOL STREET, CEBU BUSINESS PARK, CEBU CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(032) 888-3700	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	April 16	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Noel F. Alicaya	alicaya.noel@cebuholdings.com	(032) 888-3700	N/A

CONTACT PERSON's ADDRESS

20th Floor, Ayala Center Cebu Tower, Bohol Street, Cebu Business Park, Cebu City

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

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Asian I-Office Properties, Inc.
20th Floor, Ayala Center Cebu Tower, Bohol Street
Cebu Business Park, Cebu City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian I-Office Properties, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Asian I-Office Properties, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 206-544-506
BIR Accreditation No. 08-001998-138-2018,
December 17, 2018, valid until December 16, 2021
PTR No. 8534368, January 4, 2021, Makati City

February 22, 2021

ASIAN I-OFFICE PROPERTIES, INC.
(A Wholly Owned Subsidiary of Cebu Holdings, Inc.)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 4, 14 and 18)	**₱7,974,875**	₱12,310,874
Receivables (Notes 5, 14 and 18)	**434,357,171**	544,882,670
Inventories (Note 6)	**17,359,143**	17,359,143
Other current assets (Note 7)	**34,759,136**	44,603,165
Total Current Assets	**494,450,325**	619,155,852
Noncurrent Assets		
Noncurrent portion of receivables (Notes 5 and 18)	**51,672,050**	73,572,643
Investment properties (Note 8)	**2,503,621,880**	2,704,924,572
Other noncurrent assets (Note 7)	**180,427,486**	181,308,130
Total Noncurrent Assets	**2,735,721,416**	2,959,805,345
	₱3,230,171,741	₱3,578,961,197
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 10, 14 and 18)	**₱747,159,813**	₱741,017,978
Current portion of long-term debt (Notes 11, 14 and 18)	**371,218,890**	76,966,093
Deposits and other current liabilities (Notes 12 and 18)	**128,832,881**	32,341,361
Total Current Liabilities	**1,247,211,584**	850,325,432
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 11, 14 and 18)	**912,126,317**	1,283,345,207
Deposits and other noncurrent liabilities (Notes 12 and 18)	**193,219,729**	218,459,048
Deferred income tax liabilities - net (Note 13)	**11,183,290**	11,614,000
Total Noncurrent Liabilities	**1,116,529,336**	1,513,418,255
Total Liabilities	**2,363,740,920**	2,363,743,687
Equity (Note 19)		
Capital stock	**676,135,000**	676,135,000
Retained earnings	**190,295,821**	539,082,510
Total Equity	**866,430,821**	1,215,217,510
	₱3,230,171,741	₱3,578,961,197

See accompanying Notes to Financial Statements.

ASIAN I-OFFICE PROPERTIES, INC.
(A Wholly Owned Subsidiary of Cebu Holdings, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Real estate (Notes 8, 15 and 20)	**₱614,018,608**	₱603,569,093
Recoveries (Note 16)	**217,486,040**	184,633,949
	831,504,648	788,203,042
COSTS AND EXPENSES		
Real estate (Note 17)	**396,522,910**	400,330,561
General and administrative expenses (Note 17)	**416,913**	528,137
Interest expense (Notes 11, 12 and 17)	**61,690,631**	74,413,861
Others (Note 17)	**2,544,470**	1,038,800
	461,174,924	476,311,359
OTHER INCOME		
Interest income (Notes 4, 5 and 16)	**29,135,205**	29,351,200
Other income	**301,133**	261,815
	29,436,338	29,613,015
INCOME BEFORE INCOME TAX	**399,766,062**	341,504,698
PROVISION FOR INCOME TAX (Note 13)		
Current	**29,095,658**	18,582,029
Deferred	**(4,007,357)**	5,248,650
	25,088,301	23,830,679
NET INCOME	**374,677,761**	317,674,019
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱374,677,761**	₱317,674,019

See accompanying Notes to Financial Statements.

ASIAN I-OFFICE PROPERTIES, INC.
(A Wholly Owned Subsidiary of Cebu Holdings, Inc.)
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 19)	Retained Earnings (Note 19)	Total
	For the Year Ended December 31, 2020		
Balances as of January 1, 2020	**₱676,135,000**	**₱539,082,510**	**₱1,215,217,510**
Comprehensive income			
Net income	**–**	**374,677,761**	**374,677,761**
Cash dividends declared	**–**	**(723,464,450)**	**(723,464,450)**
Balances as of December 31, 2020	**₱676,135,000**	**₱190,295,821**	**₱866,430,821**
	For the Year Ended December 31, 2019		
Balances as of January 1, 2019	₱676,135,000	₱525,669,241	₱1,201,804,241
Comprehensive income			
Net income	–	317,674,019	317,674,019
Cash dividends declared	–	(304,260,750)	(304,260,750)
Balances as of December 31, 2019	₱676,135,000	₱539,082,510	₱1,215,217,510

See accompanying Notes to Financial Statements.

ASIAN I-OFFICE PROPERTIES, INC.
(A Wholly Owned Subsidiary of Cebu Holdings, Inc.)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱399,766,062**	₱341,504,698
Adjustments for:		
Depreciation (Notes 8, 9 and 17)	**210,851,035**	209,035,127
Interest expense (Notes 11, 12 and 17)	**61,690,631**	74,413,861
Interest income (Notes 4, 5 and 16)	**(29,135,205)**	(29,351,200)
Operating income before working capital changes	**643,172,523**	595,602,486
Decrease (increase) in:		
Receivables	**494,605,272**	537,941,536
Other assets	**(7,770,814)**	(23,812,123)
Increase (decrease) in:		
Accounts and other payables	**3,457,548**	79,187,819
Deposits and other liabilities	**71,252,201**	(6,069,765)
Net cash generated from operations	**1,204,716,730**	1,182,849,953
Interest paid	**(57,972,436)**	(68,548,465)
Interest received	**27,756,024**	27,979,359
Income taxes paid	**(7,023,524)**	(6,310,840)
Net cash provided by operating activities	**1,167,476,794**	1,135,970,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Extension of loans to related parties (Note 14)	**(6,348,170,000)**	(5,414,600,000)
Collection of loans to related parties (Note 14)	**5,987,370,000**	4,966,500,000
Acquisitions of investment properties (Note 8)	**(9,548,343)**	(20,814,382)
Net cash used in investing activities	**(370,348,343)**	(468,914,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 19)	**(723,464,450)**	(608,521,500)
Payments of long-term debt (Note 11)	**(78,000,000)**	(61,000,000)
Cash used in financing activities	**(801,464,450)**	(669,521,500)
NET DECREASE IN CASH	**(4,335,999)**	(2,465,875)
CASH AT BEGINNING OF YEAR	**12,310,874**	14,776,749
CASH AT END OF YEAR (Note 4)	**₱7,974,875**	₱12,310,874

See accompanying Notes to Financial Statements.

ASIAN I-OFFICE PROPERTIES, INC.
(A Wholly Owned Subsidiary of Cebu Holdings Inc.)

NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Asian I-Office Properties, Inc. (the Company) is domiciled and was incorporated in the Philippines. The Company was registered with the Philippine Securities and Exchange Commission (SEC) on September 24, 2007 primarily to develop, invest, own, acquire, lease, hold, mortgage, administer or otherwise deal, with commercial, residential, industrial or agricultural lands, buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment, alone or jointly with other persons, natural or artificial.

The Company is a wholly-owned subsidiary of Cebu Holdings, Inc. (CHI).

CHI is domiciled and was incorporated on December 9, 1988 in the Republic of the Philippines. CHI is a 71.13%-owned subsidiary of Ayala Land, Inc. (ALI), a publicly listed company. ALI is a subsidiary of Ayala Corporation (AC), a publicly listed company which is 47.33%-owned by Mermac, Inc. and the rest by public.

The Company's registered office address is at 20th Floor, Ayala Center Cebu Tower, Bohol Street, Cebu Business Park, Cebu City.

The accompanying financial statements as of and for the years ended December 31, 2020 and 2019 were approved and authorized for issue by the Company's Board of Directors (BOD) on February 22, 2021.

2. **Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis, and are presented in Philippine Peso (₱), which is also the Company's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019 as discussed in the "Changes in accounting policies" section.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2020. Except as otherwise indicated, the adoption of these new and amended PFRS and Philippine Interpretation did not have significant impact on the financial statements.

- 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 Company 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.

- 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.

These amendments are not applicable to the Company as there are no rent concessions granted to the Company as a lessee.

- PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

<u>Standards and interpretation issued but not yet effective</u>
The Company will adopt the following new and amended standards and Philippine Interpretation of International Financial Reporting Interpretations Committee (IFRIC) enumerated below when these become effective. Except as otherwise indicated, the Company does not expect that the future adoption of these new and amended PFRS and Philippine Interpretation to have significant impact on the financial statements.

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the ’10 per cent’ test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board 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.

- Deferral of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020.

  On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. The PIC Q&A provision covered by the SEC deferral no longer included the accounting for CUSA charges. The other reliefs provided by the PIC Q&A are not relevant to the Company.

  Had the Company accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related statement of financial position accounts.

  The above would not impact the cash flows from operations and cash flows from financing activities for all years presented.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*)

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of PFRS 15, *Revenue from Contracts with Customers*. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Company opted to avail of the relief as provided by the SEC. Had the Company adopted the IFRIC agenda decision, this would have no impact to the balances since it is the Company's practice to expense out borrowing costs related to projects with pre-selling activities in the period incurred.

Summary of Significant Accounting Policies

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

<u>Financial Assets and Financial Liabilities</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the profit or loss and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the profit or loss.

For trade receivables and contract assets, these are measured at the transaction price determined under PFRS 15. Refer to the accounting policies in *Revenue from contracts with customers*.

As at December 31, 2020 and 2019, the Company's financial assets at amortized cost include cash, trade receivables, receivable from related parties and deposits.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, were there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivables from related parties, the Company considers to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”, or when the exposure is less than 30 days past due.

At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As at December 31, 2020 and 2019, the Company’s financial liabilities include accounts and other payables, long-term debt and deposits and other liabilities, and excluding statutory liabilities and other obligations that meet the above definition (other than liabilities covered by other accounting standards such as income tax payable).

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:
Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.
The Company has not designated any financial liability as at FVPL.

Loans and borrowings. This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Reclassifications of financial instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets.

Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and,
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

Derecognition of Financial Instruments

Financial assets. A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the contractual rights to the cash flows from the financial asset expire, or,
- the Company transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which it either (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Company has not retained control.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Deposits and Other Liabilities
Deposits and other liabilities which include security deposits are initially measured at fair value. The difference between the cash received and the fair value of security deposits is recognized as deferred credits (included in "Tenants' deposits" under Deposits and other liabilities in the statement of financial position) and amortized using the straight-line method under the "Real estate revenue" account in the profit or loss. After initial recognition, security deposits are subsequently measured at amortized cost using the EIR method. Accretion of discount is recognized under "Interest expense" in the profit or loss.

Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell.

Cost includes:
- Land cost;
- Land improvement cost;
- Amount paid to contractors for construction and development of the properties (i.e. planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overheads, and other related costs); and,
- Borrowing costs on loans directly attributable to the projects which were capitalized during construction.

The cost of inventory recognized in the profit or loss as disposal is determined with reference to the specific costs incurred on the property sold and is allocated to saleable area based on relative size.

<u>Other Assets</u>
Other assets include input value-added tax (VAT).

Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input VAT can also be recovered as tax credit against future income tax liability of the Company upon approval of the BIR. A valuation allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability.

<u>Property and Equipment</u>
Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its intended location and working condition, including borrowing costs.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance are normally charged to expenses in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation commences once the property and equipment are available for their intended use and is computed on a straight-line basis over the furniture, fixtures and equipment’s estimated useful life of three years.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use, although no further depreciation is credited or charged to current operations.

<u>Investment Properties</u>
Investment properties consist of land and buildings and improvements that are held to earn rentals and for capital appreciation or both and are not occupied by the Company. The Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Depreciation and amortization are computed using the straight-line method over its useful life. The estimated lives of investment properties under buildings and improvements are 5 to 20 years.

Expenditure incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation and by commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied properties and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital stock

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings

Retained earnings represent net accumulated earnings of the Company less dividends declared and any adjustments arising from the application of new accounting standards or policies applied retrospectively.

Dividend distributions
Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

Revenue from Contract with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its office leasing activities, wherein it is acting as agent.

Rental income
Rental income from noncancellable and cancellable leases is recognized on a straight-line basis over the lease term and the terms of the lease, respectively.

Contingent rents are recognized as revenue in the period in which they are earned, if any.

Contract Balances

Receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Company performs under the contract.

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Other income
Recoveries are recognized as they accrue.

Cost and Expense Recognition
Cost and expenses are recognized in the profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost and expenses are recognized in the profit or loss:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" account in the statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

The borrowing costs capitalized as part of "Investment properties" are depreciated using the straight-line method over the estimated useful lives of the assets.

Leases
Company as lessor
Leases where the Company retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Income Tax

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is provided, using the liability method, on temporary differences with certain exceptions, at the reporting date between the tax bases of assets and liabilities and its carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences with certain assumptions. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax income asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as of reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized in other comprehensive income (OCI). Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign-currency-denominated Transactions
The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at reporting dates. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events up to the date the financial statements were authorized for issue that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the financial statements in conformity with PFRS requires management to make judgment and estimates that affect the amounts reported in the financial statements and accompanying notes. The judgment and estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Management believes the following represent a summary of these significant judgment, estimates and assumptions:

Judgment
In the process of applying the Company's accounting policies, management has made the judgment below, apart from those involving estimations, which has significant effect on the amounts recognized in the financial statements.

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Company applies judgment when assessing whether the rent concessions granted are considered lease modifications under PFRS 16.

In making this judgment, the Company determines whether the rent concessions granted have changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under the PFRS 16.

The rent concessions granted by the Company for the year ended December 31, 2020 amounted to ₱13.9 million.

Evaluating impairment of nonfinancial assets
The Company reviews inventories, input VAT (current and noncurrent portion included under “Other current assets” and “Other noncurrent assets”, respectively) and investment properties. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets’ market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As of December 31, 2020 and 2019, the Company assessed that there are no indicators of impairment; thus, the Company did not recognize any impairment loss on its nonfinancial assets (see Notes 6, 7 and 8).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Estimating realizability of deferred income tax assets
The Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Significant management estimate is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable income.

As of December 31, 2020 and 2019, Company’s deferred income tax assets recognized amounted to ₱18.7 million and ₱22.6 million, respectively (see Note 13). Deferred income tax assets arising from MCIT amounting to ₱2.6 million and ₱6.2 million as of December 31, 2020 and 2019, respectively, have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized.

4. Cash

This account consists of:

	2020	2019
Cash on hand	**₱85,000**	₱85,000
Cash in banks	**7,889,875**	12,225,874
	₱7,974,875	₱12,310,874

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱0.1 million in 2020 and 2019 (see Note 16).

5. Receivables

This account consists of:

	2020	2019
Receivable from related parties (Note 14)	**₱364,731,519**	₱455,030,421
Accrued receivable	**111,382,769**	126,229,431
Trade:		
Shopping centers	**7,977,383**	5,266,868
Corporate business	**3,146,753**	44,418,050
Advances to officers and employees	**183,600**	37,187
	487,422,024	630,981,957
Less allowance for impairment losses	**1,392,803**	12,526,644
	486,029,221	618,455,313
Less noncurrent portion	**51,672,050**	73,572,643
	₱434,357,171	₱544,882,670

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

- Shopping centers receivable pertains to receivables arising from the lease of retail space and land therein, food courts, entertainment facilities and carparks.
- Corporate business receivable pertains to receivables arising from the lease of office buildings and accrued rent receivable.

Terms and conditions of receivables are as follows:

- Accrued receivable consists of receivable from rental income arising from operating leases on investment properties which is accounted for on a straight-line basis over the lease term and accrual of interest income.
- Leases of office spaces, included under corporate business, are noninterest-bearing and are collectible monthly based on the terms of the lease contracts. These are unpaid billed receivables as of reporting date.
- Leases of retail space and land therein, included under shopping centers, are noninterest-bearing and are collectible monthly based on the terms of the lease contracts. These are unpaid billed receivables as of reporting date.
- Advances to officers and employees are noninterest-bearing advances for the Company’s operation-related expenses and are subject for liquidation within 15 days.

Allowance for impairment
Set out below is the movement in allowance for expected credit losses of trade receivables:

	2020	2019
At January 1	**₱12,526,644**	₱12,526,644
Write-off	**(11,133,841)**	–
At December 31	**₱1,392,803**	₱12,526,644

6. **Inventories**

The Company's inventories pertain to the parking spaces available for sale and are carried at cost.

As of December 31, 2020 and 2019, the inventories amounted to ₱17.4 million.

The amount of inventories recognized as cost of real estate sales in the statements of comprehensive income amounted to nil in 2020 and 2019.
As of December 31, 2020 and 2019, there are no inventories that are pledged as securities to liabilities.

The Company's inventories are not impaired and no provision for impairment loss was recognized in 2020 and 2019.

7. **Other Current Assets**

This account consists of:

	2020	2019
Input VAT	**₱186,026,265**	₱204,822,223
Prepaid income tax	**11,393,383**	13,337,283
Deposits	**10,614,590**	5,227,747
Deferred input VAT	**5,295,109**	–
Prepaid expenses	**1,857,275**	2,524,042
	215,186,622	225,911,295
Less noncurrent portion of input VAT	**180,427,486**	181,308,130
	₱34,759,136	₱44,603,165

Input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Prepaid income tax pertains to creditable withholding tax applied against income tax payable and are expected to be applied within the next twelve (12) months.

Deposits pertain to advances for the bill deposit to secure payment of any outstanding regular bills and pass-through charges equivalent to one (1) month average worth of all applicable pass-through charges of the distributions system facilities for the twelve (12) months immediately preceding the effective date in accordance with the terms and conditions of the Distribution Wheeling Services Agreement with Direct Power Services, Inc. (DPSI), a company under common control (see Note 14).

Prepaid expenses pertain to prepaid insurance.

8. **Investment Properties**

The rollforward analyses of this account follow:

	2020		
	Land	**Buildings and Improvements**	**Total**
Cost			
At January 1	**₱357,873,211**	**₱3,700,853,917**	**₱4,058,727,128**
Additions	**–**	**9,548,343**	**9,548,343**
At December 31	**357,873,211**	**3,710,402,260**	**4,068,275,471**
Accumulated Depreciation and Amortization			
At January 1	**–**	**1,353,802,556**	**1,353,802,556**
Depreciation and amortization (Note 17)	**–**	**210,851,035**	**210,851,035**
At December 31	**–**	**1,564,653,591**	**1,564,653,591**
Net Book Value	**₱357,873,211**	**₱2,145,748,669**	**₱2,503,621,880**

	2019		
	Land	Buildings and Improvements	Total
Cost			
At January 1	₱357,873,211	₱3,680,039,535	₱4,037,912,746
Additions	–	20,814,382	20,814,382
At December 31	357,873,211	3,700,853,917	4,058,727,128
Accumulated Depreciation and Amortization			
At January 1	–	1,144,777,442	1,144,777,442
Depreciation and amortization (Note 17)	–	209,025,114	209,025,114
At December 31	–	1,353,802,556	1,353,802,556
Net Book Value	₱357,873,211	₱2,347,051,361	₱2,704,924,572

The Company's investment properties are currently held for commercial leasing to earn rentals.

Depreciation and amortization charged to operations amounted to ₱210.9 million and ₱209.0 million for the years ended December 31, 2020 and 2019, respectively (see Note 17).

Total rental income derived from investment properties amounted to ₱614.0 million and ₱603.6 million in 2020 and 2019, respectively (see Note 15). Other real estate costs related to investment properties amounted to ₱155.5 million and ₱333.8 million in 2020 and 2019, respectively.

As of December 31, 2020 and 2019, there are no investment properties that are pledged as security to liabilities.

The aggregate fair values of the Company's investment properties amounted to ₱8.3 billion and ₱10.1 billion as of December 31, 2020 and 2019, respectively, which is based on the latest appraisal report. The fair values were classified under Level 3 of the fair value hierarchy (see Note 18).

The fair values of the investment properties were determined by independent professional and qualified appraisers. The fair values of the land and buildings were arrived at using the income approach.

Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

Description of valuation techniques used and key inputs to valuation on land and buildings included under investment properties as of December 31, 2020 and 2019 follows:

Property	Valuation Technique	Significant Unobservable inputs	Range	
			2020	2019
Land	Sales comparison approach	Price per square meter	**₱151,200–₱155,700**	₱224,000–₱237,000
Buildings	Income approach	Income produced by property	Prospective economic benefits of ownership into the future and these benefits are capitalized into an indication of value	

The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. However, pursuant to a loan agreement, the Company observes certain restrictions and requirements with respect to, among others, major disposal of property or pledge of assets (see Note 11).

9. Property and Equipment

The rollforward analyses of this account follow:

	2020	2019
Cost		
At January 1 and December 31	**₱1,651,184**	₱1,651,184
Accumulated Depreciation		
At January 1	**1,651,184**	1,641,171
Depreciation (Note 17)	–	10,013
At December 31	**1,651,184**	1,651,184
Net Book Value	**₱–**	₱–

The Company's property and equipment consists of furniture, fixtures and equipment.

As of December 31, 2020 and 2019, there are no items of property and equipment that are pledged as securities to liabilities.

10. Accounts and Other Payables

This account consists of:

	2020	2019
Payable to related parties (Note 14)	**₱596,766,455**	₱542,682,506
Accrued expenses	**102,997,815**	130,315,505
Retention payable	**37,203,690**	37,203,690
Interest payable (Note 11)	**3,828,699**	5,291,534
Trade payable	**2,632,084**	1,037,481
Accrued project costs (Note 14)	**2,133,960**	2,133,960
Taxes payable	**1,597,110**	22,353,302
	₱747,159,813	₱741,017,978

Accrued expenses are broken down as follow:

	2020	2019
Utilities, repairs and maintenance	**₱59,256,516**	₱73,546,636
Marketing	**38,117,114**	48,969,406
Taxes and licenses	**1,243,979**	1,692,895
Professional fees	**1,290,272**	1,606,353
Others	**3,089,934**	4,500,215
	₱102,997,815	₱130,315,505

Retention payable pertains to the portion of the progress billings of construction retained by the Company which will be released after the completion of the contractor's projects. The retention serves as a security from the contractor in case of defects in the project.

Interest payable pertains to unpaid interest expense on long-term debt as of reporting date (see Note 11).

Trade payable and accrued expenses arise from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled within 12 months after reporting date.

Accrued project costs arise from progress billings or unbilled completed work on the development of commercial projects.
Taxes payable pertains to expanded withholding taxes and deferred output VAT on uncollected receivables. These are settled on a monthly basis.

11. **Long-term Debt**

This account consists of long-term bank loans availed by the Company as follows:

	2020	2019
Fixed rate corporate notes with interest rate of 4.50% per annum (Note 11a)	**₱306,875,000**	₱325,875,000
Fixed rate corporate notes with interest rate of 4.50% per annum (Note 11b)	**341,250,000**	362,250,000
Fixed rate corporate notes with interest rate of 4.75% per annum (Note 11c)	**315,000,000**	336,000,000
At 0.70% per annum spread over the 90-day PDST-R2 (Note 11d)	**323,000,000**	340,000,000
	1,286,125,000	1,364,125,000
Less unamortized discount on transaction costs	**2,779,793**	3,813,700
	1,283,345,207	1,360,311,300
Less current portion of long-term debt (Note 21)	**371,218,890**	76,966,093
	₱912,126,317	₱1,283,345,207

The Company's long-term debt are all unsecured. Debt issue costs (DIC) are deferred and amortized using effective interest method over the term of the loans.

The rollforward of debt issue costs follows:

	2020	2019
At January 1	**₱3,813,700**	₱4,851,500
Accretion	**(1,033,907)**	(1,037,800)
At December 31	**₱2,779,793**	₱3,813,700

a.) In March 2016, the Company obtained a credit facility amounting to ₱800.0 million. In 2016, the Company made the first drawdown amounting to ₱380.0 million which will mature in 2023 and was used to finance the construction of the Company's commercial buildings. The loan bears a floating interest rate based on the average yield for the 91-day treasury bills on PDST-R2 plus a spread of 70 basis points per annum or 95% of BSP Overnight Reverse Repurchase Agreement rate, inclusive of the gross receipts tax, whichever is higher. Starting 2018, the interest rate is fixed at 4.5%.

The related outstanding balance amounted to ₱306.9 million and ₱325.9 million as of December 31, 2020 and 2019, respectively. In 2020 and 2019, the Company made repayments amounting to ₱19.0 million.

b.) In March 2017, the Company availed the second drawdown from the ₱800.0 million credit facility amounting to ₱420.0 million which will mature in 2023. The loan bears a floating interest rate based on the average yield for the 91-day treasury bills on PDST-R2 plus a spread of 70 basis points per annum or 95% of the Bangko Sentral ng Pilipinas (BSP) Overnight Reverse Repurchase Agreement rate, inclusive of gross receipts tax, whichever is higher. Starting 2018, the interest rate is fixed at 4.5%.

The related outstanding balance amounted to ₱341.3 million and ₱362.3 million as of December 31, 2020 and 2019, respectively. In 2020 and 2019, the Company made repayments amounting to ₱21.0 million.

c.) In December 2013, the Company obtained a loan with a principal amount of ₱420.0 million which is due in installments until 2021. The loan is subject to fixed interest rate of 4.75% per annum. This loan was used to finance the construction of the Company's commercial buildings included under "Investment properties" (see Note 8). The interest is payable every quarter. Twenty five percent (25%) of the principal is payable in twenty (20) installments starting on the first quarter of 2016 and the remaining seventy five percent (75%) is payable on maturity date.

The related outstanding balance of the loan with fixed interest amounted to ₱315.0 million and ₱336.0 million as of December 31, 2020 and 2019, respectively. In 2020 and 2019, the Company made repayments amounting to ₱21.0 million.

d.) In September 2017, the Company obtained a credit facility amounting to ₱375.0 million. In October 2017, the Company made the first drawdown amounting to ₱340.0 million which is due in installments until 2027. Proceeds were used to refinance existing loans and for general corporate purposes. The loan is subject to floating interest rate of 90-day PDST-R2 plus 0.70% per annum spread, or a floor rate of equivalent to the average of the BSP Overnight Deposit Facility (ODF) Rate and Term Deposit Facility (TDF) Rate of the tenor nearest to the interest period.

The related outstanding balance amounted to ₱323.0 million and ₱340.0 million as of December 31, 2020 and 2019. As of December 31, 2020 and 2019, the undrawn amount amounted to ₱35.0 million.

In 2020 and 2019, the Company made repayments amounting to ₱17.0 million.

Interest on long-term debt amounted to ₱56.5 million and ₱69.4 million in 2020 and 2019, respectively (see Note 17).

In 2020 and 2019, the Company has not capitalized any interest from borrowed funds because all of the Company's projects funded by these specific borrowings were completed in 2016.

Debt Covenant
The loan agreements provide for certain restrictions and requirements with respect to, among others, payment of dividends, major disposal of property, pledge of assets, liquidation, merger or consolidation and maintenance of ratio between debt and the tangible net worth not to exceed 3:1. These restrictions and requirements were complied with by the Company as of December 31, 2020 and 2019 (see Note 19).

12. Deposits and Other Liabilities

This account consists of:

	2020	2019
Advance rent	**₱171,819,576**	₱110,510,211
Tenants' deposits	**148,621,545**	137,554,726
Construction bond	**1,611,489**	2,735,472
	322,052,610	250,800,409
Less noncurrent portion	**193,219,729**	218,459,048
	₱128,832,881	₱32,341,361

Tenants' deposits consist of rental security deposits to be refunded by the Company at the end of the lease contracts. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates for similar types of instruments.
The rollforward analysis of deferred credits under tenants' deposits follow:

	2020	2019
At January 1	**₱14,685,829**	₱14,077,521
Additions	**1,606,988**	5,977,637
Amortization	**(5,479,676)**	(5,369,329)
At December 31	**₱10,813,141**	₱14,685,829

Accretion of discount included in "Interest expense" under "Cost and expenses" in the statements of comprehensive income amounted to ₱5.2 million and ₱5.1 million in 2020 and 2019, respectively (see Note 17).

Advance rent pertains to tenants' advances which are to be applied by the Company against the rent and service due at the end of the lease terms.

Construction bond payable pertains to deposits made by tenants as security for the construction and design of the leased premises, to be refunded upon completion, which usually takes less than a year.

13. Income Taxes

In 2020 and 2019, the provision for current income tax represents 30% RCIT and 2% MCIT, respectively, 5% rate on gross income and final withholding tax on gross interest income as follows:

	2020	2019
Gross income tax	**₱19,346,247**	₱15,979,613
RCIT	**9,723,574**	–
MCIT	**–**	2,582,752
Final	**25,837**	19,664
	₱29,095,658	₱18,582,029

Reconciliation between the statutory income tax rate and the effective income tax rates follows:

	2020	2019
Statutory income tax	**30.00%**	30.00%
Tax effects of:		
Income subject to lower tax rate	**(23.09)**	(23.39)
Applied MCIT	**(0.89)**	2.25
Interest income subjected to final tax	**(0.01)**	(0.01)
Others	**0.27**	(1.87)
Effective income tax	**6.28%**	6.98%

The components of net deferred tax liabilities as of December 31, 2020 and 2019 follow:

	2020	2019
Deferred tax assets on:		
Advance rent	**₱14,976,210**	₱16,276,952
Allowance for impairment losses	**376,210**	3,716,362
Unamortized discount on rental deposits	**3,379,754**	2,631,778
Others	**3,417**	1,573
	18,735,591	22,626,665
Deferred tax liabilities on:		
Accrued rent	**13,173,767**	17,133,205
Borrowing cost	**12,543,610**	13,368,627
Amortized deferred income	**3,365,994**	2,594,723
Unamortized debt issue costs	**833,938**	1,144,110
Others	**1,572**	–
	29,918,881	34,240,665
	(₱11,183,290)	(₱11,614,000)

As of December 31, 2020 and 2019, Deferred income tax assets arising from MCIT amounting to ₱2.6 million and ₱6.2 million, respectively, have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized.

The Company has MCIT that is available for offset against income tax due. These MCIT, as of December 31 follows:

Year Incurred	Expiry Date	At December 31, 2019	Additions	Applied	Expired	At December 31, 2020
MCIT						
2019	2022	₱2,636,401	₱–	₱–	₱–	₱2,636,401
2018	2021	2,330,069	–	(2,330,069)	–	–
2017	2020	1,246,578	–	(1,246,578)	–	–
		₱6,213,048	₱–	(₱3,576,647)	₱–	₱2,636,401

On December 18, 2007, Philippine Economic Zone Authority (PEZA) approved the registration of the Company as an Economic Zone Information Technology (IT) Facility Enterprise. As a registered ecozone facilities enterprise, the Company is entitled to establish, develop, construct, administer, manage and operate a12-storey building and 17-storey building located at Asia Town IT Park, in accordance with the terms and conditions on the Registration Agreement with PEZA. The Company shall pay income tax at the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes. Gross income earned refers to gross sales or gross revenues derived from any business activity, net of returns and allowances, less cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses. Income generated from sources outside of the PEZA economic zone shall be subject to regular internal revenue taxes. It is certified by the Bureau of Internal Revenue under Section 4.106-6 and 4 108-6 of Revenue Regulation No. 16-2005 that the enterprise is conducted for purposes of its VAT zero-rating transactions with its local suppliers of goods, properties and services.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill
On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE Bill". The same was submitted to the Office of the President on February 24, 2021 for his review and is still pending approval of the President into law.

Provisions under the CREATE Bill include reductions in corporate income tax rate from 30% to 25% for large domestic corporations (i.e., those with total assets of more than P100 Million, excluding the value of the land on which the entity's office, plant and equipment are situated, and taxable income of more than P5 Million) and 20% for small and medium domestic corporations (i.e., those that do not breach the aforementioned threshold during the particular taxable year) with effectivity date of July 1, 2020. Also, for qualified and registered projects under CREATE, the income tax holiday (ITH) may be given four to seven years, subject to further extension of up to three years upon approval of the application thereof for qualified projects, depending on location and industry priorities of registered projects or activities. It shall be followed by the 5% Special Corporate Income Tax Rate or Enhanced Deductions for five to ten years after meeting certain criteria. However, for existing registered projects or activities, entities may choose to be governed by CREATE and waive their incentives under their previous registrations. Otherwise, the CREATE Bill allows them a certain sunset period and may continue to enjoy their current income tax incentive (i.e., finish the remaining ITH period for those currently under ITH and avail of the 5% Gross Income Tax (GIT) of up to ten more years for projects that are currently subject to 5% GIT or those entitled to 5% GIT after the lapse of the current ITH period) with option to reapply for qualified export enterprises subject to the conditions and qualifications under the Strategic Investment Priorities Plan and performance review by the Fiscal Incentives Review Board before the reduced corporate income tax rate is used.

PAS 12, *Income Taxes*, requires current and deferred income taxes to be measured with reference to the tax rates and laws, as enacted or substantively enacted by the end of the reporting period. Accordingly, the Company does not reflect in its financial statements the amounts of income taxes calculated following the provisions of CREATE Bill since the same was not yet enacted or substantively enacted as of December 31, 2020.

14. **Related Party Transactions**

Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or the party is an associate or a joint venture.

Terms and Conditions of Transactions with Related Parties
Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

There have been no guarantees provided or received for any related party receivables or payables and are generally unsecured. Furthermore, these accounts are noninterest-bearing except for intercompany loans.

The following tables provide the transactions that have been entered into with related parties for the relevant financial year:

Related party	**2020** Volume	**2020** Receivable from (Note 5)	2019 Volume	2019 Receivable from (Note 5)
Entities under common control				
Loan (a)	**₱6,348,170,000**	**₱364,731,519**	₱5,414,600,000	₱455,030,421
Interest income (a)	**29,005,932**	**–**	29,252,796	–
		₱364,731,519		₱455,030,421

Related party	**2020** Volume	**2020** Payable to (Note 10)	2019 Volume	2019 Payable to (Note 10)
Immediate Parent Company				
Advances (a)	**₱–**	**₱151,159,354**	₱–	₱151,159,354
Management fees (b)	**14,896,898**	**113,918,034**	14,333,908	100,631,752
Land lease (c)	**8,623,322**	**32,605,092**	8,319,018	23,378,137
Shared expenses (d)	**1,453,476**	**2,182,816**	188,624	727,964
Entities under common control				
Management fees (b)	**52,176,451**	**250,196,547**	52,174,942	220,107,957
Advances (e)	**–**	**31,529,632**	–	36,597,052
Light and power (f)	**65,203,906**	**6,420,519**	80,871,135	5,029,948
Shared expenses (d)	**3,704,164**	**8,754,461**	2,973,393	5,050,342
		₱596,766,455		₱542,682,506
Accrued project costs (Note 10)				
Entities under common control				
Construction costs	**₱–**	**₱2,133,960**	₱3,217,080	₱2,133,960

(a) On various dates in 2020 and 2019, the Company extended loans to its related parties totaling to ₱6.35 billion and ₱5.41 billion, respectively. The loan earns interest from 2.5% to 6.3% and 3.8% to 6.25% per annum in 2020 and 2019, respectively, payable from 30 to 365 days from the date of loan availments. Total interest income earned from the intercompany loans amounted to ₱29.0 million and ₱29.3 million in 2020 and 2019, respectively (see Note 16). As of December 31, 2020 and 2019, receivable from related parties amounted to ₱364.7 million and ₱455.0 million, respectively (see Note 5).

(b) The Company engaged ALI and Ayala Property Management Corporation to manage its assets, administer and maintain common areas and facilities in the commercial buildings. Management fees from these agreements are payable on demand.

(c) The Company has lease agreement with CHI for which the payment is based on a percentage of the rental revenue earned from the leased area and is payable within 30 days from the billing statement date.

(d) Various allocation of shared expenses such as association dues, light and power and insurance are payable on demand.

(e) Advances pertains to payable to Avida Land Corp. for the joint development agreement and is payable on demand.

(f) The Company availed the services of DPSI and paid a bill deposit amounting to ₱10.6 million based on the average monthly supply charges of electricity which shall be adjusted every year based on the actual increase in demand on its electricity (see Note 7). In 2020 and 2019, the Company purchased power from DPSI amounting to ₱65.2 million and ₱80.9 million, respectively.

As of December 31, 2020 and 2019, the Company's outstanding payable amounted to ₱6.4 million and ₱5.0 million, respectively.

As of December 31, 2020 and 2019, the Company has entered into transactions with Bank of the Philippine Islands (BPI), an affiliate, consisting of cash in banks and long-term debt with carrying amounts as follows:

	2020	2019
Cash in banks (Note 4)	**₱7,889,875**	₱12,225,874
Long-term debt (Note 11)	**1,283,345,207**	1,360,311,300

Compensation of key management personnel
The Company's key management personnel are employees of its parent company, CHI. The compensation of said employees are paid for by CHI. As such, the necessary disclosures required by PAS 24, *Related Party Disclosures*, are included in the financial statements of CHI.

15. Real Estate Revenue

This account consists of:

	2020	2019
Rental income (Notes 8 and 20)	**₱614,018,608**	₱603,569,093

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived with 50% discount in their common area usage expenses. The rent concessions granted by the Company for the year ended December 31, 2020 amounted to ₱13.9 million.

16. Recoveries and Interest Income

Recoveries pertain to excess collections from common area, light and power and water charges from its rental operations. These are recognized when earned. Recoveries earned in 2020 and 2019 amounted to ₱217.5 million and ₱184.6 million, respectively.

Interest income consists of:

	2020	2019
Interest income from:		
Intercompany loans (Note 14)	**₱29,005,932**	₱29,252,796
Cash in banks (Note 4)	**129,273**	98,404
	₱29,135,205	₱29,351,200

17. **Costs and Expenses**

Real estate costs consist of:

	2020	2019
Depreciation and amortization (Note 8)	**₱210,851,035**	₱209,025,114
Marketing and management fees (Note 14)	**68,740,044**	66,508,850
Direct operating expenses:		
Repairs and maintenance	**42,736,760**	47,768,391
Security and janitorial	**35,407,710**	39,864,565
Taxes and licenses	**18,163,212**	17,883,750
Rent (Note 14)	**8,623,322**	8,319,018
Dues and fees	**3,582,690**	3,191,160
Insurance	**3,133,617**	1,732,895
Professional fees	**794,871**	487,731
Commissions	**666,767**	496,295
Others	**3,822,882**	5,052,792
	₱396,522,910	₱400,330,561

General and administrative expenses consist of:

	2020	2019
Professional fees	**₱219,300**	₱246,495
Repairs and maintenance	**136,306**	196,802
Taxes and licenses	**35,116**	27,355
Supplies	**25,980**	35,844
Depreciation (Note 9)	**–**	10,013
Transportation and travel	**–**	10,000
Trainings	**–**	1,000
Others	**211**	628
	₱416,913	₱528,137

Interest expense consists of:

	2020	2019
Interest expense on:		
Long-term debt (Note 11)	**₱56,509,602**	₱69,359,914
Accretion of discount on tenants' deposits (Note 12)	**5,181,029**	5,053,947
	₱61,690,631	₱74,413,861

Other expense consists of:

	2020	2019
Interest on various taxes	**₱1,510,563**	₱1,000
Others	**1,033,907**	1,037,800
	₱2,544,470	₱1,038,800

Others pertains to amortization of debt issue cost, documentary stamp tax on intercompany loan, gross receipts tax, interest on tax deficiency and penalty of late securing of permit.

18. **Fair Value Information and Financial Instruments**

Fair Value Information
The carrying amount of cash in banks, receivables, accounts and other payables (excluding statutory liabilities) and deposits and other liabilities (except advance rent) are approximately equal to their fair value due to the short-term nature of the transaction.

The methods and assumptions used by the Company in estimating the fair value of long-term debt and deposits and other liabilities are as follows:

Long-term debt - The fair value of fixed rate instruments is estimated using the discounted cash flow methodology using the Company's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 1.8% to 5.0%% and 3.11% to 4.46% as of December 31, 2020 and 2019, respectively.

Deposits and other liabilities - The fair values of tenants' deposits are estimated using the discounted cash flow methodology using the applicable rates for similar type of instruments. The discount rates used ranged from 2.50% to 6.30% and 3.11% to 4.46% as of December 31, 2020 and 2019, respectively.

The following tables set forth the carrying values and estimated fair values of the Company's financial instruments carried at fair values and those which fair value are disclosed:

	2020		2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Long-term debt	**₱1,283,345,207**	**₱1,341,977,568**	₱1,360,311,300	₱1,357,978,220
Deposits and other liabilities*	**150,233,034**	**139,152,647**	140,290,198	125,604,370
Total Financial Liabilities	**₱1,433,578,241**	**₱1,481,130,215**	₱1,500,601,498	₱1,483,582,590

**Excluding advance rent*

Fair Value Hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:
Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Company categorized investment properties, long-term debt and deposits and other liabilities under Level 3 as of December 31, 2020 and 2019.

The fair value of these financial instruments was determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

	2020					
				Fair value measurements using		
	Date of Valuation	**Carrying Values**	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant offer observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed						
Investment properties	December 31, 2020	**₱2,503,621,880**	**₱8,306,850,000**	**₱–**	**₱–**	**₱8,306,850,000**
Liabilities for which fair values are disclosed						
Long-term debt	December 31, 2020	**₱1,283,345,207**	**₱1,341,977,568**	**₱–**	**₱–**	**₱1,341,977,568**
Deposits and other Liabilities	December 31, 2020	**150,233,034**	**139,152,647**	**–**	**–**	**139,152,647**
		₱1,433,578,241	**₱1,481,130,215**	**₱–**	**₱–**	**₱1,481,130,215**

				2019		
				Fair value measurements using		
	Date of Valuation	Carrying Values	Total	Quoted prices in active markets for identical assets (Level 1)	Significant offer observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed						
Investment properties	December 31, 2019	₱2,704,924,572	₱10,075,000,000	–	–	₱10,075,000,000
Liabilities for which fair values are disclosed						
Long-term debt	December 31, 2019	₱1,360,311,300	₱1,357,978,220	₱–	₱–	₱1,357,978,220
Deposits and other Liabilities	December 31, 2019	140,290,198	125,604,370	–	–	125,604,370
		₱1,500,601,498	₱1,483,582,590	₱–	₱–	₱1,483,582,590

For investment properties, significant increases (decreases) in occupancy rate, in isolation, would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in vacancy and credit loss, in isolation, would result in a significantly lower (higher) fair value of the properties.

There have been no reclassifications between Level 1, 2 and 3 categories in 2020 and 2019.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash, receivables, accounts and other payables, long-term debt and deposits and other liabilities. The main purpose of the Company's financial instruments is to fund its operations, capital expenditures and finance the projects.

The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Exposure to credit risk, liquidity risk and market risk (i.e., foreign currency risk and interest rate risk) arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management are as follows:

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

The Company's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Company. The Company's BOD reviews and approves policies for managing each of these risks.

There were no changes in the Company's financial risk management objectives and policies in 2020 and 2019.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risks are primarily attributable to financial assets such as cash and receivables. To manage credit risk, the Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information.

In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

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

As for the receivables from related parties and deposits, the maximum exposure to credit risk from these financial assets arise from the default of the counterparty with a maximum exposure equal to their carrying amounts.

An analysis of the maximum exposure to credit risk from the Company's trade receivables and the fair values of the related collaterals are shown below:

	2020			
	Maximum exposure to credit risk	**Fair value of collaterals**	**Net exposure**	**Financial effect of collaterals**
Trade receivables:				
Shopping centers	**₱7,977,383**	**₱10,649,066**	**₱–**	**₱7,977,383**
Corporate business	**3,146,753**	**141,247,881**	**–**	**3,146,753**
	₱11,124,136	**₱151,896,947**	**₱–**	**₱11,124,136**

	2019			
	Maximum exposure to credit risk	Fair value of collaterals	Net exposure	Financial effect of collaterals
Trade receivables:				
Shopping centers	₱5,266,868	₱10,513,806	₱–	₱5,266,868
Corporate business	44,418,050	130,064,848	–	44,418,050
	₱49,684,918	₱140,578,654	₱–	₱49,684,918

General approach

- *Cash* - As of December 31, 2020 and 2019, the ECL relating to the cash of the Company is minimal as these are considered with low credit risk.

- *Receivables from related parties and other receivables* - The Company did not recognize any allowance relating to receivable from related parties and other receivables in prior years. No ECL is recognized since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

Simplified approach

- *Trade receivables (i.e., corporate business, shopping centers and accrued receivables)* - The Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2020 and 2019, the allowance for impairment losses pertain only to individually impaired accounts. No impairment losses resulted from performing collective impairment test, due to the expected recoveries from security deposits (i.e., stipulated as 3 to 6 months' worth of rental) and advance payments/rentals which help reduce the Company's credit risk exposure in case of defaults by the customers.

The maximum exposure to credit risk, net of allowance for impairment, amounted to ₱504.4 million and ₱636.0 million as at December 31, 2020 and 2019, respectively.

	2020				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱383,235,984**	**–**	**–**	**₱122,506,905**	**₱505,742,889**
Loss allowance	**–**	**–**	**–**	**(1,392,803)**	**(1,392,803)**
Carrying amount	**₱383,235,984**	**₱–**	**₱–**	**₱121,114,102**	**₱504,350,086**

	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱472,569,042	–	–	₱175,914,349	₱648,483,391
Loss allowance	–	–	–	(12,526,644)	(12,526,644)
Carrying amount	₱472,569,042	₱–	₱–	₱163,387,705	₱635,956,747

As of December 31, 2020 and 2019, the Company does not have restructured financial assets.

The Company has no significant credit risk concentrations on its receivables. Policies are in place to ensure that lease contracts are made with customers with good credit history.

Given the Company's diverse base of counterparties, it is not exposed to large concentration of credit risk. For financial assets recognized on the statement of financial position, the gross exposure to credit risk equals their carrying amount.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash in banks deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Overall, the Company's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility, while continuously enhancing the Company's businesses.

The tables below summarize the maturity profile of the Company's financial assets and liabilities at December 31, 2020 and 2019 based on contractual undiscounted payments.

The table also provides analysis on the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	2020				
	< 1 year	**1 to < 2 years**	**2 to < 3years**	**> 3 years**	**Total**
Cash in banks	**₱7,889,875**	**₱–**	**₱–**	**₱–**	**₱7,889,875**
Receivables:					
Trade:					
Corporate business	**3,146,753**	**–**	**–**	**–**	**3,146,753**
Shopping centers	**7,977,383**	**–**	**–**	**–**	**7,977,383**
Receivable from related parties	**364,731,519**	**–**	**–**	**–**	**364,731,519**
Accrued receivable	**59,710,719**	**37,174,789**	**4,472,037**	**10,025,224**	**111,382,769**
Deposits	**10,614,590**	**–**	**–**	**–**	**10,614,590**
Total financial assets	**₱454,070,839**	**₱37,174,789**	**₱4,472,037**	**₱10,025,224**	**₱505,742,889**
Accounts and other payables*	**₱745,562,703**	**₱–**	**₱–**	**₱–**	**₱745,562,703**
Long-term debt	**371,218,890**	**56,298,400**	**584,441,564**	**271,386,353**	**1,283,345,207**
Interest payable on long-term debt	**41,197,300**	**35,677,351**	**33,547,120**	**28,836,308**	**139,258,079**
Deposits and other liabilities**	**50,451,632**	**20,526,052**	**41,414,642**	**37,840,708**	**150,233,034**
Total financial liabilities	**₱1,208,430,525**	**₱112,501,803**	**₱659,403,326**	**₱338,063,369**	**₱2,318,399,023**

**Excluding taxes payable amounting to₱1.6 million*
***Excluding advance rent amounting to₱171.8 million*

	2019				
	< 1 year	1 to < 2 years	2 to < 3years	> 3 years	Total
Cash in banks	₱12,225,874	₱–	₱–	₱–	₱12,225,874
Receivables:					
Trade:					
Corporate business	44,418,050	–	–	–	44,418,050
Shopping centers	5,266,868	–	–	–	5,266,868
Receivable from related parties	455,030,421	–	–	–	455,030,421
Accrued receivable	52,656,788	31,922,931	31,851,611	9,798,101	126,229,431
Deposits	5,227,747	–	–	–	5,227,747
Total financial assets	₱574,825,748	₱31,922,931	₱31,851,611	₱9,798,101	₱648,398,391
Accounts and other payables*	₱718,664,676	₱–	₱–	₱–	₱718,664,676
Long-term debt	76,966,093	371,218,891	56,301,564	855,824,752	1,360,311,300
Interest payable on long-term debt	56,532,652	41,197,300	35,677,351	62,383,428	195,790,731
Deposits and other liabilities**	22,798,191	39,637,812	19,374,553	58,479,642	140,290,198
Total financial liabilities	₱874,961,612	₱452,054,003	₱111,353,468	₱976,687,822	₱2,415,056,905

**Excluding taxes payable amounting to₱22.4 million*
***Excluding advance rent amounting to₱110.5 million*

The maturities of long-term debt at nominal values as of December 31 follow:

	2020	2019
Due in:		
2020	**₱–**	₱78,000,000
2021	**372,000,000**	372,000,000
2022	**57,000,000**	57,000,000
2023	**585,125,000**	585,125,000
2024	**17,000,000**	17,000,000
2025	**17,000,000**	17,000,000
2026	**17,000,000**	17,000,000
2027	**221,000,000**	221,000,000
	₱1,286,125,000	₱1,364,125,000

Cash and receivables are used for the Company's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile of the interest-bearing financial assets and liabilities disclosed under interest rate risk section.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Majority of the Company's transactions are denominated in Philippine Peso. There are only minimal placements in foreign currencies and the Company does not have any foreign-currency-denominated debt. As such, the Company's foreign currency risk is minimal.

The following table shows the Company's foreign-currency-denominated monetary assets and their Peso equivalents as of December 31, 2020 and 2019:

	2020		2019	
	US Dollar	**Php Equivalent**	US Dollar	Php Equivalent
Cash	$2,732	₱131,191	$2,726	₱138,311

In translating the foreign-currency-denominated monetary assets into Peso amounts, the exchange rates used were ₱48.03 to US$1.00 and ₱50.74 to US$1.00, the Philippine Peso-US Dollar exchange rates as at December 31, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar rate, with all variables held constant, of the Company's profit before tax (due to changes in the Peso equivalent of the dollar denominated cash. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase (Decrease) in Exchange Rate	Effect on Profit Before Tax
2020	**1.00**	**₱2,732**
	(1.00)	**(2,732)**
2019	1.00	₱2,726
	(1.00)	(2,726)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

The Company manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows. The Company's ratio of fixed to floating rate debt stood at around 75:25 as of December 31, 2020 and 2019.

The following tables demonstrate the sensitivity of the Company's income before tax to a reasonable possible change in interest rates on December 31, 2020 and 2019, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
2020	**(₱3,218,575)**	**₱3,218,575**
2019	(₱3,386,686)	₱3,386,686

The assumed change in the rate is based on the currently observable market environment. There is no other impact on the Company's equity other than those already affecting profit or loss.

19. Equity

Capital Stock
The details of the Company's capital stock as of December 31, 2020 and 2019 follow:

Authorized shares at ₱100 par value	Number of Shares	Amount
Common	1,250,000	₱125,000,000
Preferred	11,250,000	1,125,000,000
Issued and outstanding at ₱100 par value		
Common	676,135	₱67,613,500
Preferred	6,085,215	608,521,500
		₱676,135,000

Retained Earnings
On November 16, 2020, the Company's BOD declared ₱723.5 million or ₱107.0 cash dividend per share from unappropriated retained earnings to all its issued and outstanding shares as of record date November 23, 2020 and paid on December 7, 2020.

On November 29, 2019, the Company's BOD declared ₱304.3 million or ₱45.0 cash dividend per share from unappropriated retained earnings to all its issued and outstanding shares as of record date December 6, 2019 and paid on December 20, 2019.

Capital Management
The primary objective of the Company's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Company establishes the appropriate capital structure for the business that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Company considers as capital its equity amounting to ₱866.4 million and ₱1,215.2 million as of December 31, 2020 and 2019, respectively.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the loan agreements. Loan agreements provide for certain restrictions and requirements with respect to, among others, major disposal of property, pledge of assets, liquidation, merger or consolidation and maintenance of ratio between debt and the tangible net worth not to exceed 3:1. There have been no breaches of the loan covenants in the current period (see Note 11).

No changes were made in the objectives, policies and processes for managing capital during the years ended December 31, 2020 and 2019.

20. **Leases**

Operating Leases -Company as Lessor
The Company enters into lease agreements with third parties covering rentals of commercial and office spaces and land therein: (a) fixed monthly rent, or (b) minimum rent payment or fixed rent plus percentage of gross sales, whichever is higher. All leases include a clause to enable upward revision on its rental charge on annual basis based on prevailing market conditions.

The total rent income amounted to ₱614.0 million and ₱603.6 million in 2020 and 2019, respectively (see Note 15). No contingent rent in 2020 and 2019.

Future minimum rentals receivable under noncancellable operating leases of the Company are as follows:

	2020	2019
Within one year	**₱529,259,889**	₱561,204,707
After one year but not more than five years	**713,145,452**	1,019,138,030
More than five years	**1,786,929**	3,265,766
	₱1,244,192,270	₱1,583,608,503

21. **Supplemental Cash Flow Information**

Supplemental Cash Flow Information
Changes in liabilities arising from financing activities follow:

	January 1, 2020	**Cash Flows**	**Non-cash changes Amortization of DIC**	**Other**	**December 31, 2020**
Current portion of long-term debt (Note 11)	**₱76,966,093**	**(₱78,000,000)**	**₱–**	**₱372,252,797**	**₱371,218,890**
Long-term debt - net of current portion	**1,283,345,207**	**–**	**1,033,907**	**(372,252,797)**	**912,126,317**
Dividends payable (Note 19)	**–**	**(723,464,450)**	**–**	**723,464,450**	**–**
Total liabilities from financing activities	**₱1,360,311,300**	**(₱801,464,450)**	**₱1,033,907**	**₱723,464,450**	**₱1,283,345,207**

	January 1, 2019	Cash Flows	Non-cash changes Amortization of DIC	Other	December 31, 2019
Current portion of long-term debt (Note 11)	₱59,955,987	(₱61,000,000)	₱–	₱78,010,106	₱76,966,093
Long-term debt - net of current portion	1,360,317,513	–	1,037,799	(78,010,105)	1,283,345,207
Dividends payable (Note 19)	304,260,750	(608,521,500)	–	304,260,750	–
Total liabilities from financing activities	₱1,724,534,250	(₱669,521,500)	₱1,037,799	₱304,260,751	₱1,360,311,300

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Company classifies interest paid as cash flows from operating activities.

22. Supplementary Information Required Under Revenue Regulations 15-2010

The Company reported and/or paid the following taxes for 2020:

a. Net sales/receipts and Output VAT declared in the Company's VAT returns filed for 2020 are as follows:

	Net Sales/ Receipts	Output VAT
VATable sales/receipts:		
Sale of services	₱246,353,973	₱29,562,477
Zero-rated sales/receipts	825,134,605	–
	₱1,071,488,578	₱29,562,477

The Company is a PEZA registered entity subject to pay a special tax rate of 5% on gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

The Company's sales of services are based on actual collections received, hence, may not be the same with the amounts accrued in the statements of comprehensive income.

b. Details of Input VAT are as follows:

At January 1	₱204,822,223
Input tax on capital goods exceeding 1 million deferred from previous period	1,020,000
Current year's domestic purchases/payments for:	
Domestic purchases of services	9,615,298
Domestic purchases of goods other than capital goods	752,891
Purchases of capital goods not exceeding ₱1 million	38,330
	216,248,742
Less: Deductions from input VAT	
Input VAT on purchases of capital goods exceeding ₱1 million deferred for succeeding period	660,000
	215,588,742
Applied against output VAT	(29,562,477)
At December 31	₱186,026,265

Other Taxes and Licenses

This includes all other taxes, local and national, including licenses and permit fees incurred by the Company during the year. Details consist of the following:

Real estate taxes	₱15,146,769
Business taxes	2,836,177
License and permit fees	204,382
Community tax	10,500
Annual registration fee	500
	₱18,198,328

Withholding taxes

Total expanded withholding taxes in 2020 amounted to ₱13,223,179.

Tax Contingencies

The Company did not receive any Letter of Assessment, Preliminary Assessment Notice and final tax assessment before and during 2020, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Asian I-Office Properties, Inc.
20th Floor, Ayala Center Cebu Tower, Bohol Street
Cebu Business Park, Cebu City

We have audited the financial statements of Asian I-Office Properties, Inc. (the "Company"), as at and for the years ended December 31, 2020 and 2019, on which we have rendered the attached report dated February 22, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Company has only one stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
SEC Accreditation No. 1741-A (Group A),
February 26, 2019, valid until February 25, 2022
Tax Identification No. 206-544-506
BIR Accreditation No. 08-001998-138-2018,
December 17, 2018, valid until December 16, 2021
PTR No. 8534368, January 4, 2021, Makati City

February 22, 2021

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	7	3	7	7	5	8

COMPANY NAME

ARCA SOUTH COMMERCIAL VENTURES CORP. (A Wholly Owned Subsidiary of Ayala Land, Inc.)

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

5/F GLORIETTA 4, AYALA CENTER, MAKATI CITY 1224

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	N/A	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
6	December 23	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lerma A. Tan	tanlerma.almi@ayalamalls.com.ph	N/A	7759-8000

CONTACT PERSON's ADDRESS

5/F Glorietta 4, Ayala Center, Makati City 1224

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Arca South Commercial Ventures Corp.
5/F Glorietta 4, Ayala Center
Makati City 1224

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Arca South Commercial Ventures Corp. (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Arca South Commercial Ventures Corp. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

March 29, 2021

ARCA SOUTH COMMERCIAL VENTURES CORP.
(A Wholly Owned Subsidiary of Ayala Land, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current assets		
Cash (Note 4 and 9)	**₱921,898**	₱17,164,116
Noncurrent asset		
Asset under construction (Note 5)	**3,490,242,486**	2,901,638,863
Advances to contractors (Note 6)	**16,000,084**	85,411,401
Other noncurrent assets (Note 7)	**376,595,932**	352,697,087
Total Noncurrent Assets	**3,882,838,502**	3,339,747,351
	₱3,883,760,400	₱3,356,911,467
LIABILITIES AND EQUITY		
Current liabilities		
Payable to related parties (Note 9)	**₱1,586,665,360**	₱1,065,778,867
Accounts and other payables (Note 8)	**7,668,914**	1,650,179
Total Liabilities	**1,594,334,274**	1,067,429,046
Equity (Note 10)		
Common shares	**231,050,000**	231,050,000
Preferred shares	**2,079,450,000**	2,079,450,000
Deficit	**(21,073,874)**	(21,017,579)
Total Equity	**2,289,426,126**	2,289,482,421
	₱3,883,760,400	₱3,356,911,467

See accompanying Notes to Financial Statements.

ARCA SOUTH COMMERCIAL VENTURES CORP.
(A Wholly Owned Subsidiary of Ayala Land, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Interest income (Note 4)	**₱18,792**	₱16,117
EXPENSES		
Professional fees	**59,329**	60,638
Taxes and licenses	**7,829**	8,939
Miscellaneous	**4,171**	–
	71,329	69,577
LOSS BEFORE INCOME TAX	**52,537**	53,460
PROVISION FOR INCOME TAX (Note 11)	**3,758**	3,223
NET LOSS	**56,295**	56,683
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**₱56,295**	₱56,683

See accompanying Notes to Financial Statements.

ARCA SOUTH COMMERCIAL VENTURES CORP.
(A Wholly Owned Subsidiary of Ayala Land, Inc.)

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2020	**2019**
PAID – IN CAPITAL (Note 10)		
Common Shares - 1 Par value		
Authorized - 544,200,000 shares		
Issued and subscribed	**₱231,050,000**	₱231,050,000
Preferred Shares - 1 Par value		
Authorized - 4,897,800,000		
Issued and subscribed	**2,079,450,000**	2,079,450,000
	2,310,500,000	2,310,500,000
DEFICIT		
Balance at the beginning of the year	**(21,017,579)**	(11,460,896)
Stock issuance costs	–	(9,500,000)
Total comprehensive loss	**(56,295)**	(56,683)
Deficit	**(21,073,874)**	(21,017,579)
	₱2,289,426,126	₱2,289,482,421

See accompanying Notes to Financial Statements.

ARCA SOUTH COMMERCIAL VENTURES CORP.
(A Wholly Owned Subsidiary of Ayala Land, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM PREOPERATING ACTIVITIES		
Loss before income tax	**(₱52,537)**	(₱53,460)
Adjustment for interest income	**(18,792)**	(16,117)
Operating loss before changes in working capital	**(71,329)**	(69,577)
Increase (decrease) in accounts and other payables	**6,018,735**	(4,966,294)
Net cash generated from (used for) operations	**5,947,406**	(5,035,871)
Interest received	**18,792**	16,117
Income tax paid	**(3,758)**	(3,223)
Net cash provided by (used in) operating activities	**5,962,440**	(5,022,977)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of asset under construction (Note 5)	**(188,871,666)**	(304,249,751)
Increase in advances to contractors (Note 6)	**(16,000,084)**	(85,411,401)
Increase in other assets (Note 7)	**(23,898,845)**	(67,994,061)
Net cash used in investing activities	**(228,770,495)**	(457,655,213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Intercompany payables (Note 9)	**731,500,000**	631,100,000
Payment of:		
Intercompany payables (Note 9)	**(524,934,063)**	(148,638,245)
Stock issuance costs (Note 10)	**–**	(9,500,000)
Net cash provided by financing activities	**206,565,937**	472,961,755
NET INCREASE (DECREASE) IN CASH	**(16,242,218)**	10,283,565
CASH AT BEGINNING OF YEAR	**17,164,116**	6,880,551
CASH AT END OF YEAR (Note 4)	**₱921,898**	₱17,164,116

See accompanying Notes to Financial Statements.

ARCA SOUTH COMMERCIAL VENTURES CORP.
(A Wholly Owned Subsidiary of Ayala Land, Inc.)
NOTES TO FINANCIAL STATEMENTS

1. **General Information**

   Arca South Commercial Ventures Corp. ("the Company") was incorporated on November 16, 2017 as a stock corporation domiciled in the Philippines. The Company is organized primarily to develop, sell, own, acquire, lease, hold, mortgage, administer, or otherwise deal with or invest in commercial, residential, industrial or agricultural lands, buildings, structures or apertures, to engage or invest in any other profitable business enterprise, venture or establishment.

   The Company's registered office address and principal place of business is at 5/F Glorietta 4, Ayala Center, Makati City 1224.

   The Company is a wholly-owned subsidiary of Ayala Land, Inc. (ALI or the Parent Company), a publicly-listed company. ALI's parent company is Ayala Corporation (AC). AC is a publicly-listed company, 47.28% owned by Mermac, Inc., and the rest by the public. Both AC and ALI are incorporated in the Philippines.

   The financial statements of the Company as of and for the period ended December 31, 2020 were authorized for issue by the BOD on March 29, 2021.

2. **Summary of Significant Accounting Policies**

   Basis of Preparation
   The financial statements have been prepared using historical cost basis and are presented in Philippine Peso (₱), the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

   Statement of Compliance
   The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

   Changes in Accounting Policies and Disclosure
   The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

   - Amendments to Philippine Accounting Standards (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.

- 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 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Standards and Interpretations Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

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

Summary of Significant Accounting Policies

Current and Noncurrent Classification

The Company presents assets and liabilities in statement of financial position based on current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

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

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

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling; and he contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
(b) Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial asset at amortized cost includes cash.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, inclusive of directly attributable transaction costs (referred to herein as "debt issue costs").

The Company has no financial liabilities at FVTPL as at December 31, 2020 and 2019.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category includes accounts and other payables and payable to related parties.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

a. the right to receive cash flows from the asset has expired;
b. the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

c. the Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control of the asset, the asset recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability has expired, or is discharged or has cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assess that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Advances to Contractors
Advances to contractors pertain to down payment paid by the Company to its contractors related to the construction of the Project. These are recouped through progress billings.

Investment Property
Property held for long-term rental yields is classified as investment property. Investment property is carried at cost less accumulated depreciation and any impairment in value. Cost includes those incurred for development, improvement and construction of the property, including capitalized borrowing costs.

The separate recognition of significant components of an investment property depends on whether these components serve the same purpose as the related items of an investment property. If the corresponding components do not serve the same purpose, they must be recognized separately. If the component parts serve the same purpose, the need to recognize them separately depends on whether they have the same structure and the same normal useful life as the other component parts of the asset. If the structure and normal useful life are different, the component parts must be recognized separately and individually insofar as they comply with the definition of the assets. Accordingly, the cost of acquisition must be allocated to the individual components over their respective useful lives. The depreciation of the component parts must be recognized for each component part separately. The subsequent expenses for the exchange or replacement of such assets must be recognized as acquisition costs for a separate asset and depreciated over their useful life.

Investment property is derecognized when either it has been disposed of or is permanently withdrawn from use or no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal are recognized in profit or loss in the year of retirement or disposal.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Assets under construction are stated at cost. These include costs of construction of investment properties and other direct costs. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Equity
Capital Stock is measured at par value for all shares issued. When the Company issues more than one capital stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Deficit
Deficit represents accumulated losses of the Company.

Revenue Recognition

Revenue from contract with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income is recognized as the interest accrues using the effective interest rate (EIR) method.

Cost and Expense Recognition

Cost and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost and expenses are recognized in profit or loss:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the "Investment properties" in the statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company's borrowings are associated with specific developments, where the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Value-added tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When input VAT) exceeds output VAT, the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events up to the date the financial statements are authorized for issue that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. **Significant Accounting Judgments and Use of Estimates**

The preparation of the accompanying financial statements in conformity with PFRSs requires management to make judgments, estimates, and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates and assumptions.

Judgements

In the process of applying the Company's accounting policies, management has made various judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating impairment of financial assets at amortized cost

For cash, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. To estimate the ECL for cash, the Company uses the ratings published by a reputable rating agency (i.e., Moody's, Fitch, Capital Intelligence, and S&P).

The Company did not recognized provision for allowance for expected credit losses both in 2020 and 2019.

Evaluating impairment of nonfinancial assets

The Company assesses at each reporting date whether there is an indication that the Company's advances to contractors may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years, such reversal is recognized in the company statement of comprehensive income.

As of December 31, 2020 and 2019, the carrying value of Company's nonfinancial assets follows:

	2020	2019
Asset under construction (Note 5)	**₱3,490,242,486**	₱2,901,638,863
Advances to contractors (Note 6)	**16,000,084**	85,411,401
Other noncurrent assets (Note 7)	**376,595,932**	352,697,087
	₱3,882,838,502	₱3,339,747,351

Recognition of deferred tax assets
The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Company assessed its projected performance in determining the sufficiency of future taxable profit.

The Company has unrecognized deferred tax assets pertaining to NOLCO amounting to ₱10.05 million and ₱21.03 million as of December 31, 2020 and 2019, respectively (see Note 11).

4. Cash

Cash pertains to cash in bank amounting to ₱0.92 million and ₱17.16 million which earns interest at prevailing bank deposit rate in as of December 31, 2020 and 2019, respectively.

Interest income earned from cash in bank account amounted to ₱18,792 and ₱16,117 in 2020 and 2019, respectively.

5. Asset under Construction

	2020	2019
Balance at beginning of year	**₱2,901,638,863**	₱2,389,170,528
Additions	**588,603,623**	512,468,335
Balance at end of year	**₱3,490,242,486**	₱2,901,638,863

Deed of Assignment with ALI
In 2017, the Company has entered into a Deed of Assignment with ALI recognizing that ALI has commenced the construction of a mixed-use block with a commercial mall composed of 4 levels of retail development, 6 office towers, and 4 basement levels (the "Building") and the construction thereof is on-going and a work in process. For and in consideration of the amount of ₱1,863.66 million, exclusive of value-added tax, ALI unconditionally and irrevocably assigns, transfers, and conveys its ownership, rights, interests, and obligations in the Building unto the Company.

ALI shall deliver to the Company the "work in progress" Building as well as the original and certified true copies of the contracts, permits and licenses which collectively comprise the assigned building. Each party shall pay the cost and expenses incurred by it in connection with the execution of the Deed of Assignment. Any income tax or capital gains from the transactions contemplated on part of ALI including documentary stamp tax shall be for the account of ALI.

The amount was paid by the Company to ALI on the same date the Deed of Assignment was executed by authorizing its bank to transfer funds to ALI's bank account.

The cost of assets under construction amounting to ₱16.2 million was billed by ALI to the Company in 2020 and 2019, respectively. As of December 31, 2020 and 2019,
₱376.43 million and ₱213.14 million remains unpaid, respectively.

6. Advances to Contractors

Advances to contractors pertain to Company's down payment for the services to be rendered by contractor related to the construction of the Project. These are recouped upon receipt of progress billing based on percentage of accomplishment.

As of December 31, 2020 and 2019, advances to contractors amounted to ₱16.00 million and ₱85.41 million, respectively.

7. Other Noncurrent Assets

	2020	2019
Input VAT	**₱369,891,840**	₱311,920,500
Deferred input VAT	**6,704,092**	40,776,587
	₱376,595,932	₱352,697,087

Input VAT represents taxes transferred to the Company by its supplier of goods or services as levied by the Philippine taxation laws and regulations. These are recoverable in future periods.

Deferred input VAT pertains to the input vat recognized for the billed yet unpaid assets under construction. These are expected to be recorded as part of the input VAT to be applied to output VAT in the future periods.

8. Accounts and Other Payables

	2020	2019
Taxes payable	**₱7,609,585**	₱1,589,541
Accrued expenses	**59,329**	60,638
	₱7,668,914	₱1,650,179

Taxes payable consists of various taxes to be paid by the Company to BIR such as withholding taxes and documentary stamp tax.

Accrued expenses pertain to services received to which the billing has not yet received or paid as of the reporting date. These are non-interest bearing and are normally settled within one year.

9. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial operating decisions and, the parties are subject to common control.

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party payables. Affiliates are entities under common control of AC.

a. Transactions with BPI, an entity under common control of AC.

   The Company maintains current account with BPI amounting to ₱0.92 million and ₱17.16 million as of December 31, 2020 and 2019, respectively (see Note 4).

b. Outstanding payables to related parties are as follows:

	For the Year Ended December 31, 2020				
Related Party	**Relationship**	**Volume of Transactions**	**Outstanding Balance**	**Terms**	**Conditions**
ALI (a)	Parent	**₱167,063,671**	**₱525,732,432**	Interest-bearing	Unsecured
Makati Development Corp. (b)	Affiliate	**309,661,215**	**400,729,898**	Interest-bearing	Unsecured
Ayala Hotels Inc. (c)	Affiliate	**77,339,772**	**132,986,518**	Interest-bearing	Unsecured
AREIT, Inc. (d)	Affiliate	**118,937,187**	**118,937,187**	Interest-bearing	Unsecured
AMC Japan Concepts Inc. (e)	Affiliate	**10,426,811**	**114,573,189**	Interest-bearing	Unsecured
ALI Capital Corp. (f)	Affiliate	**83,509,496**	**83,509,496**	Interest-bearing	Unsecured
Alabang Commercial Corp. (g)	Affiliate	**46,663,888**	**46,663,888**	Interest-bearing	Unsecured
MDBI Construction Corp. (h)	Affiliate	**37,062,181**	**37,062,181**	Interest-bearing	Unsecured
Avida Sales Corp. (i)	Affiliate	**38,369,785**	**22,590,443**	Interest-bearing	Unsecured
North Eastern Commercial Corp. (j)	Affiliate	**20,180,734**	**20,180,734**	Interest-bearing	Unsecured
Southportal Properties, Inc. (k)	Affiliate	**57,466**	**16,490,879**	Interest-bearing	Unsecured
Ayala Land International Sales, Inc. (l)	Affiliate	**13,732,811**	**13,732,811**	Interest-bearing	Unsecured
Adauge Commercial Corp. (m)	Affiliate	**9,036,739**	**9,036,739**	Interest-bearing	Unsecured
Vesta Property Holdings Inc. (n)	Affiliate	**8,413,518**	**8,413,518**	Interest-bearing	Unsecured
Station Square East Commercial Corp. (o)	Affiliate	**8,041,025**	**8,041,025**	Interest-bearing	Unsecured
Summerhill Commercial Ventures Corporation (p)	Affiliate	**190,155**	**6,301,811**	Interest-bearing	Unsecured
Ayala Land Malls Synergies, Inc. (q)	Affiliate	**4,121,660**	**4,121,660**	Interest-bearing	Unsecured
Aurora Properties, Inc. (r)	Affiliate	**367,369**	**3,809,702**	Interest-bearing	Unsecured
Alveo Land Corporation (s)	Affiliate	**3,691,164**	**3,691,164**	Interest-bearing	Unsecured
North ventures Commercial Corp. (t)	Affiliate	**3,053,808**	**3,053,808**	Interest-bearing	Unsecured
AREIT Fund Manager, Inc. (u)	Affiliate	**2,902,079**	**2,902,079**	Interest-bearing	Unsecured
Ayalaland Estates, Inc. (v)	Affiliate	**2,003,361**	**2,003,361**	Interest-bearing	Unsecured
Orion Land, Inc. (w)	Affiliate	**67,815,744**	**815,744**	Interest-bearing	Unsecured
Bay City Commercial Ventures Corp. (x)	Affiliate	**500,040**	**500,040**	Interest-bearing	Unsecured
ALI Commercial Center, Inc. (y)	Affiliate	–	**406,073**	Interest-bearing	Unsecured
Solinea, Inc. (z)	Affiliate	**3,209,517**	**209,517**	Interest-bearing	Unsecured
Ayala land Offices, Inc. (aa)	Affiliate	**5,121,843**	**121,843**	Interest-bearing	Unsecured
Lagdigan Land Corporation (bb)	Affiliate	**3,032,685**	**32,685**	Interest-bearing	Unsecured
North Triangle Depot Commercial Corp. (cc)	Affiliate	**1,314,935**	**14,935**	Interest-bearing	Unsecured
		₱1,042,820,659	**₱1,586,665,360**		

		For the Year Ended December 31, 2019			
Related Party	Relationship	Volume of Transactions	Outstanding Balance	Terms	Conditions
ALI (a)	Parent	₱128,465,424	₱358,668,760	Interest-bearing	Unsecured
Bay City Commercial Ventures Corporation (x)	Affiliate	3,743,053	–	Interest-bearing	Unsecured
Alveo Land Corporation (s)	Affiliate	301,459,248	301,459,248	Interest-bearing	Unsecured
AMC Japan Concepts Inc. (e)	Affiliate	202,978,372	202,978,372	Interest-bearing	Unsecured
Makati Development Corp. (b)	Affiliate	395,318,435	91,068,684	Interest-bearing	Unsecured
Ayala Hotels Inc. (c)	Affiliate	55,646,747	55,646,747	Interest-bearing	Unsecured
Ayala Property Management Corporation (g)	Affiliate	23,398,862	23,398,862	Interest-bearing	Unsecured
Southportal Properties, Inc. (h)	Affiliate	16,433,413	16,433,413	Interest-bearing	Unsecured
Aurora Properties, Inc. (r)	Affiliate	8,511,156	8,511,156	Interest-bearing	Unsecured
Summerhill Commercial Ventures Corporation (p)	Affiliate	6,111,656	6,111,656	Interest-bearing	Unsecured
ALI Commercial Center, Inc. (y)		1,501,968	1,501,968	Interest-bearing	Unsecured
		₱1,143,568,334	₱1,065,778,866		

a. The outstanding balance represents the amount owed by the Company for the subsequent costs incurred for assets under construction and advances to contractors paid by ALI. During the year, ALI charged the Company subsequent cost amounting to ₱16.2 million. Further, the Company made short-term loans amounting to ₱149.3 million. Accrued interest from short-term loans amounted to ₱1.56 million

b. In 2020 and 2019, the Company in the ordinary course of business entered into transaction with Makati Development Corporation, a subsidiary of ALI, involving engineering, planning and construction management fees amounting to ₱278.15 million and ₱457.77 million ,respectively. The Company made short-term loans for varying periods, depending on immediate cash requirements amounting to ₱30.00 million and ₱18.40 million in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱1.51 million and ₱1.10 million in 2020 and 2019, respectively.

c. Payable to Ayala Hotels Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱75.2 million and ₱54.00 million in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱2.14 million and ₱1.65 million in 2020 and 2019, respectively.

d. Payable to AREIT Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱116.80 million in 2020. Accrued interest from short-term loans amounted to ₱2.14 million.

e. Payable to AMC Japan Concepts Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱10 million and ₱200.00 million 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱0.43 million and ₱2.98 million 2020 and 2019, respectively. The Company made payments in 2020 amounting to ₱98.83 million. (see Note 13).

f. Payable to ALI Capital Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱81.00 million in 2020. Accrued interest from short-term loans amounted to ₱2.51 million.

g. Payable to Alabang Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱45.90 million in 2020. Accrued interest from short-term loans amounted to ₱0.76 million.

h. Payable to MDBI Construction Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱37.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.06 million.

i. Payable to Avida Sales Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱36.53 million in 2020. Accrued interest from short-term loans amounted to ₱1.84 million. The Company made payments in 2020 amounting to ₱15.78 million. (see Note 13).

j. Payable to North Eastern Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱20.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.18 million.

k. Payable to Southportal Properties, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to nil and ₱16.00 million in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱0.06 million and ₱0.43 million in 2020 and 2019, respectively.

l. Payable to Ayala Land International Sales, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱13.40 million in 2020. Accrued interest from short-term loans amounted to ₱0.33 million.

m. Payable to Adauge Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱8.77 million in 2020. Accrued interest from short-term loans amounted to ₱0.27 million.

n. Payable to Vesta Property Holdings, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱8.40 million in 2020. Accrued interest from short-term loans amounted to ₱0.01 million.

o. Payable to Station Square East Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱8.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.04 million.

p. Payable to Summerhill Commercial Ventures Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to nil and ₱6.00 million in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱0.19 million and ₱0.11 million in 2020 and 2019, respectively.

q. Payable to AyalaLand Malls Synergies, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱4.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.12 million.

r. Payable to Aurora Properties, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to nil and ₱8.50 million in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱0.37 million and ₱0.01 million in 2020 and 2019, respectively. The Company made payments in 2020 amounting to ₱5.07 million. (see Note 13).

s. Payable to Alveo Land Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to nil and ₱300.30 in 2020 and 2019. Accrued interest from short-term loans amounted to ₱3.7 million and ₱1.10 million in 2020 and 2019, respectively. The Company made payments in 2020 amounting to ₱301.46 million. (see Note 13).

t. Payable to North Ventures Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱3.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.05 million.

u. Payable to AREIT Fund Manager, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱2.90 million in 2020. Accrued interest from short-term loans amounted to ₱2,079.

v. Payable to AyalaLand Estates, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱2 million in 2020. Accrued interest from short-term loans amounted to ₱3,361.

w. Payable to Orion Land, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱67.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.82 million. The Company made payments in 2020 amounting to ₱67.00 million. (see Note 13).

x. Payable to Bay City Commercial Ventures Corp. pertains to accrued interest from prior year short-term loans amounted to ₱0.50 million.

y. Payable to ALI Commercial Center Corp. pertains to accrued interest from prior year short-term loans amounted to ₱0.40 million. The Company made payments in 2020 amounting to ₱1.10 million. (see Note 13).

z. Payable to Solinea, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱3 million in 2020. Accrued interest from short-term loans amounted to ₱0.21 million. The Company made payments in 2020 amounting to ₱3 million. (see Note 13).

aa. Payable to AyalaLand Officers, Inc. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱5.00 million in 2020. Accrued interest from short-term loans amounted to ₱0.12 million. The Company made payments in 2020 amounting to ₱5 million. (see Note 13).

bb. Payable to Lagdigan Land Corporation pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱3.00 million, respectively. Accrued interest from short-term loans amounted to ₱0.01, respectively. The Company made payments in 2020 amounting to ₱3.00 million. (see Note 13).

cc. Payable to North Triangle Depot Commercial Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to ₱1.30 million and nil in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to ₱14,935 and nil in 2020 and 2019, respectively. The Company made payments in 2020 amounting to ₱1.30 million. (see Note 13).

dd. Payable to Ayala Property Management Corp. pertains to short-term loans, made for varying periods, depending on immediate cash requirements amounting to nil and ₱23.00 million and nil in 2020 and 2019, respectively. Accrued interest from short-term loans amounted to nil and ₱0.40

million in 2020 and 2019, respectively. The Company made payments in 2020 amounting to ₱23.4 million. (see Note 13).

Key management compensation
The key management personnel of the Company are employees of ALI. The compensation of the said employees are paid by ALI and as such, the necessary disclosures required by PAS 24, *Related Party Disclosures*, are included in the financial statements of ALI.

10. **Equity**

Capital Stock

	2020		2019	
	Common	**Preferred**	Common	Preferred
Authorized	**544,200,000**	**4,897,800,000**	544,200,000	4,897,800,000
Issued and subscribed	**231,050,000**	**2,079,450,000**	231,050,000	2,079,450,000
Par value per share	**₱1.00**	**₱1.00**	₱1.00	₱1.00

Common Shares
The Company's authorized capital stock consists of 544,200,000 common shares with par value of ₱1.00 per share. On December 17, 2018, the Company issued additional 95,000,000 shares to ALI through additional cash infusion. As of December 31, 2020 and 2019, the Company's issued common shares amounted to ₱231.05 million.

Preferred Shares
The Company's authorized capital stock consists of 4,897,800,000 preferred shares with par value of ₱1.00 per share of which 1,224,450,000 shares were subscribed. On December 17, 2018, the Company issued additional 855,000,000 shares to ALI through additional cash infusion. The redeemable preferred shares shall have the following features:

a. With voting rights;
b. Participate in dividends declared for Common Shares, as may be determined and approved by the Board of Directors;
c. Preference over holders of Common Shares in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of dividend; and
d. Redeemable at the option of the Company at issue value and under such terms that the Board of Directors may determine, in any case subject to the payment of all accrued and unpaid dividends on the shares, and once redeemed, may be reissued for a reasonable price fixed by the Board of Directors.

As of December 31, 2020 and 2019, the Company's issued preferred shares amounted to ₱2,079.45 million.

Capital Management
The primary objectives of the Company's capital management policies are to afford the financial flexibility to support its business initiatives while providing a sufficient cushion to absorb cyclical industry risks, to ensure that it maintains its credit rating to maximize stakeholder value. The Company will manage its capital structure and make adjustments to it, in light of changes in economic decisions. The Company's sources of capital are its capital stock amounting to ₱2,310.50 million as of December 31, 2020 and 2019.

The Company is not subject to externally reported capital requirements.

11. Income Tax

The provision for income tax in 2020 and 2019 amounting to ₱3,758 and ₱3,223, respectively, pertains to the final taxes on the Company's interest income from bank deposit.

As of December 31, 2020 and 2019, the Company has deductible temporary differences pertaining to NOLCO of ₱10.05 million and ₱21.03 million, respectively, for which deferred tax asset has not been recognized. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

The details of the unexpired NOLCO, which is available for offset against the Company's future taxable income for the two succeeding years, follow:

Year incurred	Amount	Applied/ Expired	Balance	Expiration Year
2020	₱71,329	₱–	₱71,329	2025
2019	9,569,577	–	9,569,577	2022
2018	413,915	–	413,915	2021
2017	11,048,850	11,048,850	–	2020
	₱21,103,671	₱11,048,850	₱10,054,821	

The reconciliation of the benefit from income tax computed at the statutory income tax rate to the provision for final tax computed at the effective income tax rates follows:

	2020	2019
Statutory income tax	**(₱15,761)**	(₱16,038)
Tax effects of:		
Movement in unrecognized deferred tax asset	**21,398**	2,870,873
Interest income subject to final tax	**(1,879)**	(1,612)
Deductible expense charged to equity	**–**	(2,850,000)
Provision for final tax	**₱3,758**	₱3,223

The Company will be subjected to minimum corporate income tax of two percent (2%) of its gross income on its fourth taxable year immediately following the year in which the Company commenced its business operations.

On September 30, 2020, the BIR issued Revenue Regulations (R.R) No. 25-2020 implementing Section 4 of Republic Act (R.A.) No 11494, otherwise known as "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) bill has been signed by the President as Republic Act (RA) No. 11534. The CREATE bill provided for the following, among others:

- Reduction in regular corporate income tax rate effective July 1, 2020 from 30% to 20% for domestic corporations with total assets of P100 million and below and taxable income of P5 million and 25% for other domestic corporations; and
- Reduction of minimum corporate income tax rate effective July 1, 2020 until June 30, 2023 from 2% to 1% .

The CREATE bill is not expected to have a significant impact on the Company.

12. **Financial Instruments**

Fair Value Information
The carrying amount of cash in bank, accounts and other payables, and payable to related parties approximate their fair values due to the short-term maturities of these financial assets and financial liabilities.

As of December 31, 2020 and 2019, the Company has no financial instruments measured at fair value.

There were no assets or liabilities which fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Company in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash in banks, accounts and other payables and payable to related parties, which arise directly from operations. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The exposures to these risks and how they arise, as well as the Company's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Company's financial risk management are as follows:

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

The BOD reviews and agrees policies for managing each of these risks.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell

financial assets quickly at their fair values, the counterparty failing on repayment of a contractual obligation, or inability to generate cash inflows as anticipated.

The Company's cash flows from future operations will be sufficient to address currently maturing contractual obligations.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's holding of cash in bank exposes the Company to credit risk of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Credit risk management involves dealing only with counterparties for which credit limits have been established.

The Company's cash in bank is neither past due nor impaired and is high credit grade based on the nature of the counterparties and the Company's internal rating system. High credit grade is provided to financial assets which are highly collectible or collectible in demand, and of which exposure to bad debt is not significant.

13. **Notes to Statement of Cash Flows**

The Company's significant noncash investing and financing activities in 2020 and 2019 pertains to the additions to asset under construction and accrued interest that are payable within one (1) year amounting to ₱314.42 million and ₱512.47 million, respectively.

Below is the rollforward of liabilities arising from financing activities, particularly payable to related parties:

	2020	2019
At January 1	**1,065,778,866**	₱375,098,528
Proceeds	**731,500,000**	631,100,000
Non-cash	**314,320,557**	512,468,334
Payments	**(524,934,063)**	(452,887,996)
At December 31	**1,586,665,360**	₱1,065,778,866

Non-cash portion pertains to costs of asset under construction that were advanced by the Company's related parties. Additions to asset under construction in 2020 includes recoupment of advances to contractors amounting to ₱85.41 million.

14. **Other Matters**

- On March 5, 2021, the Company's Board of Directors approved the plan to enter into merger agreement amongst the Company, Ayala Land Inc, Cebu Holdings Inc, Asian I-Office Properties Inc and Central Block Developers Inc, with ALI as the surviving entity, and for a swap/exchange ratio of 0.0255 ALI common share for every 1 common share of the Company.

  The merger is an internal restructuring and is expected to result in operating synergies, efficient funds management and simplified reporting to government agencies.

- The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Company's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

15. **Supplementary Information Required Under Revenue Regulations No. 15-2010**

In compliance with the requirements set forth by revenue Regulations No. 15-2010, hereunder are the information on taxes and license fees paid or accrued during the taxable year:

Value added tax (VAT)
The Company is a VAT-registered company. The Company has no zero-rated sales, exempt sales and sale of goods and services subject to VAT.

a. Input VAT

Balance at beginning of year	₱311,920,500
Domestic purchases/payments for services	57,971,340
	₱369,891,840

Taxes and Licenses
This includes all other taxes, local and national, including license and permit fees included in the "Taxes and licenses" account in the statement of comprehensive income.

Details of the other taxes and licenses in 2020 follow:

License and permit fees	₱7,329
BIR annual registration	500
	₱7,829

Excise Tax
The Company did not incur any excise tax for the period.

Withholding Taxes
The Company has accrued expanded withholding taxes amounting to ₱2.17 million in 2020.

Tax Contingencies
The Company does not have any tax assessment for the period nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Arca South Commercial Ventures Corp.
5/F Glorietta 4, Ayala Center
Makati City 1224

We have audited the financial statements of Arca South Commercial Ventures Corp. (the Company) as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 29, 2021.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the Company has only one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534209, January 4, 2021, Makati City

March 29, 2021

ANNEX "G"
AYALA LAND, INC.
Summary of Amendments to the By-Laws

Article and Section Nos.	From	To
Art. III, Sec. 2	General meetings may be regular or special, and shall be held at the office of the Corporation or at any place in Metro Manila designated by the Board of Directors. Regular meeting shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special General Meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third (1/3) of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice.	**Regular or special** meetings **of stockholders** shall be held at the **principal** office of the Corporation **or in the city where the principal office of the Corporation is located.** Regular meeting shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special Meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third (1/3) of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice**, provided that at least one (1) week written notice shall be sent to all stockholders.**
Art. III, Sec. 3	Regular or special meeting of stockholders shall be called by written or printed notice. The notice shall be to each stockholder by personal delivery or by mail, postal or electronic, addressed to the physical or electronic or e-mail address of the stockholder registered in the books of the Corporation, at least fifteen (15) business days advance of the date for which the meeting is called. The notice shall be deemed to have been given at the time when delivered personally or deposited in the Makati City Post Office, or sent electronically or by e-mail and addressed as herein provided. Notice of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of matters to be transacted at the meeting, and no business other than that specified in the call shall be transacted at such meeting. The notice of the stockholders' meeting shall also set the date, time and place of the validation of proxies, which, in no case, shall be less than five (5) business days prior to the annual stockholders' meeting.	Regular or special meeting of stockholders shall be called by written or printed notice. The notice shall be **sent** to each stockholder by **primarily by** electronic transmission, **or by such other manner as allowed by the Securities and Exchange Commission, such as physical service if there is no available electronic transmission to a relevant stockholder**, **twenty-one (21) days prior to the date of the regular meeting**. The notice shall be deemed to have been given at the time when **it has been electronically transmitted or sent by such other manner allowed by the Securities and Exchange Commission.** Notice of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of matters to be transacted at the meeting, and no business other than that specified in the **notice** shall be transacted at such meeting. **Any director or stockholder may propose any other matter for inclusion in the agenda at any regular or special meeting subject to such reasonable advance notice and other guidelines that may be required by the Board of Directors.** The notice of the stockholders' meeting shall also set the date, time and place of the validation of proxies, which, in no case, shall be less than five (5) business days prior to the annual stockholders' meeting. **The notice shall also contain the procedures to be followed when a stockholder elects to vote through remote communication or *in absentia*.**

	The Corporation may also provide information or documents to stockholder by e-mail or by posting the information or documents on the website of the Corporation or another electronic network; provided that, a separate notice is given to the stockholder of such posting. In case the Corporation provides information or documents by electronic posting, the information or documents shall be deemed delivered or given upon the later of (i) the posting of the information or documents or (ii) the giving of a separate notice to the stockholder of such specific posting. The Corporation shall give notice and provide information or documents electronically, as provided above, only to stockholders who have consented to receive notices, information or documents by e-mail or electronic transmission. A stockholder shall be deemed to have consented to receiving notices, information or documents electronically if he has provided an e-mail or electronic address to the Corporation and he has not notified the Corporation in writing that he requires notices, information or documents to be given to him in physical paper form.	**The Corporation shall also provide information or documents to all stockholders by electronic transmission. The information or documents shall be deemed delivered upon the transfer or posting by electronic means.** **As used herein, electronic transmission means the delivery or transfer of documents, data or information by electronic mail to the electronic address of the stockholders registered in the books of the Corporation, posting in the Philippine Stock Exchange, posting in the Corporation's website (in the subsections for stockholders' meetings or disclosures of the Governance section), or such other recognized means of electronic transfer of data or information.** **The Corporation shall require all stockholders to provide a valid electronic address for them to receive notices and other information or documents from the Corporation.** **Stockholders preferring to receive physical copies of the notice, information or documents shall make a written request to the Corporation. Upon receipt of the request, the Corporation shall send the notice, information and documents by personal service.** **Notice to any meeting may be waived, expressly or impliedly, including through a stockholder's attendance to a meeting unless the stockholder's presence is for the express purpose of contending that the meeting is not lawfully convened.**
Art. III, Sec. 4	x x x	x x x **The Corporation may opt to hold fully virtual stockholders' meetings, subject to applicable laws, rules and regulations of the Securities and Exchange Commission, as may be amended from time to time. The virtual meetings shall be conducted in such a way that the stockholder experience will be, to every extent possible, similar to a physical meeting. In any such instance, if stockholders holding at least ten percent (10%) of the outstanding capital stock ask for a physical meeting, the Corporation shall conduct a physical meeting unless prevented by existing rules and**

		<u>regulations. The request shall be made within two (2) weeks from the announcement of the holding of a virtual meeting, which shall be made ahead of the sending out of the Notice of Meeting.</u>
Art. III, Sec. 5	For the election of directors, it is necessary for one-half plus one (1) of the subscribed shares of stock be present or represented.	For the election of directors, it is necessary for one-half plus one (1) of the **<u>outstanding capital stock</u>** be present or represented. **<u>Stockholders casting votes through remote communication or *in absentia*, electronically or otherwise, shall be deemed present for purposes of determining the existence of a quorum.</u>**
Art. III, Sec. 6	Any stockholder entitled to vote may be represented by proxy at any regular or special stockholders' meetings. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the Proxy Validation Committee at least five (5) business days prior to the date of the stockholders' meeting.	Any stockholder entitled to vote may **<u>vote in person, through remote communication, *in absentia*, electronically or otherwise or</u>** be represented by proxy at any regular or special stockholders' meetings**<u>, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission from time to time.</u>** Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the **<u>Inspectors of Proxies and Ballots</u>** Committee at least five (5) business days prior to the date of the stockholders' meeting.
Art. III, Sec. 12 *(new section)*	-	**<u>The Board of Directors shall fix a record date for the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, provided that the stock and transfer book shall be closed at least twenty (20) days for regular meetings and seven (7) days for special meetings, before the scheduled date of the meeting.</u>**
Art. IV, Sec. 3	In case of any vacancy or vacancies should occur on the Board of Directors other than removal or expiration of term, due to death, resignation or other causes, the remaining Directors, if still constituting a quorum, may fill said vacancies by election from among the	**<u>Any vacancy due to expiration of term shall be filled no later than the day of such expiration at the annual stockholders' meeting. For any vacancy arising from removal by the stockholders, the election shall be held on the same</u>**

	stockholders and the stockholders so elected shall act as members of said Board until the new Board of Directors is elected.	**meeting if so stated in the agenda and notice of meeting. In all other cases, the vacancy may be filled by at least a majority vote of the remaining directors, if still constituting a quorum; otherwise, the vacancy shall be filled in a special stockholders' meeting called for that purpose, in any instance no later than forty-five (45) days from the time the vacancy occurred. The director so elected shall be referred to as replacement director and act as a member of the said Board only for the unexpired term of his predecessor.** **However, when the remaining directors cannot constitute a quorum and emergency action is required to prevent grave, substantial or irreparable loss or damage to the Corporation, the vacancy may be temporarily filled from among the officers of the Corporation by the unanimous vote of the remaining directors. The designated director's actions shall be limited to any necessary emergency action and his term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director, whichever comes first.**
Art. IV, Sec. 4 *(old Section 4 deleted, old Section 5 renumbered as Section 4)*	The Board of Directors shall designate the days it shall meet in session, but it shall meet at least once each calendar quarter. It may be convened in special session by the Chairman or at the request of two (2) Directors.	The Board of Directors shall designate the days **when** it shall meet in session, but it shall meet at least **six (6) times per calendar year**. It may be convened in special session by the Chairman or at the request of two (2) Directors.
Art. IV, Sec. 5 *(Old Section 6 renumbered as Section 5)*	A majority of the Directors shall constitute a quorum for the holding of a meeting and any resolution by a majority of the quorum duly convened in session shall be valid as a corporate act.	**Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business. Any resolution by majority of the quorum duly convened in session shall be valid as a corporate act, except for the election of officers, which shall require the affirmative vote of majority of all directors.**
Art. IV, Sec. 6	-	**Meetings of the Board may be conducted and participation of directors, including voting, at board meetings, can be in person, through remote communication, such as videoconferencing, teleconferencing or other alternative modes of communications allowed by the Securities and Exchange Commission.**

		Participation and voting cannot be done by proxy.
Art. IV, Sec. 12 *(Old Section 17 renumbered as Section 12)*	x x x 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.	x x x The **Personnel and Compensation** 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. **No Director shall be involved in deciding his own remuneration during his incumbent term.**
Art. IV, Sec. 14	-	**Directors with interest, potential or otherwise, in any related party transaction shall timely and fully disclose any and all material facts and abstain from deliberations on and approval of the same, without prejudice to compliance with the requirements of the law and the rules and regulations of the Securities and Exchange Commission, as may be amended from time to time. Material related party contracts, as defined in applicable laws, rules and regulations of the Securities and Exchange Commission, shall be approved by at least two- thirds (2/3) of all the Directors, including at least a majority of the independent directors.**
Art. V, Sec. 1 (*New Section 1)*	-	**ARTICLE V** **OF THE BOARD COMMITTEES** **Subject to the provisions of Section 34 of the Revised Corporation Code, the Board of Directors may, by resolution or resolutions passed by majority of the whole board, designate one (1) or more committees which, to the extent provided in said resolution or resolutions, or in these By-Laws, shall have, and may exercise any of the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required. The Board of Directors shall have the power to change the members of any such committee at**

		<u>any time, to fill vacancies and to discharge any such committee either with or without cause.</u>
Art. VI *(Old Art. V renumbered as Art. VI)*	**ARTICLE V** **OF MANAGEMENT**	**ARTICLE VI** **OF MANAGEMENT <u>AND OFFICERS</u>**
Art. VI, Sec. 5	-	**<u>The Compliance Officer shall ensure compliance by the Corporation, its directors and officers with applicable laws, rules and regulations, and governance issuances of regulatory agencies, proper onboarding of new directors, identification and appropriate resolution of any compliance issues, and the integrity and accuracy of all documentary submissions to regulators, and perform all other duties which may be assigned to him by the Board of Directors.</u>**
Art. VIII, Sec. 1	x x x	x x x **<u>Cash dividend payouts shall be done through electronic means such as direct bank transfer and the like, as may be decided by the Board of Directors. The Corporation shall request stockholders to provide account details or other reference number/s needed for the transfer</u>. <u>Stockholders who fail to provide account details or other reference number/s shall receive their dividend payout by check, which will be available for pick-up at a designated office as announced in the Corporation's website and in regulatory disclosures.</u>**
-	-	**<u>ARTICLE IX</u>** **<u>ARBITRATION</u>** **<u>Section 1 – Any dispute, controversy or claim between the Corporation and its stockholders arising from, relating to, or in connection with the implementation of the Articles of Incorporation or By-Laws, or from intra-corporate relations, except those involving criminal offenses and interests of third parties, may be referred to and resolved by arbitration in accordance with prevailing Philippine Dispute Resolution Center, Inc. (PDRCI) Arbitration Rules and Securities and Exchange Commission Rules and Regulations.</u>**

		Section 2 – The number of arbitrators shall be three (3) appointed by the Philippine Dispute Resolution Center, Inc. (PDRCI) and the place of arbitration shall be in Metro Manila, Philippines. The language to be used for the arbitral proceedings shall be English. **Section 3 – The parties shall be bound by the award rendered by the Arbitral Tribunal and confirmed by the appropriate Regional Trial Court. Arbitration shall not be available for disputes involving claims in excess of One Million Pesos (Php1,000,000.00) or involving the determination of the fair valuation of shares in appraisal proceedings.**

AyalaLand

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Ayala Land, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

FERNANDO ZOBEL DE AYALA
Chairman, Board of Directors

BERNARD VINCENT O. DY
President & Chief Executive Officer

AUGUSTO D. BENGZON
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 23 2021 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name	Competent Evidence of Identity	Date & Place of Issue
Fernando Zobel de Ayala	Passport No. P0349883B	January 22, 2019 – DFA Manila
Bernard Vincent O. Dy	Driver's License No. N20-88-00[illegible]	June 27, 2018 – LTO, Philippines
Augusto D. Bengzon	Passport No. P43235[illegible]	January 8, 2020 – ~~DFA NCR~~ East

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-155 until December 31, 2020
Extended until June 30, 2021
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8533973ME – 01/04/2021 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO. 37041
MAKATI CITY, PHILIPPINES

Doc. No. 4 ;
Page No. 2 ;
Book No. XXXIV ;
Series of 2021.

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	2	7	4	7					

COMPANY NAME

AYALA LAND, INC. AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
iru@ayalaland.com.ph	7 908-3677	

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Luisa D. Chiong	chiong.malou@ayalaland.com.ph	7 908-3681	

CONTACT PERSON's ADDRESS

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

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

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Real Estate Revenue Recognition

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

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

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

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

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

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

Audit Response

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

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellations.

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

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

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

Accounting for Lease Concessions

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of Covid-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver. The Group accounted for the lease concessions in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting for lease concession under PFRS 16 is significant to our audit because there were numerous lease concessions granted to lessees during the period; the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves the application of significant judgment in determining whether or not the lease concession is a lease modification.

The disclosures related to the lease concession granted by the Group are included in Notes 3 and 33 to the consolidated financial statements.

Audit Response

We determined the population of lease contracts and obtained an understanding of the type, extent and periods covered under the various lease concessions granted by the Group to the lessees during the year.

On a sample basis, we tested the population of lease agreements covered by the lease concessions by comparing the lease contracts under the operations report against lease contract database which include contract number, contract name, contract type and rental rate, among others.

On a test basis, we obtained and inspected the communications of the Group to the lessees and traced the relevant information to the schedule of calculation of the amounts of lease concession. On a sample basis, we test computed the amounts of lease concessions. We obtained management's assessment supporting the conclusion that the lease concessions granted by the Group to the lessees do not qualify as lease modifications. We reviewed the legal opinion issued by the Group's external legal counsel to support the Group's assessment and conclusion about the waiver of its right to collect rent and other charges from lessees. We involved our internal specialist in evaluating the legal basis supporting management assessment. We also reviewed the disclosures relating to the lease concessions.

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Impairment Testing of Property and Equipment and Right-of-Use Assets of Hotels and Resorts Segment

In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and right-of-use assets, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, gross margin, as well as external inputs such as discount rates. In addition, because of the coronavirus pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. Accordingly, such impairment assessment and testing is a key audit matter in our audit.

The disclosures in relation to property and equipment and right-of-use assets are included in Note 3 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in estimating the recoverable amount. These assumptions include occupancy rates, average room rates, gross margin as well as external inputs such as discount rate. We compared the key assumptions used such as occupancy rates, average room rates and gross margin against industry forecasts and with historical information, adjusted to take into consideration the impact associated with the coronavirus pandemic. We tested the discount rate by comparing against market data. We also reviewed the Group's disclosures about these assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use assets.

Consolidation Process

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 23, 2021

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱17,037,347**	₱20,413,041
Short-term investments (Notes 5 and 29)	**358,120**	617,149
Financial assets at fair value through profit or loss (Notes 6 and 29)	**965,171**	485,436
Accounts and notes receivable (Notes 7 and 29)	**101,145,909**	105,039,306
Inventories (Note 8)	**146,743,592**	120,287,686
Other current assets (Note 9)	**58,020,962**	48,591,632
Total Current Assets	**324,271,101**	295,434,250
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7 and 29)	**46,021,255**	45,563,869
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10 and 29)	**1,511,443**	1,529,179
Investments in associates and joint ventures (Note 11)	**26,601,254**	25,317,581
Right-of-use assets (Note 33)	**13,008,175**	13,564,472
Investment properties (Note 12)	**222,684,850**	243,043,448
Property and equipment (Note 13)	**43,446,968**	43,062,357
Deferred tax assets - net (Note 23)	**12,121,515**	11,527,645
Other noncurrent assets (Notes 14 and 26)	**31,827,813**	34,880,477
Total Noncurrent Assets	**397,223,273**	418,489,028
	₱721,494,374	₱713,923,278

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 16 and 29)	**₱9,131,325**	₱18,032,830
Accounts and other payables (Notes 15 and 29)	**144,625,922**	162,979,169
Income tax payable	**1,455,612**	2,123,379
Current portion of lease liabilities (Note 33)	**466,801**	724,859
Current portion of long-term debt (Notes 16 and 29)	**18,732,401**	17,250,706
Deposits and other current liabilities (Note 17)	**25,317,246**	25,472,581
Total Current Liabilities	**199,729,307**	226,583,524
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16 and 29)	**184,087,192**	175,813,345
Pension liabilities (Note 26)	**3,020,797**	1,987,605
Lease liabilities - net of current portion (Note 33)	**17,289,042**	16,738,846
Deferred tax liabilities - net (Note 23)	**7,148,534**	6,090,754
Deposits and other noncurrent liabilities (Notes 18 and 29)	**50,040,170**	44,003,636
Total Noncurrent Liabilities	**261,585,735**	244,634,186
Total Liabilities	**461,315,042**	471,217,710

(Forward)

	December 31	
	2020	2019
Equity (Note 19)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	**₱62,953,585**	₱62,772,446
Retained earnings	**161,660,724**	156,940,236
Stock options outstanding (Note 28)	**–**	42,279
Remeasurement loss on defined benefit plans (Note 26)	**(818,101)**	(337,210)
Fair value reserve of financial assets at FVOCI (Note 10)	**(748,220)**	(457,358)
Cumulative translation adjustments	**167,395**	250,440
Equity reserves (Note 1)	**585,256**	(7,056,459)
Treasury stock	**(1,260,780)**	(1,104,353)
	222,539,859	211,050,021
Non-controlling interests (Note 19)	**37,639,473**	31,655,547
Total Equity	**260,179,332**	242,705,568
	₱721,494,374	₱713,923,278

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2020	2019	2018
REVENUE (Note 20)			
Real estate sales (Notes 20 and 30)	**₱85,965,453**	₱157,848,573	₱155,954,816
Interest income from real estate sales (Notes 7 and 20)	**8,602,775**	7,890,972	7,042,078
Equity in net earnings of associates and joint ventures (Notes 11 and 20)	**586,502**	965,787	749,924
	95,154,730	166,705,332	163,746,818
Interest and investment income (Notes 6, 21 and 25)	**394,701**	930,445	958,236
Other income (Notes 21 and 24)	**723,268**	1,157,935	1,540,717
	1,117,969	2,088,380	2,498,953
	96,272,699	168,793,712	166,245,771
COSTS AND EXPENSES			
Cost of real estate sales (Note 22)	**56,673,184**	94,751,939	101,079,130
General and administrative expenses (Notes 22, 26 and 28)	**8,011,813**	9,367,359	9,101,328
Interest and other financing charges (Note 22)	**12,745,720**	12,199,758	9,594,003
Other expenses (Note 22)	**3,788,771**	1,644,982	1,270,281
	81,219,488	117,964,038	121,044,742
INCOME BEFORE INCOME TAX	**15,053,211**	50,829,674	45,201,029
PROVISION FOR INCOME TAX (Note 23)			
Current	**4,687,956**	12,455,010	13,390,637
Deferred	**(628,983)**	859,633	(1,406,197)
	4,058,973	13,314,643	11,984,440
NET INCOME	**₱10,994,238**	₱37,515,031	₱33,216,589
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 27)	**₱8,727,155**	₱33,188,399	₱29,240,880
Non-controlling interests	**2,267,083**	4,326,632	3,975,709
	₱10,994,238	₱37,515,031	₱33,216,589
Earnings Per Share (Note 27)			
Net income attributable to equity holders of Ayala Land, Inc.:			
Basic and diluted	**₱0.59**	₱2.25	₱1.98

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱10,994,238**	₱37,515,031	₱33,216,589
Other comprehensive income (loss)			
Item that may be reclassified to profit or loss in subsequent years:			
Cumulative translation adjustment	**(237,531)**	(617,831)	451,195
Items that will not be reclassified to profit or loss in subsequent years:			
Fair value reserve of financial assets at FVOCI (Note 10)	**(426,088)**	(3,220)	71,938
Remeasurement gain on pension liabilities (Note 26)	**(686,987)**	(167,754)	(85,381)
Income tax effect	**206,096**	50,326	25,614
	(1,144,510)	(738,479)	463,366
TOTAL COMPREHENSIVE INCOME	**₱9,849,728**	₱36,776,552	₱33,679,955
Total comprehensive income attributable to:			
Equity holders of of Ayala Land, Inc.	**₱7,872,357**	₱32,449,920	₱29,701,637
Non-controlling interests	**1,977,371**	4,326,632	3,978,318
	₱9,849,728	₱36,776,552	₱33,679,955

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.													
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2020	**₱16,051,984**	**₱48,598,641**	**(₱1,878,179)**	**₱8,000,000**	**₱148,940,236**	**₱42,279**	**(₱337,210)**	**(₱457,358)**	**₱250,440**	**(₱7,056,459)**	**(₱1,104,353)**	**₱211,050,021**	**₱31,655,547**	**₱242,705,568**
Net income	**–**	**–**	**–**	**–**	**8,727,155**	**–**	**–**	**–**	**–**	**–**	**–**	**8,727,155**	**2,267,083**	**10,994,238**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**(480,891)**	**(290,862)**	**(83,045)**	**–**	**–**	**(854,798)**	**(289,712)**	**(1,144,510)**
Total comprehensive income	**–**	**–**	**–**	**–**	**8,727,155**	**–**	**(480,891)**	**(290,862)**	**(83,045)**	**–**	**–**	**7,872,357**	**1,977,371**	**9,849,728**
Cost of stock options	**–**	**154,199**	**–**	**–**	**–**	**(42,279)**	**–**	**–**	**–**	**–**	**–**	**111,920**	**–**	**111,920**
Collection of subscription receivable	**–**	**–**	**26,940**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,940**	**–**	**26,940**
Stock options exercised	**14,845**	**396,672**	**(411,517)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(156,427)**	**(156,427)**	**–**	**(156,427)**
Disposal of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,641,715**	**–**	**7,641,715**	**–**	**7,641,715**
Increase in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,937,740**	**4,937,740**
Cash dividends declared	**–**	**–**	**–**	**–**	**(4,006,667)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,006,667)**	**(931,185)**	**(4,937,852)**
As of December 31, 2020	**₱16,066,829**	**₱49,149,512**	**(₱2,262,756)**	**₱8,000,000**	**₱153,660,724**	**₱–**	**(₱818,101)**	**(₱748,220)**	**₱167,395**	**₱585,256**	**(₱1,260,780)**	**₱222,539,859**	**₱37,639,473**	**₱260,179,332**
As of January 1, 2019, as previously reported	₱16,041,530	₱47,985,990	(₱1,676,556)	₱8,000,000	₱124,090,020	₱65,462	(₱219,782)	(₱454,138)	₱868,271	(₱7,400,945)	₱–	₱187,299,852	₱32,921,345	₱220,221,197
Effect of adoption of PFRS 16, *Leases*	–	–	–	–	(616,823)	–	–	–	–	–	–	(616,683)	(299,348)	(916,031)
Balances at January 1, 2019, as restated	16,041,530	47,985,990	(1,676,556)	8,000,000	123,473,337	65,462	(219,782)	(454,138)	868,271	(7,400,945)	–	186,683,169	32,621,997	219,305,166
Net income	–	–	–	–	33,188,399	–	–	–	–	–	–	33,188,399	4,326,632	37,515,031
Other comprehensive loss	–	–	–	–	–	–	(117,428)	(3,220)	(617,831)	–	–	(738,479)	–	(738,479)
Total comprehensive income	–	–	–	–	33,188,399	–	(117,428)	(3,220)	(617,831)	–	–	32,449,920	4,326,632	36,776,552
Cost of stock options	–	166,039	–	–	–	(23,183)	–	–	–	–	–	142,856	–	142,856
Collection of subscription receivable	–	–	255,443	–	–	–	–	–	–	–	–	255,443	–	255,443
Stock options exercised	10,454	446,612	(457,066)	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	(1,104,353)	(1,104,353)	–	(1,104,353)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	344,486	–	344,486	(3,991,324)	(3,646,838)
Cash dividends declared	–	–	–	–	(7,721,500)	–	–	–	–	–	–	(7,721,500)	(1,301,758)	(9,023,258)
As of December 31, 2019	₱16,051,984	₱48,598,641	(₱1,878,179)	₱8,000,000	₱148,940,236	₱42,279	(₱337,210)	(₱457,358)	₱250,440	(₱7,056,459)	(₱1,104,353)	₱211,050,021	₱31,655,547	₱242,705,568

				Attributable to equity holders of Ayala Land, Inc.										
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2018, as previously reported	₱16,031,596	₱47,454,241	(₱1,537,126)	₱8,000,000	₱101,976,450	₱99,064	(₱160,015)	₱40,530	₱1,001,986	(₱6,152,115)	₱–	₱166,754,611	₱25,508,747	₱192,263,358
Effect of adoption of new accounting standards	–	–	–	–	358,605	–	–	(563,997)	–	–	–	(205,392)	205,392	–
Balances at January 1, 2018, as restated	16,031,596	47,454,241	(1,537,126)	8,000,000	102,335,055	99,064	(160,015)	(523,467)	1,001,986	(6,152,115)	–	166,549,219	25,714,139	192,263,358
Net income	–	–	–	–	29,240,880	–	–	–	–	–	–	29,240,880	3,975,709	33,216,589
Other comprehensive income (loss)	–	–	–	–	–	–	(59,767)	69,329	451,195	–	–	460,757	2,609	463,366
Total comprehensive income	–	–	–	–	29,240,880	–	(59,767)	69,329	451,195	–	–	29,701,637	3,978,318	33,679,955
Cost of stock options	–	132,121	–	–	–	(33,602)	–	–	–	–	–	98,519	–	98,519
Collection of subscription receivable	–	–	270,132	–	–	–	–	–	–	–	–	270,132	–	270,132
Stock options exercised	9,934	399,628	(409,562)	–	–	–	–	–	–	–	–	–	–	–
Acquisition of control on previously held interest	–	–	–	–	–	–	–	–	(584,910)	–	–	(584,910)	4,773,524	4,188,614
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	(1,248,830)	–	(1,248,830)	(509,596)	(1,758,426)
Cash dividends declared	–	–	–	–	(7,485,915)	–	–	–	–	–	–	(7,485,915)	(1,035,040)	(8,520,955)
As of December 31, 2018	₱16,041,530	₱47,985,990	(₱1,676,556)	₱8,000,000	₱124,090,020	₱65,462	(₱219,782)	(₱454,138)	₱868,271	(₱7,400,945)	₱–	₱187,299,852	₱32,921,345	₱220,221,197

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱15,053,211**	₱50,829,674	₱45,201,029
Adjustments for:			
Interest and other financing charges (Note 22)	**12,745,720**	12,199,758	9,594,003
Depreciation and amortization (Notes 12, 13, 14, 22 and 33)	**9,572,572**	9,058,710	6,318,929
Dividends received from investees (Note 11)	**758,714**	386,241	331,461
Provision for impairment losses (Note 22)	**977,849**	568,775	146,974
Cost of share-based payments (Note 28)	**111,920**	142,856	98,519
Unrealized (gain) loss on financial assets at fair value through profit or loss (Note 6)	**40,116**	1,965	(4,633)
Gain on sale of property and equipment (Note 21)	**(23,265)**	(40,870)	(46,570)
Equity in net earnings of associates and joint ventures (Note 11)	**(586,502)**	(965,787)	(749,924)
Gain on sale of investment in associates and jointly controlled entities	**–**	–	(588)
Gain on business combination (Note 21)	**–**	–	(59,475)
Interest income	**(8,971,289)**	(8,780,320)	(7,952,628)
Operating income before changes in working capital	**29,679,046**	63,401,002	52,877,097
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable – trade	**683,154**	14,849,682	(83,557,042)
Inventories (Note 8)	**(10,253,170)**	(5,315,783)	12,136,508
Other current assets (Note 9)	**(8,477,188)**	(4,520,502)	3,629,678
Increase (decrease) in:			
Accounts and other payables	**(16,164,090)**	(15,725,408)	25,998,377
Deposits and other current liabilities (Note 17)	**(155,341)**	(3,071,965)	15,430,961
Pension liabilities (Note 26)	**346,206**	319,979	(45,240)
Cash generated from operations	**(4,341,383)**	49,937,005	26,470,339
Interest received	**8,925,394**	8,768,302	7,940,610
Income tax paid	**(5,355,723)**	(11,683,232)	(12,832,593)
Interest paid	**(11,735,785)**	(11,009,836)	(9,810,439)
Net cash provided by (used in) operating activities	**(12,507,497)**	36,012,239	11,767,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short-term investments	**397,875**	2,490,543	2,519,341
Sale/redemption of financial assets at FVTPL	**1,917,237**	765,763	71,690
Sale of investments in FVOCI (Note 10)	**21,112**	56,858	51,384
Disposal of property and equipment (Note 13)	**161,997**	124,832	3,744,743
Disposal of investment properties (Note 12)	**2,203,774**	3,669,275	1,722,933
Disposal of investments in associates and jointly controlled entities	**326,602**	–	83,957

(Forward)

	Years Ended December 31		
	2020	2019	2018
Additions to:			
Short-term investments	**(₱138,846)**	(₱22,293)	(₱865,006)
Financial assets at fair value through profit or loss	**(2,437,088)**	(776,919)	(2,696)
Financial assets at FVOCI (Note 10)	**(98,951)**	(93,463)	–
Investments in associates and joint ventures (Note 11)	**(1,837,901)**	(1,529,688)	(3,724,958)
Investment properties (Note 12)	**(5,544,790)**	(29,215,224)	(32,803,016)
Property and equipment (Note 13)	**(3,098,436)**	(10,519,576)	(2,842,787)
Net decrease (increase) in:			
Accounts and notes receivable - nontrade (Note 7)	**2,046,114**	(564,222)	41,657,193
Other noncurrent assets (Note 14)	**2,865,904**	(6,957,950)	(7,906,689)
Net decrease in cash from business combination (Note 24)	**–**	–	(4,684,335)
Net cash used in investing activities	**(3,215,397)**	(42,572,063)	(2,978,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 16)	**226,900,910**	165,401,684	128,994,834
Payments of short and long-term debt (Note 16)	**(225,720,204)**	(140,675,538)	(119,970,061)
Payments of principal portion of lease liability (Note 33)	**(1,334,674)**	(1,179,645)	–
Increase (decrease) in deposits and other noncurrent liabilities	**5,706,022**	(6,241,773)	(5,584,237)
Acquisition of non-controlling interest (Note 19)	**–**	(3,646,838)	(1,758,426)
Increase in non-controlling interests	**235,994**	–	–
Proceeds from IPO sponsorship (Note 19)	**12,343,461**	–	–
Proceeds from capital stock subscriptions (Note 19)	**26,940**	255,443	270,132
Acquisition of treasury shares (Note 19)	**(156,427)**	(1,104,353)	–
Dividends paid to non-controlling interests	**(931,185)**	(1,301,758)	(1,035,040)
Dividends paid to equity holders of Ayala Land, Inc. (Note 19)	**(4,397,061)**	(7,754,047)	(7,181,498)
Net cash provided by (used in) financing activities	**12,673,776**	3,753,175	(6,264,296)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,049,118)**	(2,806,649)	2,525,375
EFFECT OF CHANGES IN FOREIGN CURRENCY	**(326,576)**	(776,880)	473,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**20,413,041**	23,996,570	20,998,089
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱17,037,347**	₱20,413,041	₱23,996,570

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

Ayala Land, Inc. (the Parent Company or ALI) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines with corporate life of fifty years. The Parent Company's parent is Ayala Corporation (AC). AC is a publicly listed company which is 47.28%-owned by Mermac, Inc. and the rest by the public as of December 31, 2020. The Parent Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

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

The consolidated financial statements of Ayala Land, Inc. and Subsidiaries as of December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020 were endorsed for approval by the Audit Committee on February 16, 2021 and were approved and authorized for issue by the Board of Directors (BOD) on February 23, 2021.

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

	December 31	
	2020*	2019*
Real Estate:		
Alveo Land Corporation (Alveo)	100%	100%
Serendra, Inc.	39	39
Solinea, Inc. (Solinea)	65	65
BGSouth Properties, Inc. (BGS)	50	50
Portico Land Corp. (Portico)	60	60
Serendra, Inc.	28	28
Amorsedia Development Corporation (ADC)	100	100
OLC Development Corporation and Subsidiary	100	100
HLC Development Corporation	100	100
Allysonia International Ltd.	100	100
Avida Land Corporation (Avida)	100	100
Buklod Bahayan Realty and Development Corp.	100	100
Avida Sales Corp.	100	100
Amicassa Process Solutions, Inc.	100	100
Avencosouth Corp. (Avencosouth)	70	70
BGNorth Properties, Inc. (BGN)	50	50
Amaia Land Co. (Amaia)	100	100
Amaia Southern Properties, Inc. (ASPI)	65	65
AyalaLand Premier, Inc.	100	100
Ayala Land International Sales, Inc. (ALISI)	100	100
Ayala Land International Marketing, Inc. (AIMI)	100	100
Ayala Land International (Singapore) Pte. Ltd	100	100
Ayala Land International Marketing (Hong Kong) Ltd	100	100
Ayala Land International Marketing, SRL (ALIM SRL)	100	100

	December 31	
	2020*	2019*
Ayala Land International Marketing London	100%	100%
Ayala Land Sales, Inc.	100	100
Southportal Properties, Inc. (Southportal)	65	65
Buendia Landholdings, Inc.	100	100
Crans Montana Holdings, Inc.	100	100
Crimson Field Enterprises, Inc.	100	100
Ecoholdings Company, Inc. (ECI)	100	100
NorthBeacon Commercial Corporation (NBCC)	100	100
Red Creek Properties, Inc.	100	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	100	100
North Eastern Commercial Corp. (NECC)	100	100
Westview Commercial Ventures Corp. (Westview)	100	100
North Ventures Commercial Corporation	100	100
Hillsford Property Corporation (Hillsford)	100	100
Primavera Towncentre, Inc. (PTI)	100	100
Summerhill E-Office Corporation (Summerhill)	100	100
Sunnyfield E-Office Corporation (Sunnyfield)	100	100
Subic Bay Town Centre, Inc. (SBTCI)	100	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100	100
AyalaLand Real Estate Investments Inc. (Canada)	100	100
AyalaLand Advisory Broadway Inc. (Canada)	100	100
AyalaLand Development (Canada) Inc.	100	100
AyalaLand OpenAsia Holdings PTE, Ltd (Singapore)	100	100
Blue Horizons Holdings PTE, Ltd (Singapore)	100	100
Modular Construction Technology (MCT) Bhd. (Malaysia)	66	66
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	100	100
Arvo Commercial Corporation (Arvo)	100	100
BellaVita Land Corporation (BellaVita)	100	100
Nuevo Centro, Inc. (Nuevo Centro)	54	54
Alviera Country Club, Inc. (Alviera)	50	50
Cavite Commercial Town Center, Inc. (CCTCI)	100	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	54	100
AyalaLand Offices, Inc. (ALO)	100	100
First Gateway Real Estate Corp.	100	100
Glensworth Development, Inc. (Glensworth)	100	100
UP North Property Holdings, Inc.	100	100
ALO Prime Realty Corporation	100	100
Makati Cornerstone Leasing Corp. (MCLC)	100	100
Arca South Commercial Ventures Corp.	100	100
Capitol Central Commercial Ventures Corp.	100	100
Bay City Commercial Venture Corp. (BCCVC)	100	100
Aurora Properties Incorporated	81	81
Soltea Commercial Corp.	16	16
Vesta Property Holdings, Inc. (VPHI)	78	78
Altaraza Prime Realty Corporation	100	100
Altaraza Development Corporation	51	–
Prow Holdings, Inc.	55	55
Station Square East Commercial Corporation (SSECC)	69	69

	December 31	
	2020*	2019*
AREIT Property Managers, Inc. (formerly Next Urban Alliance Development Corp.)	100%	100%
Accendo Commercial Corp. (Accendo)	67	67
Avencosouth Corp.	20	20
Aviana Development Corporation	7	7
Aviana Development Corporation	50	50
Cagayan de Oro Gateway Corp. (CDOGC)	70	70
Ceci Realty, Inc. (Ceci)	60	60
Soltea Commercial Corp.	12	12
Soltea Commercial Corp.	60	60
CMPI Holdings, Inc.	60	60
CMPI Land, Inc.	36	36
ALI-CII Development Corporation (ALI-CII)	50	50
Roxas Land Corporation (RLC)	50	50
Adauge Commercial Corporation (Adauge)	60	60
AyalaLand Estates, Inc	100	100
Ayalaland MetroNorth, Inc. (AMNI)	100	100
Verde Golf Development Corp.	100	100
North Triangle Depot Commercial Corporation (NTDCC)	73	73
BGWest Properties, Inc. (BGW)	50	50
Lagdigan Land Corp. (Lagdigan)	60	60
Central Block Developers, Inc. (CBDI)	45	45
Central Bloc Hotel Ventures, Inc.	45	45
Cebu Holdings, Inc. (CHI)	71	71
Cebu Leisure Company, Inc.	71	71
CBP Theatre Management Inc.	71	71
Taft Punta Engaño Property Inc. (TPEPI)	39	39
Cebu Insular Hotel Company, Inc. (CIHCI)	26	26
Solinea, Inc.	25	25
Amaia Southern Properties, Inc. (ASPI)	25	25
Southportal Properties, Inc. (Southportal)	25	25
Central Block Developers, Inc. (CBDI)	39	39
Asian I-Office Properties. Inc. (AIOPI)	71	71
Alabang Commercial Corporation (ACC)	50	50
South Innovative Theater Management (SITMI)	50	50
ALI Commercial Center, Inc.	100	100
AMC Japan Concepts, Inc.	75	75
AyalaLand Logistics Holdings Corp. (ALLHC) (formerly Prime Orion Philippines, Inc.)	71	71
Orion Solutions, Inc.	71	71
Orion I Holdings Philippines, Inc.	71	71
OE Holdings, Inc.	71	71
Orion Land, Inc.	71	71
Lepanto Ceramics, Inc.	71	71
Laguna Technopark, Inc. and Subsidiary	68	68
Unity Realty & Development Corp. (URDC)	71	71
FLT Prime Insurance Corporation	56	56
Ayalaland Malls Synergies, Inc.	100	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	100	100
Ayalaland Malls Vismin, Inc.	100	100
Ayalaland Malls NorthEast, Inc.	100	100

	December 31	
	2020*	2019*
Construction:		
Makati Development Corporation (MDC)	100%	100%
MDC Subic, Inc.	100	100
MDC Build Plus, Inc.	100	100
MDC Conqrete, Inc. (MCI)	100	100
MDC Equipment Solutions, Inc. (MESI)	100	100
MDBI Construction Corp.	67	67
Hotels and Resorts:		
Ayala Hotels, Inc. (AHI)	50	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100	100
ALI Makati Hotel & Residences, Inc.	80	80
ALI Makati Hotel Property, Inc.	80	80
Regent Horizons Conservation Company, Inc.	100	100
Enjay Hotels, Inc. (Enjay)	100	100
Greenhaven Property Venture, Inc. (GPVI)	100	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63	63
Bonifacio Hotel Ventures, Inc.	100	100
Southcrest Hotel Ventures, Inc.	67	67
Northgate Hotel Ventures, Inc.	70	70
North Triangle Hotel Ventures, Inc.	100	100
Ecosouth Hotel Ventures, Inc.	100	100
Sentera Hotel Ventures, Inc.	100	100
Econorth Resorts Ventures, Inc.	100	100
ALI Triangle Hotel Ventures, Inc.	100	100
Circuit Makati Hotel Ventures, Inc.	100	100
Capitol Central Hotel Ventures, Inc.	100	100
Arca South Hotel Ventures, Inc.	100	100
Sicogon Town Hotel, Inc.	100	100
Bay Area Hotel Ventures, Inc.	100	100
Makati North Hotel Ventures, Inc. (MNHVI)	100	100
One Makati Hotel Ventures, Inc. (OMHVI)	100	100
Sicogon Island Tourism Estate Corp. (SITE Corp.)	100	100
Asiatown Hotel Ventures, Inc.	100	100
One Makati Residential Ventures, Inc.	100	100
ALI Makati Hotels & Residences, Inc.	20	20
ALI Makati Hotel Property, Inc.	20	20
Ten Knots Phils., Inc. (TKPI)	60	60
Bacuit Bay Development Corporation	60	60
Lio Resort Ventures, Inc.	60	60
North Liberty Resort Ventures, Inc.	60	60
Paragua Eco-Resort Ventures, Inc.	60	60
Lio Tourism Estate Management Corporation	60	60
Ten Knots Development, Corp. (TKDC)	60	60
Chirica Resorts Corp.	60	60
Kingfisher Capital Resources Corp.	60	60
Pangulasian Island Resort Corporation	60	60
Integrated Eco-resort Inc.	100	100
Property Management:		
Ayala Property Management Corporation (APMC)	100	100
Prime Support Services, Inc.	100	100
Ayala Theatres Management, Inc. (ATMI) and Subsidiaries	100	100
DirectPower Services, Inc. (DirectPower)	100	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100	100

	December 31	
	2020*	2019*
Entertainment:		
Five Star Cinema, Inc.	100%	100%
Leisure and Allied Industries Philippines, Inc. (LAIP)	50	50
Others:		
ALInet.com, Inc. (ALInet)	100	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100	100
Green Horizons Holdings Limited and Subsidiaries	100	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100	100
AyalaLand Club Management, Inc.	100	100
ALI Capital Corp. (formerly Varejo Corp.) (ALICap)	100	100
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.) (Airswift)	100	100
Swift Aerodrome Services, Inc. (SASI)	100	–
Integrated Eco-resort, Inc.	100	100
Arca South Integrated Terminal, Inc. (ASITI)	100	100
Whiteknight Holdings, Inc.	100	100
Ayalaland Medical Facilities Leasing, Inc.	100	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)	73	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	76	76

*represents the Group's percentage and effective ownership

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

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

<u>The following were the changes in the group structure during 2020:</u>

AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.) was incorporated in September 4, 2006. As of December 31, 2020, the company is 45.04% owned by ALI, 9.39% owned by AyalaLand Offices, Inc. (ALOI), a wholly-owned entity of ALI, and 45.57% public after the company was listed in the Philippine Stock Exchange on August 13, 2020. Effectively, ALI's effective ownership is now at 54.43% from 100.00% as a result of public offering. The company was organized primarily as a real estate investment trust, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations and other applicable laws.

Swift Aerodrome Services, Inc. was incorporated on 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 subsidiary of 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.

2. Summary of Significant Accounting Policies

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

The consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular (MC) Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers affecting the real estate industry.*

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Treatment of land in the determination of the percentage-of-completion (POC)
b. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)
c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
d. Accounting to Common Usage Service Area (CUSA) Charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The Group did not avail the relief under SEC MC No. 4-2020 to defer the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) and is already in full compliance with the requirements of the IFRIC Agenda Decision.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Decision on Borrowing Cost, for another (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020.

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

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

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

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

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

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

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable.

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

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

<u>Adoption of New and Amended Accounting Standards and Interpretations</u>
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new accounting pronouncements which became effective January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3*, 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 Group enter into any business combinations.

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

- 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.

  These amendments do not have a significant impact on the Group.

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

  The amendments 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 do not have a significant impact on the 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.

This amendment is not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

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

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3,

Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements* to PFRSs 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the ’10 per cent’ test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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, 2023, with comparative figures required. Early application is permitted.

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

Deferred Effectivity

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

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

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

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular),

such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:
- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

  The Group has adopted PIC Q&A 2020-02 and has included the uninstalled customized materials in the measurement of progress. This is consistent with the Group's policy.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group believes that the the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.

b. The exclusion of land in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

c. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. The Group opts to use alternative presentation of CUSA as other income as the gross amount of revenue and related costs and expenses are not individually material. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRS and should specify in the *"Basis of Preparation of the Financial Statements"* section of the financial statements that the accounting framework is:

PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:
1) Treatment of land in the determination of the percentage-of-completion; and
2) Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)

b. The Auditor's report will:
   i. reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

- Deferral of PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

All assets for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

Financial Instruments

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

a. Financial assets

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

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

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

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

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

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

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

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

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

Disposal of financial assets at amortized cost
When financial assets at amortized cost are disposed, these are assessed whether the Group is consistent with its objective of collecting contractual cash flows until maturity. In the event that disposals have been concluded as infrequent and insignificant, the financial assets continue to be accounted at amortized cost (see Note 7).

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

This category includes investment in bonds classified as financial assets at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

Investments in Unit Investment Trust Fund (UITF), treasury bills and investment in ARCH Capital Asian Partners L.P. (ARCH Capital Fund) are held for trading and classified as financial assets at FVPL.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of income.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables and a vintage analysis for residential, commercial and office development receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b. *Financial liabilities*

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Directly attributable transaction costs are documentary stamp tax, underwriting and selling fees, regulatory filing fees and other fees.

The Group's financial liabilities include "Accounts and other payables" (other than "Taxes payable" which is covered by another accounting standard), "Short-term and long-term debts", "Deposits and Other Liabilities" and "Lease liabilities".

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Only if the criteria in PFRS 9 are satisfied, the designation of financial liabilities at fair value through profit or loss at the initial date of recognition is allowed. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to short term and long term debt.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

c. *Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derivatives
The Group uses derivative financial instruments, such as non-deliverable forwards, cross currency swaps, interest rate swaps and principal only swaps contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Refundable Deposits
Refundable deposits are measured initially at fair value. After initial recognition, refundable deposits are subsequently measured at amortized cost using the effective interest method.

The difference between the cash received and its fair value is deferred and amortized using the straight-line method under the “Real estate revenue” account in the consolidated statement of income.

Non-refundable deposits that are applicable against costs of services incurred or goods delivered are measured at fair value.

Concession Receivable
The Group accounts for its concession arrangement with the DOTr under the Financial Asset model as it has an unconditional contractual right to receive cash or other financial asset for its construction services from or at the direction of the grantor. Under the concession arrangement, the Group is awarded the right to build and operate an integrated transport terminal for Metro Manila and its adjacent provinces. The legal title to these assets shall be transferred to the government at the end of the concession period.

The “Concession Financial Receivable” (shown as part of “Other Noncurrent Assets”) pertains to the fair value of the Annual Grantor Payment related to the operating and maintenance services and recovery of construction costs of the terminal facility. These are amortized using the effective interest rate over the life of the related concession.

In addition, the Group recognizes and measures construction revenues and costs in accordance with ‘percentage of completion method’. Contract revenue and costs from construction works are recognized as “Construction Revenue” and “Construction Costs”, respectively, in profit or loss in the period in which the work is performed.

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

Cost includes:
- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Inventories that are leased out at market rates to earn revenues to partly cover for expenses on the condition that the intent to sell in the ordinary course of business has not changed are accounted and presented as inventory. The rent income from inventories that are leased out is included in other income in the consolidated statement of comprehensive income.

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

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, and insurance.

With the exception of commission which is amortized using percentage of completion, other prepaid expenses are amortized as incurred.

Input Value-Added Tax (VAT)
Input VAT arises from the purchase of goods and services. These are applied against output VAT. The remaining balance is recoverable in future periods. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Materials, Parts and Supplies
Materials, parts and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

An allowance for inventory losses is provided for slow-moving, obsolete and defective materials, parts and supplies based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Advances to Other Companies and Advances to Contractors and Suppliers
Advances to other companies and advances to contractors and suppliers are carried at cost less impairment losses, if any.

Investments in Associates and Joint Ventures
Investments in associates and joint ventures (investee companies) are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as subsumed goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and instead included in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Unless otherwise, additional losses are not recognized when the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the investee companies, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Operation
Makati Development Corporation (MDC), a subsidiary of the Parent Company, has an interest in joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. MDC recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investment Properties
Investment properties comprise completed property and property under construction or under re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Assets that are under construction are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation or under the condition as intended by the Group.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties which comprised of buildings, range from 20-40 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2020 and 2019. The Group's investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. These are valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.

Property and Equipment

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings and improvements	20-40
Machinery and construction equipment	5
Furniture, fixtures and equipment	3-10
Transportation equipment	3-5
Hotel property and equipment	20-50

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment items are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Leasehold rights with finite lives are amortized using the straight-line method over the estimated useful life of 20 to 23 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income.

As of December 31, 2020 and 2019 intangible asset pertaining to leasehold right is included under "Other noncurrent assets".

Buildings Classified as Held for Sale
Buildings classified as held for sale are stated at the lower of its carrying amount and fair value less costs to sell. These are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method which involves recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree. The identifiable assets acquired and liabilities assumed of the acquiree are recognized as of the acquisition date and measured at fair value as at that date. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition related costs are expensed in the period which the costs are incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain. The Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognized at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve (12) months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the period before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Combinations of entities under common control
Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the current period presented and on retained earnings at the beginning of the current period presented are eliminated to the extent possible.

Asset Acquisitions
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired (e.g. investments in associates and joint ventures, investment properties, property and equipment and right-of-use assets). If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to

their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If such is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in the consolidated statement of income.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes: a) service costs comprising current service costs, past-service costs, b) gains and losses on curtailments and non-routine settlements, and c) net interest cost on benefit obligation.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Share-based Payments
The Group has equity-settled, share-based compensation plans with its employees.

PFRS 2 Options
For options granted after November 7, 2002 that have not vested on or before January 1, 2005, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Black-Scholes model, further details of which are given in Note 28.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instrument that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pre-PFRS 2 Options
For options granted before November 7, 2002 that has vested before January 1, 2005, the intrinsic value of stock options determined as of grant date is recognized as expense over the vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 28).

Employee Stock Ownership Plan
The Parent Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares. The Parent Company recognizes stock compensation expense over the holding period. The Parent Company treats its ESOWN plan as option exercisable within a given period. These are accounted for similar to the PFRS 2 options. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the employees still have the option to subscribe in the future, these are accounted for as options.

Equity
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Equity reserves pertain to the excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid shall be recognized directly in equity and included under "Equity reserves" account in the equity section of the consolidated statement of financial position.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces, wherein it is acting as agent, the Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue and the related trade receivables on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized as trade receivables under residential and office development receivables account. Any excess of collections over the total of recognized trade receivables is included in the "customer's deposit" account in the liabilities section of the consolidated statement of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of

2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023.

Cost recognition
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Marketing fees, management fees from administration and property management are recognized as expense when services are incurred.

Hotel and resorts revenue (part of real estate sales in the consolidated statement of income)
The Group recognizes room accommodation services over time since the guest simultaneously receives and consumes the services provided by the Group. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Revenue from banquets and other special events are recognized when the events take place.

Cost of hotel operations (part of cost of real estate sales in the consolidated statement of income)
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Construction revenue (part of real estate sales in the consolidated statement of income) and cost
Revenue from fixed price construction contracts are recognized overtime using the milestone-based revenue recognition which is in reference to the output method. The output method is determined based on the start and completion of a task of the contract work inclusive of uninstalled goods and materials delivered to the site.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Rental income (part of real estate sales in the consolidated statement of income)
Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, and/or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment (see Note 33).

Rooms revenue from hotel and resort operations is recognized when the services are rendered.

Revenue from banquets and other special events are recognized when the events take place.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Group's right to receive the payment is established.

Customers' deposit
Customers' deposit is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a customers' deposit is recognized when the payment is made or the payment is due (whichever is earlier). Customers' deposit are recognized as revenue when the control of the goods or services are transferred to the customers by the Group which is essentially fulfillment of its performance obligation under the contract.

Customers' deposit also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract
Following the pattern of real estate revenue recognition, the Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion. The amortization is included within cost of sales.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Expense Recognition
Expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income as follow:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure has been assessed as no future economic benefits or when, and to the extent that future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs
All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases effective January 1, 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Building	20-40
Aircraft	10
Others	5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Leases prior to January 1, 2019</u>
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as lessor
Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under “Cumulative translation adjustments” account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group’s share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. Calculation of dilutive EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 of the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a contract
The Group’s primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other duly executed and signed documentation such as reservation agreement, official receipts, buyers’ computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer’s initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers’ equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group’s performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group’s ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer’s continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer’s commitment to pay.

The Group has determined that the output method used in measuring the progress of the performance obligation (i.e. percentage of completion) faithfully depicts the Group’s performance in transferring control of real estate development to the customers.

Distinction of land between real estate inventories and investment properties
The Group determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and even if the real estate inventories are leased out, the classification remains on the condition that the intent to sell remains. All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

Consolidation of entities in which the Group holds only 50% or less than majority of voting rights
The Group considers that it controls the following entities even though it owns 50% or less than majority of the voting rights. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee.

ACC
For ACC, ALI holds 50% of the voting rights, and is also the single largest shareholder and the remaining 50% of the equity shares are held by several shareholders. The second largest stockholder of ACC holds 8.3% share while the other shareholders' equity interest ranges from 2.1% to 8.3%. In addition, ALI has an existing management services agreement with ACC which gives ALI the exclusive control and decision over the relevant activities of ACC.

BG Entities (BGWest, BGNorth and BGSouth)
For the BG entities, wherein ALI and the other shareholder each own 50% of the voting rights, ALI controls the investee through exercise of its exclusive project development and marketing agreement as well as the ability to decide on the financing, operating and strategic policies of the investees. This enabled ALI to conclude that it has control.

AHI, RLC, ALI-CII and LAIP
ALI has an existing management services agreement with AHI, RLC, ALI-CII and LAIP which gives ALI the exclusive control and decision over the relevant activities of AHI, RLC, ALI-CII and LAIP.

Service concession agreement
The Group has made a judgment that the concession agreement with DOTr qualifies under Philippine Interpretation IFRIC 12, *Service Concession Arrangements* (see Note 36). Management has assessed that DOTr controls and regulates the service, determines to whom this service will be provided and controls the price. In addition, management has also determined that the DOTr has the significant control over the residual interest of the Terminal at the end of the term. Management has also made a judgment that the Terminal and commercial assets (mall facilities) are physically separable and are capable of being operated independently.

Management has further assessed that said concession agreement qualifies under the Financial Asset model as it has an unconditional contractual right to receive cash or other financial assets (i.e. the Annual Grantor Payment) for its construction, operating and maintenance services directly from DOTr.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense of these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Note 35).

Sale of real estate receivables
The Group has entered into arrangements with banks wherein it discounted its real estate receivables without recourse. The Group believes that the sales transactions are not more than infrequent and that the receivables discounted is insignificant in value both individually and in aggregate. Accordingly, the Group continues to present trade receivables at amortized cost as it remains to hold trade receivables with the objective of collecting contractual cash flows until maturity.

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for residential, commercial and office development receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)

c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions or deferrals have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty (e.g. Bayanihan Acts I and II considerations)
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Determination of lease term of contracts with renewal and termination options – Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether the provisions to renew or terminate the lease is enforceable. For leases where the Group has the unilateral option to renew or terminate, it then applies judgment on whether it is reasonably certain or not to exercise the option. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Assessment on whether lease concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group for the year ended December 31, 2020 amounted to ₱6.15 billion.

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition on real estate projects
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate is recognized based on the percentage of completion and this is measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quanitity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers). The Group also includes land in the calculation of POC since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. See Notes 20 and 22 for the related balances.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g. commission), is determined using the percentage of completion. In view of the continuing community quarantines and restricted mobility, the progress of the Group's performance obligation is adversely affected which resulted to lower percentage-of-completion in 2020.

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted to lower sales in 2020. In evaluating NRV, recent market conditions and current market prices have been considered. See Note 8 for the related balances.

Share-based payments
The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Group. See Note 28 for the related balances.

Estimating pension liabilities and other retirement benefits
The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Significant assumptions are disclosed in Note 26 and include among others, discount rate and salary increase rate.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on 1994 Group Annuity Mortality Table and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions could materially affect retirement obligations. See Note 26 for the related balances.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology. See Note 29 for the related balances.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables other than residential, commercial and office development receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for residential, commercial and office development receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 7 and 29.

Estimating the incremental borrowing rate for leases
The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities as of December 31, 2020 and 2019 amounted to ₱17,755.8 million and ₱17,463.7 million, respectively (see Note 33).

Evaluation of impairment of nonfinancial assets
The Group assesses whether there are any indicators of impairment for all nonfinancial assets (i.e., property and equipment, investment properties, right of use assets and other current assets) at each financial reporting date. These nonfinancial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment. In addition, because of the coronavirus pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and right-of-use assets.

The carrying value of the property and equipment and right-of-use assets of the hotels and resorts segment amounted to ₱21,527.0 million and ₱198.2 million, respectively, as of December 31, 2020.

The Group estimates the recoverable amount through value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of these assets of the hotels and resorts segment, the Group is required to make estimates and assumptions that may affect the nonfinancial assets. The significant assumptions used in the valuation are discount rates of 7.00% to 12.00% with an average growth rate of 3.00%. The Group also considered in its assumptions the impact of the pandemic on the occupancy rate and room rates which are not expected to normalize until 2024. No impairment loss was recognized in 2020.

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
	(In Thousands)	
Cash on hand	**₱64,303**	₱73,215
Cash in banks	**13,678,488**	14,555,033
Cash equivalents	**3,294,556**	5,784,793
	₱17,037,347	₱20,413,041

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

The annual interest rates of the cash equivalents are as follows:

	2020	2019
Philippine Peso	**0.5% to 1.8%**	2.8% to 4.0%
US Dollar	**0.1% to 0.25%**	1.1% to 1.8%

There is no restriction on the Group's cash and cash equivalents balances as of December 31, 2020 and 2019.

5. Short-term Investments

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

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

	2020	2019
Philippine Peso	**0.75%**	3.0%
US Dollar	**0.05% to 0.10%**	1.8% to 2.0%

6. Financial Assets at FVTPL

This account consists of:

	2020	2019
	(In Thousands)	
Investment in Unit Investment Trust Funds (UITF)	**₱378,066**	₱96,405
Investment in ARCH Capital Fund	**327,953**	389,031
Investment in Treasury Bills	**259,152**	–
	₱965,171	₱485,436

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

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

In 2020, the Group also invested in Treasury Bills which are short-term secure investments issued by the Philippine government through the Bureau of Treasury (BTr) and these are held for trading.

The Group's investment in UITF includes investment in BPI. As of December 31, 2020, the Group invested in UITF with a fair value of ₱209 million for BPI Money Market Fund and ₱95 million for BPI USD Short Term Funds. The Funds' Net Asset Value (NAV) was at ₱61,961.9 million with duration of 255 days and ₱41,101.9 million with duration of 307 days, respectively.

As of December 31, 2019, the Group invested in BPI MMF with a fair value of ₱80.9 million. The BPI MMF's NAV was at ₱23,980.6 million with duration of 131 days.

The following table provides the fair value hierarchy of the Group's financial assets at FVTPL which are measured at fair value as of December 31, 2020 and 2019:

2020

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	**December 31, 2020**	**₱378,066**	**₱–**	**₱378,066**	**₱–**
Investment in ARCH Capital Fund	**December 31, 2020**	**327,953**	**–**	**–**	**327,953**
Investment in Treasury Bills	**December 31, 2020**	**259,152**	**–**	**259,152**	**–**

2019

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	December 31, 2019	₱96,405	₱–	₱96,405	₱–
Investment in ARCH Capital Fund	December 31, 2019	389,031	–	–	389,031

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

The fair value of investment in treasury bills is based on BVAL reference rates on government securities. For the year ended December 31, 2020, the BVAL reference rates range from 1.002% to 3.953%.

Reconciliation of fair value measurement of Investment in ARCH Fund is shown below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱389,031**	₱390,521
Redemptions	**(12,478)**	(24,387)
Additions	**–**	30,145
Unrealized loss	**(48,600)**	(7,248)
Balance at end of year	**₱327,953**	₱389,031

Reconciliation of fair value measurement of Investment in UITF is shown below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱96,405**	₱85,724
Redemptions	**(1,904,759)**	(741,376)
Additions	**2,177,936**	746,774
Unrealized gains included under "Other income"	**8,484**	5,283
Balance at end of year	**₱378,066**	₱96,405

7. Accounts and Notes Receivable

Accounts and notes receivable account consists of:

	2020	2019
	(In Thousands)	
Trade:		
Residential, commercial and office development	**₱101,328,095**	₱104,260,962
Shopping centers	**5,414,606**	3,684,650
Corporate business	**3,948,672**	3,828,160
Construction contracts	**1,774,741**	1,553,320
Management fees	**124,553**	99,263
Others	**4,717,601**	4,558,543
Advances to other companies	**17,686,292**	18,984,210
Accrued receivables	**7,786,399**	7,788,796
Receivables from related parties (Note 25)	**5,489,159**	6,130,303
Receivables from employees	**842,506**	901,261
	149,112,624	151,789,468
Less allowance for impairment losses	**1,945,460**	1,186,293
	147,167,164	150,603,175
Less noncurrent portion	**46,021,255**	45,563,869
	₱101,145,909	₱105,039,306

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

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 5.75% to 16.00%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

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

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

Receivables from hotel operations and other support services included under other trade receivables are normally due within 30 to 90 days upon billing.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur or not settled. The advances are liquidated when proceeds from the sale of the related projects are applied.

Advances to other companies also includes receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances made by NTDCC to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement. As of December 31, 2020 and 2019, receivables including interest from MRTDC shareholders amounted to ₱441.1 million and ₱422.3 million, respectively.

On December 17, 2014, NTDCC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from the Group.

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

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group’s employees which are collectible through salary deduction, are interest-bearing (6.0% per annum) and payable on various maturity dates.

Receivables amounting to ₱1,945.5 million and ₱1,186.3 million as of December 31, 2020 and 2019, respectively, were impaired and fully provided for. Movements in the allowance for impairment losses follow:

2020

	Trade							
	Residential and office Development	**Shopping Centers**	**Construction Contracts**	**Corporate Business**	**Management Fees**	**Others**	**Advances to Other Companies**	**Total**
				(In Thousands)				
Balance at beginning of year	**₱13,555**	**₱772,513**	**₱37,778**	**₱182,208**	**₱6,678**	**₱110,409**	**₱63,152**	**₱1,186,293**
Provisions during the year (Note 22)	**40,665**	**298,587**	**–**	**338,870**	**–**	**69,520**	**58,165**	**805,807**
Reversal (Note 22)	**(3,453)**	**(11,043)**	**–**	**(7,962)**	**–**	**(30,683)**	**(25)**	**(53,166)**
Accounts written off	**–**	**–**	**–**	**(2,116)**	**–**	**–**	**–**	**(2,116)**
Translation adjustment	**–**	**–**	**–**	**8,642**	**–**	**–**	**–**	**8,642**
Balance at end of year	**₱50,767**	**₱1,060,057**	**₱37,778**	**₱519,642**	**₱6,678**	**₱149,246**	**₱121,292**	**₱1,945,460**

2019

	Trade							
	Residential and office Development	Shopping Centers	Construction Contracts	Corporate Business	Management Fees	Others	Advances to Other Companies	Total
				(In Thousands)				
Balance at beginning of year	₱13,555	₱558,059	₱26,547	₱86,663	₱5,948	₱175,596	₱5,900	₱872,268
Provisions during the year (Note 22)	–	269,619	11,231	128,692	730	12,310	253,341	675,923
Reversal (Note 22)	–	(13,599)	–	(16,192)	–	(76,319)	(1,038)	(107,148)
Accounts written off	–	(41,314)	–	(16,955)	–	(1,178)	(195,051)	(254,498)
Translation adjustment	–	(252)	–	–	–	–	–	(252)
Balance at end of year	₱13,555	₱772,513	₱37,778	₱182,208	₱6,678	₱110,409	₱63,152	₱1,186,293

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Group, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms.

Based on the Group’s assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

As of December 31, 2020 and 2019, nominal amounts of trade receivables from residential, commercial and office development totaling ₱115,407.8 million and ₱122,258.0 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group’s receivables as of December 31, 2020 and 2019 follow:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱17,997,007**	₱17,427,468
Additions during the year	**4,685,456**	8,460,511
Accretion for the year (Note 20)	**(8,602,775)**	(7,890,972)
Balance at end of year	**₱14,079,688**	₱17,997,007

The Group entered into agreements with BPI Asset Management and Trust Corporation in 2019 for the assignment of interest-bearing employee receivables amounting to ₱108.9 million (nil in 2020). The transactions were without recourse and did not result to any gain or loss.

The Group sold residential receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, amounting to ₱20,458.0 million in 2020 and ₱9,976.3 million in 2019. These were sold at a discount with total proceeds of ₱18,431.9 million and ₱9,281.2 million, respectively. The Group recognized loss on sale (under “Other expenses”) amounting to ₱2,064.0 million and ₱775.2 million in 2020 and 2019, respectively (see Note 22).

8. Inventories

This account consists of:

	2020	2019
	(In Thousands)	
Real estate - at cost		
Residential and condominium units	**₱84,011,309**	₱65,659,786
Residential and commercial lots	**61,137,607**	52,363,671
Offices - at cost	**1,594,676**	2,264,229
	₱146,743,592	₱120,287,686

A summary of the movements in inventories is set out below:

2020

	Residential and commercial lots	**Residential and condominium units**	**Offices**	**Total**
		(In Thousands)		
Balances at beginning of year	**₱52,363,671**	**₱65,659,786**	**₱2,264,229**	**₱120,287,686**
Land acquired during the year	**3,269,732**	**17,744,257**	**–**	**21,013,989**
Construction/development costs incurred	**7,148,687**	**14,786,408**	**220,314**	**22,155,409**
Disposals (recognized as cost of real estate sales) (Note 22)	**(15,932,741)**	**(16,093,619)**	**(889,867)**	**(32,916,227)**
Transfers from (to) investment properties (Notes 12 and 37)	**14,288,258**	**1,914,477**	**–**	**16,202,735**
Balances at end of year	**₱61,137,607**	**₱84,011,309**	**₱1,594,676**	**₱146,743,592**

2019

	Residential and commercial lots	Residential and condominium units	Offices	Total
		(In Thousands)		
Balances at beginning of year	₱52,116,837	₱49,675,074	₱2,579,700	₱104,371,611
Land acquired during the year	7,598,083	–	–	7,598,083
Construction/development costs incurred	7,160,927	42,984,189	6,248,089	56,393,205
Borrowing costs capitalized	–	122,682	–	122,682
Disposals (recognized as cost of real estate sales) (Note 22)	(15,772,399)	(37,211,541)	(6,369,061)	(59,353,001)
Transfers from (to) investment properties (Notes 12 and 37)	1,260,223	10,089,382	(194,499)	11,155,106
Balances at end of year	₱52,363,671	₱65,659,786	₱2,264,229	₱120,287,686

The Group has no purchase commitments pertaining to its inventories as of December 31, 2020 and 2019.

There are no liens and encumbrances on the Group's real estate inventories.

9. Other Current Assets

This account consists of:

	2020	2019
	(In Thousands)	
Advances to contractors and suppliers	**₱18,139,411**	₱11,014,287
Prepaid expenses	**16,756,037**	16,401,610
Value-added input tax	**12,575,713**	14,515,697
Creditable withholding taxes	**8,321,770**	4,710,840
Buildings classified as held for sale (Notes 12 and 13)	**952,142**	–
Materials, parts and supplies - at cost	**732,881**	999,883
Others	**543,008**	949,315
	₱58,020,962	₱48,591,632

Advances to contractors and suppliers represents prepayments for the construction of inventories. These are recouped from billings which are expected to occur in a short period of time.

Prepaid expenses consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. The cost to obtain contracts which includes prepaid commissions and advances to brokers amounted to ₱3,281.1 million and ₱2,876.2 million in 2020 and 2019, respectively. In line with the Group's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits (Note 14).

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

Creditable withholding taxes are applied against income tax payable.

Buildings classified as held for sale include Qualimed Hospitals in Iloilo City, Santa Rosa and San Jose del Monte City which are being sold within the first quarter of 2021 in a move to transfer healthcare-related properties to AC Healthcare Holdings, Inc.

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

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

10. Financial Assets at Fair Value through OCI

This account consists of:

	2020	2019
	(in Thousands)	
Shares of stock:		
Quoted	**₱1,578,590**	₱1,478,444
Unquoted	**483,177**	505,484
	2,061,767	1,983,928
Net unrealized loss	**(550,324)**	(454,749)
	₱1,511,443	₱1,529,179

Investments in quoted shares of stock include shares held for clubs wherein the Group does not exercise control or demonstrate significant influence.

Investments in unquoted shares of stock include unlisted shares of public utility companies which the Group will continue to carry as part of the infrastructure that it provides to its real estate projects.

The Group made additional investments in equity instruments amounting to ₱99.0 million and ₱93.5 million in 2020 and 2019, respectively. The Group also disposed investments amounting to ₱21.1 million and ₱56.9 million in 2020 and 2019, respectively. No gain or loss was recognized from the disposal.

Movements in the reserves for financial assets at FVOCI as of December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**(₱454,749)**	(₱451,529)
Fair value changes during the year	**(426,088)**	(3,220)
Balance at end of year	**(₱880,837)**	(₱454,749)

The Group entered into and designated interest rate swaps as hedging instruments as a cashflow hedge from loans bearing interest at floating rate. The fair value of the interest rate swap is estimated using valuation techniques with observable inputs, which uses present value calculations and incorporate various input including interest rate curves. Total fair value amounted to ₱330 million.

As of December 31, 2020 and 2019 reserves for financial assets at FVOCI attributable to non-controlling interests amounted to ₱132.6 million and ₱2.6 million, respectively.

The following table provides the fair value hierarchy of the Group's financial assets at fair value through OCI which are measured at fair value as of December 31, 2020 and 2019 (in thousands):

December 31, 2020

		Fair value measurement using			
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Shares of stock:					
Quoted					
Real estate	**December 31, 2020**	**₱484,705**	**₱484,705**	**₱–**	**₱–**
Tourism and leisure	**December 31, 2020**	**263,041**	**263,041**	**–**	**–**
Retail	**December 31, 2020**	**54,980**	**54,980**	**–**	**–**
Utilities and energy	**December 31, 2020**	**34,300**	**34,300**	**–**	**–**
Telecommunication	**December 31, 2020**	**6,929**	**6,929**	**–**	**–**
Financial asset management	**December 31, 2020**	**500**	**500**	**–**	**–**
Unquoted					
Tourism and leisure	**Various**	**556,260**	**–**	**–**	**556,260**
Financial asset management	**Various**	**82,599**	**–**	**–**	**82,599**
Utilities and energy	**Various**	**19,787**	**–**	**–**	**19,787**
Real estate	**Various**	**7,468**	**–**	**–**	**7,468**
Telecommunication	**Various**	**874**	**–**	**–**	**874**
		₱1,511,443	**₱844,455**	**₱–**	**₱666,988**

December 31, 2019

		Fair value measurement using			
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Quoted					
Real estate	December 31, 2019	₱525,541	₱525,541	₱–	₱–
Tourism and leisure	December 31, 2019	282,927	282,927	–	–
Financial asset management	December 31, 2019	81,622	81,622	–	–
Retail	December 31, 2019	54,658	54,658	–	–
Utilities and energy	December 31, 2019	15,965	15,965	–	–
Telecommunication	December 31, 2019	2,816	2,816	–	–

(Forward)

	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shares of stock:					
Unquoted					
Tourism and leisure	Various	₱533,101	₱–	₱–	₱533,101
Utilities and energy	Various	19,787	–	–	19,787
Real estate	Various	11,888	–	–	11,888
Telecommunication	Various	874	–	–	874
		₱1,529,179	₱963,529	₱–	₱565,650

11. Investments in Associates and Joint Ventures

This account consists of:

	2020	2019
	(In Thousands)	
Investment in stocks – cost		
Balance at beginning of year	**₱21,022,390**	₱19,492,702
Additions	**1,837,901**	1,529,688
Redemption	**(326,602)**	–
Balance at end of year	**22,533,689**	21,022,390
Accumulated equity in net earnings:		
Balance at beginning of year	**₱4,366,651**	₱3,787,105
Equity in net earnings	**586,502**	965,787
Dividends received	**(758,714)**	(386,241)
Balance at end of year	**4,194,439**	4,366,651
Subtotal	**26,728,128**	25,389,041
Equity share in cumulative translation adjustment	**(126,874)**	(71,460)
	₱26,601,254	₱25,317,581

The equity share in cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

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

	Percentages of Ownership		**Carrying Amounts**	
	2020	2019	**2020**	2019
			(In Thousands)	
Joint ventures:				
Emerging City Holdings, Inc. (ECHI)	50%	50%	**₱3,886,019**	₱4,075,620
ALI-ETON Property Development Corporation (ALI ETON)	50	50	**4,498,958**	3,294,858
AKL Properties, Inc. (AKL)	50	50	**3,034,209**	2,274,254
Berkshires Holdings, Inc. (BHI)	50	50	**1,920,659**	2,002,726
Cebu District Property Enterprise, Inc. (CDPEI)	35	35	**1,426,339**	1,443,220
Alveo-Federal Land Communities, Inc.	50	50	**928,621**	904,452
AyaGold Retailers, Inc. (AyaGold)	50	50	**161,407**	160,429
BYMCW, Inc.	30	30	**51,732**	55,500
SIAL Specialty Retailers, Inc. (SIAL Specialty)	50	50	**26,461**	31,744
			15,934,405	14,242,803

(Forward)

	Percentages of Ownership		Carrying Amounts	
	2020	2019	**2020**	2019
			(In Thousands)	
Associates:				
OCLP Holdings, Inc.(OHI)	21	21	**₱8,676,598**	₱8,540,155
Bonifacio Land Corp. (BLC)	10	10	**1,405,759**	1,479,284
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49	49	**401,194**	448,613
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40	40	**153,982**	474,486
Lagoon Development Corporation	30	30	**29,316**	35,689
Mercado General Hospital, Inc. (MGHI)	33	33	**–**	96,551
			10,666,849	11,074,778
			₱26,601,254	₱25,317,581

The Parent Company considers an associate and a joint venture with material interest if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the associate and joint venture compared to other operations of the Group. The financial information on the Parent Company's significant associates and joint ventures with material interest follows:

Financial information of the associate with material interest

OHI

Consistent with its thrust of expanding its operations to other areas within and outside of Metro Manila through partnerships, ALI acquired a 21.1% stake in OHI. The acquisition was made possible via the purchase of shares from existing OHI shareholders. OHI owns 99.5% interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses.

Set out below is the summarized financial information for OHI:

	2020	2019
	(In Thousands)	
Current assets	**₱17,440,519**	₱20,459,694
Noncurrent assets	**22,507,390**	19,563,645
Current liabilities	**(11,410,775)**	(13,360,788)
Noncurrent liabilities	**(18,597,214)**	(17,374,206)
Equity	**9,939,920**	9,288,345
Proportion of Group's ownership	**21.1%**	21.1%
Group's share in identifiable net assets	**2,097,323**	1,959,841
Carrying amount of the investment	**8,676,598**	8,540,155
Fair value adjustments	**6,589,215**	6,580,314
Negative Goodwill	**₱148,046**	₱148,046
Dividends received	**₱33,558**	₱36,555

Net assets attributable to the equity holders of OHI amounted to ₱9,939.9 million and ₱9,288.3 million as of December 31, 2020 and 2019, respectively.

	2020	2019
	(In Thousands)	
Revenue	**₱7,204,436**	₱12,214,233
Cost and expenses	**(6,398,747)**	(9,877,006)
Net income (continuing operations)	**805,689**	2,337,227
Group's share in net income for the year	**170,000**	493,155
Total comprehensive income	**805,689**	2,337,227
Group's share in total comprehensive income for the year	**170,000**	493,155

BLC

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

Set out below is the summarized financial information for BLC:

	2020	2019
	(In Thousands)	
Current assets	**₱3,261,099**	₱10,996,893
Noncurrent assets	**38,420,664**	32,437,784
Current liabilities	**(2,534,735)**	(3,066,467)
Noncurrent liabilities	**(7,285,960)**	(7,175,865)
Equity	**31,861,068**	33,192,345
Less: noncontrolling interest	**14,292,676**	14,896,099
Equity attributable to Parent Company	**17,568,392**	18,296,246
Proportion of Group's ownership	**10.1%**	10.1%
Group's share in identifiable net assets	**1,774,408**	1,847,933
Carrying amount of the investment	**1,405,759**	1,479,284
Negative goodwill	**(₱368,649)**	(₱368,649)
Dividends received	**₱155,508**	₱80,836

Net assets attributable to the equity holders of BLC amounted to ₱17,568.4 million and ₱18,296.2 million as of December 31, 2020 and 2019, respectively.

	2020	2019
	(In Thousands)	
Revenue	**₱3,869,359**	₱5,790,288
Cost and expenses	**(2,466,924)**	(3,150,446)
Net income (continuing operations)	**1,402,435**	2,639,842
Net loss attributable to minority interest	**(590,732)**	(1,242,515)
Net income attributable to parent	**811,703**	1,397,327
Group's share in net income for the year	**81,982**	141,130
Total comprehensive income attributable to equity holders of the Parent Company	**811,703**	1,397,327
Group's share in total comprehensive income for the year	**81,982**	141,130

Aggregate financial information on the associates with immaterial interest (Rize-Ayalaland, Tianjin Eco-City, LDC and MGHI) follows:

	2020	2019
	(In Thousands)	
Carrying amount	**₱584,492**	₱1,055,339
Share in net loss from continuing operations	**(89,529)**	(231,629)
Share in total comprehensive loss	**(89,529)**	(231,629)

Financial information of joint ventures

ECHI

	2020	2019
	(In Thousands)	
Current assets	**₱11,741,302**	₱11,219,613
Noncurrent assets	**30,017,735**	32,437,964
Current liabilities	**(2,863,497)**	(3,395,804)
Noncurrent liabilities	**(7,285,960)**	(7,175,865)
Equity	**31,609,580**	33,085,908
Less: noncontrolling interest	**23,307,423**	24,244,695
Equity attributable to Parent Company	**8,302,157**	8,841,213
Proportion of Group's ownership	**50%**	50%
Group's share in identifiable net assets	**4,151,079**	4,420,607
Carrying amount of the investment	**3,886,019**	4,075,620
Dividends received	**₱397,854**	₱175,000

Net assets attributable to the equity holders of ECHI amounted to ₱8,302.2 million and ₱8,841.2 million as of December 31, 2020 and 2019, respectively.

	2020	2019
	(In Thousands)	
Revenue	**₱3,872,498**	₱5,795,508
Cost and expenses	**(2,475,532)**	(3,158,836)
Net income (continuing operations)	**1,396,966**	2,636,672
Net loss attributable to noncontrolling interest	**(980,460)**	(1,916,480)
Net income attributable to parent	**416,506**	720,192
Group's share in net income for the year	**208,253**	360,096
Total comprehensive income attributable to equity holders of the Parent Company	**416,506**	722,037
Group's share in total comprehensive income for the year	**208,253**	361,019

ALI Eton

	2020	2019
	(In Thousands)	
Current assets	**₱12,838,898**	₱12,416,374
Noncurrent assets	**3,985,368**	4,670,632
Current liabilities	**(8,394,044)**	(9,902,359)
Noncurrent liabilities	**(3,390,318)**	(2,949,942)
Equity	**5,039,904**	4,234,705
Proportion of Group's ownership	**50%**	50%
Group's share in identifiable net assets	**2,519,952**	2,117,353
Carrying amount of the investment	**4,498,958**	3,294,858

Net assets attributable to the equity holders of ALI Eton amounted to ₱5,039.9 million and ₱4,234.7 million as of December 31, 2020 and 2019, respectively.

	2020	2019
	(In Thousands)	
Revenue	**₱975,701**	₱1,143,940
Cost and expenses	**(734,502)**	(1,161,560)
Net income (continuing operations)	**241,199**	(17,620)
Group's share in net income for the year	**120,599**	(8,810)
Total comprehensive income attributable to equity holders of the Parent Company	**241,199**	(17,620)
Group's share in total comprehensive income for the year	**120,599**	(8,810)

Aggregate financial information on joint ventures with immaterial interest (BHI, CDPEI, Alveo-Federal, SIAL Specialty, AyaGold and BYMCW, Inc.) is as follows:

	2020	2019
	(In Thousands)	
Carrying amount	**₱7,549,428**	₱6,872,325
Share in net income from continuing operations	**95,197**	211,845
Share in total comprehensive income	**95,197**	211,845

The following are the significant transactions affecting the Group's investments in associates and joint ventures:

Investments in BLC, ECHI, and BHI
As of December 31, 2020 and 2019, the Group's effective interest in BLC is 45.1%. The Parent Company's 5.3% direct investment in BLC and 4.8% through Regent Time are accounted for using the equity method because the Parent Company has significant influence over BLC.

On April 17, 2003, the following transactions were consummated pursuant to the terms and conditions of the Assignment Agreement (Agreement), dated February 8, 2003, among the Parent Company, Evergreen Holdings, Inc. (EHI), Greenfield Development Corporation and Larouge, B.V. (Larouge), as amended, and the Agreement, dated November 23, 2002, among the Company, EHI and Neo Oracle Holdings, Inc. [formerly Metro Pacific Corporation (MPC)] as amended:

(a) The assignment to the Parent Company and EHI of the rights and obligations of Larouge under the loan agreement between Larouge and MPC, pursuant to which, Larouge extended MPC a loan in the principal amount of US$90.0 million, together with all the rights, title and interests of Larouge in the pledge constituted on 50.4% of the outstanding shares in BLC. The consideration paid by the Company and EHI for such assignment was approximately US$90.0 million, subject in part to foreign exchange adjustment.
(b) The assignment to the Parent Company and EHI, acting in this instance through the joint venture corporation, Columbus Holdings, Inc. (Columbus), of the controlling interest in BLC representing 50.4% of BLC's outstanding capital stock. This assignment was effected by MPC under a dacion en pago arrangement, and included an assignment of payables of BLC in the principal amount of ₱655.0 million together with its underlying security in the form of shares in Fort Bonifacio Development Corporation (FBDC) representing 5.6% of its outstanding capital stock.

The Agreement, as amended, also provides for the constitution of a pledge over 5.0% of BLC's unencumbered shares as security for contingent liabilities and breach of representation and warranties. The pledge lien over the 5.0% BLC shares shall continue to subsist until the third anniversary of the closing date.

The Parent Company and EHI jointly hold the 50.4% equity interest in BLC through ECHI and BHI. The Parent Company and EHI assigned the notes receivable from MPC to ECHI and BHI, which acquired the shares of stock of Columbus. Columbus directly owns the 50.4% interest in BLC. BLC owns 55.0% interest in FBDC, the primary developer of certain areas in Fort Bonifacio Global City for residential, commercial and business development. Columbus accounted for the acquisition of the 50.4% interest in BLC using the purchase method.

Subsequent to this, the Parent Company and EHI acquired additional shares of BLC through a combination of direct acquisition and through its associates at varying dates:

On July 31, 2008, the Group acquired, through the Parent Company, Regent Time and Columbus, additional 4,360,178 shares of BLC from FBDC amounting to ₱689.0 million, equivalent to 7.7% ownership in BLC. In January and October 2009, a total of 2,295,207 BLC shares were acquired from Development Bank of the Philippines and MPC, pertaining to the pledged shares, through Columbus amounting to ₱362.6 million. This resulted in an increase in Group's effective interest in BLC to 45.1% and unchanged thereafter.

Investment in Rize-Ayalaland
Rize-Ayalaland (Kingsway) GP, Inc. was incorporated on January 25, 2013 under the laws of British Columbia, Canada. The Company's effective ownership is 49.0% through its Vancouver-based subsidiary, AyalaLand Real Estate Investments, Inc.

Investment in Tianjin Eco-City
Tianjin Eco-City is a registered Sino-foreign equity joint venture between RWIL and Sino-Singapore Tianjin Eco-City Investment & Development Co. (SSTEC) under the law of of the People's Republic of China to operate for 50 years until 2060. The agreement was entered into to develop a 19-tower residential complex in China, marking its initially foray into the growing China market. It's principal activities include property development rental, management property and parking lot management.

In 2020, Tianjin Eco-City reduced its registered capital from RMB292.75 million to RMB176.25 million, with each shareholder getting back capital in proportion to its current share of ownership. After the capital reduction, the shareholders' share of ownership remain unchanged. The Group's share in the capital reduction amounted to ₱326.60 million.

Investment in Cebu District Property Enterprise, Inc.
Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between the Company and Aboitiz Land, Inc. CDPEI's main purpose is to create a mixed-use commercial and residential district with the 15.4 hectare property in Subangdaku, Mandaue.

Investment in Alveo-Federal Land Communities, Inc.
Alveo Land Corp. signed a Joint Venture Agreement (JVA) with Federal Land, Inc. last April 29, 2015 for equal ownership over AFLCI. The JV is for the development of Treveia Nuvali located in Laguna near Nuvali.

Investment in ALI-ETON Property Development Corporation
ALI-ETON Property Development Corporation was incorporated on March 13, 2016. The company is a joint venture between Ayala Land, Inc. and LT Group, Inc. ALI and LT Group, Inc. entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

In 2020 and 2019, the Parent Company and LT Group, Inc. made additional equity infusions to ALI-Eton to fund the development requirements of Parklinks amounting to ₱1,083.5 million and ₱1,195.0 million as of December 31, 2020 and 2019 respectively.

Investment in BYMCW, Inc.
On August 2, 2017, Bouygues Travaux Publics Philippines Inc. (BYTPPI) incorporated BYMCW Inc. (BYMCW) to engage in general building and contracting business. BYMCW's registered office address is at 2nd floor, Welfare Building, LRTA Compound, Aurora Blvd., Barangay 189, Pasay City, Metro Manila.

On December 6, 2017, MDC acquired 30% ownership over BYMCW after buying fifty one (51) million shares held by BYTPPI.

Investment in AyaGold Retailers, Inc.
AyaGold Retailers, Inc., a joint venture between Entenso Equities Incorporated (EEI, a wholly owned subsidiary of Puregold Price Club, Inc.) and ALI Capital Corp. (a wholly owned subsidiary of the Company and the holding company for its retail-related initiatives), was incorporated on October 2, 2013. It is organized primarily to finance, build and operate mid-market supermarkets for some of Company's new integrated and mixed-use developments. The mid-market supermarkets will be carried under a new brand to be jointly developed by both ALI Capital Corp. and EEI. The partnership with EEI will enable the Company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

Investment in SIAL Specialty
SIAL Specialty was incorporated on September 27, 2012 as a joint venture between ALI Capital Corp. and Store Specialist, Inc. (SSI). ALICap is a wholly owned subsidiary of the Parent Company. SSI is one of the largest specialty retail companies in the Philippines with the exclusive distribution rights to za variety of brands from around the world.

The partnership, which combines the ALI Capital Corp.'s expertise in developing mixed-use developments and SSI's proven track record in retail, is aimed at pursuing retail solutions to address the growing and changing lifestyle needs of the market.

SIAL Specialty was organized primarily for the investment and operation of mid-market department stores and to pursue other investment opportunities in the Philippine retail sector.

Investment in MGHI
In July 2013, the Parent Company entered into an agreement with the Mercado Family to acquire Whiteknight Holdings, Inc. (WHI), a 33% equity stockholder of MGHI. Its acquisition of WHI will allow the Parent Company to build a strategic partnership with the Mercado Group and support MGHI's future growth. This partnership also enhances the potential of Ayala Land's development of mixed-use communities by offering the critical component of medical services to complement the residential, shopping centers, office and hotel developments therein.

Investment in AKL
In 2018, the Parent Company invested ₱1,959.7 million in AKL, which is a 50:50 joint venture between the Parent Company and Royal Asia Land, Inc. (RALI), and is organized primarily for future mixed-use development in South Luzon area.

On June 26, 2019, the Parent Company approved the equity call to fund the advance payment to Manila Jockey Club, Inc. (MJCI) upon signing the Memorandum of Agreement (MOA) for the 60 hectares. Property in Carmona, Cavite between AKL and MJCI. The Parent Company's share in the additional total capital requirement amounted to ₱250.0 million.

On September 12, 2019, the Parent Company approved the equity call for the minimum subscription to increase the Authorized Capital Stock (ACS) of AKL from ₱4,545.0 million to ₱7,250.0 million which was approved in the AKL board meeting on May 14, 2019. The increase in the ACS shall cover the land acquisition requirements in Carmona and Silang, Cavite for the next 3 years. The 50% share of the Parent Company in the minimum paid-up capital (25% of the minimum subscription) of the increase amounted to ₱84.7 million.

On July 13, 2020, the Parent Company paid the equity call for the existing subscription and for the additional subscription to AKL for a total of ₱508.4 million. The additional subscription will cover the scheduled infusion of the parcels for the first phase of Project Newton Residential as per joint venture agreement (JVA). RALI also entered with the same subscription agreement with AKL.

On December 7, 2020, the Parent Company entered into another subscription agreement with AKL amounting to ₱246.0 million which will cover the amount due for the DOAS of Dolfo and Ledesco parcels of land for the first phase of Project Newton Residential. RALI also entered with the same subscription agreement with AKL.

12. Investment Properties

The rollforward analysis of this account follows:

2020

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	**₱87,592,430**	**₱127,132,394**	**₱64,013,813**	**₱278,738,637**
Additions	**1,523,773**	**2,010,308**	**2,081,919**	**5,616,000**
Disposals	**(562,236)**	**(1,812,086)**	**(157,541)**	**(2,531,863)**
Buildings classified as held for sale (Note 9)	**–**	**(1,080,859)**	**–**	**(1,080,859)**
Cumulative translation difference	**(150,753)**	**(61,320)**	**–**	**(212,073)**
Transfers (Notes 8,13, and 37)	**(17,638,674)**	**844,294**	**–**	**(16,794,380)**
Balance at end of year	**70,764,540**	**127,032,731**	**65,938,191**	**263,735,462**
Accumulated Depreciation				
Balance at beginning of year	**–**	**35,592,364**	**–**	**35,592,364**
Depreciation (Note 22)	**–**	**5,590,050**	**–**	**5,590,050**
Disposals	**–**	**(328,089)**	**–**	**(328,089)**
Buildings classified as held for sale	**–**	**(130,786)**	**–**	**(130,786)**
Cumulative translation difference	**–**	**(960)**	**–**	**(960)**
Balance at end of year	**–**	**40,722,579**	**–**	**40,722,579**
Accumulated impairment losses				
Balance at beginning of year	**102,825**	**–**	**–**	**102,825**
Impairment losses (Note 22)	**–**	**225,208**	**–**	**225,208**
Balance at the end of year	**102,825**	**225,208**	**–**	**328,033**
Net Book Value	**₱70,661,715**	**₱86,084,944**	**₱65,938,191**	**₱222,684,850**

2019

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year, as previously reported	₱83,523,538	₱117,553,349	₱55,359,319	₱256,436,206
Effect of adoption of PFRS 16	–	–	888,774	888,774
Balance at beginning of year, as restated	83,523,538	117,553,349	56,248,093	257,324,980
Additions	16,965,958	10,567,896	9,484,719	37,018,573
Disposals	(1,341,800)	(2,502,913)	(3,146)	(3,847,859)
Cumulative translation difference	(93,531)	(135,484)	–	(229,015)
Transfers (Notes 8,13, 33 and 37)	(11,461,735)	1,649,546	(1,715,853)	(11,528,042)
Balance at end of year	87,592,430	127,132,394	64,013,813	278,738,637
Accumulated Depreciation				
Balance at beginning of year	–	31,327,471	–	31,327,471
Depreciation (Note 22)	–	4,404,491	–	4,404,491
Disposals	–	(178,584)	–	(178,584)
Cumulative translation difference	–	(406)	–	(406)
Transfers	–	39,392	–	39,392
Balance at end of year	–	35,592,364	–	35,592,364
Accumulated impairment losses				
Balance at beginning and end of year	102,825	–	–	102,825
Net Book Value	₱87,489,605	₱91,540,030	₱64,013,813	₱243,043,448

Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit.

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally range from three years to five years and depends heavily on the size of the assets.

The aggregate fair value of the Group's investment properties amounted to ₱458,146.2 million and ₱495,845.1 million as of December 31, 2020 and 2019, respectively.

The fair values of the investment properties were determined by independent professionally qualified appraisers.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2020 and 2019:

2020

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Land properties	**Various**	**₱266,211,236**	**₱–**	**₱–**	**₱266,211,236**
Retail properties	**Various**	**84,187,480**	**–**	**–**	**84,187,480**
Office properties	**Various**	**106,441,044**	**–**	**–**	**106,441,044**
Hospital properties	**Various**	**1,306,435**	**–**	**–**	**1,306,435**

2019

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Land properties	Various	₱278,165,996	₱–	₱–	₱278,165,996
Retail properties	Various	109,835,314	–	–	109,835,314
Office properties	Various	106,628,343	–	–	106,628,343
Hospital properties	Various	1,215,483	–	–	1,215,483

The values of the land were arrived using the Market Data Approach. Market Data Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For Market Data Approach, the higher the price per sqm., the higher the fair value.

The values of the buildings (retail, office, hospital) were arrived using the Income Approach. Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset.

The significant unobservable inputs to valuation of investment properties ranges from ₱1,500-₱278,000 per sqm.

Interest capitalized amounted to ₱40.1 million, ₱22.8 million and ₱19.0 million in 2020, 2019 and 2018, respectively. The capitalization rates are 2.63% - 5.18%, 4.41%-7.00% and 2.00%-7.65% in 2020, 2019 and 2018, respectively (see Note 16).

Consolidated rental income from investment properties amounted to ₱18,468.9 million, ₱31,687.1 million and ₱28,522.4 million in 2020, 2019 and 2018, respectively (see Note 20). Consolidated direct operating expenses arising from the investment properties in 2020, 2019 and 2018 amounted to ₱7,467.0 million, ₱6,822.3 million and ₱5,906.2 million, respectively (see Note 22).

Depreciation and amortization expense pertaining to investment properties amounted to ₱5,590.1 million, ₱4,404.5 million and ₱4,052.3 million in 2020, 2019 and 2018, respectively (see Note 22).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Certain short-term and long-term debt are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the investment property amounted to ₱2,288.3 million and ₱2,451.2 million as of December 31, 2020 and 2019, respectively (see Note 16).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follow:

2020

	Land, Buildings and Improvements	**Machinery and Construction Equipment**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Hotel Property and Equipment**	**Total**
			(In Thousands)			
Cost						
Balance at beginning of year	**₱14,515,989**	**₱14,435,222**	**₱8,645,130**	**₱3,462,991**	**₱24,049,471**	**₱65,108,803**
Additions	**863,343**	**454,190**	**850,886**	**46,325**	**883,692**	**3,098,436**
Disposals	**(67,608)**	**(293,624)**	**(212,201)**	**(150,638)**	**–**	**(724,071)**
Foreign currency exchange difference	**(87,818)**	**(262,678)**	**(4,531)**	**(1,757)**	**–**	**(356,784)**
Building held for sale (Note 9)	**(2,442)**	**–**	**–**	**–**	**–**	**(2,442)**
Transfers (Notes 12 and 37)	**591,645**	**–**	**–**	**–**	**–**	**591,645**
Balance at end of year	**15,813,109**	**14,333,110**	**9,279,284**	**3,356,921**	**24,933,163**	**67,715,587**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**₱4,208,323**	**₱8,864,301**	**₱4,687,040**	**₱1,446,549**	**₱2,840,233**	**₱22,046,446**
Depreciation and amortization (Note 22)	**787,280**	**961,935**	**430,778**	**304,116**	**565,920**	**3,050,029**
Disposals	**(37,863)**	**(269,194)**	**(209,348)**	**(68,934)**	**–**	**(585,339)**
Foreign currency exchange difference	**(8,333)**	**(229,061)**	**(3,204)**	**(1,546)**	**–**	**(242,144)**
Building held for sale (Note 9)	**(373)**	**–**	**–**	**–**	**–**	**(373)**
Balance at end of year	**4,949,034**	**9,327,981**	**4,905,266**	**1,680,185**	**3,406,153**	**24,268,619**
Net Book Value	**₱10,864,075**	**₱5,005,129**	**₱4,374,018**	**₱1,676,736**	**₱21,527,010**	**43,446,968**

2019

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
Balance at beginning of year	₱11,822,391	₱14,042,526	₱6,657,181	₱3,331,104	₱18,927,960	₱54,781,162
Additions	2,880,599	948,850	1,999,517	165,395	4,525,214	10,519,575
Disposals	(16,107)	(502,089)	(7,578)	(31,885)	–	(557,659)
Foreign currency exchange difference	(46,248)	(54,065)	(3,990)	(1,623)	–	(105,926)
Transfers (Notes 12 and 37)	(124,646)	–	–	–	596,297	471,651
Balance at end of year	14,515,989	14,435,222	8,645,130	3,462,991	24,049,471	65,108,803

(Forward)

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Accumulated Depreciation and Amortization						
Balance at beginning of year	₱3,546,838	₱7,741,047	₱4,174,491	₱1,206,464	₱2,363,122	₱19,031,962
Depreciation and amortization (Note 22)	954,929	1,553,999	550,519	275,265	516,270	3,850,982
Disposals	(20,903)	(421,333)	(9,090)	(22,371)	–	(473,697)
Foreign currency exchange difference	(30,535)	896	9,247	4,873		(15,519)
Transfers	(39,392)	–	–	–	–	(39,392)
Others	(202,614)	(10,308)	(38,127)	(17,682)	(39,159)	(307,890)
Balance at end of year	4,208,323	8,864,301	4,687,040	1,446,549	2,840,233	22,046,446
Net Book Value	₱10,307,666	₱5,570,921	₱3,958,090	₱2,016,442	₱21,209,238	₱43,062,357

The depreciation and amortization of property and equipment (included under various consolidated statements of income accounts) amounted to ₱3,050.0 million, ₱3,851.0 million and ₱1,882.6 million in 2020, 2019 and 2018, respectively. No interest was capitalized in 2020 and 2019 (see Note 16).

The Group has no restrictions on its property and equipment and none of these have been pledged as security for its obligations. Capital expenditures for hotel buildings in the course of construction amounted to ₱6,775.47 million and ₱5,915.92 as of December 31, 2020 and 2019, respectively, and are included in property and equipment. The total contractual commitments arising from awarded contracts for the acquisition, development and construction of property and equipment amounted to ₱368.71 million.

The Group performed impairment testing on its hotel property and equipment with a carrying value of ₱21,527.0 million as of December 31, 2020, by assessing its recoverable amount through estimation of its value in use (VIU). VIU is the present value of the future cash flows expected to be derived from an asset. The significant assumptions used in the valuation are discount rates of 7.00% to 12.00% with an average growth rate of 3.00%. The Group also considered in its assumptions the impact of the pandemic on the occupancy rate and room rates which are not expected to normalize until 2024. Based on the impairment testing, there is no impairment loss on the Group's hotel property and equipment (see Note 3).

14. Other Noncurrent Assets

This account consists of:

	2020	2019
	(In Thousands)	
Prepaid expenses	**₱10,544,253**	₱10,667,666
Advances to contractors and suppliers	**9,387,018**	13,664,137
Leasehold rights	**3,506,816**	3,684,840
Deferred input VAT	**2,918,601**	1,676,155
Deposits – others	**2,339,575**	2,452,299
Investment in bonds	**2,309,440**	2,309,867
Net pension assets (Note 26)	**12,220**	74,332
Development rights	**49,791**	63,314
Others	**760,099**	287,867
	₱31,827,813	₱34,880,477

Prepaid expenses consist of project costs incurred for unlaunched projects of the Group, advance rental payments and noncurrent prepaid management fees. This also includes the noncurrent portion of cost to obtain contracts (see Note 9) which includes prepaid commissions and advances to brokers, which amounted to ₱914.8 million and ₱442.4 million in 2020 and 2019, respectively.

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

Leasehold rights consist of the following:

- Through the acquisition of ALLHC, ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR) which amounted to ₱2,905.15 million and ₱3,062.19 million as of December 31, 2020 and 2019, respectively (see Note 33).
- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029 which amounted to ₱60.09 million and ₱66.76 million as of December 31, 2020 and 2019, respectively.
- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center which amounted to ₱541.58 million and ₱555.89 million as of December 31, 2020 and 2019, respectively.

Movements of leasehold rights follow:

	2020	2019
	(In Thousands)	
As of January 1, 2020	**₱3,684,840**	₱3,868,532
Additions	**8,736**	–
Amortizations	**(186,760)**	(183,692)
Balance at end of year	**₱3,506,816**	₱3,684,840

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

Investment in bonds pertain to non-interest bearing bonds with a term of 36-months. The Group recorded the investment as financial asset at fair value through other comprehensive income. The fair value of the investment in bonds is determined using the binomial lattice approach. The fair value of the investment is categorized under Level 3.

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

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

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

15. Accounts and Other Payables

This account consists of:

	2020	2019
	(In Thousands)	
Accounts payable	**₱77,332,265**	₱84,659,801
Taxes payable	**19,215,550**	22,488,327
Accrued project costs	**18,220,433**	18,269,215
Liability for purchased land	**9,316,978**	9,936,887
Accrued salaries and employee benefits	**5,669,563**	5,792,122
Retentions payable	**4,131,302**	4,094,175
Accrued professional and management fees	**2,448,396**	3,837,477

(Forward)

	2020	2019
	(In Thousands)	
Interest payable	**₱1,775,627**	₱2,156,213
Accrued repairs and maintenance	**1,634,398**	1,902,797
Payable to related parties (Note 25)	**1,128,192**	1,034,283
Accrued advertising and promotions	**968,291**	1,317,500
Accrued utilities	**697,231**	2,334,623
Accrued rentals	**369,960**	1,082,496
Dividends payable	**241,604**	632,000
Other accrued expenses	**1,476,132**	3,441,253
	₱144,625,922	₱162,979,169

Accounts payable and accrued expenses are noninterest-bearing and are normally settled on 30- to 60-day terms.

Taxes payable pertains to the Group's output VAT, expanded withholding tax, capital gains tax and fringe benefit tax.

Accrued project costs are billings not yet received from suppliers for direct materials, and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead, and provision for repairs and maintenance.

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

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

Other accrued expenses consist mainly of accruals from commissions, royalty, transportation and travel, janitorial and security, postal and communication and other expenses.

16. Short-term and Long-term Debts

The short-term debt amounting to ₱9,131.3 million and ₱18,032.8 million as of December 31, 2020 and 2019, respectively, represents both peso and foreign currency-denominated bank loans. Peso-denominated short-term loans had a weighted average cost of 4.0% and 4.98%per annum in 2020 and 2019, respectively.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱13,231.3 million and ₱24,416.9 million as of December 31, 2020 and 2019 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,288.3 million and ₱2,451.2 million as of December 31, 2020 and 2019, respectively, which is accounted as part of the "Investment properties" account.

Long-term debt consists of:

	2020	2019
	(In Thousands)	
Parent Company:		
Bonds:		
Due 2020	**₱–**	₱4,000,000
Due 2021	**9,000,000**	9,000,000
Due 2022	**22,650,000**	12,650,000
Due 2023	**15,000,000**	15,000,000
Due 2024	**18,000,000**	18,000,000
Due 2025	**21,250,000**	15,000,000
Due 2026	**16,000,000**	16,000,000
Due 2027	**8,000,000**	8,000,000
Due 2028	**10,000,000**	10,000,000
Due 2033	**2,000,000**	2,000,000
Fixed rate corporate notes (FXCNs)	**5,650,000**	5,710,000
Php - denominated long-term loan	**41,230,039**	41,885,094
US Dollar - denominated long-term loan	**6,002,875**	6,329,375
	174,782,914	163,574,469
Subsidiaries:		
Bonds	**5,000,000**	5,000,000
Bank loans - Philippine Peso	**24,152,698**	24,046,410
Bank loans - Malaysian Ringgit	**1,749**	4,875
Fixed rate corporate notes	**–**	1,350,000
	29,154,447	30,401,285
	203,937,361	193,975,754
Less unamortized transaction costs	**1,117,768**	911,703
	202,819,593	193,064,051
Less current portion	**18,732,401**	17,250,706
	₱184,087,192	₱175,813,345

ALI Parent

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term (Years)	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands) 2020	2019	Features
2012	10.0	6.0000%	5,650,000	**₱5,650,000**	₱5,645,304	Fixed rate bond due 2022
2013	7.0	4.6250%	4,000,000	**–**	3,995,321	Fixed rate bond due 2020
2013	20.0	6.0000%	2,000,000	**1,986,730**	1,985,276	Fixed rate bond due 2033
2013	10.5	5.0000%	15,000,000	**14,966,062**	14,936,647	Fixed rate bond due 2024
2014	11.0	5.6250%	8,000,000	**7,968,512**	7,952,880	Fixed rate bond due 2025
2015	7.0	4.5000%	7,000,000	**6,987,688**	6,968,807	Fixed rate bond due 2022
2016	9.5	4.7500%	7,000,000	**6,969,407**	6,955,765	Fixed rate bond due 2025
2016	10.0	4.8500%	8,000,000	**7,961,918**	7,946,612	Fixed rate bond due 2026
2016	7.0	3.8915%	7,000,000	**6,980,787**	6,961,631	Fixed rate bond due 2023
2017	10.0	5.2624%	7,000,000	**6,979,065**	6,972,611	Fixed rate bond due 2027
2018	10.0	5.9203%	10,000,000	**9,916,583**	9,896,154	Fixed rate bond due 2028
2018	5.0	7.0239%	8,000,000	**7,962,717**	7,925,898	Fixed rate bond due 2023
2019	7.0	6.3690%	8,000,000	**7,934,304**	7,909,802	Fixed rate bond due 2026
2019	5.0	4.7580%	3,000,000	**2,978,436**	2,979,164	Fixed rate bond due 2024
2019	2.0	4.2463%	9,000,000	**8,781,628**	8,937,450	Fixed rate bond due 2021
2019	7.25	4.9899%	1,000,000	**963,622**	952,029	Fixed rate bond due 2027
2020	2.0	3.0000%	10,000,000	**9,970,491**	–	Fixed rate bond due 2022
2020	5.0	3.8620%	6,250,000	**6,192,684**	–	Fixed rate bond due 2025
Total				**₱121,150,634**	₱108,921,351	

Philippine Rating Services Corporation (PhilRatings) rated the Parent Company's 2020 bond issue "PRS Aaa" with a stable outlook, and maintained the "PRS Aaa" rating with a stable outlook for all other outstanding bonds. PRS Aaa is the highest rating assigned by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong and that it has the smallest degree of investment risk. On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A Stable Outlook indicates that the rating is likely to be maintained or to remain unchanged in the next twelve months

Philippine Peso 10-year Bonds due 2022
In April 2012, the Parent Company issued a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

Philippine Peso 5-year and 10-year and 6-month Bonds due 2024
In July 2013, the Parent Company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP. In 2019, the Parent Company issued a total of ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.758% p.a. under its new shelf registration. PhilRatings assigned a PRS Aaa rating on the bonds.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Parent Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.6% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Parent Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 11-year Bonds due 2025
In April 2014, the Parent Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.6% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Parent Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 9-year and 6-month Bonds due 2025
In April 2016, the Parent Company issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000.0 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

Philippine Peso 7-year and 10-year Bonds due 2026
In March 2016, the Parent Company issued a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds is the first tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings. In May 2019, the Parent Company issued an ₱8,000.0 million fixed rate bond due 2026 at a rate equivalent to 6.369% p.a. The Bonds represent the first tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 7-year Bonds due 2023
In October 2016, the Parent Company issued a ₱7,000.0 million fixed rate bond due 2023 at a rate equivalent to 3.8915% p.a. The Bonds represent the third tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 7-year and 3-month and 10-year Bonds due 2027
In May 2017, the Parent Company issued a ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.2624% p.a. The Bonds represent the fourth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, the Parent Company issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.9899 % p.a. This was the third tranche of bonds issued under the new ₱50,000.0 million shelf registration of the Parent Company. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028
In April 2018, the Parent Company issued a ₱10,000.0 million fixed rate bond due 2028 at a rate equivalent to 5.9203% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.9203% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC,and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2023
In October 2018, the Parent Company issued a ₱8,000.0 million fixed rate bond due 2023 at a rate equivalent to 7.0239% p.a. The Bonds represent the sixth and final tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 2-year Bonds due 2021
In November 2019, the Parent Company issued a ₱9,000.0 million fixed rate bond due 2021 at a rate equivalent to 4.2463% p.a. The Bonds form part of the third tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 2-year Bonds due 2022
In June 2020, the Parent Company issued a ₱10,000.0 million fixed rate bond due 2022 at a rate equivalent to 3.00% p.a. The Bonds form part of the fourth tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and the first issuer to hold a virtual listing ceremony on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings and the first corporate bond to bookbuild, price, and issue within the community quarantine period.

Philippine Peso 5-year Bonds due 2025
In September 2020, the Parent Company issued a ₱6,250.0 million fixed rate bond due 2025 at a rate equivalent to 3.862% p.a. The Bonds represent the fifth tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings and the largest 5-year bond issuance during the quarantine period.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Parent Company issued ₱10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.6% to 7.5% p.a. depending on the term of the notes.

The Parent Company prepaid ₱1,950.0 million of notes due in 2016 on January 19, 2013. Thereafter, the Parent Company either prepaid the loans before its maturity or paid the loans upon maturity. From 2014 until 2020, the Parent Company paid a total of ₱7,100.0 million, in which ₱10.0 million were each paid in 2020 and 2019. As of December 31, 2020 and 2019, the remaining balance of the FXCN amounted to ₱950.0 million and ₱960.0 million, respectively.

Philippine Peso 10-year Note due 2023
In December 2012, the Parent Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.5% p.a. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, ₱50.0 million was prepaid by the Company. Thereafter, the Parent Company paid the ₱50.0 million loan amortizations until 2020. From 2016 until 2020, the Parent Company paid a total of ₱250.0 million, in which ₱50.0 million amortizations were each paid in 2020 and 2019. As of December 31, 2020 and 2019, the remaining balance of the note amounted to ₱4,700.0 million and ₱4,750.0 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Parent Company assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.7% p.a. and terms ranging from 4.4 years to 10.5 years. As of December 31, 2020 and 2019, the remaining balance of the assumed long-term facilities amounted to ₱11,592.5 million and ₱14,107.8 million respectively.

In March 2017, the Parent Company executed a ₱10,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn an initial ₱5,000.0 million. The loan carries a fixed interest rate of 4.949% p.a. and a term of 10 years. The balance under the long-term facility of ₱5,000.0 million was drawn in April 2017.

In March 2018, the Parent Company executed a ₱5,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn the entire facility amount.

In March 2019, the Parent Company executed a ₱13,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn an initial ₱6,500.0 million. The loan carries a fixed interest rate of 6.272% p.a. and a term of 10 years. The ₱6,500.0 million balance was drawn in April 2019 at an interest rate of 6.307% per annum. In June 2020, the Parent Company prepaid the remaining long-term balance of ₱12,662.0 million with a pre-termination fee of ₱126.6 million recorded under interest expense and other financing charges account.

In January 2020, the Parent Company executed and availed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.500% p.a. for the initial 5 years. In December 2020, the Parent Company also executed and availed a ₱10,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.000% p.a. for the first 7 years. Both loans will be repriced on the 5th and 7th anniversary, respectively.

As of December 31, 2020 and 2019, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱41,230.0 million and ₱41,885.1 million, respectively.

US Dollar-denominated Long-term Loans
In November 2019, the Parent Company executed and had simultaneously drawn a US$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. All proceeds were onlent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

As of December 31, 2020 and 2019, the remaining aggregate balance of US Dollar-denominated long term loans amounted to ₱6,002.9 million and ₱6,329.4 million, respectively.

<u>Subsidiaries</u>
The subsidiaries' loans will mature on various dates up to 2030. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R2 or and fixed interest rates ranging from 3.89% to 3.92% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. or (iii) the average of the Bangko Sentral ng Pilipinas Overnight Deposit Rate and Term Deposit Facility with a term closed to the 90-day interest period.

In 2020 and 2019, the subsidiaries made a total bank loan availment of ₱9,600.0 million and ₱6,083.0 million, respectively. In 2019, the subsidiaries made a total bank loan payment of ₱5,943.96 million. In 2020, the subsidiaries paid a total bank loan of ₱9,496.67 million and another ₱1,350.0 million for the matured fixed rate corporate notes. The total outstanding balance of the subsidiaries' loans as of December 31, 2020 and 2019 amounted to ₱24,154.45 million and ₱25,401.29 million loans, respectively.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In June 2014, Cebu Holdings, Inc. issued a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.3% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result to non-compliance of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of December 31, 2020 and 2019.

Interest capitalized amounted to ₱40.1 million, ₱145.5 million, ₱196.2 million in 2020, 2019 and 2018 respectively. The capitalization rates are 2.63% - 5.18% in 2020, 4.41%-7.01% in 2019 and 2%-7.65% in 2018 (see Note 8 and 12).

Transaction costs capitalized amounted to ₱423.0 million, ₱333.8 million, ₱251.4 million in 2020, 2019 and 2018, respectively. Amortization amounted to ₱216.93 million, ₱151.9 million and ₱178.2 million in 2020, 2019 and 2018, respectively, and included under "Interest and other financing charges" (see Note 22).

17. **Deposits and Other Current Liabilities**

This account consists of:

	2020	2019
	(In Thousands)	
Current portion of customers' deposits	**₱19,760,584**	₱20,487,113
Security deposits	**5,311,506**	4,642,202
Others	**245,156**	343,266
	₱25,317,246	₱25,472,581

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

The amount of revenue recognized from amounts included in customers' deposits at the beginning of the year amounted to ₱21,087.9 million, ₱22,826.6 million and ₱11,479.4 million in 2020, 2019 and 2018, respectively.

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

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

18. **Deposits and Other Noncurrent Liabilities**

This account consists of:

	2020	2019
	(In Thousands)	
Deposits	**₱19,712,684**	₱13,646,810
Customers' deposit - noncurrent portion	**13,708,188**	8,809,357
Retentions payable	**6,058,579**	6,752,120
Contractors payable	**5,711,140**	6,595,611
Liability for purchased land	**2,111,165**	5,341,766
Deferred output VAT	**1,457,411**	1,721,402
Subscriptions payable	**498,175**	498,175
Other liabilities	**782,828**	638,395
	₱50,040,170	₱44,003,636

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

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

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

Contractors payable represents accrued costs incurred for property development that are not yet billed.

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

Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.

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

On April 25, 1995, Central Bay, a wholly owned subsidiary of Cyber Bay, entered into a Joint Venture Agreement with the Philippine Reclamation Authority (PRA; formerly Public Estates Authority) for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the Project) consisting of three partially reclaimed and substantially eroded islands (the Three Islands) along Emilio Aguinaldo Boulevard in Parañaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at Central Bay's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area.

On March 30, 1999, the PRA and Central Bay executed an Amended Joint Venture Agreement (AJVA) to enhance the Philippine Government's share and benefits from the Project which was approved by the Office of the President of the Philippines on May 28, 1999.

On July 9, 2002, the Supreme Court (SC) (in the case entitled "Francisco Chavez vs. Amari Coastal Bay and Reclamation Corp.") issued a ruling declaring the AJVA null and void. Accordingly, PRA and Central Bay were permanently enjoined from implementing the AJVA.

On July 26, 2002, Central Bay filed a Motion for Reconsideration (MR) of said SC decision. On May 6, 2003, the SC En Banc denied with finality Central Bay's MR. On May 15, 2003, Central Bay filed a Motion for Leave to Admit Second MR. In an En Banc Resolution of the SC dated July 8, 2003, the SC resolved to admit the Second MR of Central Bay.

On November 11, 2003, the SC rendered a 7-7 split decision on Central Bay's Second MR. Because of the new issues raised in the SC's latest resolution that were never tried or heard in the case, Central Bay was constrained to file on December 5, 2003 a Motion for Re-deliberation of the SC's latest resolution which motion was denied with finality by the SC.

With the nullification of the AJVA, Central Bay has suspended all Project operations. On August 10, 2007, in view of the failure by the PRA to comply with its obligations and representations under the AJVA, Cyber Bay and Central Bay have filed their claims for reimbursement of Project expenses in the amount of ₱10,200.0 million with the PRA. Cyber Bay and Central Bay provided the PRA with the summary and details of their claims on September 5, 2007. On July 15, 2008, Cyber Bay sent a follow-up letter to the PRA. The PRA, in its letter dated July 18, 2008, informed Cyber Bay that its claim is still being evaluated by the PRA.

As at December 31, 2020 and 2019, the Group has unpaid subscription in Cyber Bay amounting to ₱481.7 million. The investment in Cyber Bay under "financial assets through FVOCI" amounted to ₱472.0 million and ₱513.6 million as of December 31, 2020 and 2019, respectively (see Note 10).

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

19. **Equity**

The details of the number of shares follow:

December 31, 2020

	Number of Shares		Amount	
	Preferred	Common	Preferred	Common
		(In Thousands)		
Authorized	**15,000,000**	**20,000,000**	**₱1,500,000**	**₱20,000,000**
Issued*	**13,066,495**	**14,635,298**	**₱1,306,649**	**₱14,635,298**
Subscribed	**–**	**124,882**	**–**	**124,882**
	13,066,495	**14,760,180**	**₱1,306,649**	**₱14,760,180**

*Out of the total issued shares, 29,785 shares or ₱1,260,780 as of December 31, 2020 pertain to Treasury shares

December 31, 2019

	Number of Shares		Amount	
	Preferred	Common	Preferred	Common
	(In Thousands)			
Authorized	15,000,000	20,000,000	₱1,500,000	₱20,000,000
Issued*	13,066,495	14,632,062	₱1,306,649	₱14,632,062
Subscribed	–	113,273	–	113,273
	13,066,495	14,745,335	₱1,306,649	₱14,745,335

*Out of the total issued shares, 25,373 shares or ₱1,104,353 as of December 31, 2019 pertain to Treasury shares

Preferred Shares (₱0.10 par value per share)
The Parent Company's preferred shares prior to 2012 were subscribed and issued through a stock rights offer with the following features: (a) non-voting; (b) dividend rate of 4.6% p.a., payable annually, noncumulative; (c) nonparticipating; (d) convertible at the option of the holder at a ratio of one (1) preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (e) no pre-emptive rights; (f) non-redeemable; (g) non-listed; and, (h) preferred in liquidation to the extent of par value.

The dividends for preferred shares are declared upon the sole discretion of the Parent Company's BOD.

On February 20, 2012, the BOD approved the following restructuring exercise in order to comply with the regulatory requirement on Filipino-ownership following the Supreme Court's ruling that nonvoting shares do not count as equity when computing for a Parent Company's Filipino-ownership level:

a. Redemption and retirement of the 13.0 billion outstanding preferred shares with par value of ₱0.10.
b. Reclassification of the 1,970.0 million unissued preferred shares to voting preferred shares through an amendment of Article Seventh of the Articles of Incorporation.
c. Increase in authorized capital stock by ₱1,300.0 million creating new voting preferred shares and a stock rights offer of 13,000 million voting preferred shares from the increase in the authorized capital stock.

On April 18, 2012, the stockholders ratified the BOD resolution on the capital restructuring. The voting preferred shares shall have the following features, rights, and privileges: (a) voting; (b) dividend rate of 4.7% per annum, equivalent to 90.0% of the 10-year PDST R2 (repriced every ten (10) years from issue date), payable annually, non-cumulative; (c) convertible at the option of the holder at a ratio of one (1) voting preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (d) no pre-emptive rights; (e) redeemable at par at the sole option of the corporation; (f) non-listed; and, (g) preferred in liquidation to the extent of par value.

The SEC approved on January 31, 2013 the following:

a. The decrease in authorized capital stock by ₱1,303.5 million, the aggregate par value of the 13,034.6 million preferred shares which have been redeemed and retired, from ₱22,803.5 million to ₱21,500.0 million, and

b. The amendments to Articles of Incorporation reflecting the decrease in capital stock.

As of December 31, 2020 and 2019, the Parent Company's authorized and outstanding preferred shares amounted to ₱1,500.0 million and ₱1,306.6 million, respectively at ₱0.10 par value per share.

Common Shares (₱1.00 par value per share)
On April 7, 2014, the stockholders resolved to approve the amendment of the Seventh Article of the Articles of Incorporation exempting from pre-emptive rights (1) the issuance of 1 billion common shares for properties or assets needed for the business of the Parent Company or for cash to acquire properties or assets needed for the business of the Parent Company or in payment of a debt contracted prior to the issuance of such shares, and (2) the issuance of common shares covered by the Parent Company's Stock Option Plans for members of the management committees of the Parent Company's subsidiaries or affiliates.

Likewise, the stockholders resolved to approve the amendment of the Stock Option Plan of the Parent Company to include the members of the Management Committees of the Parent Company's subsidiaries and affiliates as eligible grantees of stock options.

The rollforward analysis of the common shares follows:

	Number of Shares		Amount	
	2020	2019	**2020**	2019
		(In Thousands)		
Issued capital stock*				
At beginning of year	**14,632,062**	14,614,387	**₱14,632,062**	₱14,614,387
Issued shares	**3,236**	17,675	**3,236**	17,675
At end of year	**14,635,298**	14,632,062	**14,635,298**	14,632,062
Subscribed capital stock				
At beginning of year	**113,273**	120,494	**113,273**	120,494
Issued shares	**(3,236)**	(17,675)	**(3,236)**	(17,675)
Additional subscriptions	**14,845**	10,454	**14,845**	10,454
At end of year	**124,882**	113,273	**124,882**	113,273
	14,760,180	14,745,335	**₱14,760,180**	₱14,745,335

*Out of the total issued shares, 29,785 shares or ₱1,260,780 as of December 31, 2020 and 25,373 shares or ₱1,104,353 as of December 31, 2019 pertain to Treasury shares

No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Parent Company.

The Parent Company's track record of capital stock is as follows:

Type of Shares	Number of shares registered	Issue/ Offer price	Date of approval	Number of holders of securities as of 2020	Number of holders of securities as of 2019
Class B shares	800,000,000	Par Value - P1.00 /Issue Price P26.00	April 18, 1991	8,985	9,009
Class B shares	400,000,000	Par Value - P1.00*	July 06, 1992		
Class A shares	900,000,000	Par Value - P1.00**	July 05, 1993		
Class B shares	600,000,000	Par Value - P1.00**	July 05, 1993		

Note: Class A Shares and Class B Shares were declassified into one type of Common Shares on September 12, 1997.
**increase in authorized capital stock, registered to cover the shares held by the directors and 20% stock dividend amounting to P108,662,000.00*
***increase in authorized capital stock, registered to cover the 20% stock dividend amounting to P391,240,953.00*

On January 9, 2015, the Executive Committee of the Parent Company approved a top-up placement of 484,848,500 common shares of the Parent Company at a price of ₱33.00 per share. The placement was conducted via an accelerated bookbuilt offering structured as a top-up placement, whereby AC sold 484,848,500 listed common shares of stock to qualified third party buyers and subscribe to the same number of new shares from the Parent Company. The Parent Company completed the placement on January 12, 2015, raising an aggregate of ₱16,000.0 million in paid-up capital. The price was at 3.9% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱194.0 million.

On April 13, 2013, the stockholders resolved to approve the amendment of the Seventh Article of the Company's Articles of Incorporation for the purpose of excluding or exempting treasury shares from the pre-emptive rights of stockholders.

On March 6, 2013, the Parent Company's Board resolved to approve the placement made by AC of its existing 320,000,000 listed common shares of the Company to certain qualified third party buyers or investors at ₱30.50 per share. The Parent Company completed the top-up placement, raising an aggregate of ₱12,200.0 million in paid up capital. The price was at 3.6% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱162.4 million.

On July 10, 2012, the Parent Company's executive committee approved the placement of 680 million listed common shares of stock with par value of ₱1.00 per share, at a price of ₱20.00 per share, and the issuance of equal number of new shares of the Parent Company, at the same price of ₱20.00 per share, with AC as the seller of the placement tranche and subscriber of the subscription tranche. The Parent Company completed the top-up placement, raising an aggregate of ₱13,600 million in paid up capital. The price was at 5.0% discount to the closing price. Transaction cost charged to additional paid-in capital amounted to ₱200.0 million.

On April 2, 2008, the Parent Company's stockholders approved the allotment and subsequent issuance of the shares for the above-mentioned purposes and for the further amendment of the Amended Articles of Incorporation of the Parent Company to exclude the issuance of shares from the pre-emptive rights of the stockholders pursuant to Section 39 of the Philippine Corporation Code.

On February 12, 2008, the BOD approved the allotment and subsequent issuance of up to 1 billion common shares of stock with an aggregate par value of ₱1,000.0 million for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Parent Company via issuance of equity or equity-linked instruments, the price and the terms and conditions of which shall be determined by the BOD based on prevailing market conditions or on agreements negotiated.

On July 5, 1991, the Parent Company launched its initial public offering where a total of 400 million common shares were offered at an offering price of ₱26.00 per share. The registration statement was approved on July 20, 1992. The Parent Company has 8,985 and 9,009 existing shareholders as of December 31, 2020 and 2019, respectively.

Treasury Shares

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 per share for a total consideration of ₱156.4 million, pursuant to its share buyback program.

On February 21, 2020, the Board of Directors of Ayala Land, Inc. at its regular meeting approved the increase of an additional ₱25 billion to the Company's current share buyback program bringing the available balance to ₱26.1 billion. The program will be implemented through open market purchases executed via the trading facilities of the Philippine Stock Exchange.

On March 5, 2019, the Parent Company purchased a total of 10,372,746 of its common shares at ₱43.20 per share through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱448.10 million in relation to its share buyback program. On November 26, 2019, the Parent Company also acquired a total of 15,000,000 of its common shares at ₱43.75 per share for a total purchase price of ₱656.25 million.

The amendment of the Articles of Incorporation on April 17, 2013 allowed the re-selling of the 79,528,299 listed common shares as part of the top-up placement transaction completed in July 2013. Treasury common shares were sold at ₱30.50 per share resulting to additional paid-in capital of ₱1,601.6 million.

On August 12, 2008, the BOD approved a share buyback program. It is part of the Parent Company's balance sheet management program and aims to (i) improve the Parent Company's balance sheet structure and capital efficiency and (ii) enhance shareholder value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Parent Company as not reflective of its fair corporate value.

In 2008, the Parent Company repurchased a total of 79,528,228 of its common shares through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱823.9 million in relation to its share buyback program. These have been reported as treasury shares.

Retained Earnings
The BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.27, ₱0.52 and ₱0.51 per share in 2020, 2019 and 2018, respectively, to all issued and outstanding shares.

On February 20, 2020, the BOD during its meeting approved the declaration of cash dividends of ₱0.27 per outstanding common share. The cash dividend was paid on March 20, 2020 to stockholders of common shares as of record date March 6, 2020.

On May 26, 2020, the BOD 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 February 27, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on March 29, 2019 to the shareholders on record as of March 13, 2019.

On May 27, 2019, the BOD declared annual cash dividends of 4.7% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 21, 2019 to the shareholders on record as of June 7, 2019.

On October 31, 2019, the BOD approved the declaration of cash dividends amounting to ₱0.26 per outstanding common share and was paid on November 29, 2019 to the shareholders on record as of November 15, 2019.

On February 20, 2018, the BOD approved the declaration of cash dividends amounting to ₱0.252 per outstanding common share and was paid out on April 3, 2018 to the shareholders on record as of March 12, 2018. Further, on the same date, the BOD declared annual cash dividends of 4.8% per year or ₱0.0047 per share to all shareholders of the Parent Company's unlisted voting preferred shares. These were paid on June 29, 2018 to the shareholders on record as of June 15, 2018.

On August 17, 2018, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.252 per share. The cash dividend was paid out on October 2, 2018 to stockholders of common shares on record as of September 6, 2018.

Total dividends for common shares declared for 2020, 2019 and 2018 amounted to ₱3,944.6 million, ₱7,659.5 million and ₱7,423.9 million, respectively. Total dividends for preferred shares declared for 2020, 2019 and 2018 amounted to ₱62.0 million each year.

As of December 31, 2020 and 2019, retained earnings of ₱8,000.0 million are appropriated for future expansion. The increase of ₱2,000.0 million in 2016 represents a continuing appropriation for land banking activities and planned building construction projects. Each year, the Parent Company incurs capital expenditures for property development which include among others land banking and building construction projects. The appropriation is being fully utilized to cover part of the annual expenditure requirement of the Parent Company.

The Parent Company has earmarked additional funds for expansion projects in the residential, shopping centers, office and hotel business segments, as well as various infrastructure projects for the Parent Company's mixed-use developments.

The following are among the major capital expenditures of the Parent Company which were approved by the BOD:

a) Ayala Triangle Garden 2 with product offering for a Triple A HQ Office Building, a 5-Star Hotel and 3-level Retail Podium with gardens and civic spaces which was approved by the Board on May 29, 2015. The project was launched in June 2015 and expected to be completed in April 2021.

b) Ayala Center Redevelopment which will offer intermodal transport facility, a 5-storey regional mall, 2 BPO towers, a SEDA hotel and a 300-units residential for lease was approved by the Board on November 27, 2015. The project was launched in January 2016 and expected to be completed in 2021.

Retained earnings also include undistributed net earnings amounting to ₱92,123.69 million and ₱92,044.45 million as of December 31, 2020 and 2019, respectively, representing accumulated equity in the net earnings of subsidiaries, associates and joint ventures. These are not available for dividend distribution unless declared by subsidiaries and other investees.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2020 and 2019 amounted to ₱67.87 billion and ₱58.1 billion, respectively.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

Cumulative Translation Adjustment

The cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

Equity Reserves

On August 13, 2020, ALI sold through a public listing its 49.0% effective noncontrolling interest in AREIT, Inc. at ₱27.0 per share. Subsequently during a one-month stabilization process, BPI Capital Corporation acquired a 3.4% interest in AREIT at an average price of ₱26.0/share and redelivered this to ALI. As a result of the sale and buy-back transactions, ALI's ownership interest in AREIT was diluted from 100.00% to 54.4%. In relation to the dilution without loss of control, the impact to ALI's net equity reserve amounted to ₱7,641.7 million. ALI's non-controlling interest increased by ₱4,701.7 million, as a result of the public offering of AREIT Inc. The difference between the consideration and carrying value of the non-controlling interest was credited to equity reserve as shown below:

	2020		
	Consideration received	Carrying value of Non-controlling interests deemed disposed	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
45.6% in AREIT	₱12,343,461	₱4,701,746	₱7,641,715

In September 2019, ALI purchased additional 648,177 shares of VPHI for ₱799.4 million increasing the Parent Company's ownership to 78.41%.

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

On April 30, 2018, ALI and ALLHC executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of ALLHC for an aggregate subscription price of ₱3.0 billion in exchange for 30,186 common shares of LTI. The subscription and exchange shall be subject to and deemed effective only upon the issuance by the SEC of the confirmation of valuation of the shares. The SEC issued its approval on February 28, 2019. This increased ALI's ownership to 69.50%. This resulted in an decrease in equity reserve amounting to ₱664.9 million.

On February 4, 2019, The Executive Committee of Ayala Land, Inc. (ALI) approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 8,051 common shares, with a total value of ₱800 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in Prime Orion Philippines, Inc. (POPI), equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by POPI. On May 10, 2019, Prime Orion Philippines, Inc., changed its corporate name to Ayalaland Logistics Holdings Corp. (ALLHC). On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of ₱800 million resulting to increase in ALI's ownership from 69.5% to 70.36%.

On September 9, 2019, OLI sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This resulted to ALI's effective ownership in ALLHC from 70.36% to 71.46%.

The transactions were accounted for as an equity transaction since there were no changes in control. The movements within equity are accounted for as follows:

	2019		
	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
8.41% in VPHI	₱799,420	₱68,916	₱730,504
0.69% in CHI	88,734	73,977	14,757
0.86% in ALLHC	800,000	825,447	(25,447)
1.10% in ALLHC	628,100	1,033,335	(405,235)
	₱2,316,254	₱2,001,675	₱314,579

In January 2018, ALI purchased additional 202,774,547 shares of ALLHC from Genez Investment Corporation for ₱497.7 million increasing the Parent Company's ownership from 62.9% to 67%.

In December 2018, ALI acquired 8,051 common shares of LTI for ₱800.0 million increasing its ownership from 75% to 95%.

In 2018, ALI acquired additional 59,631,200 common shares of CHI totaling to ₱352.8 million. Further, an additional 77,742,516 shares was acquired as a result of swap of CPVDC shares for a total consideration of ₱229.3 million which brings Parent Company's ownership to 70.4%.

In March 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, the current ownership stake of ALI in MCT is 66.25%. This resulted in an increase in Equity reserve amounting to ₱1,044.5 million.

The transactions were accounted for as an equity transaction since there were no changes in control.

The movements within equity are accounted for as follows:

	2018		
	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
4.14% in ALLHC	₱497,652	₱315,951	₱181,701
20.00% in LTI	800,000	528,295	271,705
1.53% net reduction in CHI	582,106	826,752	(244,646)
	₱1,879,758	₱1,670,998	₱208,760

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

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

In June 2017, Orion Land, Inc. (OLI), a subsidiary of ALLHC, acquired 512,480,671 common shares equivalent to 11.69% ownership at ₱2.45 share amounting to ₱1,255.58 million. The acquisition of ALLHC shares by OLI was treated as an acquisition of non-controlling interest resulting to a debit to equity reserve of ₱405.18 million. This increased ALI's effective ownership from 51.36% to 63.05%.

The transactions were accounted for as an equity transaction since there were no change in control. The movements within equity are accounted for as follows:

	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
5.09% in CHI	₱574,994	₱394,907	₱180,087
11.69% in ALLHC	1,258,579	852,656	405,923
	₱1,833,573	₱1,247,563	₱586,010

In August 2017, AHRC entered into a memorandum of agreement with Sicogon Development Corporation (SIDECO) and an individual to develop Sicogon Island into a new leisure destination. The investment of SIDECO and an individual to SITEC changed the ownership interest of AHRC in SITEC from 100% to 77% without a loss of control. The difference between the amount by which non-controlling interest of 23% are adjusted and the fair value of consideration paid is recognized directly to equity amounting to ₱134.1 million.

Below are several acquisitions of shares in existing subsdiaries in 2013 up to 2016 that resulted to equity reserves. Details follow:

	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
2016			
10.5% in CHI	₱1,209,784	₱748,746	₱461,038
2015			
6.7% in CHI	₱649,927	₱434,074	₱215,853
9.4% in NTDCC	778,356	174,770	603,586
1.9% in API	58,157	45,540	12,617
	₱1,486,440	₱654,384	₱832,056

	Consideration paid	Carrying value of Non-controlling interests acquired	Difference recognized within Equity as Equity Reserve
		(In Thousands)	
2013			
6.7% in CHI	₱3,520,000	₱797,411	₱2,722,589
9.4% in NTDCC	2,000,000	1,413,960	586,040
	₱5,520,000	₱2,211,371	₱3,308,629

Non-controlling interests

The Parent Company considers a subsidiary as a subsidiary with material NCI if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the subsidiary compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group. The financial information on the Parent Company's significant subsidiaries with material NCI follows:

AREIT, Inc.

AREIT, Inc., was incorporated in September 4, 2006. As of December 31, 2020, it is 45.04% owned by ALI, 9.39% owned by ALO and 45.57% public after being listed in the Philippine Stock Exchange (PSE) on August 13, 2020. It was organized primarily as a real estate investment trust, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations and other applicable laws.

The related balances for the year ended December 31, 2020 follows:

	(In Thousands, except for %)
Proportion of equity interests held by non-controlling interests	45.6%
Accumulated balances of material non-controlling interests	₱4,489,157
Net income allocated to material non-controlling interests	282,680
Comprehensive income allocated to material non-controlling interests	282,680

The summarized financial information of AREIT, Inc. as of and for the year ended December 31, 2020 is provided below. This information is based on amounts before inter-company eliminations.

	(In Thousands)
Statements of financial position	
Current assets	₱2,705,442
Noncurrent assets	11,915,782
Current liabilities	(722,609)
Noncurrent liabilities	(1,560,237)
Total equity	12,338,378
Attributable to:	
Equity holders of AREIT, Inc.	12,338,378
Non-controlling interests	−
Dividends paid to non-controlling interests	−

	(In Thousands)
Statements of comprehensive income	
Revenue	₱1,951,625
Cost and expenses	617,862
Income before income tax	1,333,763
Provision for income tax	(106,576)
Income from operations	1,227,187
Other comprehensive income	–
Total comprehensive income	1,227,187
Attributable to:	
Equity holders of AREIT, Inc.	₱1,227,187
Non-controlling interests	−

	(In Thousands)
Statements of cash flows	
Operating activities	₱1,475,827
Investing activities	(1,849,491)
Financing activities	310,461
Net increase in cash and cash equivalents	(₱63,203)

The fair value of the investment in AREIT, Inc. amounted to ₱12,526.4 million as of December 31, 2020.

CHI and Subsidiaries
CHI, a publicly-listed company, was incorporated in the Republic of the Philippines. It is engaged in real estate development, sale of subdivided land, residential and office condominium units, sports club shares, and lease of commercial spaces. The registered office address of CHI is at 20F ACC Tower, Bohol St., Cebu Business Park, Cebu City, Philippines.

	2020	2019
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**28.9%**	28.9%
Accumulated balances of material non-controlling interests	**₱2,528,941**	₱2,315,716
Net income allocated to material non-controlling interests	**201,523**	478,743
Comprehensive income allocated to material non-controlling interests	**201,523**	478,743

The summarized financial information of CHI is provided below. This information is based on amounts before inter-company eliminations.

	2020	2019
	(In Thousands)	
Statements of financial position		
Current assets	**₱4,154,937**	₱4,295,804
Noncurrent assets	**24,894,482**	24,946,742
Current liabilities	**(14,911,598)**	(10,240,011)
Noncurrent liabilities	**(1,661,300)**	(6,877,676)
Total equity	**12,476,521**	12,124,859
Attributable to:		
Equity holders of CHI	**9,744,862**	9,401,730
Non-controlling interests	**2,731,659**	2,723,129
Dividends paid to non-controlling interests	**–**	–

	For the years ended December 31	
	2020	2019
	(In Thousands)	
Statements of comprehensive income		
Revenue	**₱2,933,252**	₱4,797,053
Cost and expenses	**(2,506,461)**	(2,631,960)
Income before income tax	**426,791**	2,165,093
Provision for income tax	**(26,374)**	(495,612)
Income from operations	**400,417**	1,669,481
Other comprehensive (loss) income	**(48,755)**	5,266
Total comprehensive income	**351,662**	1,674,747
Attributable to:		
Equity holders of CHI	**₱343,132**	₱1,662,834
Non-controlling interests	**8,530**	11,913

	For the years ended December 31	
	2020	2019
	(In Thousands)	
Statements of cash flows		
Operating activities	**₱1,170,848**	₱2,559,418
Investing activities	**(1,220,472)**	(2,800,650)
Financing activities	**(78,000)**	329,653
Effect of exchange rate changes	**(337)**	207
Net increase in cash and cash equivalents	**(₱127,961)**	₱88,628

The fair value of the investment in CHI amounted to ₱9,050.7 million and ₱9,971.1 million as of December 31, 2020 and 2019, respectively.

ALLHC and Subsidiaries
ALLHC was incorporated in the Republic of the Philippines. It is engaged in real estate and property development, manufacturing and retailing/distribution, non-life insurance and other allied services, organized under a number of intermediate holding companies. The Company wholly owns Tutuban Properties, Inc., which holds the lease and development rights over Tutuban Center in downtown Divisoria.

	2020	2019
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**29.1%**	29.1%
Accumulated balances of material non-controlling interests	**₱4,192,761**	₱3,924,400
Net income allocated to material non-controlling interests	**178,995**	215,944
Comprehensive income allocated to material non-controlling interests	**178,995**	215,944

The summarized financial information of ALLHC is provided below. This information is based on amounts before inter-company eliminations (In Thousands).

	December 31, 2020	December 31, 2019
Statements of financial position		
Current assets	**₱6,652,483**	₱6,661,508
Noncurrent assets	**12,768,607**	12,684,534
Current liabilities	**(5,053,355)**	(5,542,833)
Noncurrent liabilities	**(2,526,349)**	(2,625,391)
Total equity	**11,841,386**	11,177,818
Attributable to:		
Equity holders of ALLHC	**₱11,564,113**	₱11,056,221
Non-controlling interests	**138,637**	121,597
Dividends paid to non-controlling interests	**–**	–

	For the years ended December 31	
	2020	2019
Statements of comprehensive income		
Revenue	**₱3,751,070**	₱5,345,981
Cost and expenses	**(2,915,978)**	(4,584,689)
Income before income tax	**835,092**	761,292
Provision for income tax	**(133,079)**	(119,873)
Income from operations	**702,013**	641,419
Other comprehensive income	**–**	–
Total comprehensive income	**702,013**	641,419

	For the years ended December 31	
	2020	2019
Attributable to:		
Equity holders of ALLHC	**₱680,864**	₱595,838
Non-controlling interests	**21,149**	45,581
Statements of cash flows		
Operating activities	**₱744,162**	₱546,946
Investing activities	**(883,705)**	(2,919,486)
Financing activities	**139,194**	2,311,988
Net decrease in cash and cash equivalents	**(₱349)**	(₱60,552)

The fair value of the investment in ALLHC amounted to ₱15,190.4 million and ₱13,135.2 million as of December 31, 2020 and 2019, respectively.

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2020 and 2019, the Group had the following ratios:

	2020	2019
Debt to equity	**0.81:1**	0.87:1
Net debt to equity	**0.74:1**	0.78:1

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and financial assets at FVPL. Equity, which the Group considers as capital, pertains to the total equity. The Group excludes the "Fair value reserve of financial assets at FVOCI" attributable to the equity holders of the Company in computing the debt to equity ratio.

The Group is subject to externally imposed capital requirements due to loan covenants (see Note 16). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020 and 2019.

Financial risk assessment

The Group's financial condition and operating results would not be materially affected by the current changes in interest, currency, credit, liquidity and market conditions.

Exposure to changes in interest rates is reduced by a debt portfolio mix of both fixed and floating interest rates. The Group's ratio of fixed to floating rate debt stood at 95:5 and 90:10 as of December 31, 2020 and 2019, respectively. As a result, any adverse movement in interest rates is mitigated.

Exposure to foreign currency holdings is at MYR193.7 million and US$18.0 million as of December 31, 2020, and MYR278.4 million and US$8.3 million as of December 31, 2019, respectively.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Liquidity risk is addressed with long term funding already locked in, while funds are placed on cash equivalents, short term investment and financial assets at FVTPL.

20. Revenue

This account consists of:

	2020	2019	2018
		(In Thousand)	
Revenue from contracts with customers			
Residential development	**₱66,461,372**	₱117,580,972	₱120,396,794
Hotels and resorts	**3,388,190**	7,624,159	6,386,896
Construction	**3,278,557**	3,394,744	2,393,683
Others	**2,971,238**	5,452,595	5,297,101
Rental income (Notes 12 and 33)	**18,468,871**	31,687,075	28,522,420
Equity in net earnings of associates and joint venture	**586,502**	965,787	749,924
Total Revenue	**₱95,154,730**	₱166,705,332	₱163,746,818

The Group derives revenue from the transfer of goods and services over time and at a point in time in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Residential development

	2020	2019	2018
		(In thousands)	
Type of Product			
Middle income housing	**₱21,239,940**	₱36,023,183	₱35,046,620
Coremid	**20,445,730**	34,813,550	33,694,884
Condominium	**18,231,721**	29,326,334	33,401,701
Lot only	**6,543,981**	17,417,905	18,253,589
	₱66,461,372	₱117,580,972	₱120,396,794

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Hotels and resorts

	2020	2019	2018
		(In thousands)	
Type of Product			
Rooms	**₱1,775,632**	₱4,447,172	₱3,909,395
Food and beverage	**731,812**	2,090,953	2,116,548
Others	**273,424**	324,322	296,049
Other operated department	**607,322**	761,712	64,904
	₱3,388,190	₱7,624,159	₱6,386,896

The Group's revenue from hotels and resorts is attributed to the operations from the development and management of hotels and resorts/serviced apartments. In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported under this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment.

The Group's construction revenue pertains to transactions with related parties such as joint ventures and associates.

Others are mainly composed of property management facilities of the Group and third party projects.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rent discounts and concessions given vary for merchants that are (1) forced to close and those that are still (2) operational. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived with 50% discount in their common are usage expenses.

Set-out below is the reconciliation of contracts with customers with the amounts disclosed in segment information (in millions):

	2020					
	Residential Development	**International**	**Construction**	**Hotels and Reosrts**	**Property Management and Others**	**Total**
Sales to external customer	**₱53,014**	**₱4,845**	**₱3,279**	**₱3,388**	**₱2,971**	**₱67,497**
Interest	**8,603**	**–**	**–**	**–**	**–**	**8,603**
Total revenue from contracts with customers	**₱61,617**	**₱4,845**	**₱3,279**	**₱3,388**	**₱2,971**	**₱76,100**

	2019					
	Residential Development	International	Construction	Hotels and Reosrts	Property Management and Others	Total
Sales to external customer	₱102,981	₱6,709	₱3,395	₱7,624	₱5,453	₱126,162
Interest	7,891	–	–	–	–	7,891
Total revenue from contracts with customers	₱110,872	₱6,709	₱3,395	₱7,624	₱5,453	₱134,053

	2018					
	Residential Development	International	Construction	Hotels and Reosrts	Property Management and Others	Total
Sales to external customer	₱105,752	₱7,602	₱2,394	₱6,387	₱238	₱122,373
Interest	7,042	–	–	–	–	7,042
Total revenue from contracts with customers	₱112,794	₱7,602	₱2,394	₱6,387	₱238	₱129,415

21. Interest and Investment Income and Other Income

Interest and investment income consists of:

	2020	2019	2018
		(In Thousands)	
Interest income from banks	**₱293,354**	₱724,817	₱657,920
Interest income from advances to officers/employees and other companies	**75,160**	164,531	252,630

(Forward)

	2020	2019	2018
		(In Thousands)	
Gain on sale of equipment and other properties	**₱23,265**	₱40,870	₱46,570
Gain on sale of investments	**–**	–	588
Others	**2,922**	227	528
	₱394,701	₱930,445	₱958,236

Other income consists of:

	2020	2019	2018
		(In Thousands)	
Marketing and management fees	**₱219,937**	₱297,423	₱477,967
Others - net (Note 24)	**503,331**	860,512	1,062,750
	₱723,268	₱1,157,935	₱1,540,717

Other income mainly consists of gain on business combination, realized and unrealized gain on financial asset at FVTPL, financial impact of net foreign exchange transactions and gain from disposal of subsidiary.

22. Costs and Expenses and Other Charges

Real estate costs and expenses consist of:

	2020	2019	2018
		(In Thousands)	
Cost of real estate sales (Note 8)	**₱32,916,227**	₱59,353,001	₱67,784,088
Depreciation and amortization	**7,651,383**	7,419,920	4,858,275
Hotels and resorts operations	**2,990,397**	3,001,616	3,030,787
Manpower costs	**1,925,639**	2,046,960	1,800,424
Marketing and management fees	**1,274,861**	4,678,323	5,165,668
Rental	**863,622**	483,645	3,960,419
Materials and overhead	**43,759**	999,999	1,341,224
Direct operating expenses:			
Taxes and licenses	**4,078,001**	3,665,445	2,873,125
Commission	**1,912,056**	3,946,907	2,124,226
Repairs and maintenance	**1,663,775**	2,213,593	1,582,239
Light and water	**439,464**	3,934,328	4,440,156
Professional fees	**245,787**	199,848	172,226
Insurance	**213,150**	204,256	271,700
Transportation and travel	**67,353**	161,113	170,781
Entertainment, amusement and recreation	**14,756**	25,971	28,243
Others	**372,954**	2,417,014	1,475,549
	₱56,673,184	₱94,751,939	₱101,079,130

General and administrative expenses consist of:

	2020	2019	2018
		(In Thousands)	
Manpower costs (Notes 26 and 28)	**₱4,166,178**	₱4,719,739	₱4,685,180
Taxes and licenses	**1,096,167**	1,115,766	818,797
Depreciation and amortization	**945,283**	825,766	640,608
Security and Janitorial	**274,754**	691,011	603,404
Professional fees	**419,557**	386,146	744,679
Utilities	**266,391**	340,805	324,402
Repairs and maintenance	**332,586**	324,277	304,003
Rent	**10,642**	100,295	195,669
Transport and travel	**46,996**	96,894	106,366
Dues and fees	**52,251**	90,733	61,447
Supplies	**44,393**	70,795	64,550
Advertising	**42,970**	69,163	103,423
Donations and contribution	**57,628**	53,482	76,059
Training and seminars	**14,357**	46,776	79,023
Entertainment, amusement and recreation	**26,047**	38,203	41,970
Insurance	**37,306**	23,917	74,139
Others	**178,307**	373,591	177,609
	₱8,011,813	₱9,367,359	₱9,101,328

Manpower costs included in the consolidated statements of income follows:

	2020	2019	2018
		(In Thousands)	
Real estate costs and expenses			
Cost of real estate	**₱1,761,580**	₱1,784,450	₱1,534,290
Hotels and resorts operations	**164,059**	262,510	266,134
General and administrative expenses	**4,166,178**	4,719,739	4,685,180
	₱6,091,817	₱6,766,699	₱6,485,604

Depreciation and amortization expense included in the consolidated statements of income follows:

	2020	2019	2018
		(In Thousands)	
Real estate costs and expenses:			
Cost of real estate	**₱7,651,383**	₱7,419,920	₱4,858,275
Hotels and resorts operations	**975,906**	813,024	633,563
General and administrative expenses	**945,283**	825,766	640,608
	₱9,572,572	₱9,058,710	₱6,132,446

Other expenses consist of:

	2020	2019	2018
		(In Thousands)	
Financial expenses and other charges (Note 7)	**₱2,810,922**	₱1,076,207	₱1,123,307
Net provision for (reversals of) impairment losses on:			
Receivables (Note 7)	**752,641**	568,775	146,974
Investment properties (Note 12)	**225,208**	–	–
	₱3,788,771	₱1,644,982	₱1,270,281

Interest and other financing charges consist of:

	2020	2019	2018
		(In Thousands)	
Interest expense on:			
Long-term debt	**₱9,705,852**	₱9,153,067	₱7,259,118
Short-term debt	**1,164,767**	1,206,577	1,668,340
Lease liabilities (Note 33)	**1,430,607**	1,066,543	–
Other financing charges	**444,494**	773,571	666,545
	₱12,745,720	₱12,199,758	₱9,594,003

23. **Income Tax**

Net deferred tax assets:

	2020	2019
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱8,678,138**	₱9,148,055
Lease liabilities	**3,628,273**	3,681,191
Accrued expenses	**1,131,316**	524,891
Allowance for probable losses	**792,783**	667,194
NOLCO	**336,510**	14,853
Retirement benefits	**144,837**	505,768
Unrealized foreign exchange losses	**105,275**	–
Others	**417,950**	385,883
	15,235,082	14,927,835
Deferred tax liabilities on:		
Right-of-use assets	**(2,491,661)**	(2,862,294)
Capitalized interest and other expenses	**(436,181)**	(485,077)
Unrealized foreign exchange gains	**(119,900)**	(45,027)
Others	**(65,825)**	(7,792)
	(3,113,567)	(3,400,190)
	₱12,121,515	₱11,527,645

Net deferred tax liabilities:

	2020	2019
	(In Thousands)	
Deferred tax assets on:		
Lease liabilities	**₱535,218**	₱555,071
Difference between tax and book basis of accounting for real estate transactions	**301,965**	₱92,021
Accrued expense	**110,114**	184,672
NOLCO	**72,669**	3,871
Allowance for probable losses	**54,074**	51,820
Unrealized foreign exchange loss	**6,502**	11,664
Others	**315,267**	192,762
	1,395,809	1,091,881

(Forward)

	2020	2019
	(In Thousands)	
Deferred tax liabilities on:		
Fair value adjustment arising from business combination	**(₱3,912,586)**	(₱3,904,145)
Difference between tax and book basis of accounting for real estate transactions	**(3,648,480)**	(2,018,940)
Right-of-use assets	**(616,339)**	(462,684)
Capitalized interest and other expenses	**(106,013)**	(297,873)
Retirement benefits	**(23,631)**	(27,480)
Prepaid expenses	**(5,357)**	–
Unrealized foreign exchange gain	**–**	(3,047)
Insurance recovery	**–**	(98,244)
Others	**(231,937)**	(370,222)
	(8,544,343)	(7,182,635)
	(₱7,148,534)	(₱6,090,754)

As of December 31, 2020 and 2019 deferred tax liabilities have not been recognized on the undistributed earnings and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future.

Certain subsidiaries of the Parent Company have NOLCO amounting to ₱1,681.7 million and ₱2,244.6 million as of December 31, 2020 and 2019, respectively, and MCIT amounting to ₱142.7 million and ₱152.0 million as of December 31, 2020 and 2019, respectively. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. As of December 31, 2020 and 2019, total unrecognized NOLCO amounted to ₱317.7 million and ₱2,182.2 million, respectively. As of December 31, 2020 and 2019, total unrecognized MCIT amounted to ₱126.4 million and ₱150.9 million, respectively. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2017	₱666,258	₱666,258	₱–	2020
2018	990,792	–	990,792	2021
2019	587,561	–	587,561	2022
	₱2,244,611	₱666,258	₱1,578,353	

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2020	₱103,323	₱–	₱103,323	2025

The carryover MCIT that can be used as deductions against income tax liabilities is as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2017	₱16,332	₱16,332	₱–	2020
2018	130,127	–	130,127	2021
2019	5,576	–	5,576	2022
2020	6,992	–	6,992	2023
	₱159,027	₱16,332	₱142,695	

Reconciliation between the statutory and the effective income tax rates follows:

	2020	2019	2018
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Equity in net earnings of associates and joint ventures	**(3.90)**	(1.90)	(1.66)
Income under tax holiday and other nontaxable income	**(0.88)**	(0.96)	(0.92)
Interest income and capital gains taxed at lower rates	**(0.25)**	(0.53)	(0.30)
Others - net	**1.99**	(0.42)	(0.60)
Effective income tax rate	**26.96%**	26.19%	26.51%

Deferred tax related to remeasurement gain on defined benefit plans recognized in OCI amounted to ₱252.5 million and ₱50.3 million in 2020 and 2019, respectively.

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"
On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 (the CREATE). The general features of the CREATE bill are the following:

- Reduction in current income tax rate effective July 1, 2020;
- Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023;
- Increased threshold on sale of real estate properties that is exempt from VAT;
- Regional operating headquarters of multinational companies previously subject to a tax of 10% on their taxable shall be subject to the regular corporate income tax effective December 31, 2020; and
- Effective July 1, 2020 until June 30,2023, the MCIT rate shall be one percent 1%.

As at February 23, 2021, the harmonized copy of the CREATE bill has been transmitted to the Office of the President for signing or approval into law.

Board of Investments (BOI) Incentives
The Board of Investments issued certificates of registrations to the following companies in accordance with the existing Omnibus Investment Code. The projects have been granted an Income Tax Holiday (ITH) for a fixed period from the date of registration or actual start of operations, whichever is earlier.

	Registration Date	Project Location	ITH Start	ITH Period
Econorth Resort Ventures Inc.	November 21, 2017	Seda Lio	March 2018	5 years
Capitol Central Hotel Ventures, Inc.	September 08, 2017	Seda Capitol Central	January 2018	4 years
Bonifaco Hotel Ventures, Inc.	January 11, 2012	Seda BGC	June 2018	6 years
Bonifaco Hotel Ventures, Inc.	May 22, 2019	Seda BGC Expansion	May 2019	3 years
Makati North Hotel Ventures, Inc.	August 16, 2019	Seda Residences Makati	August 2019	4 years
MDC Conqrete, Inc.	October 5, 2020	PBU and WallQrete	January 2021	3 years
MDC Conqrete, Inc.	November 10, 2015	Modular Housing	November 2015	4 years
Amaia Land Corp	October 31, 2020	Amaia Scapes Rizal	October 2020	4 years
Amaia Land Corp	July 18, 2018	Amaia Scapes Bulacan Sector 3B	July 2018	3 years
Amaia Land Corp.	April 26, 2017	Amaia Steps Alabang - Delicia	April 2017	3 years
Amaia Land Corp.	April 20, 2017	Amaia Steps Capitol Central	April 2017	3 years
Amaia Land Corp.	April 20, 2017	Amaia Steps Sucat - Isabela	April 2017	3 years
Amaia Land Corp.	September 29, 2016	Amaia Scapes Iloilo	September 2016	4 years

24. Business Combinations and Acquisition of Non-controlling Interests

Business Combinations

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

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

The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. on February 19, 2018. Owners of 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%. Total consideration paid is ₱5.98 billion.

Subsequently, the Group remeasured its previously held interest in MCT based on its acquisition-date fair value which resulted to a remeasurement loss of ₱1.79 billion.

The Group finalized the purchase price allocation of its acquisition of MCT through business combination in December 2018. The final purchase price allocation resulted in gain from bargain purchase of ₱1.85 billion. Non-controlling interests recognized amounted to ₱4,773.52 million.

The net gain of ₱60 million from the acquisition is presented under 'Other income' account in the 2018 consolidated statements of income.

The following are the fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash and cash equivalents	₱1,078,224
Trade and other receivables	2,833,560
Inventories	13,620,873
Investment properties	5,712,635
Property, plant and equipment	4,599,423
Other noncurrent assets	69,222
	27,913,937
Liabilities	
Accounts and other payables	₱5,506,336
Borrowings	2,752,114
Income tax payable	128,551
Deferred tax liabilities	2,287,772
	10,674,773
Net assets	17,239,164
Total net assets acquired	12,465,640
Acquisition cost	(10,611,567)
Negative goodwill	₱1,854,073

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

From January 8 to December 31, 2018, the Group's share in MCT's revenue and net income amounted to ₱7.6 billion and ₱1.3 billion.

Acquisition of Non-controlling Interests

Ayala Land Logistics Holdings Corp. (ALLHC)
On April 30, 2018, ALI and ALLHC executed a Deed of Exchange where ALI will subscribe to 1,225,370,620 common shares of ALLHC for an aggregate subscription price of ₱3.0 billion in exchange for 30,186 common shares of LTI. The subscription and exchange shall be subject to and deemed effective only upon the issuance by the SEC of the confirmation of valuation of the shares. The SEC issued its approval on February 28, 2019. This increased ALI's ownership to 69.50%.

On February 4, 2019, The Executive Committee of ALI approved the purchase of a 20% equity interest owned by Mitsubishi Corporation in LTI, equivalent to 8,051 common shares, with a total value of ₱800.0 million. Subsequently, ALI will exchange the 20% equity interest in LTI for additional shares of stock in ALLHC, equivalent to 323,886,640 common shares, subject to conditions to be fulfilled by ALLHC.

On June 10, 2019, ALI sold its 20% equity interest or 8,051 common shares in LTI to ALLHC for a consideration of ₱800.0 million. This increased ALI's ownership to 70.36%.

On September 9, 2019, OLI sold through a special block sale, 215,090,031 common shares of ALLHC to Avida Land Corporation, a wholly-owned subsidiary of ALI, for a total consideration of ₱628.1 million. Subsequently, these shares were acquired by ALI through a special block sale for a total consideration of ₱628.1 million. This increased ALI's effective ownership in ALLHC from 70.36% to 71.46%.

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

25. **Related Party Transactions**

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

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

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free and settlement occurs generally in cash, except otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (in thousands):

a. Transactions with Bank of the Philippine Islands (BPI), an associate of Ayala Corporation (AC)

Cash and cash equivalents earn interest from 2.5% to 6.0% per annum for Philippine Peso-denominated and 1.0% to 3.0% per annum for USD-denominated investments. Investment in FVPL are UITF which earns interest depending on the duration of time invested in the fund. Interest earned with investments in BPI for the year amounted to ₱24.70 million, ₱125.5 million, and ₱129.3 million in 2020, 2019 and 2018, respectively.

Short-term debts are secured peso denominated bank loans with interest rate ranging from 5.5% to 5.6% while long-term debts bear fixed rates ranging from 4.5% to 6.9% and floating rates ranging from 5.4% to 6.5% per annum with remaining terms ranging from less than a year to 9.9 years. Interest expense incurred on borrowings from BPI amounted to ₱723.29 million, ₱740.8 million, and ₱1,460.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020 and 2019, the Group maintains current and savings account, money market placements and short-term and long-term debt payable with BPI broken down as follows:

	2020	2019
	(In Thousands)	
Cash in bank	**₱3,510,108**	₱3,942,497
Cash equivalents	**47,486**	906,296
Marketable securities	**305,136**	80,000
Short term debt	**2,600,500**	9,399,330
Long-term debt	**13,231,337**	14,315,498

b. Outstanding balances with parent company, associates and other related party

Receivables from/payables to other related parties pertain mostly to advances and reimbursement of operating expenses related to development cost and land acquisitions. Payables to related parties consist of expenses incurred on utilities, professional services and other miscellaneous services as well as purchases of vehicles. These are generally trade-related, noninterest-bearing and settled within one year.

Outstanding balances from/to related parties follow (amounts in thousands):

2020

	Receivable from related parties			Payable to related parties		
	Current	**Noncurrent**	**Total**	**Current**	**Noncurrent**	**Total**
AC	**₱55,316**	**₱–**	**₱55,316**	**₱236,815**	**₱–**	**₱236,815**
As Associates	**4,753,392**	**–**	**4,753,392**	**446,886**	**–**	**446,886**
Other related parties:						
Globe Telecom (Globe)	**148,435**	**–**	**148,435**	**7,164**	**–**	**7,164**
Bank of the Philippine Islands	**84,064**	**–**	**84,064**	**44,811**	**–**	**44,811**
ColColumbus	**–**	**–**	**–**	**267,355**	**–**	**267,355**
Manila Water PhilippineVentures, Inc.Inc.	**160,115**	**–**	**160,115**	**67,242**	**–**	**67,242**
Michigan Holdings, Inc.	**330**	**–**	**330**	**–**	**–**	**–**
Manila Water Company Inc.	**9,280**	**–**	**9,280**	**10,288**	**–**	**10,288**
Others	**278,227**	**–**	**278,227**	**47,631**	**–**	**47,631**
	680,451	**–**	**680,451**	**444,491**	**–**	**444,491**
	₱5,489,159	**₱–**	**₱5,489,159**	**₱1,128,192**	**₱–**	**₱1,128,192**

2019

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
AC	₱143,781	₱–	₱143,781	₱286,718	₱–	₱286,718
Associates	5,108,188	–	5,108,188	244,619	–	244,619
Other related parties:						
Globe Telecom (Globe)	145,593	–	145,593	6,164	–	6,164
Bank of the Philippine Islands	176,014	–	176,014	59,800	–	59,800
Columbus	–	–	–	267,355	–	267,355
Manila Water Philippine Ventures Inc.	258,169	–	258,169	80,810	–	80,810
Michigan Holdings, Inc.	110,103	–	110,103	–	–	–
Manila Water Company Inc.	57,402	–	57,402	18,221	–	18,221
Others	131,053	–	131,053	70,596	–	70,596
	878,334	–	878,334	502,946	–	502,946
	₱6,130,303	₱–	₱6,130,303	₱1,034,283	₱–	₱1,034,283

c. Revenue and expenses from related parties

The revenue from parent company, associates and other related parties pertains mostly to income from leasing and development projects while expenses composed of management fees and training expenses. These are usually non-interest bearing and not impaired. Transactions are settled within one year.

Revenue and expenses from related parties follow:

Revenue from related parties:

	2020	2019	2018
		(In Thousands)	
AC	**₱3,493**	₱25,450	₱28,081
Associates	**2,253,303**	4,128,193	4,703,524
Other Related Parties			
Bank of the Philippine Islands	**378,319**	414,609	330,519
Manila Water Philippine Ventures, Inc.	**264,628**	272,709	218,127
Globe Telecom, Inc.	**84,656**	185,063	193,899
Innove Communications	**7,982**	7,295	6,909
Manila Water Company, Inc. (MWCI)	**7,151**	53,882	2,653
Laguna AAA Waterworks Corp. (LAWC)	**1,500**	1,500	1,500
Michigan Holdings, Inc.	**1,203**	179,739	1,101
Others	**32,473**	1,153	868
	777,912	1,115,950	755,576
Total	**₱3,034,708**	₱5,269,593	₱5,487,181

Expenses from related parties:

	2020	2019	2018
		(In Thousands)	
AC	**₱10,950**	₱4,216	₱1,035
Associates	**201,558**	322,114	3,153,547
Other Related Parties			
Manila Water Company, Inc.	**234,167**	398,648	385,925
Bank of the Philippine Islands	**434,707**	213,257	296,002
Innove Communications, Inc.	**73,060**	92,003	68,805
AG Counselors Corp.	**206,354**	199,222	60,718
Globe Telecom, Inc.	**66,483**	88,188	53,920
Manila Water Philippine Ventures, Inc.	**125,617**	108,765	53,038
Others	**988,788**	432,865	377,544
	2,129,176	1,532,948	1,295,952
Total	**₱2,341,684**	₱1,859,278	₱4,450,534

The following describe the nature of the material transactions of the Group with related parties as of December 31, 2020 and 2019:

- On January 12, 2016, the Parent Company has entered into a partnership with Manila Water Philippine Ventures, Inc., a wholly owned subsidiary of Manila Water Company, Inc., for the waterworks of ALI's projects nationwide. The MOA was signed by ALI and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp. Revenue and expense in 2020 amounted to ₱264.6 million and ₱125.6 million, respectively, and ₱272.7 million and ₱108.8 million amounted in 2019, respectively.
- Certain credit facilities with BPI with a total carrying value of ₱13,231.3 million and ₱24,416.9 million as of December 31, 2020 and 2019, respectively, are secured by a real estate mortgage. This is in compliance with BSP ruling on directors, officers, stockholders and related interests.
- In October 2012 and July 2013, BG South, a subsidiary of Alveo, entered into a contract with FBDC for the purchase of land in Bonifacio Global City. Land cost amounting to ₱122.7 million and ₱816.0 million were recognized in profit or loss in 2020 and 2019, respectively.
- On May 20, 2013, DirectPower and its customers, which are all within the Ayala Group, entered into a Retail Electricity Supply contract wherein DirectPower agreed to supply electricity at a specific rate pursuant to the provisions and implementing rules and regulations of R.A. No. 9136 or the Electric Power Industry Reform Acts of 2001. Among the customers of Direct Power are FBDC, LDC, BPI, San Lazaro BPO Complex and 6750 Ayala Ave.
- The Group sold residential receivables on a without recourse basis to BPI Family Savings Bank, Inc., a related party, amounting to ₱20,458.0 million and ₱9,976.3 million in 2020 and 2019, respectively. Proceeds of receivables sold to BPI amounted to ₱18,431.9 million in 2020 and ₱9,281.2 million in 2019. The Group recognized loss on sale (under "Other charges") amounting to ₱2,064.0 million and ₱775.2 million in 2020 and 2019, respectively.
- The Group entered into agreements with BPI Asset Management and Trust Corporation in 2019 for the assignment of interest-bearing employee receivables amounting to ₱108.9 million (nil in 2020).
- Revenue from Globe pertains to development management fee and for lease of spaces.
- As of December 31, 2020 and 2019, the funds include investment in securities of its related parties with carrying value of ₱1.5 billion and ₱1.7 billion, respectively (see Note 26).

d. Remuneration of Key Management Personnel (KMP)

Key management personnel of the Group include all officers with position of vice president and up. Compensation of key management personnel amounted to ₱207.8 million and ₱197.2 million in 2020 and 2019, respectively.

Compensation of key management personnel by benefit type follows:

	2020	2019
	(In Thousands)	
Short-term employee benefits	**₱192,301**	₱185,540
Post-employment benefits (Note 26)	**15,497**	11,622
	₱207,798	₱197,162

The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the corporation that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

26. Retirement Plan

The Group has funded, noncontributory tax-qualified defined benefit type of retirement plans (the Plan) covering substantially all of their employees. The benefits are based on a defined benefit formula.

The Plan aims to maintain a full funding, i.e., the Plan's assets fully covered the Plan's liabilities, as measured through generally accepted actuarial methodologies. Such will provide a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns. The target funded status is within the range of 80% to 100%.

The Group's fund is in the form of a trust fund being maintained by the trustee banks such as BPI Asset Management and Trust Corporation (collectively the "Retirement Fund"). The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The components of expense (included in manpower costs under "General and administrative expenses") in the consolidated statements of income follows:

	2020	2019	2018
		(In Thousands)	
Current service cost	**₱398,979**	₱443,364	₱310,759
Past service cost	**–**	–	10,563
Net interest cost on benefit obligation	**104,867**	117,607	77,418
Total pension expense	**₱503,846**	₱560,971	₱398,740

The remeasurement effects recognized in other comprehensive income (included in Equity under "Remeasurement loss on defined benefit plans") in the consolidated statements of financial position follow:

	2020	2019	2018
		(In Thousands)	
Return (loss) on plan assets (excluding amount included in net interest)	**(₱15,785)**	₱75,922	₱184,923
Remeasurement (loss) gain due to liability experience	**(47,859)**	1,544	101,979
Remeasurement (loss) gain due to liability assumption changes - demographic	**(5,641)**	145	(2,476)
Remeasurement loss due to liability assumption changes - economic	**(617,702)**	(245,365)	(369,807)
Remeasurements in other comprehensive income	**(₱686,987)**	(₱167,754)	(₱85,381)

The funded status and amounts recognized in the consolidated statement of financial position for the retirement plan as of December 31, 2020 and 2019, are as follows:

	2020	2019
	(In Thousands)	
Benefit obligations	**₱5,094,096**	₱4,365,274
Plan assets	**(2,085,519)**	(2,452,003)
Net pension liability position	**₱3,008,577**	₱1,913,271

As of December 31, 2020 and 2019 pension assets (included under "Other noncurrent assets") amounted to ₱12.2 million and ₱74.3 million, respectively, and pension liabilities amounted to ₱3,020.8 million and ₱1,987.6 million, respectively.

Changes in net defined benefit liability of funded plans in 2020 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income							
	January 1, 2020	**Current service cost**	**Past service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan Assets***	**Remeasurement loss due to liability experience**	**Remeasurement loss due to liability assumption changes - demographic**	**Remeasurement loss due to liability assumption changes- economic**	**Net remeasure-ment loss**	**Contribution by employer**	**Transfer in /(out)**	**December 31, 2020**
Present value of defined benefit obligation	**₱4,365,274**	**₱398,979**	**₱–**	**₱210,090**	**₱609,069**	**(₱550,903)**	**₱–**	**₱47,859**	**₱5,641**	**₱617,702**	**₱671,202**	**₱–**	**(₱546)**	**₱5,094,096**
Fair value of plan assets	**(2,452,003)**	**–**	**–**	**(105,223)**	**(105,223)**	**698,183**	**15,785**	**–**	**–**	**–**	**15,785**	**(242,807)**	**546**	**(2,085,519)**
Net defined benefit liability	**₱1,913,271**	**₱398,979**	**₱–**	**₱104,867**	**₱503,846**	**₱147,280**	**₱15,785**	**₱47,859**	**₱5,641**	**₱617,702**	**₱686,987**	**(₱242,807)**	**₱–**	**₱3,008,577**

*excluding amount included in net interest

Changes in net defined benefit liability of funded plans in 2019 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income							
	January 1, 2019	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan Assets*	Remeasurement gain due to liability experience	Remeasurement gain due to liability assumption changes - demographic	emeasurement loss due to liability assumption Rchanges - economic	Net remeasure-ment loss	Contribution by employer	Transfer in /(out)	December 31, 2019
Present value of defined benefit obligation	₱3,676,584	₱443,364	₱–	₱279,339	₱722,703	(₱277,699)	₱–	(₱1,544)	(₱145)	₱245,365	₱243,676	₱–	₱10	₱4,365,274
Fair value of plan assets	(2,188,451)	–	–	(161,732)	(161,732)	335,918	(75,922)	–	–	–	(75,922)	(361,816)	–	(2,452,003)
Net defined benefit liability	₱1,488,133	₱443,364	₱–	₱117,607	₱560,971	₱58,219	(₱75,922)	(₱1,544)	(₱145)	₱245,365	₱167,754	(₱361,816)	₱10	₱1,913,271

*excluding amount included in net interest

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market.

The plan assets have diverse investments and do not have any concentration risk.

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	December 31	
	2020	2019
	(In Thousands)	
Cash and cash equivalents	**₱9,246**	₱27,197
Equity investments		
Unit Investment Trust Funds	**323,553**	363,357
Mutual funds	**131,217**	158,991
Holding firms	**1,455**	1,688
Financials	**15,195**	18,435
Property	**78,366**	95,074
Industrials	**92,005**	111,622
Services	**17,059**	20,696
	658,850	769,863
Debt investments		
Government securities	**551,290**	537,483
AAA rated debt securities	**497,130**	545,950
Unit Investment Trust Funds	**56,970**	66,128
Mutual funds	**5,295**	6,146
Not rated debt securities	**306,738**	499,236
	1,417,423	1,654,943
	₱2,085,519	₱2,452,003

The Retirement Fund's investments will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the set benchmark for each asset class. In case of securities, the aggregate holdings of any security may not exceed 10% of the Plan assets. The criteria for including an asset class in the strategic policy include: (a) wide recognition and acceptance among institutional investors; (b) low correlation with other accepted asset classes; and (c) a meaningful performance history. The Group expects to make contributions of ₱581.02 million to its retirement fund in 2021.

The allocation of the fair value of plan assets follows:

	2020	2019
Investments in debt securities	**67.97%**	67.49%
Investments in equity securities	**31.59%**	31.40%
Others	**0.44%**	1.11%

Funds invested in debt securities include government securities, corporate notes and bonds and money market placements. Investments in equity securities consist of investments in PSE listed stocks and unit investment trust funds. Others were in the form of cash and cash equivalents.

The Group's transactions with the funds mainly pertain to contributions, benefit payments and settlements.

As of December 31, 2020 and 2019, the funds include investment in securities of its related parties (see Note 25). Details of the investment per type of security are as follows:

	December 31, 2020			December 31, 2019
	Carrying Value	**Fair Value**	**Unrealized (Gain) Loss**	Fair Value
	(In Thousands)			
Investments in debt securities	**₱885,050**	**₱916,337**	**(₱31,287)**	₱1,142,062
Investments in equity securities	**627,611**	**624,975**	**2,636**	603,857
Others	**13,319**	**13,393**	**(74)**	13,393
	₱1,525,980	**₱1,554,705**	**(₱28,725)**	₱1,759,312

The plan assets include shares of stock of the Parent Company with fair value amounting to ₱40.58 million and ₱38.56 million as of December 31, 2020 and 2019, respectively. The Parent Company gives the trustee bank the discretion to exercise voting rights over the shares. The plan assets include debt securities of the Parent Company amounting to ₱68.42 million and ₱66.8 million as of December 31, 2020 and 2019, respectively. The gain of the fund arising from investment in debt and equity securities of the Parent Company is ₱1.62 million.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2020	2019
Discount rates	**3.73 to 5.50%**	4.74 to 5.50%
Future salary increases	**3.00 to 8.00%**	4.00 to 8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2020

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Discount rate	**(₱335,855)**	**₱508,470**
Salary increase rate	**489,491**	**(320,960)**

2019

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Discount rate	(₱348,241)	₱382,527
Salary increase rate	363,629	(387,094)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	**2020**	2019
	(In Thousands)	
1 year and less	**₱191,339**	₱666,659
more than 1 years to 5 years	**980,921**	1,837,060
more than 5 years to 10 years	**2,877,953**	2,580,119
more than 10 years to 15 years	**7,263,178**	14,122,637
more than 15 years to 20 years	**8,418,881**	2,696,046
more than 20 years	**14,802,379**	26,270,099

The average duration of the defined benefit obligation is 7.0 to 24.0 years and 11.0 to 24.0 years in 2020 and 2019, respectively.

27. Earnings Per Share

The following tables present information necessary to compute EPS (amounts in thousands except EPS):

EPS on net income attributable to equity holders of Ayala Land, Inc. are as follows:

	2020	2019	2018
	(In Thousands)		
Net income attributable to equity holders of Ayala Land, Inc.	**₱8,727,155**	₱33,188,399	₱29,240,880
Less: dividends on preferred stock	**(62,038)**	(62,038)	(62,038)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	**₱8,665,117**	₱33,126,361	₱29,178,842
Weighted average number of common shares for basic EPS	**14,721,234**	14,742,690	14,730,049
Add: dilutive shares arising from stock options	**2,296**	3,783	966
Adjusted weighted average number of common shares for diluted EPS	**14,723,530**	14,746,473	14,731,015
Basic and diluted EPS	**₱0.59**	₱2.25	₱1.98

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

The convertibility of the preferred shares will start on the 10^{th} year from the issue date which was in 2012. This has an antidilutive effect on the computation of diluted EPS.

28. Stock Options and Ownership Plans

The Parent Company has stock option plans for key employees covering 2.5% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

ESOP
The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

The Parent Company has no ESOP grant and availment during 2020, 2019 and 2018.

ESOWN
In November 2001, the Parent Company offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, the Parent Company introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of the Parent Company or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to the Parent Company's right to repurchase.

The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula and Binomial Tree Model (BTM), taking into account the terms and conditions upon which the options were granted. The BSM Formula and BTM Model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate. The expected volatility was determined based on an independent valuation.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2020	**WAEP**	2019	WAEP
At January 1	**305,415**	**₱35.94**	5,601,470	₱32.71
Granted	**18,194,618**		11,610,720	
Subscribed	**(14,845,498)**	**27.72**	(10,453,766)	43.70
Availment	**39,436**		487,585	
Cancelled	**(3,693,971)**		(6,940,594)	
At December 31	**–**	**₱–**	305,415	₱35.94

The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date							
	August 17, 2020	March 21, 2019	March 28, 2018	March 01, 2017	April 05, 2016	March 20, 2015	March 20, 2014	March 18, 2013
Number of unsubscribed shares	–	–	–	–	181,304	–	1,369,887	1,713,868
Fair value of each option (BTM)	₱–	₱–	₱–	₱8.48	₱13.61	₱16.03	₱12.60	₱16.05
Fair value of each option (BSM)	₱9.12	₱17.13	₱12.71	₱–	₱18.21	₱20.63	₱12.16	₱11.85
Weighted average share price	₱32.61	₱44.70	₱41.02	₱39.72	₱35.58	₱36.53	₱31.46	₱30.00
Exercise price	₱27.72	₱44.49	₱45.07	₱35.81	₱26.27	₱29.58	₱22.55	₱21.45
Expected volatility	25.05%	31.48%	34.04%	30.95%	32.03%	31.99%	33.50%	36.25%
Dividend yield	0.81%	1.16%	1.22%	1.34%	1.27%	1.02%	1.42%	1.93%
Interest rate	1.13%	5.57%	4.14%	4.41%	4.75%	4.11%	3.13%	2.78%

Total expense (included under “General and administrative expenses”) recognized in 2020, 2019 and 2018 in the consolidated statements of income arising from share-based payments amounted to ₱111.92 million, ₱142.86 million, and ₱98.52 million, respectively (see Note 22).

ALLHC
ALLHC introduced the ESOWN Plan (the Plan) wherein grantees (employees within ALLHC Group) may subscribe in whole or in part to the shares awarded to them based on a discounted market price, but in no case lower than the par value, that was determined at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. To subscribe, the grantee must be an employee, officer or director of ALLHC as of June 30, 2015. In case the grantee resigns, unsubscribed shares are cancelled and returned to the plan pool, while the subscription payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares.

The BOD of ALLHC approved the allocation of 32 million shares (first tranche) for ESOWN plan which will be taken from the remaining unissued shares (with grant date in 2016) and the increase in authorized of stock of ALLHC, which was approved by the SEC in July 2016. In 2017, notice of grant for the 218 million shares (second tranche of ESOWN plan) was issued to employees for the right to subscribe to the common shares of ALLHC at ₱1.68 per share which were fully availed as of December 31, 2018. In 2020 and 2019, ALLHC has no ESOWN grant.

29. Financial Assets and Liabilities

Fair Value Information
The following tables set forth the carrying values and estimated fair values of the Group’s financial assets and liabilities recognized as of December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Financial Assets at FVPL	**₱965,171**	**₱965,171**	₱485,436	₱485,436
Financial Assets at FVOCI				
Unquoted equity securities	**666,988**	**666,988**	565,650	565,650
Quoted equity securities	**844,455**	**844,455**	963,529	963,529
	1,511,443	**1,511,443**	1,529,179	1,529,179
	₱2,476,614	**₱2,476,614**	₱2,014,615	₱2,014,615

	December 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Financial assets at amortized cost				
Noncurrent trade residential and office development	**₱42,547,808**	**₱45,313,900**	₱42,994,112	₱47,326,247
Receivable from employees	**842,506**	**844,542**	901,261	903,299
	₱43,390,314	**₱46,158,442**	₱43,895,373	₱48,229,546
Other financial liabilities				
Long-term debt	**₱202,819,593**	**₱211,109,769**	₱193,064,051	₱196,618,780
Deposits and other noncurrent liabilities	**48,582,759**	**36,367,004**	42,282,234	36,225,888
	₱251,402,352	**₱247,476,773**	₱235,346,285	₱232,844,668

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

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

Financial assets at FVPL - These are investments in fund and treasury bills. Fair value of the funds is based on net asset values as of reporting dates.

Noncurrent accounts and notes receivables - The fair values of residential accounts and notes receivable, and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 5.75% to 16.00% and 6.25% to 13.50% as of December 31, 2020 and 2019.

Financial assets at FVOCI quoted equity securities - fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Liabilities - The fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged 1.84% to 7.50% and 3.18% to 7.02% as of December 31, 2020 and 2019, respectively. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy

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

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

Quoted FVOCI financial assets amounting to ₱844.5 million and ₱963.5 million as of December 31, 2020, and 2019, respectively, were classified under Level 1 (see Note 10).

Unquoted FVOCI financial assets amounting to ₱667.0 million and ₱565.7 million as of December 31, 2020 and 2019, respectively, were classified under Level 3 (see Note 10).

Investment in Arch Capital Fund amounting to ₱328.0 million and ₱389.0 million as of December 31, 2020, and 2019, respectively, were classified under Level 3 (see Note 6).

Investment in Unit Investment Trust Fund (UITF) amounting to ₱378.1 million and ₱96.4 million as of December 31, 2020, and 2019, respectively, were classified under Level 2 (see Note 6).

Investment in Treasury bills amounting to ₱259.2 million as of December 31, 2020, were classified under Level 2 (see Note 6).

There have been no reclassifications from Level 1 to Level 2 categories in 2020 and 2019.

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

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

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

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

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

There were no changes in the Group's financial risk management objectives and policies in 2020 and 2019.

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

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

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

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

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

Credit line
The Group has a total available credit line up to ₱84.43 billion and ₱68.0 billion with various local banks as of December 31, 2020 and 2019, respectively

The table summarizes the maturity profile of the Group’s financial liabilities at December 31, 2020 and 2019 based on contractual undiscounted payments:

December 31, 2020

	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
		(In Thousands)		
Accounts and other payables	**₱123,634,745**	**₱–**	**₱–**	**₱123,634,745**
Short-term debt	**9,131,325**	**–**	**–**	**9,131,325**
Long-term debt	**18,732,401**	**127,500,906**	**56,586,286**	**202,819,593**
Deposits and other current liabilities	**25,072,090**	**–**	**–**	**25,072,090**
Deposits and other noncurrent liabilities	**–**	**42,521,168**	**1,771,715**	**44,292,883**
	176,570,561	**170,022,074**	**58,358,001**	**404,950,636**
Interest payable*	**₱7,834,302**	**₱30,705,781**	**₱14,496,618**	**₱53,036,701**

**includes future interest payment*

December 31, 2019

	< 1 year	>1 to < 5 years	> 5 years	Total
		(In Thousands)		
Accounts and other payables	₱138,334,629	₱–	₱–	₱138,334,629
Short-term debt	18,032,830	–	–	18,032,830
Long-term debt	17,250,706	85,827,970	89,985,375	193,064,051
Deposits and other current liabilities	25,129,315	–	–	25,129,315
Deposits and other noncurrent liabilities	–	34,002,066	1,684,557	35,686,623
	198,747,480	119,830,036	91,669,932	410,247,448
Interest payable*	₱8,136,242	₱34,485,567	₱7,151,134	₱49,799,943

**includes future interest payment*

Cash and cash equivalents, short-term investments and financial assets at FVPL are used for the Group’s liquidity requirements. Please refer to the terms and maturity profiles of these financial assets shown on the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. There are no undrawn loan commitments from long-term credit facilities as of December 31, 2020 and 2019.

Credit risk
Credit risk is a risk that a counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

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

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group’s stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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

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

The Group’s maximum exposure to credit risk as of December 31, 2020 and 2019 is equal to the carrying values of its financial assets.

Given the Group’s diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2020 and 2019, the exposure at default amounts to ₱12,400.1 million and ₱14,354.9 million, respectively. The expected credit loss rate is 7.2% and 5.3% that resulted in the ECL of ₱1,945.5 million and ₱1,186.3 million as of December 31, 2020 and December 31, 2019, respectively.

As of December 31, 2020 and 2019, the aging analysis of past due but not impaired trade receivables presented per class follow:

December 31, 2020

	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential, commercial and office development	**₱87,579,407**	**₱8,312,810**	**₱677,149**	**₱1,854,465**	**₱585,788**	**₱2,267,709**	**₱13,697,921**	**₱50,767**	**₱101,328,095**
Shopping centers	**2,524,233**	**195,961**	**298,868**	**230,567**	**203,055**	**901,865**	**1,830,316**	**1,060,057**	**5,414,606**
Construction contracts	**949,706**	**77,648**	**142,559**	**49,836**	**100,432**	**416,782**	**787,257**	**37,778**	**1,774,741**
Corporate business	**3,402,084**	**1,309**	**1,683**	**–**	**1,288**	**22,666**	**26,946**	**519,642**	**3,948,672**
Management fees	**31,292**	**2,464**	**13,335**	**13,539**	**554**	**56,691**	**86,583**	**6,678**	**124,553**
Others	**3,821,778**	**472,721**	**13,640**	**53,938**	**76,192**	**130,086**	**746,577**	**149,246**	**4,717,601**
Advances to other companies	**9,973,795**	**2,025**	**1,086,998**	**60,143**	**23,959**	**6,418,080**	**7,591,205**	**121,292**	**17,686,292**
Accrued receivables	**6,311,028**	**191,008**	**193,169**	**21,920**	**10,473**	**1,058,801**	**1,475,371**	**–**	**7,786,399**
Related parties	**5,472,155**	**86**	**2,661**	**86**	**3,664**	**10,507**	**17,004**	**–**	**5,489,159**
Receivables from employees	**709,628**	**10,631**	**6,638**	**4,069**	**561**	**110,979**	**132,878**	**–**	**842,506**
	₱120,775,106	**₱9,266,663**	**₱2,436,700**	**₱2,288,563**	**₱1,005,966**	**₱11,394,166**	**₱26,392,058**	**₱1,945,460**	**₱149,112,624**

December 31, 2019

	Neither Past Due nor Impaired	Past Due but not Impaired						Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential, commercial and office development	₱93,504,125	₱4,304,075	₱911,803	₱589,709	₱670,084	₱4,267,611	₱10,743,282	₱13,555	₱104,260,962
Shopping centers	1,041,277	700,200	244,308	224,441	210,370	491,541	1,870,860	772,513	3,684,650
Construction contracts	582,635	24,010	10,479	42,662	186	855,570	932,907	37,778	1,553,320
Corporate business	3,174,308	21,857	65,603	20,766	52,067	311,351	471,644	182,208	3,828,160
Management fees	42,060	–	13,630	11,729	6,727	18,439	50,525	6,678	99,263
Others	4,237,501	63,107	9,499	12,496	25,981	99,550	210,633	110,409	4,558,543
Advances to other companies	12,017,162	217,231	847,194	72,611	160,274	5,606,586	6,903,896	63,152	18,984,210
Accrued receivables	6,087,195	124,387	97,970	11,424	90,977	1,376,843	1,701,601	–	7,788,796
Related parties	6,106,390	19,152	2,452	1,030	348	931	23,913	–	6,130,303
Receivables from employees	780,533	6,086	3,725	1,501	1,318	108,098	120,728	–	901,261
	₱127,573,186	₱5,480,105	₱2,206,663	₱988,369	₱1,218,332	₱13,136,520	₱23,029,989	₱1,186,293	₱151,789,468

The table below shows the credit quality of the Company's financial assets as of December 31, 2020 and 2019:

December 31, 2020

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱16,973,044	₱–	₱–	₱–	₱16,973,044	₱–	₱–	₱16,973,044
Short-term investments	358,120	–	–	–	358,120	–	–	358,120
Financial assets at FVPL	965,171	–	–	–	965,171	–	–	965,171
Accounts and notes receivables:								
Trade:								
Residential, commercial and office development	75,749,759	6,844,468	4,985,180	–	87,579,407	13,697,921	50,767	101,328,095
Shopping centers	1,538,614	539,226	446,393	–	2,524,233	1,830,316	1,060,057	5,414,606
Construction contracts	932,957	16,749	–	–	949,706	787,257	37,778	1,774,741
Corporate business	3,396,865	1,038	4,181	–	3,402,084	26,946	519,642	3,948,672
Management fees	30,140	–	1,152	–	31,292	86,583	6,678	124,553
Others	3,053,903	694,945	72,930	–	3,821,778	746,577	149,246	4,717,601
Advances to other companies	9,607,267	6,753	359,775	–	9,973,795	7,591,205	121,292	17,686,292
Accrued receivables	6,300,452	48	10,528	–	6,311,028	1,475,371	–	7,786,399
Related parties	2,282,777	615,718	2,573,660	–	5,472,155	17,004	–	5,489,159
Receivable from employees	706,106	795	2,727	–	709,628	132,878	–	842,506
Financial Assets at FVOCI:								
Unquoted	–	–	–	844,455	844,455	–	–	844,455
Quoted	666,988	–	–	–	666,988	–	–	666,988
	₱122,562,163	₱8,719,740	₱8,456,526	₱844,455	₱140,582,884	₱26,392,058	₱1,945,460	₱168,920,402

December 31, 2019

	Neither Past Due nor Impaired					Past Due but		
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱20,339,826	₱–	₱–	₱–	₱20,339,826	₱–	₱–	₱20,339,826
Short-term investments	617,149	–	–	–	617,149	–	–	617,149
Financial assets at FVPL	485,436	–	–	–	485,436	–	–	485,436
Accounts and notes receivables:								
Trade:								
Residential, commercial and offce development	81,411,415	8,158,202	3,934,508	–	93,504,125	10,743,282	13,555	104,260,962
Shopping centers	1,041,277	–	–	–	1,041,277	1,870,860	772,513	3,684,650
Construction contracts	582,635	–	–	–	582,635	932,907	37,778	1,553,320
Corporate business	3,155,230	5,539	13,539	–	3,174,308	471,644	182,208	3,828,160
Management fees	23,478	8,762	9,820	–	42,060	50,525	6,678	99,263
Others	4,237,501	–	–	–	4,237,501	210,633	110,409	4,558,543
Advances to other companies	10,341,028	1,128,079	548,055	–	12,017,162	6,903,896	63,152	18,984,210
Accrued receivables	6,087,195	–	–	–	6,087,195	1,701,601	–	7,788,796
Related parties	6,106,390	–	–	–	6,106,390	23,913	–	6,130,303
Receivable from employees	780,533	–	–	–	780,533	120,728	–	901,261
Financial Assets at FVOCI:								
Unquoted	–	–	–	565,650	565,650	–	–	565,650
Quoted	963,529	–	–	–	963,529	–	–	963,529
	₱136,172,622	₱9,300,582	₱4,505,922	₱565,650	₱150,544,776	₱23,029,989	₱1,186,293	₱174,761,058

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments, financial assets at FVTPL, financial assets at FVOCI quoted securities - based on the nature of the counterparty and the Group's internal rating system;

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment;

The unquoted financial assets at FVOCI are unrated.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio. The Company's ratio of fixed to floating rate debt stood at around 95:5 and 90:10 as of December 31, 2020 and 2019, respectively.

The following tables demonstrate the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2020 and 2019, with all variables held constant, (through the impact on floating rate borrowings):

December 31, 2020

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Floating rate borrowings	**(₱116,402)**	**₱116,402**

December 31, 2019

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Floating rate borrowings	(₱209,993)	₱209,993

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table (in thousands):

December 31, 2020

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱16,973,044	₱16,973,044	₱–	₱–	₱16,973,044
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	358,120	358,120	–	–	358,120
Accounts and notes receivable	Fixed at the date of sale	Date of sale	842,506	697,283	145,223	–	842,506
			₱18,173,670	₱18,028,447	₱145,223	₱–	₱18,173,670
Parent Company							
Short-term debt							
Floating-Peso	Variable	Monthly	₱6,640,500	₱6,640,500	₱–	₱–	₱6,640,500
Long-term debt							
Fixed							
Peso	Fixed at 6.0000%	10 years	5,650,000	–	5,650,000	–	5,650,000
Peso	Fixed at 5.0% to 6.0%	10.5 and 20 years	17,000,000	–	14,966,062	1,986,730	16,952,792
Peso	Fixed at 5.6250%	11 years	8,000,000	–	7,968,512	–	7,968,512
Peso	Fixed at 4.5000%	7 years	7,000,000	–	6,987,688	–	6,987,688
Peso	Fixed at 5.6250% to 7.5%	5, 10 and 15 years	950,000	9,322	936,778	–	946,100
Peso	Fixed at 4.50 to 6.307%	Up to 10.5 years	45,930,039	2,353,240	17,269,507	26,052,000	45,674,747
Peso	Fixed at 3.8915 to 4.85%	7, 9.5 and 10 years	22,000,000	–	21,912,113	–	21,912,113
Peso	Fixed at 5.2624%	10 years	7,000,000	–	–	6,979,065	6,979,065
Peso	Fixed at 5.9203%	10 years	10,000,000	–	–	9,916,583	9,916,583
Peso	Fixed at 7.0239%	5 years	8,000,000	–	7,962,717	–	7,962,717
Peso	Fixed at 3.1764% to 3.187%	5 years	6,002,875	–	6,002,875	–	6,002,875
Peso	Fixed at 4.2463% to 6.369%	2, 5, 7 and 7.25 years	21,000,000	8,781,628	10,912,739	963,622	20,657,989
Peso	Fixed at 3.00% to 3.86%	2 and 5 years	16,250,000	–	16,163,175	–	16,163,175
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable	Monthly	2,490,825	2,490,825	–	–	2,490,825
Long-term debt							
Fixed							
Peso	Fixed at 4.5% to 5.265%	5 to 10 years	26,349,083	7,412,259	8,999,777	9,828,979	26,241,015
Floating							
Peso	Variable	3 months	2,805,364	175,952	1,768,963	859,307	2,804,222
			₱213,068,686	₱27,863,726	₱127,500,906	₱56,586,286	₱211,950,918

December 31, 2019

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱20,339,826	₱20,339,826	₱–	₱–	₱20,339,826
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	617,149	617,149	–	–	617,149
Accounts and notes receivable	Fixed at the date of sale	Date of sale	901,263	597,391	303,872	–	901,263
			₱21,858,238	₱21,554,366	₱303,872	₱–	₱21,858,238
Parent Company							
Short-term debt							
Floating-Peso	Variable	Monthly	₱15,708,000	₱15,708,000	₱–	₱–	₱15,708,000
Long-term debt							
Fixed							
Peso	Fixed at 6.0000%	10 years	5,650,000	–	5,645,304	–	5,645,304
Peso	Fixed at 4.6250% to 6.0000%	7,10 and 20 years	21,000,000	4,000,000	14,931,968	1,985,276	20,917,244
Peso	Fixed at 5.6250%	11 years	8,000,000	–	–	7,952,880	7,952,880
Peso	Fixed at 4.5000%	7 years	7,000,000	–	6,968,807	–	6,968,807
Peso	Fixed at 5.6250% to 7.5%	5, 10 and 15 years	960,000	10,000	39,764	905,696	955,460
Peso	Fixed at 4.50 to 6.307%	Up to 10.5 years	46,635,094	3,178,255	11,098,312	32,196,332	46,472,899
Peso	Fixed at 3.8915 to 4.85%	7, 9.5 and 10 years	22,000,000	–	6,961,631	14,902,377	21,864,008
Peso	Fixed at 5.2624%	10 years	7,000,000	–	–	6,972,611	6,972,611
Peso	Fixed at 5.9203%	10 years	10,000,000	–	–	9,896,154	9,896,154
Peso	Fixed at 7.0239%	5 years	8,000,000	–	7,925,898	–	7,925,898
Peso	Fixed at 3.1764% to 3.187%	5 years	6,329,375	–	6,329,375	–	6,329,375
Peso	Fixed at 4.2463% to 6.369%	2, 5, 7 and 7.25 years	21,000,000	–	11,840,995	8,937,450	20,778,445
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable	Monthly	2,324,830	2,324,830	–	–	2,324,830
Long-term debt							
Fixed							
Peso	Fixed at 4.5% to 5.265%	5 to 10 years	27,434,787	9,901,317	12,274,151	5,246,600	27,422,068
Floating							
Peso	Variable	3 months	2,966,498	161,134	1,811,764	990,000	2,962,898
			₱212,008,584	₱35,283,536	₱85,827,969	₱89,985,376	₱211,096,881

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies amounted to $140.98 million and MYR 838.17 million as of December 31, 2020 and $162.61 million and MYR 658.34 million as of December 31, 2019. The amount of the Group's foreign currency-denominated debt amounting to $ 158.68 million and MYR 1,031.90 million as of December 31, 2020 and $154.29 million and MYR 936.71 million as of December 31, 2019. We have expected a decrease on financial assets due to the impact of COVID-19 outbreak and imposition of enhanced community quarantine (ECQ) by the government throughout the Philippines in March, extended until 2nd and 3rd quarter of the year. Considering that the Group is in the hospitality sector, the operations of the company were greatly affected. Aside from the aforementioned finding, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2020 and December 31, 2019:

	December 31					
	2020			2019		
	US Dollar	**MYR ringgit**	**Php Equivalent**	US Dollar	MYR ringgit	Php Equivalent
Financial Assets						
Cash and cash equivalents	**$10,616**	**MYR 562,482**	**₱7,185,405**	$22,910	MYR450,225	₱6,688,920
Short-term investments	**4,790**	**38,503**	**686,990**	8,483	–	429,573
Accounts and notes receivable - net	**92,220**	**184,592**	**6,619,424**	88,724	169,418	6,573,423
Other current assets	**32,856**	**52,594**	**2,202,034**	42,116	35,376	2,567,158
Other noncurrent assets	**497**	**–**	**23,876**	380	3,324	60,064
Total	**140,979**	**838,171**	**16,717,729**	162,613	658,343	16,319,138
Financial Liabilities						
Accounts and other payables	**22,858**	**971,788**	**12,631,008**	21,757	935,811	12,593,561
Other current liabilities	**7,758**	**–**	**372,540**	5,115	–	259,013
Short-term debt	**–**	**25,000**	**296,703**	–	–	–
Long-term debt	**125,000**	**147**	**6,004,625**	125,000	397	6,334,870
Other noncurrent liabilities	**3,064**	**34,961**	**562,058**	2,419	501	128,645
Total	**158,680**	**1,031,896**	**19,866,934**	154,291	936,709	19,316,089
Net foreign currency denominated financial instruments	**($17,701)**	**(MYR193,725)**	**(₱3,149,205)**	$8,322	(MYR278,366)	(₱2,996,951)

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rates used were ₱48.02 to US$1.00 and ₱50.64 to US$1.00, the Philippine Peso - US dollar exchange rates as of December 31, 2020 and 2019, respectively. The Philippine Peso- MY ringgit exchange rate as of December 31, 2020 and 2019 used was ₱11.87 to MYR1.00 and ₱12.28 to MYR1.00, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Effect on income before tax Increase (decrease)	
Change in exchange rate	**2020**	2019
USD		
₱1.00	**(₱17,701)**	₱8,322
(₱1.00)	**17,701**	(8,322)
MYR		
₱1.00	**(₱193,725)**	(₱278,366)
(₱1.00)	**193,725**	278,366

There is no other impact on the Group's equity other than those already affecting the net income.

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

The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The analysis below demonstrates the sensitivity to a reasonably possible change of market index with all other variables held constant, of the Group's equity.

	Effect on equity Increase (decrease)	
Change in PSEi index	**2020**	2019
	(In Thousands)	
+5%	**₱27,247**	₱31,466
-5%	**(27,247)**	(31,466)

Quoted financial assets at FVPL pertain to investment in UITF (Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

As of December 31, 2020 and 2019, the Group's investment in the Fund where all other variables held constant, the fair value, net income and equity will increase or decrease by: (i) BPI UITF ₱2.6 million with a duration of 0.70 year and ₱0.3 million with a duration of 0.36 year, respectively, for a 100 basis points decrease or increase, in interest rates.

30. Segment Information

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

- Property developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture; acquisition, development and sale of large-scale, mixed-use, master-planned communities; sale of override units or the Company's share in properties made available to subsidiaries for development
- International – development and sale of residential lots and units in MCT Berhad
- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities, gas stations and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Offices - development and lease or sale of office buildings; sale of industrial lots and lease of factory building
- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants
- Construction - land development and construction of the Group and third-party projects
- Property management and others - facilities management of the Group and third-party projects

Assets, liabilities, revenues and expenses of the Strategic Landbank Management and Visayas-Mindanao segment were reallocated to other business segments namely, shopping centers, corporate businesses and residential developments according to the nature of the products and services provided.

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

Management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

For the years ended December 31, 2020, 2019 and 2018, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Business segments

The following tables regarding business segments present assets and liabilities as of December 31 and revenue and profit information for each of the three years in the period ended December 31 (in millions):

2020

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱53,014	₱4,845	₱–	₱–	₱3,388	₱3,279	₱2,971	₱–	₱–	₱67,497
Interest income from real estate sales	8,603	–	–	–	–	–	–	–	–	8,603
Rental revenue	–	–	9,063	9,405	–	–	–	–	–	18,468
Intersegment sales	–	–	–	–	–	32,601	–	–	(32,601)	–
Equity in net earnings of associates and joint ventures	148	–	2	380	–	(4)	(4)	65	–	587
Total revenue	61,765	4,845	9,065	9,785	3,388	35,876	2,967	65	(32,601)	95,155
Real estate costs and expenses	40,897	3,917	7,156	1,653	4,079	34,886	5,244	225	(33,372)	64,685
Gross margin (loss)	20,868	928	1,909	8,132	(691)	990	(2,277)	(160)	771	30,470
Interest and investment income										395
Other charges										(3,789)
Interest and other financing charges										(12,746)
Other income										723
Provision for income tax										(4,059)
Net income										₱10,994
Net income attributable to:										
Equity holders of Ayala Land, Inc.										8,727
Non-controlling interests										2,267
										₱10,994
Other Information										
Segment assets	₱557,840	₱23,233	₱205,505	₱106,848	₱55,147	₱49,218	₱11,607	₱93,761	(₱420,388)	₱682,771
Investment in associates and joint ventures	17,101	–	38	–	–	52	188	9,222	–	26,601
	574,941	23,233	205,543	106,848	55,147	49,270	11,795	102,983	(420,388)	709,372
Deferred tax assets	1,818	96	1,178	309	324	145	220	1,485	6,547	12,122
Total assets	₱576,759	₱23,329	₱206,721	₱107,157	₱55,471	₱49,415	₱12,015	₱104,468	(₱413,841)	₱721,494
Segment liabilities	₱235,380	₱12,605	₱79,334	₱24,521	₱19,059	₱40,451	₱5,989	₱197,589	(₱160,762)	₱454,166
Deferred tax liabilities	2,888	–	186	127	12	1	21	(112)	4,026	7,149
Total liabilities	₱238,268	₱12,605	₱79,520	₱24,648	₱19,071	₱40,452	₱6,010	₱197,477	(₱156,736)	₱461,315
Segment additions to:										
Property and equipment	₱211	₱83	₱73	₱40	₱991	₱335	₱630	₱735	₱–	₱3,098
Investment properties	₱1,032	₱463	₱1,188	₱1,030	₱46	₱68	₱23	₱1,766	₱–	₱5,616
Depreciation and amortization	₱618	₱189	₱4,411	₱1,779	₱875	₱998	₱483	₱220	₱–	₱9,573
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱37	₱–	₱288	₱331	₱–	₱–	₱97	₱225	₱–	₱978

2019

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱102,981	₱6,709	₱–	₱–	₱7,624	₱3,395	₱5,453	₱–	₱–	₱126,162
Interest income from real estate sales	7,891		–	–	–	–	–	–	–	7,891
Rental revenue	–	–	22,019	9,668	–	–	–	–	–	31,687
Intersegments sales	–	–	–	–	–	61,557	–		(61,557)	–
Equity in net earnings of associates and joint ventures	698	–	14	–	–	–	–	254	–	966
Total revenue	111,570	6,709	22,033	9,668	7,624	64,952	5,453	254	(61,557)	166,706
Real estate costs and expenses	75,986	4,665	8,921	3,197	5,667	60,423	5,778	976	(61,494)	104,119
Gross margin (loss)	35,584	2,044	13,112	6,471	1,957	4,529	(325)	(722)	(63)	62,587
Interest and investment income										930
Other charges										(1,645)
Interest and other financing charges										(12,200)
Other income										1,158
Provision for income tax										(13,315)
Net income										₱37,515
Net income attributable to:										
Equity holders of Ayala Land, Inc.										33,188
Non-controlling interests										4,327
										₱37,515
Other Information										
Segment assets	₱556,914	₱–	₱204,115	₱105,863	₱81,288	₱55,349	₱6,731	₱63,481	(₱396,663)	₱677,078
Investment in associates and joint ventures	24,938	–	36	–	–	55	192	97	–	25,318
	581,852	–	204,151	105,863	81,288	55,404	6,923	63,578	(396,663)	702,396
Deferred tax assets	1,890	–	811	170	333	85	60	1,351	6,827	11,527
Total assets	₱583,742	₱–	₱204,962	₱106,033	₱81,621	₱55,489	₱6,983	₱64,929	(₱389,836)	₱713,923
Segment liabilities	₱242,826	₱–	₱135,933	₱55,563	₱64,617	₱46,101	₱3,274	₱52,870	(₱136,057)	₱465,127
Deferred tax liabilities	1,902	–	189	125	9	–	–	24	3,842	6,091
Total liabilities	₱244,728	₱–	₱136,122	₱55,688	₱64,626	₱46,101	₱3,274	₱52,894	(₱132,215)	₱471,218
Segment additions to:										
Property and equipment	₱254	₱1,891	₱1,652	₱41	₱4,151	₱1,752	₱131	₱648	₱–	₱10,520
Investment properties	₱4,970	₱8,733	₱19,446	₱3,012	₱201	₱163	₱262	₱232	₱–	₱37,019
Depreciation and amortization	₱ 676	₱ 85	₱ 3,949	₱1,769	₱ 783	₱975	₱ 454	₱ 368	₱–	₱9,059
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱256	₱–	₱–	₱11	₱189	₱113	₱–	₱569

2018

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱105,753	₱7,602	₱–	₱–	₱6,387	₱2,394	₱5,297	₱–	₱–	₱127,433
Interest income from real estate sales	7,042	–	–	–	–	–	–	–	–	7,042
Rental revenue	–	–	19,908	8,614	–	–	–	–	–	28,522
Intersegments sales	–	–	–	–	–	69,027	–	–	(69,027)	–
Equity in net earnings of associates and joint ventures	451	–	10	–	–	–	–	289	–	750
Total revenue	113,246	7,602	19,918	8,614	6,387	71,421	5,297	289	(69,027)	163,747
Real estate costs and expenses	81,662	5,528	9,001	3,204	4,994	66,111	5,919	1,302	(67,541)	110,180
Gross margin (loss)	31,584	2,074	10,917	5,410	1,393	5,310	(622)	(1,013)	(1,486)	53,567
Interest and investment income										958
Other charges										(1,271)
Interest and other financing charges										(9,594)
Other income										1,541
Provision for income tax										(11,984)
Net income										₱33,217
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱29,241
Non-controlling interests										3,976
										₱33,217
Other Information										
Segment assets	₱274,128	₱21,774	₱69,488	₱46,013	₱34,190	₱54,955	₱6,590	₱460,890	(₱335,639)	₱632,389
Investment in associates and joint ventures	21,667	–	38	–	–	56	–	1,629	–	23,390
	295,795	21,774	69,526	46,013	34,190	55,011	6,590	462,519	(335,639)	655,779
Deferred tax assets	3,164	–	333	137	339	56	44	2,615	6,353	13,041
Total assets	₱298,959	₱21,774	₱69,859	₱46,150	₱34,529	₱55,067	₱6,634	₱465,134	(₱329,286)	₱668,820
Segment liabilities	₱170,872	₱10,348	₱27,659	₱16,855	₱13,631	₱47,355	₱3,176	₱264,436	(₱111,628)	₱442,704
Deferred tax liabilities	1,721	–	271	40	10	4	8	18	3,823	5,895
Total liabilities	₱172,593	₱10,348	₱27,930	₱16,895	₱13,641	₱47,359	₱3,184	₱264,454	(₱107,805)	₱448,599
Segment additions to:										
Property and equipment	(₱1,008)	₱4,570	(₱426)	₱833	₱524	₱2,774	₱833	(₱658)	₱–	₱7,442
Investment properties	₱4,289	₱7,683	₱6,143	₱3,883	₱3,337	₱787	(₱1)	₱16,881	(₱438)	₱42,564
Depreciation and amortization	₱707	₱618	₱2,537	₱1,555	₱207	₱1,475	₱242	₱266	(₱1,475)	₱6,132
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	(₱2)	₱–	₱–	₱–	₱142	₱7	₱–	₱147

31. **Performance Obligations**

Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii) service lot and house, and (ii) condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an unbilled receivable or customers' deposit.

After the delivery of the completed real estate unit, the Group provides one year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

Hotels and resorts
Rooms revenue from hotel and resort operations is recognized when the services are rendered. Revenue from banquets and other special events are recognized when the events take place.

Construction
Revenue from fixed price construction contracts are recognized overtime using the milestone-based revenue recognition which is in reference to output method. The output method is determined based on the start and completion of a task of the contract work inclusive of uninstalled goods and materials delivered to the site.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Within one year	**₱31,535,337**	₱42,267,120
More than one year	**62,554,555**	56,363,261
	₱94,089,892	₱98,630,381

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three to five years, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

32. Registration with Philippine Economic Zone Authority (PEZA)

Ayala Land Inc., the Parent Company, was registered with PEZA last December 13, 2017 as a Developer/Operator of the Southpark Corporate Center.

North Eastern Commercial Corporation, a wholly owned subsidiary, was registered with PEZA last July 05, 2017 as a Developer/Operator of the 30th Coporate Center.

Ayala Land Inc., the Parent Company, was registered with PEZA last November 6, 2017 as a Developer/Operator of the Vertis North IT Park.

Central Block Developers, Inc., a wholly owned subsidiary, was registered with PEZA last June 19, 2017 as a Ecozone Facilities Enterprise of the Central Bloc 1 & 2.

Ayalaland Metro North, Inc., a wholly owned subsidiary, was registered with PEZA last January 16, 2017 as a Developer/Operator of the UP Town Corporate Center.

Pangulasian Island Resort Corporation (PIRC), a subsidiary of Ten Knots Development Corporation which is a subsidiary of Ayala Land, Inc., is registered with the Philippine Economic Zone Authority (PEZA) under the Certificate of Registration number 16-055 and Registration Agreement dated March 21, 2016. The registration shall entitle PIRC to conduct activities limited to resort operations, travel/tours/leisure and recreation-related activities, and the importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merhandise directly used in its registered operations inside the Green Tourism Ecozone - Pangulasian.

Nuevo Centro, a wholly-owned subsidiary of Ayala Land, Inc., is registered with PEZA with Certificate of Registration number EZ 16-30 under Registration Agreement dated July 19, 2016. The registration as a Special Economic Zone Developer/Operator shall entitle Nuevo Centro, Inc. to establish, develop, administer, manage, and operate a Special Economic Zone to be known as Alviera Industrial Park. It has been designated a 311,954-square meter area located at Barangays Dolores and Banaba, Porac, Pampanga. The Company shall be exempt from payment of all national and local taxes, except real property taxes on land and shall pay a 5% final tax on gross income.

33. Leases

Operating Leases - Group as Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancellable operating leases of the Group follows:

	2020	2019
	(In Thousands)	
Within one year	**₱9,961,331**	₱8,815,419
After one year but not more than five years	**33,927,015**	28,960,892
More than five years	**30,014,821**	23,871,373
	₱73,903,167	₱61,647,684

In 2020, the Group granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱6.15 billion. These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payments and reported as reduction of lease income in 2020 (see Note 3).

Group as Lessee
The Group entered into lease agreements with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals payable under noncancellable operating leases of the Group follows:

	2020	2019
	(In Thousands)	
Within one year	**₱2,761,184**	₱1,126,912
After one year but not more than five years	**7,534,150**	4,598,276
More than five years	**52,179,626**	56,765,009
	₱62,474,960	₱62,490,197

Set out below are the carrying amounts of right-of-use assets recognized and the movements in 2020 and 2019:

			2020		
	Land	**Building**	**Aircraft**	**Others**	**Total**
			(in thousands)		
Cost					
At January 1	**₱14,710,930**	**₱216,836**	**₱1,595,614**	**₱219,920**	**₱16,743,300**
Additions	**–**	**25,488**	**106,209**	**64,653**	**196,350**
At December 31	**14,710,930**	**242,324**	**1,701,823**	**284,573**	**16,939,650**
Accumulated Depreciation and Amortization					
At January 1	**2,769,184**	**139,603**	**245,608**	**24,433**	**3,178,828**
Depreciation	**440,221**	**32,270**	**190,186**	**83,056**	**745,733**
Capitalized as investment property	**–**	**6,183**	**–**	**731**	**6,914**
At December 31	**3,209,405**	**178,056**	**435,794**	**108,220**	**3,931,475**
Net Book Value	**₱11,501,525**	**₱64,268**	**₱1,266,029**	**₱176,353**	**₱13,008,175**

			2019		
	Land	Building	Aircraft	Others	Total
			(in thousands)		
Cost					
At January 1, as previously reported	₱–	₱–	₱–	₱–	₱–
Effect of adoption of standard	14,482,586	187,042	1,595,614	219,920	16,485,162
At January 1, as restated	14,482,586	187,042	1,595,614	219,920	16,485,162
Additions	228,344	29,794	–	–	258,138
At December 31	14,710,930	216,836	1,595,614	219,920	16,743,300
Accumulated Depreciation and Amortization					
At January 1	–	–	–	–	–
Effect of adoption of standard	2,265,749	89,223	86,047	19,549	2,460,568
At January 1, as restated	2,265,749	89,223	86,047	19,549	2,460,568
Depreciation	408,306	50,380	159,561	1,298	619,545
Capitalized as investment property	95,129	–	–	3,586	98,715
At December 31	2,769,184	139,603	245,608	24,433	3,178,828
Net Book Value	₱11,941,746	₱77,233	₱1,350,006	₱195,487	₱13,564,472

The rollforward analysis of lease liabilities follows:

	2020	2019
At January 1, 2020	**₱17,463,705**	₱16,985,922
Additions	**171,901**	251,419
Accretion of interest expense (Note 22)	**1,430,607**	1,066,543
Capitalized interest	**24,210**	388,242
Foreign exchange gain (loss)	**94**	(48,776)
Payments	**(1,334,674)**	(1,179,645)
As at December 31, 2020	**₱17,755,843**	₱17,463,705
Current lease liabilities	**466,801**	724,859
Noncurrent lease liabilities	**₱17,289,042**	₱16,738,846

The following are the amounts recognized in the consolidated statement of income:

	2020	2019
Depreciation expense of right-of-use assets	**₱745,733**	₱619,545
Accretion of interest expense on lease liabilities (Note 22)	**1,430,607**	1,066,543
Rent expense - short-term leases	**4,562**	7,031
Rent expense - variable lease payments	**306,813**	323,093
Foreign exchange (gain) loss	**94**	(48,776)
Total amounts recognized in the consolidated statement of income	**₱2,487,809**	₱1,967,436

The Group has lease contracts for land that contains variable payments based on a certain percentage of gross rental income of the commercial centers. These terms are negotiated by management for certain commercial spaces without steady customer demand. Management's objective is to align the lease expense with the revenue earned. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	2020		
	Fixed Payments	Variable Payments	Total
Fixed	**₱1,504,945**	**₱–**	**₱1,504,945**
Variable rent with minimum payment	**115,669**	**164,885**	**280,554**
Variable rent only	**–**	**146,490**	**146,490**
At December 31	**₱1,620,614**	**₱311,375**	**₱1,931,989**

	2019		
	Fixed Payments	Variable Payments	Total
Fixed	₱1,098,425	₱–	₱1,098,425
Variable rent with minimum payment	151,221	159,229	310,450
Variable rent only	–	170,895	170,895
At December 31	₱1,249,646	₱330,124	₱1,579,770

The significant leases entered into by the Group are as follows:

Parent Company

On January 2017, the Parent Company signed a Lease Agreement with Philippine Racing Club, Inc. for the lease of land located in Circuit Makati, Brgy. Carmona, Makati City with an aggregate area of 12,793 sqm. The term of the lease shall be twenty-three years and three months commencing from Delivery Date. The Lessee shall have the option to renew the lease under the same terms and conditions for another period of five years, provided that renewal period shall be mutually agreed by the Parties. For the period commencing from delivery date until sixty-three (63) months thereafter, the Lessee shall pay the Lessor the rent amounting to ₱100.00 million. Commencing on the sixty fourth month from execution of the contract until the end of the lease term, the Lessee shall pay the Lessor the rent equal to fifty percent (50%) of the Gross Income of the Lessee.

On September 2018, the Parent Company signed a Lease Agreement with Manila Seedling Bank Foundation, Inc. (MSBFI) for the lease of a 4.5-hectare portion of land located at the corner of EDSA and Quezon Avenue, Diliman, Quezon City. The term of the lease shall be coterminous with the Lessor's usufruct over the Leased Premises, or until September 20, 2027.

<u>Bay City</u>
On September 2, 2014, Parent Company signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. Parent Company signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and the Parent Company. The Parent Company assigned the parcels of land to Bay City in December 2017.

ALI also signed the Air Rights and Basement Rights over the leased property with an aggregate area of 1,686.48 sqm and 8,294 sqm, respectively, subject to the same terms and conditions as the contract of lease dated September 2, 2014.

<u>AMNI</u>
On January 28, 2011, the Board of Regents of the University of the Philippines awarded to the Parent Company the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Parent Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants. The rights were subsequently assigned by ALI to the Company in 2015.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area have been constructed on the property.

<u>NTDCC</u>
The Company entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to the Company in exchange for the Company's assumption of DRP obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration with escalation rate of 3% annually starting inception.

In consideration of the lease, the Group will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Group's commercial center business. Of the 5% variable amount due, 2.42% shall be directly paid by the Group to the minority shareholders of Monumento Rail Transit Corporation, 28.47% shall be paid directly to Metro Global Holdings Corporation and the remaining 69.11% shall be applied against receivables.

On January 13, 2006, the deed of assignment between MRTDC and NTDCC was acknowledged by DOTC making MRTDC and NTDCC jointly and severally liable for the DRP and all other obligations attached thereto. NTDCC has been paying rent to DOTC in behalf of MRTDC since January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration. As of December 31, 2020 and 2019, the DRP obligation amounted to ₱3,703.3 million and ₱3,778.2 million, respectively.Total DRP obligation paid amounted to ₱244.0 million and ₱236.4 million in 2020 and 2019, respectively.

On October 29, 2015, the Company entered into a non-cancellable land lease agreement with GERI for the lease of an aggregate of 10,994.86 square meters undivided portions of the North Avenue Lot Pad A and North Avenue Lot Pad B to which the latter is entitled to development rights. The agreement shall be effective until August 8, 2047, subject to the extension of the development rights period.

During 2016, the Company entered into non-cancellable land lease agreement with Anglo, DBH and Allante which shall be effective until August 8, 2047.

ALICAP
In December 2017, the Company entered into 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1440 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$0.42 million. The ATR72-600 with MSN 1440 was delivered to the Company in February 2018 and has started flight operations in March 2018. The Company, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term for US$14.16 million.

In June 2018, the Company entered into another 120-month lease agreement with NAC Aviation for a brand new ATR72-600 with MSN 1492 which will commence at the date of delivery. Commitment fee or refundable deposit required for the lease amounted to US$0.42 million. The ATR72-600 with MSN 1492 was delivered to the Company on the same month and has started flight operations in August 2018. The Company, per lease contract, has the option to purchase the ATR72-600 with MSN 1440 at the end of lease term amounting to US$14.16 million.

AHRC
On January 30, 2018, the Company signed a Lease Agreement with Dunes & Eagle Land Development Corporation for the lease of ten parcels of land located at Barangay Mactan, Lapu-Lapu City, Mactan Island, Cebu with an aggregate area of 144,087 sqm. The term of the lease shall be for a period of fifty (50) years commencing from the date of execution of the agreement. Rent payment should be as follows: (a) ₱70 million per annum for the first 5 years (b) 5% of Gross Revenues or ₱70 million per annum whichever is higher for the 6th year to the 30th year, and (c) 5.5%of Gross Revenues or ₱70 million per annum whichever is higher for the 31st year to the 50th year.

On July 26, 2012, ALI entered into a renewable contract of lease with Province of Negros Occidental for 40,481 square meters area of land with a monthly lease of ₱73.00 per square meter which shall be escalated every five years by ten percent (10%) of the current rate of rent. The term of the lease shall be for a period of fifty (50) years commencing from the date of delivery subject to renewal by mutual agreement of the parties under such terms and conditions as may be mutually acceptable. The Company has assessed that the lease agreement is a non-cancellable lease. On December 23, 2014, ALI assigned its rights and obligations to Capitol Central Hotel Ventures, Inc. under the Contract of Lease Assignment over a portion on which Seda Capitol Central was constructed equivalent to an area of 3,714.80 square meters. The agreement on lease assignment transfers and conveys the Company to take over the lease of the assigned portion subject to the same terms and conditions contained in the contract of lease.

Bonifacio Hotel Ventures, Inc. entered into a non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which Seda BGC Tower 1 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel's gross income for its 1st year of operation, 4% of the Hotel's gross income for its 2nd year of operation, and 5% of the Hotel's gross income for the succeeding years or ₱350 per square meter for the 1st year, ₱375 per square meter for the 2nd year and ₱400 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period. The Company entered into another non-cancellable and renewable contract of lease with Fort Bonifacio Development Corporation for the land on which the Seda BGC Tower 2 was constructed with initial term of twenty-five (25) years commencing from the date that the Hotel first commences business or start of commercial operation. The lease agreement provides for the payment of rent based on 3% of the Hotel's gross income for its 1st year of operation, 4% of the Hotel's gross income for its 2nd year of operation, and 5% of the Hotel's gross income for the succeeding years or ₱575 per square meter for the 1st year, ₱616.06 per square meter for the 2nd year and ₱657.15 per square meter for the 3rd year, whichever is higher, and starting on the 4th year of operations, rent shall be escalated at a rate of 3% per year until the end of the lease period.

ALLHC
On August 28, 1990, the Company, through a Deed of Assignment, acquired all the rights, titles, interests and obligations of Gotesco Investment, Inc. in a contract of lease of the land owned by PNR for the Tutuban Terminal. The contract provided for a payment of a guaranteed minimum annual rental plus a certain percentage of gross sales. The lease covers a period of 25 years until 2014 and is automatically renewable for another 25 years, subject to compliance with the terms and conditions of the lease agreement. On December 22, 2009, ALLHC entered into an agreement with PNR for the renewal of its lease contract for another 25 years beginning September 5, 2014.

SSECC
The Company has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement signed on July 2000, a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues.

Capitol
On April 26, 2012 Parent Company signed a Lease Agreement with the Province of Negros Occidental for the lease of a parcel of land with an aggregate area of 40,481 sq. m. located along Gatuslao cor. North and South Capitol Roads, Bacolod City, registered in the name of the Province of Negros Occidental. The Parent Company signed a 50-year lease contract with an option to renew as may be mutually agreed upon by the lessor and the Company. The Parent Company assigned the parcels of land to Capitol in December 2017.

Arvo
On October 15, 2014, Arvo entered into a property lease agreement with Rotonda Development Corporation for the construction, development and operation of a commercial and mall center. The terms of the lease shall be 42 years, with an option to renew for another 40 years subject to mutual agreement of the parties. The lease agreement provided rent-free period of 2 years and lease payments shall commence thereafter. Lease payments shall be paid annually at ₱60.00 per sqm, subject to an annual escalation of 4%.

The Group performed impairment testing on its right-of-use assets with a carrying value of ₱198.2 million as of December 31, 2020, by assessing its recoverable amount through estimation of its value in use. Based on the impairment testing, there is no impairment loss on the Group's hotel and resorts right-of-use assets (see Note 3).

34. Interest in Joint Operation

MDC has a 51.0% interest in Makati Development Corporation - First Balfour, Inc. Joint Venture (the Joint Venture), a joint operation whose purpose is to design and build St. Luke's Medical Center (the Project) in Fort Bonifacio Global City, Taguig. The application of PFRS 11 does not have significant impact on the Group's accounting of its interest in joint operation since it already reported its share in interest in joint operation using proportionate consolidation.

The Project, which started on January 31, 2007, is a world-class medical facility comprising, more or less, of a 611-bed hospital and a 378-unit medical office building, with an approximate gross floor area of 154,000 sqm, which meets international standards, and all standards and guidelines of applicable regulatory codes of the Philippines and complies with the criteria of the Environment of Care of the Joint Commission International Accreditation. The project was completed on October 30, 2009. Activities in 2011 to 2020 mainly pertain to winding down operations.

MDC classified its joint arrangement with First Balfour, Inc. as “Joint Operation” since the joint arrangement’s legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties and there is an indication that the parties have no rights to the net assets of the Joint Operation.

The share of MDC in the net assets and liabilities of the Joint Venture at December 31, 2020 and 2019 which are included in the consolidated financial statements follow:

	2020	2019
	(In Thousands)	
Current assets:		
Cash and cash equivalents	**₱7,078**	₱7,100
Other current assets	**37,368**	37,368
Total assets	**₱44,446**	₱44,468
Total liabilities	**₱**	₱–

The following is the share of the MDC on the net income of the Joint Venture:

	2020	2019
	(In Thousands)	
Construction costs	**(₱7)**	(₱125)
Interest and other income (charges)	**(14)**	6,315
Income before income tax	**(21)**	6,190
Provision for final tax	**(1)**	(14)
Net income (loss)	**(22)**	₱6,176

There were no dividends declared in 2020 and 2019. Provision for income tax pertains to the final tax on interest income.

35. Long-term Commitments and Contingencies

Commitments

a. On December 8, 2017, ALI assigned to NTDCC development rights on certain portions of the North Triangle lot pads covered by a Deed of Assignment and Encroachment Settlement Agreement amounting to ₱631.2 million.

b. ALI and LT Group, Inc. (LTG) entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be an estate development that spans portions of Pasig City and Quezon City. A new company named, ALI-ETON Property Development Corporation, was incorporated on May 13, 2016.

   On January 15, 2018, the estate, named Parklinks was launched and is the greenest urban estate of Ayala Land in partnership with Eton Properties Inc. The first residential project of Ayala Land Premier, Parklinks North Tower was launched on the same year, while the Parklinks lifestyle mall broke ground as well, expected to provide a new destination for residents and office workers within the area when it opens in 2025. With the brisk residential sales of ALP’s first project, the Parklinks South tower was launched in 2019, together with Alveo’s first residential development “The Lattice”.

   Also set to rise within the estate will be an iconic bridge that will conveniently connect the QC and Pasig parcels, offering a new route that can help ease vehicular traffic in the north eastern and eastern portions of Metro Manila. The bridge is expected to be completed by late 2021.

c. On August 11, 2015, the Group won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). The Company was awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc. property on which the future transport terminal will be built. The site of the ITS South Project is right next to ARCA South, where the Company is developing an integrated mixed-use estate.

d. On June 30, 2015, the Parent Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Company and CHI (together with the Company collectively referred to as the "ALI Group"). Consistent with the agreed payment schedule in the Deed of Absolute Sale, as of August 1, 2018 the ALI Group has fully paid ₱4.56 billion, excluding taxes. The SM-ALI Group finished the joint masterplan and secured the development permit last November 2019 from the Cebu City Council.

   On January 29, 2020, SM-ALI Group broke ground the 263,384sqm development and the construction of road networks and underground utilities commence on February 18, 2020.

   As of December 2020, the construction completion is at 47.51% and is forecasted to be finished in May 2022.

   The development is positioned to be the Entertainment Capital of the Region which are the epicenter of fun, strategically located and accessible and celebrated Cebu experience.

   It is envisioned to create a commercially viable mixed-use development and to create a living, vibrant community with world-class facilities, a well-designed urban setting, and lush, extensive landscaping.

e. On August 8, 1997, an "Assignment Agreement" was executed between Department of Transportation and Communications (DOTC), Metro Rail and MRTDC whereby MRTDC agreed to be bound by all obligations in respect of the Development Rights and make payments to DOTC.

f. On June 4, 2014, AHRC, a wholly owned subsidiary of the Parent Company has signed a long-term management agreement with the Mandarin Oriental Hotel Group to develop and operate luxury hotel in Makati City. Set to open its doors by 2023, the new Mandarin Oriental Manila will be featuring 276 spacious rooms complemented by an extensive range of modern amenities including premium selection of restaurants and a signature spa. AHRC is committed to pay $5 million (₱223.6 million) to Manila Mandarin Hotel, Inc. upon the opening of the New Hotel or June 30, 2017, whichever is earlier. In 2017, the Group fully paid the said amount.

g. On May 12, 2014, ALI has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. The Company will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

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

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

36. Concession Agreement with Department of Transportation (DOTr)

On January 26, 2016, the Group through ASITI entered into a Concession Agreement (CA) with the Department of Transportation (DOTr). The CA sets forth the rights and obligations of ASITI as concessionaire, including the construction and operation of the South Integrated Transport System Project (the Project) of DOTr. During the concession period, DOTr will monitor and review the performance of the concessionaire.

The concession will run for a period of 35 years from the start of the construction of the Project. Under the terms of the concession agreement, ASITI will design, engineer, construct, operate and maintain a mass transportation intermodal terminal at the outskirts of Metro Manila. The operation of the Project includes the collection and remittance of terminal fees to DOTr of the concessionaire during the concession period. In addition, ASITI will be permitted to develop and operate commercial leasing facilities.

Upon the start of the construction of the Project, DOTr will give ASITI the full, exclusive and uninterrupted use and possession of a 5.57 hectare property known as the Project Land. Ownership of the Project Land shall remain with DOTr at all times while the possession, custody and risk of loss or deterioration of the Project and commercial assets shall vest in the concessionaire during the concession period. ASITI shall transfer the Project and the related assets, free from any liens or encumbrances, to DOTr at the end of the concession period. ASITI will be entitled to annual payments from DOTr amounting to ₱277.9 million during the 35-year concession period, subject to meeting benchmarks set for certain key performance indicators enumerated in the CA.

As of December 31, 2020, construction of the Project has not yet commenced.

37. Notes to Consolidated Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

<u>2020</u>

	January 1, 2020	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2020
			(In Thousands)		
Short-term debt	**₱18,032,830**	**(₱8,901,505)**	**₱–**	**₱–**	**₱9,131,325**
Current long-term debt	**17,250,706**	**(17,250,706)**	**18,732,401**	**–**	**18,732,401**
Non-current long-term debt	**175,813,346**	**27,332,917**	**(18,732,401)**	**(326,670)**	**184,087,192**
Dividends payable (Note 15)	**632,000**	**(5,328,246)**	**4,937,852**	**–**	**241,606**
Lease liabilities	**17,463,705**	**(1,334,674)**	**1,626,718**	**94**	**17,755,843**
Deposits and other noncurrent liabilities	**44,003,636**	**5,706,022**	**330,512**	**–**	**50,040,170**
Total liabilities from financing activities	**₱273,196,223**	**₱223,808**	**₱6,895,082**	**(₱326,576)**	**₱279,988,537**

2019

	January 1, 2019	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2019
			(In Thousands)		
Short-term debt	₱14,386,717	₱3,646,113	₱–	₱–	₱18,032,830
Current long-term debt	23,265,173	(23,265,173)	17,250,706	–	17,250,706
Non-current long-term debt	149,446,949	44,345,206	(17,250,706)	(728,104)	175,813,345
Dividends payable (Note 15)	664,546	(7,754,046)	7,721,500	–	632,000
Lease liabilities	16,985,922	(1,179,645)	1,706,204	(48,776)	17,463,705
Deposits and other noncurrent liabilities	50,922,906	(6,241,774)	(677,496)	–	44,003,636
Total liabilities from financing activities	₱255,672,213	₱9,550,681	₱8,750,208	(₱(776,880)	₱273,196,222

The noncash activities of the Group pertain the following:

2020
- Transfer from investment properties to inventories amounting to ₱18,563.9 million
- Transfer from investment properties to property and equipment amounting to ₱591.6 million
- Transfer from investment properties and property and equipment to building classified as held for sale amounting to ₱950.1 million and ₱2.1 million, respectively
- Transfer from inventories to investment properties amounting to ₱2,361.2 million
- Transfer from right-of-use assets and lease liabilities to investment properties amounting to ₱6.9 million and ₱24.2 million, respectively
- Capitalized interest amounted to to ₱40.1 million

2019
- transfer from investment properties to inventories amounting to ₱11,830.0 million
- transfer from inventories to investment properties amounting to ₱674.9 million
- transfer from investment properties to property and equipment amounting to ₱644.1 million
- transfer from property and equipment to investment properties to amounting to ₱133.1 million
- transfer from right-of-use assets to investment properties amounting to ₱98.7 million
- unpaid acquisition of investment properties amounting to ₱7,392.2 million

38. Events After Reporting Date

On January 5, 2021, AREIT, Inc. (AREIT), purchased 9.8 hectares of land owned by Technopark Land, Inc. (TLI), a subsidiary of Ayala Corporation, in Laguna Technopark through a deed of sale for ₱1.1 billion, VAT-inclusive. The purchase is payable in cash upon execution of the deed of sale and on January 21, 2021. The land is composed of four (4) parcels which is being leased by Integrated Micro-Electronics, Inc. (IMI), a related party, for its manufacturing operations for the next seven years from January 1, 2021 until December 31, 2027 with annual escalation rate of 5%.

On February 23, 2021, the BOD approved the following:

a. The merger of the Parent Company and its listed subsidiary, Cebu Holdings, Inc. (CHI) as well as its other subsidiaries, Asian I-Office Properties, Inc. (AiO), Arca South Commercial Ventures Corp. (ASCVC) and Central Block Developers Inc. (CBDI), with Ayala Land Inc., as the surviving entity. The plan of merger will be submitted for the approval of our stockholders during their annual meeting on April 21, 2021.

   CHI is 71.1% subsidiary. ASCVC is our wholly owned subsidiary, while AiO is a wholly owned subsidiary of CHI, and CBDI is 55% owned by CHI and 45% owned by ALI. The merger is an internal restructuring as well as a consolidation of the Group’s Cebu portfolio under one listed entity. The merger is expected to result in operational synergies, efficient funds management and simplified reporting to government agencies.

b. The amendment of ESOWN Plan to increase the share allocation for ESOWN grants from 2.5% to 3% of our authorized capital stock. This will be presented to the stockholders for approval on April 21, 2021.

c. The filing with the SEC of a new 3-year shelf registration of up to ₱50 billion of debt securities (the “Shelf Registration”).

d. The raising of up to ₱41 billion through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation, and/or bilateral term loans for the purpose of refinancing outstanding loans and to partially finance our general corporate requirements.

e. The declaration of cash dividends of ₱0.136 per outstanding common share payable on March 25, 2021 to stockholders of common shares as of record date March 10, 2021. This reflects a 49% decrease from the cash dividends declared in the first half of 2020 amounting to ₱0.268 per share.

On February 26, 2021, White Knight Holdings, Inc., a wholly-owned subsidiary of Ayala Land, Inc. ("ALI") entered into a Share Purchase Agreement with Healthway Philippines, Inc. ("HPI"), a wholly-owned subsidiary of Ayala Healthcare Holdings, Inc. to sell its 39.20% share in the outstanding capital stock of Mercado General Hospital, Inc., the holding company for the QualiMed healthcare network of hospitals and clinics, ("MGHI"). The sale of White Knight Holdings, Inc's interest in MGHI will allow ALI to redeploy capital and focus on its core businesses.

39. Other Matters

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Group's business activities. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

As of reporting date, all shopping malls have reopened at adjusted operating hours and construction works for commercial and residential projects have resumed while following the safety protocols mandated by the national government. Most hotels remained open throughout the community quarantine period, catering mostly to business process outsourcing employees and returning overseas Filipino workers.

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

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Land, Inc. and its subsidiaries as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated February 23, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 23, 2021

SGV
Building a better working world

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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ayala Land, Inc. and Subsidiaries (the Group) as at December 31, 2020 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 23, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
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December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 23, 2021

AYALA LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
As of December 31, 2020

A Financial Assets
B Accounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C Accounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements
D Long-Term Debt
E Indebtedness to Related Parties
F Guarantee of Securities of Other Issuers
G Capital Stock

Other Supporting Schedules
Reconciliation of Retained Earnings Available for Dividend Declaration
Financial Soundness Indicators
Corporate Organizational Chart
Bond Proceeds

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE A - Financial Assets
As of December 31, 2020

NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	AMOUNT IN THE STATEMENT OF FINANCIAL POSITION		INCOME RECEIVED & ACCRUED	
Loans and Receivables				
A. Cash in Bank	**Php**	**13,678,488,230**	**Php**	**111,208,195**
BPI				
Peso		3,413,751,589		11,737,696
Foreign Currency		69,820,655		324,479
Other Banks				
Peso		3,231,862,935		23,201,919
Foreign Currency		6,963,053,052		75,944,100
B. Cash Equivalents 1/		**3,294,555,413**		**60,035,438**
BPI				
Special Savings Account				1,896,916
Time Deposits		47,486,002		6,074,317
Others				2,011,628
Other Banks				
Special Savings Account				3,532,568
Time Deposits		3,247,069,411		30,468,246
Others				16,051,764
C. Loans and receivable		**78,295,170,839**		**4,038,968,108**
Trade		78,295,170,839		4,038,968,108
Advances to other companies				
Investment in bonds classified as loans and receivables 2/		-		-
D . Financial Assets at FVPL		**706,019,210**		**6,221,617**
Investment in UITF		378,065,912		6,221,617
Investment in Funds		327,953,298		
E. AFS Financial assets		1,511,442,706		**-**
TOTAL :	**Php**	**97,485,676,398**	**Php**	**4,216,433,358**

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

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

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2020

NAME AND DESIGNATION OF DEBTOR	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	AMOUNTS COLLECTED	CURRENT	NON-CURRENT	BALANCE AT END OF PERIOD
Employees						
Notes Receivable	Php 901,262,867	Php 728,872,086	Php 787,629,337	Php 697,282,993	Php 145,222,623	Php 842,505,615

AYALA LAND INC. AND SUBSIDIARIES
Schedule C - Accounts Receivable from Related Parties which are Eliminated during the Consolidation Period
As of December 31, 2020

	Amount Owed by Ayala Land, Inc. (ALI) Subsidiaries to ALI PARENT			
	Receivable Balance per ALI-PARENT	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	1,163,885,783	1,163,885,783	1,163,885,783	
Adauge Commercial Corp.	9,384,606	9,384,606	9,384,606	
Alabang Commercial Corporation (Conso)	40,002,390	40,002,390	40,002,390	
ALI Capital Corp. (Conso)	181,646,739	181,646,739	181,646,739	
ALI Commercial Center, Inc. (Conso)	714,833,249	714,833,249	714,833,249	
ALI-CII Development Corporation	4,181,521	4,181,521	4,181,521	
ALO Prime Realty Corporation	3,138,579	3,138,579	3,138,579	
Altaraza Development Corporation	56,000	56,000	56,000	
Alveo Land Corporation (Conso)	3,653,530,956	3,653,530,956	3,653,530,956	
Amaia Land Corporation (Conso)	2,532,649,835	2,532,649,835	2,532,649,835	
Amorsedia Development Corporation (Conso)	644,742,089	644,742,089	644,742,089	
Anvaya Cove Beach and Nature Club Inc	593,300	593,300	593,300	
Anvaya Cove Golf and Sports Club Inc.	78,865,388	78,865,388	78,865,388	
APRISA Business Process Solutions, Inc	2,160,623	2,160,623	2,160,623	
Arca South Commercial Ventures Corp.	1,114,525,210	1,114,525,210	1,114,525,210	
Arca South Integrated Terminal, Inc	33,608,349	33,608,349	33,608,349	
Arvo Commercial Corporation	377,818,226	377,818,226	377,818,226	
Aurora Properties, Inc.	71,708,403	71,708,403	71,708,403	
Aviana Development Corporation	87,588,673	87,588,673	87,588,673	
Avida Land Corporation (Conso)	5,775,377,945	5,775,377,945	5,775,377,945	
Ayala Hotels Inc.	975,159,480	975,159,480	975,159,480	
Ayala Land International Sales, Inc.(Conso)	143,920,716	143,920,716	143,920,716	
Ayala Land Sales Inc.	60,349,214	60,349,214	60,349,214	
Ayala Property Management Corporation (Conso)	34,712,251	34,712,251	34,712,251	
Ayala Theaters Management, Inc.	713,177	713,177	713,177	
AyalaLand Club Management, Inc.	25,134,107	25,134,107	25,134,107	
AREIT Fund Manager, Inc.	16,807,036	16,807,036	16,807,036	
Ayalaland Estates, Inc.	2,222,118,631	2,222,118,631	2,222,118,631	
AyalaLand Hotels and Resorts Corp. (Conso)	1,741,709,045	1,741,709,045	1,741,709,045	
Ayalaland Logistics Holdings Corp. (Conso)	1,002,731,574	1,002,731,574	1,002,731,574	
Ayalaland Malls Synergies, Inc.	40,770,046	40,770,046	40,770,046	
AyalaLand Malls, Inc. (Conso)	24,432,172	24,432,172	24,432,172	
Ayalaland Medical Facilities Leasing Inc.	18,592,201	18,592,201	18,592,201	
Ayalaland Metro North, Inc.	2,453,232	2,453,232	2,453,232	
AyalaLand Offices, Inc. (Conso)	116,691,021	116,691,021	116,691,021	
Ayalaland Premier, Inc.	79,309	79,309	79,309	
Bay City Commercial Ventures Corp.	8,893,963,398	8,893,963,398	8,893,963,398	
BellaVita Land Corp.	985,170,272	985,170,272	985,170,272	
BG West Properties, Inc	789,566,692	789,566,692	789,566,692	
Buendia Landholdings, Inc.	196,716	196,716	196,716	
Cagayan De Oro Gateway Corporation	376,141,781	376,141,781	376,141,781	
Capitol Central Commercial Ventures Corp.	1,881,019,039	1,881,019,039	1,881,019,039	
Cavite Commercial Towncenter Inc.	507,797,012	507,797,012	507,797,012	
Cebu Holdings, Inc. (Conso)	3,296,216,343	3,296,216,343	3,296,216,343	
CECI Realty Corp.	257,160,877	257,160,877	257,160,877	
Crans Montana Property Holdings Corporation	24,049,610	24,049,610	24,049,610	
Crimson Field Enterprises, Inc.	195,962,176	195,962,176	195,962,176	
Direct Power Services Inc.	16,034,142	16,034,142	16,034,142	
Ecoholdings Company, Inc.	702,706	702,706	702,706	
First Longfield Investments Ltd.	64,753	64,753	64,753	
FIVE STAR Cinema Inc.	65,094	65,094	65,094	
Hillsford Property Corporation	139,799	139,799	139,799	
Integrated Eco-Resort Inc.	123,862	123,862	123,862	
Lagdigan Land Corporation	574,917	574,917	574,917	
Leisure and Allied Industries Phils. Inc.	4,394,020	4,394,020	4,394,020	
Makati Cornerstone Leasing Corp.	4,297,649,954	4,297,649,954	4,297,649,954	
Makati Development Corporation (Conso)	61,363,513	61,363,513	61,363,513	
AREIT Property Managers, Inc.	362,294	362,294	362,294	
North Eastern Commercial Corp.	959,957,919	959,957,919	959,957,919	
North Triangle Depot Commercial Corp	868,382,531	868,382,531	868,382,531	
North Ventures Commercial Corp.	57,684,083	57,684,083	57,684,083	
NorthBeacon Commercial Corporation	13,017,872	13,017,872	13,017,872	
Nuevocentro, Inc. (Conso)	2,264,420,036	2,264,420,036	2,264,420,036	

AREIT, Inc.	1,161,020,165	1,161,020,165	1,161,020,165	
Philippine Integrated Energy Solutions, Inc.	7,419,878	7,419,878	7,419,878	
Primavera Towncentre, Inc.	46,858,168	46,858,168	46,858,168	
Red Creek Properties, Inc.	237,202,714	237,202,714	237,202,714	
Regent Time International, Limited	98,243,136	98,243,136	98,243,136	
Regent Wise Investments Limited(Conso)	6,128,969,611	6,128,969,611	6,128,969,611	
Roxas Land Corp.	8,642,020	8,642,020	8,642,020	
Serendra Inc.	173,509,184	173,509,184	173,509,184	
Soltea Commercial Corp.	289,247,413	289,247,413	289,247,413	
Southportal Properties, Inc.	309,830,041	309,830,041	309,830,041	
Station Square East Commercial Corp	1,180,167,993	1,180,167,993	1,180,167,993	
Subic Bay Town Center Inc.	5,206,230	5,206,230	5,206,230	
Summerhill Commercial Ventures Corp.	45,036,991	45,036,991	45,036,991	
Sunnyfield E-Office Corp	11,552,409	11,552,409	11,552,409	
Ten Knots Development Corporation(Conso)	22,470,675	22,470,675	22,470,675	
Ten Knots Philippines, Inc.(Conso)	46,507,168	46,507,168	46,507,168	
Verde Golf Development Corporation	94,548,747	94,548,747	94,548,747	
Vesta Property Holdings Inc.	27,464,765	27,464,765	27,464,765	
Westview Commercial Ventures Corp.	22,275,333	22,275,333	22,275,333	
Whiteknight Holdings, Inc.	33,184,355	33,184,355	33,184,355	
Sub-Total	**58,618,209,485**	**58,618,209,485**	**58,618,209,485**	-

	Amount Owed by ALI PARENT to ALI SUBSIDIARIES			
	Receivable Balance per ALI SUBSIDIARIES	**Payable Balance per ALI PARENT**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	14,257,338	14,257,338	14,257,338	
Alabang Commercial Corporation (Conso)	53,462,105	53,462,105	53,462,105	
ALI Capital Corp. (Conso)	67,073	67,073	67,073	
ALI Commercial Center, Inc. (Conso)	32,521,088	32,521,088	32,521,088	
ALI-CII Development Corporation	987	987	987	
ALO Prime Realty Corporation	790,887,665	790,887,665	790,887,665	
Altaraza Prime Realty Corporation	2,516,892	2,516,892	2,516,892	
Alveo Land Corporation (Conso)	704,470,573	704,470,573	704,470,573	
Amaia Land Corporation (Conso)	2,611,255	2,611,255	2,611,255	
Amorsedia Development Corporation (Conso)	120,706,662	120,706,662	120,706,662	
Anvaya Cove Golf and Sports Club Inc.	5,500	5,500	5,500	
APRISA Business Process Solutions, Inc	8,894,548	8,894,548	8,894,548	
Arvo Commercial Corporation	978,410,844	978,410,844	978,410,844	
Aurora Properties, Inc.	220,458,791	220,458,791	220,458,791	
Avida Land Corporation (Conso)	2,842,204,974	2,842,204,974	2,842,204,974	
Ayala Hotels Inc.	3,281,624,685	3,281,624,685	3,281,624,685	
Ayala Land International Sales, Inc.(Conso)	74,279,198	74,279,198	74,279,198	
Ayala Land Sales Inc.	25,371,552	25,371,552	25,371,552	
Ayala Property Management Corporation (Conso)	401,251,196	401,251,196	401,251,196	
AyalaLand Club Management, Inc.	231,823	231,823	231,823	
AREIT Fund Manager, Inc.	7,009,550	7,009,550	7,009,550	
Ayalaland Estates, Inc.	150,054,296	150,054,296	150,054,296	
AyalaLand Hotels and Resorts Corp. (Conso)	36,023,915	36,023,915	36,023,915	
Ayalaland Logistics Holdings Corp. (Conso)	636,325,283	636,325,283	636,325,283	
AyalaLand Malls, Inc. (Conso)	25,062,699	25,062,699	25,062,699	
Ayalaland Metro North, Inc.	51,059,595	51,059,595	51,059,595	
AyalaLand Offices, Inc. (Conso)	1,169,469,570	1,169,469,570	1,169,469,570	
Ayalaland Premier, Inc.	6,375,221	6,375,221	6,375,221	
BellaVita Land Corp.	57,982,970	57,982,970	57,982,970	
BG West Properties, Inc	4,451,958	4,451,958	4,451,958	
Buendia Landholdings, Inc.	21,525	21,525	21,525	
Cagayan De Oro Gateway Corporation	5,117,937	5,117,937	5,117,937	
Cavite Commercial Towncenter Inc.	23,926	23,926	23,926	
Cebu Holdings, Inc. (Conso)	207,639,102	207,639,102	207,639,102	
CECI Realty Corp.	520,710,596	520,710,596	520,710,596	
Crans Montana Property Holdings Corporation	92,728,430	92,728,430	92,728,430	
Crimson Field Enterprises, Inc.	23,065,218	23,065,218	23,065,218	
Direct Power Services Inc.	35,885,552	35,885,552	35,885,552	
First Longfield Investments Ltd.	15,362,571	15,362,571	15,362,571	
Hillsford Property Corporation	6,601	6,601	6,601	
Makati Cornerstone Leasing Corp.	178,369,960	178,369,960	178,369,960	
Makati Development Corporation (Conso)	5,488,555,707	5,488,555,707	5,488,555,707	
North Eastern Commercial Corp.	97,236,832	97,236,832	97,236,832	
North Triangle Depot Commercial Corp	186,116,033	186,116,033	186,116,033	
North Ventures Commercial Corp.	53,698,157	53,698,157	53,698,157	

NorthBeacon Commercial Corporation	12,125,588	12,125,588	12,125,588	
Nuevocentro, Inc. (Conso)	344,266	344,266	344,266	
AREIT, Inc.	653,315,757	653,315,757	653,315,757	
Philippine Integrated Energy Solutions, Inc.	104,553,406	104,553,406	104,553,406	
Primavera Towncentre, Inc.	1,407,328	1,407,328	1,407,328	
Red Creek Properties, Inc.	33,025,800	33,025,800	33,025,800	
Regent Time International, Limited	539,034,571	539,034,571	539,034,571	
Regent Wise Investments Limited(Conso)	314,556,067	314,556,067	314,556,067	
Serendra Inc.	1,489,044,990	1,489,044,990	1,489,044,990	
Soltea Commercial Corp.	1,625,448	1,625,448	1,625,448	
Southportal Properties, Inc.	110,857,147	110,857,147	110,857,147	
Station Square East Commercial Corp	58,438,101	58,438,101	58,438,101	
Subic Bay Town Center Inc.	109,991,120	109,991,120	109,991,120	
Summerhill Commercial Ventures Corp.	375,955,862	375,955,862	375,955,862	
Ten Knots Development Corporation(Conso)	4,927,691	4,927,691	4,927,691	
Ten Knots Philippines, Inc.(Conso)	4,920,733	4,920,733	4,920,733	
Verde Golf Development Corporation	142,445	142,445	142,445	
Vesta Property Holdings Inc.	810,509,595	810,509,595	810,509,595	
Westview Commercial Ventures Corp.	121,144	121,144	121,144	
Sub-Total	**23,227,485,013**	**23,227,485,013**	**23,227,485,013**	**-**

	Amount Owed by ALI SUBSIDIARIES TO MAKATI DEVELOPMENT CORP. AND SUBSIDIARIES			
	Receivable Balance per MDC & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	301,723,181	301,723,181	301,723,181	
Adauge Commercial Corp.	4,608,677	4,608,677	4,608,677	
Alabang Commercial Corporation (Conso)	7,160,052	7,160,052	7,160,052	
ALI Capital Corp. (Conso)	547,010,158	547,010,158	547,010,158	
ALI Commercial Center, Inc. (Conso)	1,234,883,999	1,234,883,999	1,234,883,999	
Alveo Land Corporation (Conso)	3,876,598,238	3,876,598,238	3,876,598,238	
Amaia Land Corporation (Conso)	875,919,305	875,919,305	875,919,305	
Amorsedia Development Corporation (Conso)	458,785,179	458,785,179	458,785,179	
Anvaya Cove Golf and Sports Club Inc.	8,728,296	8,728,296	8,728,296	
Arca South Commercial Ventures Corp.	434,832,036	434,832,036	434,832,036	
Arca South Integrated Terminal, Inc	6,009,625	6,009,625	6,009,625	
Arvo Commercial Corporation	316,719,508	316,719,508	316,719,508	
Aurora Properties, Inc.	9,896,693	9,896,693	9,896,693	
Aviana Development Corporation	432,063,408	432,063,408	432,063,408	
Avida Land Corporation (Conso)	2,373,301,958	2,373,301,958	2,373,301,958	
Ayala Hotels Inc.	1,526,952,186	1,526,952,186	1,526,952,186	
Ayala Land International Sales, Inc.(Conso)	2,713	2,713	2,713	
Ayala Land Sales Inc.	42,000	42,000	42,000	
Ayalaland Estates, Inc.	242,166,397	242,166,397	242,166,397	
AyalaLand Hotels and Resorts Corp. (Conso)	1,640,686,612	1,640,686,612	1,640,686,612	
Ayalaland Logistics Holdings Corp. (Conso)	260,238,742	260,238,742	260,238,742	
Ayalaland Malls Synergies, Inc.	1,469,109	1,469,109	1,469,109	
Ayalaland Medical Facilities Leasing Inc.	59,600,156	59,600,156	59,600,156	
Ayalaland Metro North, Inc.	500,000	500,000	500,000	
Bay City Commercial Ventures Corp.	1,036,654,483	1,036,654,483	1,036,654,483	
BellaVita Land Corp.	89,696,175	89,696,175	89,696,175	
BG West Properties, Inc	1,326,375,461	1,326,375,461	1,326,375,461	
Cagayan De Oro Gateway Corporation	466,768,952	466,768,952	466,768,952	
Capitol Central Commercial Ventures Corp.	137,897,047	137,897,047	137,897,047	
Cavite Commercial Towncenter Inc.	346,468,772	346,468,772	346,468,772	
Cebu Holdings, Inc. (Conso)	584,009,470	584,009,470	584,009,470	
CECI Realty Corp.	15,806,382	15,806,382	15,806,382	
Crans Montana Property Holdings Corporation	130,746,859	130,746,859	130,746,859	
Direct Power Services Inc.	357,482	357,482	357,482	
Hillsford Property Corporation	13,509,289	13,509,289	13,509,289	
Leisure and Allied Industries Phils. Inc.	162,605,500	162,605,500	162,605,500	
Makati Cornerstone Leasing Corp.	59,323,523	59,323,523	59,323,523	
North Eastern Commercial Corp.	51,553,524	51,553,524	51,553,524	
North Triangle Depot Commercial Corp	94,280,002	94,280,002	94,280,002	
Nuevocentro, Inc. (Conso)	688,778,219	688,778,219	688,778,219	
AREIT, Inc.	2,019,459	2,019,459	2,019,459	
Philippine Integrated Energy Solutions, Inc.	19,677,997	19,677,997	19,677,997	
Primavera Towncentre, Inc.	161,238,271	161,238,271	161,238,271	
Roxas Land Corp.	137,559,570	137,559,570	137,559,570	
Serendra Inc.	85,275,545	85,275,545	85,275,545	
Soltea Commercial Corp.	107,175,634	107,175,634	107,175,634	

Southportal Properties, Inc.	143,767,748	143,767,748	143,767,748	
Station Square East Commercial Corp	4,643,649	4,643,649	4,643,649	
Summerhill Commercial Ventures Corp.	24,454,660	24,454,660	24,454,660	
Sunnyfield E-Office Corp	2,261,577	2,261,577	2,261,577	
Ten Knots Development Corporation(Conso)	1,259	1,259	1,259	
Ten Knots Philippines, Inc.(Conso)	550,525,296	550,525,296	550,525,296	
Vesta Property Holdings Inc.	10,797,356	10,797,356	10,797,356	
Sub-Total	**21,074,127,387**	**21,074,127,387**	**21,074,127,387**	

	Amount Owed by ALI Subsidiaries to ACCENDO COMMERCIAL CORP.			
	Receivable Balance per ACCENDO	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Adauge Commercial Corp.	20,788	20,788	20,788	
Alabang Commercial Corporation (Conso)	6,865	6,865	6,865	
ALI Capital Corp. (Conso)	31,397	31,397	31,397	
ALI Commercial Center, Inc. (Conso)	90,227	90,227	90,227	
Alveo Land Corporation (Conso)	1,961,756	1,961,756	1,961,756	
Amorsedia Development Corporation (Conso)	0	0	0	
Aviana Development Corporation	2,133,794	2,133,794	2,133,794	
Avida Land Corporation (Conso)	7,382,180	7,382,180	7,382,180	
Ayala Property Management Corporation (Conso)	395,257	395,257	395,257	
AyalaLand Hotels and Resorts Corp. (Conso)	1,478,768	1,478,768	1,478,768	
AyalaLand Malls, Inc. (Conso)	132,895	132,895	132,895	
Ayalaland Metro North, Inc.	800	800	800	
Bay City Commercial Ventures Corp.	276,172	276,172	276,172	
Cagayan De Oro Gateway Corporation	159,681	159,681	159,681	
Capitol Central Commercial Ventures Corp.	32,791	32,791	32,791	
Cebu Holdings, Inc. (Conso)	398,994	398,994	398,994	
Makati Development Corporation (Conso)	179,854	179,854	179,854	
North Eastern Commercial Corp.	300	300	300	
North Triangle Depot Commercial Corp	37,985	37,985	37,985	
North Ventures Commercial Corp.	300	300	300	
Philippine Integrated Energy Solutions, Inc.	361	361	361	
Station Square East Commercial Corp	6,050	6,050	6,050	
Ten Knots Development Corporation(Conso)	1,820	1,820	1,820	
Ten Knots Philippines, Inc.(Conso)	2,818	2,818	2,818	
Westview Commercial Ventures Corp.	28,067	28,067	28,067	
Sub-Total	**14,759,921**	**14,759,921**	**14,759,921**	-

	Amount Owed by ALI Subsidiaries to ADAUGE COMMERCIAL CORP.			
	Receivable Balance per ADAUGE	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	5,612,162	5,612,162	5,612,162	
Amaia Land Corporation (Conso)	43,660	43,660	43,660	
Arca South Commercial Ventures Corp.	9,036,739	9,036,739	9,036,739	
Arvo Commercial Corporation	5,216,528	5,216,528	5,216,528	
Avida Land Corporation (Conso)	1,083,877	1,083,877	1,083,877	
AyalaLand Hotels and Resorts Corp. (Conso)	13,502,223	13,502,223	13,502,223	
Ayalaland Logistics Holdings Corp. (Conso)	3,058,046	3,058,046	3,058,046	
Ayalaland Metro North, Inc.	1,305	1,305	1,305	
Bay City Commercial Ventures Corp.	391,965	391,965	391,965	
Capitol Central Commercial Ventures Corp.	1,581	1,581	1,581	
Cebu Holdings, Inc. (Conso)	12,023,708	12,023,708	12,023,708	
Crans Montana Property Holdings Corporation	12,307,080	12,307,080	12,307,080	
Sunnyfield E-Office Corp	1,001,613	1,001,613	1,001,613	
Ten Knots Philippines, Inc.(Conso)	3,027,340	3,027,340	3,027,340	
Sub-Total	**66,307,828**	**66,307,828**	**66,307,828**	-

	Amount Owed by ALI Subsidiaries to ALABANG COMMERCIAL CORP. & SUBSIDIARIES			
	Receivable Balance per ACC & SUBSIDIARIES	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	20,409	20,409	20,409	
ALI Commercial Center, Inc. (Conso)	2,057,359	2,057,359	2,057,359	
Alveo Land Corporation (Conso)	506,073	506,073	506,073	
Amaia Land Corporation (Conso)	237,713	237,713	237,713	
Amorsedia Development Corporation (Conso)	106,394	106,394	106,394	
Arca South Commercial Ventures Corp.	46,663,888	46,663,888	46,663,888	
Arvo Commercial Corporation	5,281,492	5,281,492	5,281,492	

Avida Land Corporation (Conso)	955,514	955,514	955,514	
Ayala Land Sales Inc.	571,187	571,187	571,187	
Ayalaland Logistics Holdings Corp. (Conso)	913	913	913	
Ayalaland Metro North, Inc.	6,200	6,200	6,200	
AyalaLand Offices, Inc. (Conso)	8,816,168	8,816,168	8,816,168	
Bay City Commercial Ventures Corp.	84,638,335	84,638,335	84,638,335	
Cagayan De Oro Gateway Corporation	3,506,515	3,506,515	3,506,515	
Cavite Commercial Towncenter Inc.	10,506	10,506	10,506	
Cebu Holdings, Inc. (Conso)	11,008,536	11,008,536	11,008,536	
FIVE STAR Cinema Inc.	6,754,131	6,754,131	6,754,131	
Hillsford Property Corporation	15,015,365	15,015,365	15,015,365	
Leisure and Allied Industries Phils. Inc.	44,128,711	44,128,711	44,128,711	
North Eastern Commercial Corp.	8,940	8,940	8,940	
North Triangle Depot Commercial Corp	340,435	340,435	340,435	
North Ventures Commercial Corp.	5,900	5,900	5,900	
NorthBeacon Commercial Corporation	41,800	41,800	41,800	
Serendra Inc.	161,620	161,620	161,620	
Soltea Commercial Corp.	77,866	77,866	77,866	
Station Square East Commercial Corp	112,401	112,401	112,401	
Summerhill Commercial Ventures Corp.	600	600	600	
Ten Knots Philippines, Inc.(Conso)	10,016,561	10,016,561	10,016,561	
Sub-Total	**241,051,531**	**241,051,531**	**241,051,531**	

	Amount Owed by ALI Subsidiaries to ALI CAPITAL CORP.			
	Receivable Balance per ALI CAPITAL CORP. & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	-	-	-	
Amaia Land Corporation (Conso)	38,217,091	38,217,091	38,217,091	
Arca South Commercial Ventures Corp.	83,885,918	83,885,918	83,885,918	
Arvo Commercial Corporation	10,637,755	10,637,755	10,637,755	
AyalaLand Hotels and Resorts Corp. (Conso)	8,640,866	8,640,866	8,640,866	
Ayalaland Medical Facilities Leasing Inc.	5,913,391	5,913,391	5,913,391	
Bay City Commercial Ventures Corp.	95,212,065	95,212,065	95,212,065	
Cebu Holdings, Inc. (Conso)	13,054,413	13,054,413	13,054,413	
Makati Development Corporation (Conso)	177,658	177,658	177,658	
Ten Knots Development Corporation(Conso)	33,836,413	33,836,413	33,836,413	
Ten Knots Philippines, Inc.(Conso)	17,687,771	17,687,771	17,687,771	
Whiteknight Holdings, Inc.	21,773,797	21,773,797	21,773,797	
Sub-Total	**329,037,138**	**329,037,138**	**329,037,138**	

	Amount Owed by ALI Subsidiaries to ALI COMMERCIAL CENTER INC.			
	Receivable Balance per ACCI & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	2,453,603	2,453,603	2,453,603	
Alabang Commercial Corporation (Conso)	3,249,204	3,249,204	3,249,204	
ALI Capital Corp. (Conso)	1,488,500	1,488,500	1,488,500	
ALI-CII Development Corporation	92,695	92,695	92,695	
Alveo Land Corporation (Conso)	46,939	46,939	46,939	
Amaia Land Corporation (Conso)	489,215	489,215	489,215	
APRISA Business Process Solutions, Inc	10,400	10,400	10,400	
Arca South Commercial Ventures Corp.	117,331,958	117,331,958	117,331,958	
Arvo Commercial Corporation	2,992,843	2,992,843	2,992,843	
Avida Land Corporation (Conso)	8,227,401	8,227,401	8,227,401	
Ayala Hotels Inc.	4,050	4,050	4,050	
Ayala Property Management Corporation (Conso)	29,962,511	29,962,511	29,962,511	
Ayala Theaters Management, Inc.	2,653,984	2,653,984	2,653,984	
AyalaLand Hotels and Resorts Corp. (Conso)	3,111,039	3,111,039	3,111,039	
Ayalaland Logistics Holdings Corp. (Conso)	320,162	320,162	320,162	
Ayalaland Malls Synergies, Inc.	3,648,376	3,648,376	3,648,376	
AyalaLand Malls, Inc. (Conso)	5,288,657	5,288,657	5,288,657	
Ayalaland Medical Facilities Leasing Inc.	197,632	197,632	197,632	
Ayalaland Metro North, Inc.	264,166	264,166	264,166	
Ayalaland Premier, Inc.	422,922	422,922	422,922	
Bay City Commercial Ventures Corp.	19,025,574	19,025,574	19,025,574	
BellaVita Land Corp.	227,938	227,938	227,938	
Cagayan De Oro Gateway Corporation	2,592,773	2,592,773	2,592,773	
Capitol Central Commercial Ventures Corp.	1,195,933	1,195,933	1,195,933	
Cavite Commercial Towncenter Inc.	281,341	281,341	281,341	

Cebu Holdings, Inc. (Conso)	4,793,076	4,793,076	4,793,076	
Crans Montana Property Holdings Corporation	682,469	682,469	682,469	
Direct Power Services Inc.	12,672	12,672	12,672	
FIVE STAR Cinema Inc.	22,485	22,485	22,485	
Leisure and Allied Industries Phils. Inc.	7,462,999	7,462,999	7,462,999	
Makati Cornerstone Leasing Corp.	799,666	799,666	799,666	
Makati Development Corporation (Conso)	147,564	147,564	147,564	
North Eastern Commercial Corp.	2,436,212	2,436,212	2,436,212	
North Triangle Depot Commercial Corp	7,480,926	7,480,926	7,480,926	
North Ventures Commercial Corp.	1,053,389	1,053,389	1,053,389	
NorthBeacon Commercial Corporation	461,972	461,972	461,972	
AREIT, Inc.	91,261	91,261	91,261	
Primavera Towncentre, Inc.	105,300	105,300	105,300	
Serendra Inc.	103,109	103,109	103,109	
Soltea Commercial Corp.	905,506	905,506	905,506	
Station Square East Commercial Corp	2,971,969	2,971,969	2,971,969	
Subic Bay Town Center Inc.	540,397	540,397	540,397	
Summerhill Commercial Ventures Corp.	768,344	768,344	768,344	
Ten Knots Philippines, Inc.(Conso)	1,327,851	1,327,851	1,327,851	
Westview Commercial Ventures Corp.	183,295	183,295	183,295	
Sub-Total	**237,930,279**	**237,930,279**	**237,930,279**	

	Amount Owed by ALI Subsidiaries to ALI-CII DEVELOPMENT CORP			
	Receivable Balance per ALI-CII	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation (Conso)	1,572,242	1,572,242	1,572,242	
Arca South Integrated Terminal, Inc	1,201,493	1,201,493	1,201,493	
Arvo Commercial Corporation	1,202,827	1,202,827	1,202,827	
Avida Land Corporation (Conso)	764,115	764,115	764,115	
AyalaLand Hotels and Resorts Corp. (Conso)	93,129	93,129	93,129	
Ayalaland Logistics Holdings Corp. (Conso)	1,514,431	1,514,431	1,514,431	
Ayalaland Medical Facilities Leasing Inc.	17,134,393	17,134,393	17,134,393	
Bay City Commercial Ventures Corp.	56,448,169	56,448,169	56,448,169	
Cagayan De Oro Gateway Corporation	1,514,346	1,514,346	1,514,346	
Capitol Central Commercial Ventures Corp.	2,004,246	2,004,246	2,004,246	
Cebu Holdings, Inc. (Conso)	13,143,986	13,143,986	13,143,986	
Leisure and Allied Industries Phils. Inc.	18,151	18,151	18,151	
Soltea Commercial Corp.	18,810,349	18,810,349	18,810,349	
Sub-Total	**115,421,878**	**115,421,878**	**115,421,878**	-
	Amount Owed by ALI Subsidiaries to ALO PRIME REALTY CORP.			
	Receivable Balance per ALO PRIME REALTY CORP.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
AREIT, Inc.	(7,326,316)	(7,326,316)	(7,326,316)	
Sub-Total	**(7,326,316)**	**(7,326,316)**	**(7,326,316)**	-
	Amount Owed by ALI Subsidiaries to ALVEO LAND CORP. & SUBSIDIARIES			
	Receivable Balance per ALVEO LAND CORP. & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	283,924,587	283,924,587	283,924,587	
Adauge Commercial Corp.	28,238	28,238	28,238	
ALI Capital Corp. (Conso)	15,091,671	15,091,671	15,091,671	
ALI Commercial Center, Inc. (Conso)	68,526	68,526	68,526	
Alveo Land Corporation (Conso)	(1,668,936,549)	(1,668,936,549)	(1,668,936,549)	
Amaia Land Corporation (Conso)	150,739,120	150,739,120	150,739,120	
Amorsedia Development Corporation (Conso)	96,735,377	96,735,377	96,735,377	
Arca South Commercial Ventures Corp.	3,900,681	3,900,681	3,900,681	
Arca South Integrated Terminal, Inc	402,487	402,487	402,487	
Arvo Commercial Corporation	6,686,486	6,686,486	6,686,486	
Aurora Properties, Inc.	104,089,669	104,089,669	104,089,669	
Avida Land Corporation (Conso)	4,885,898	4,885,898	4,885,898	
Ayala Land International Sales, Inc.(Conso)	9,008,072	9,008,072	9,008,072	
Ayala Property Management Corporation (Conso)	2,462,836	2,462,836	2,462,836	
AyalaLand Hotels and Resorts Corp. (Conso)	40,226,704	40,226,704	40,226,704	
Ayalaland Logistics Holdings Corp. (Conso)	30,806,596	30,806,596	30,806,596	
Ayalaland Malls Synergies, Inc.	454,086	454,086	454,086	
AyalaLand Malls, Inc. (Conso)	54,613	54,613	54,613	
Ayalaland Medical Facilities Leasing Inc.	270,413	270,413	270,413	
Bay City Commercial Ventures Corp.	37,455,531	37,455,531	37,455,531	

BellaVita Land Corp.	907,729,136	907,729,136	907,729,136	
BG West Properties, Inc	242,082,075	242,082,075	242,082,075	
Cagayan De Oro Gateway Corporation	16,374	16,374	16,374	
Capitol Central Commercial Ventures Corp.	6,105,873	6,105,873	6,105,873	
Cebu Holdings, Inc. (Conso)	37,458,083	37,458,083	37,458,083	
Crans Montana Property Holdings Corporation	1,108,482	1,108,482	1,108,482	
Direct Power Services Inc.	12,742	12,742	12,742	
Makati Cornerstone Leasing Corp.	7,780	7,780	7,780	
Makati Development Corporation (Conso)	17,852,924	17,852,924	17,852,924	
North Eastern Commercial Corp.	4,987	4,987	4,987	
North Triangle Depot Commercial Corp	48,968	48,968	48,968	
Nuevocentro, Inc. (Conso)	431,894,906	431,894,906	431,894,906	
Primavera Towncentre, Inc.	321,912	321,912	321,912	
Serendra Inc.	65,223,557	65,223,557	65,223,557	
Soltea Commercial Corp.	2,329,450	2,329,450	2,329,450	
Summerhill Commercial Ventures Corp.	12,436,524	12,436,524	12,436,524	
Ten Knots Philippines, Inc.(Conso)	42,536,702	42,536,702	42,536,702	
Vesta Property Holdings Inc.	357,210,586	357,210,586	357,210,586	
Sub-Total	**1,242,736,101**	**1,242,736,101**	**1,242,736,101**	-

	Amount Owed by ALI Subsidiaries to AMAIA LAND, INC. & SUBSIDIARIES			
	Receivable Balance per AMAIA LAND, INC. & SUBSIDIARIES	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation (Conso)	150,000	150,000	150,000	
Amaia Land Corporation (Conso)	2,367,846	2,367,846	2,367,846	
Avida Land Corporation (Conso)	10,997,619	10,997,619	10,997,619	
Ayala Property Management Corporation (Conso)	(37,946)	(37,946)	(37,946)	
BellaVita Land Corp.	94,942,975	94,942,975	94,942,975	
Makati Development Corporation (Conso)	2,985,115	2,985,115	2,985,115	
Sub-Total	**111,405,609**	**111,405,609**	**111,405,609**	-

	Amount Owed by ALI Subsidiaries to AMORSEDIA DEVPT. CORP. & SUBSIDIARIES			
	Receivable Balance per AMORSEDIA DEVPT. CORP. & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amorsedia Development Corporation (Conso)	-	-	-	
Ayala Land Sales Inc.	472,264	472,264	472,264	
Bay City Commercial Ventures Corp.	5,049,416	5,049,416	5,049,416	
BellaVita Land Corp.	15,288,000	15,288,000	15,288,000	
Cagayan De Oro Gateway Corporation	63,340,455	63,340,455	63,340,455	
AREIT, Inc.	7,213,976	7,213,976	7,213,976	
Ten Knots Development Corporation(Conso)	5,205	5,205	5,205	
Sub-Total	**91,369,316**	**91,369,316**	**91,369,316**	-

	Amount Owed by ALI Subsidiaries to ANVAYA COVE BEACH & NATURE CLUB, INC.			
	Receivable Balance per ANVAYA COVE BEACH	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Anvaya Cove Golf and Sports Club Inc.	2,360,936	2,360,936	2,360,936	
Ayala Property Management Corporation (Conso)	105,872	105,872	105,872	
Makati Development Corporation (Conso)	368,552	368,552	368,552	
Sub-Total	**2,835,360**	**2,835,360**	**2,835,360**	

	Amount Owed by ALI Subsidiaries to ANVAYA COVE GOLF & NATURE CLUB, INC.			
	Receivable Balance per ANVAYA COVE GOLF	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Anvaya Cove Beach and Nature Club Inc	423,927	423,927	423,927	
Makati Development Corporation (Conso)	398,008	398,008	398,008	
Sub-Total	**821,935**	**821,935**	**821,935**	

	Amount Owed by ALI Subsidiaries to APRISA BUSINESS SOLUTIONS, INC.			
	Receivable Balance per APRISA	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	131,466	131,466	131,466	
Adauge Commercial Corp.	39,043	39,043	39,043	
ALI Commercial Center, Inc. (Conso)	2,455,208	2,455,208	2,455,208	

ALO Prime Realty Corporation	192,651	192,651	192,651	
Amaia Land Corporation (Conso)	1,204,011	1,204,011	1,204,011	
Arvo Commercial Corporation	724,186	724,186	724,186	
Aurora Properties, Inc.	60,637	60,637	60,637	
Aviana Development Corporation	22,098	22,098	22,098	
Avida Land Corporation (Conso)	4,618,824	4,618,824	4,618,824	
AyalaLand Hotels and Resorts Corp. (Conso)	300,106	300,106	300,106	
Ayalaland Logistics Holdings Corp. (Conso)	1,148,631	1,148,631	1,148,631	
Bay City Commercial Ventures Corp.	74,870,061	74,870,061	74,870,061	
BellaVita Land Corp.	365,747	365,747	365,747	
Cagayan De Oro Gateway Corporation	5,782,961	5,782,961	5,782,961	
Cavite Commercial Towncenter Inc.	138,542	138,542	138,542	
Cebu Holdings, Inc. (Conso)	13,474,429	13,474,429	13,474,429	
CECI Realty Corp.	63,123	63,123	63,123	
Crans Montana Property Holdings Corporation	7,044,174	7,044,174	7,044,174	
Lagdigan Land Corporation	1,736	1,736	1,736	
Makati Cornerstone Leasing Corp.	1,319,295	1,319,295	1,319,295	
Makati Development Corporation (Conso)	1,581,642	1,581,642	1,581,642	
North Eastern Commercial Corp.	1,459,411	1,459,411	1,459,411	
North Triangle Depot Commercial Corp	159,113	159,113	159,113	
North Ventures Commercial Corp.	408,901	408,901	408,901	
NorthBeacon Commercial Corporation	151,816	151,816	151,816	
Nuevocentro, Inc. (Conso)	232,340	232,340	232,340	
Soltea Commercial Corp.	669,648	669,648	669,648	
Subic Bay Town Center Inc.	65,690	65,690	65,690	
Summerhill Commercial Ventures Corp.	1,045,372	1,045,372	1,045,372	
Ten Knots Philippines, Inc.(Conso)	5,503,548	5,503,548	5,503,548	
Vesta Property Holdings Inc.	67,670	67,670	67,670	
Sub-Total	**125,302,080**	**125,302,080**	**125,302,080**	

	Amount Owed by ALI Subsidiaries to AREIT FUND MANAGER, INC.			
	Receivable Balance per AREIT FUND MANAGER, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	7,571,042	7,571,042	7,571,042	
ALI Commercial Center, Inc. (Conso)	12,108,673	12,108,673	12,108,673	
Amaia Land Corporation (Conso)	32,348,254	32,348,254	32,348,254	
Amorsedia Development Corporation (Conso)	25,656,860	25,656,860	25,656,860	
Arca South Commercial Ventures Corp.	2,902,079	2,902,079	2,902,079	
AyalaLand Hotels and Resorts Corp. (Conso)	19,850,000	19,850,000	19,850,000	
Ayalaland Logistics Holdings Corp. (Conso)	35,066,840	35,066,840	35,066,840	
Cagayan De Oro Gateway Corporation	10,903,293	10,903,293	10,903,293	
Capitol Central Commercial Ventures Corp.	2,029,127	2,029,127	2,029,127	
Cebu Holdings, Inc. (Conso)	63,384,509	63,384,509	63,384,509	
Crans Montana Property Holdings Corporation	32,791,240	32,791,240	32,791,240	
Direct Power Services Inc.	36,516	36,516	36,516	
AREIT, Inc.	37,373,124	37,373,124	37,373,124	
Soltea Commercial Corp.	25,543,093	25,543,093	25,543,093	
Ten Knots Philippines, Inc.(Conso)	18,023	18,023	18,023	
Sub-Total	**307,582,672**	**307,582,672**	**307,582,672**	

	Amount Owed by ALI Subsidiaries to AREIT PROPERTY MANAGER, INC.			
	Receivable Balance per AREIT PROPERTY MANAGER, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
AREIT, Inc.	28,598,120	28,598,120	28,598,120	
Sub-Total	**28,598,120**	**28,598,120**	**28,598,120**	

	Amount Owed by ALI Subsidiaries to AREIT, INC.			
	Receivable Balance per AREIT, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	11,930	11,930	11,930	
ALI Capital Corp. (Conso)	2,550,667	2,550,667	2,550,667	
ALI Commercial Center, Inc. (Conso)	15,022,155	15,022,155	15,022,155	
Alveo Land Corporation (Conso)	33,114	33,114	33,114	
Amaia Land Corporation (Conso)	2,030,502	2,030,502	2,030,502	
Amorsedia Development Corporation (Conso)	24,393,442	24,393,442	24,393,442	
Arca South Commercial Ventures Corp.	118,928,479	118,928,479	118,928,479	

Arvo Commercial Corporation	205,762,016	205,762,016	205,762,016	
Ayala Property Management Corporation (Conso)	561,175	561,175	561,175	
AyalaLand Hotels and Resorts Corp. (Conso)	2,402,164,501	2,402,164,501	2,402,164,501	
Ayalaland Logistics Holdings Corp. (Conso)	103,238,318	103,238,318	103,238,318	
Ayalaland Malls Synergies, Inc.	2,507,137	2,507,137	2,507,137	
AyalaLand Offices, Inc. (Conso)	8,432,222	8,432,222	8,432,222	
Bay City Commercial Ventures Corp.	22,539,460	22,539,460	22,539,460	
BellaVita Land Corp.	39,830	39,830	39,830	
Cagayan De Oro Gateway Corporation	26,479,453	26,479,453	26,479,453	
Capitol Central Commercial Ventures Corp.	88,744,234	88,744,234	88,744,234	
Cavite Commercial Towncenter Inc.	25,607,965	25,607,965	25,607,965	
Cebu Holdings, Inc. (Conso)	390,127,085	390,127,085	390,127,085	
Crans Montana Property Holdings Corporation	117,088,223	117,088,223	117,088,223	
Hillsford Property Corporation	10,009,511	10,009,511	10,009,511	
Leisure and Allied Industries Phils. Inc.	20,050,000	20,050,000	20,050,000	
Nuevocentro, Inc. (Conso)	11,072,450	11,072,450	11,072,450	
Soltea Commercial Corp.	59,689,408	59,689,408	59,689,408	
Sunnyfield E-Office Corp	150	150	150	
Ten Knots Philippines, Inc.(Conso)	121,237,212	121,237,212	121,237,212	
Westview Commercial Ventures Corp.	1,816,394	1,816,394	1,816,394	
Sub-Total	**3,780,137,034**	**3,780,137,034**	**3,780,137,034**	

	Amount Owed by ALI Subsidiaries to ARVO COMMERCIAL CORP.			
	Receivable Balance per ARVO COMMERCIAL CORP.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alabang Commercial Corporation (Conso)	1,860	1,860	1,860	
ALI Commercial Center, Inc. (Conso)	35,590	35,590	35,590	
Cavite Commercial Towncenter Inc.	168,114	168,114	168,114	
Leisure and Allied Industries Phils. Inc.	1,300,314	1,300,314	1,300,314	
North Triangle Depot Commercial Corp	6,520	6,520	6,520	
Primavera Towncentre, Inc.	308,275	308,275	308,275	
Soltea Commercial Corp.	13,450	13,450	13,450	
Station Square East Commercial Corp	1,670	1,670	1,670	
Sub-Total	**1,835,793**	**1,835,793**	**1,835,793**	

	Amount Owed by ALI Subsidiaries to AURORA PROPERTIES, INC.			
	Receivable Balance per AURORA PROPERTIES, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	559,161	559,161	559,161	
Alveo Land Corporation (Conso)	1,003,294	1,003,294	1,003,294	
Amaia Land Corporation (Conso)	25,000	25,000	25,000	
Amorsedia Development Corporation (Conso)	129,857,980	129,857,980	129,857,980	
Arca South Commercial Ventures Corp.	3,809,405	3,809,405	3,809,405	
Arvo Commercial Corporation	21,148,801	21,148,801	21,148,801	
Avida Land Corporation (Conso)	8,896,669	8,896,669	8,896,669	
AyalaLand Hotels and Resorts Corp. (Conso)	6,794,937	6,794,937	6,794,937	
Ayalaland Metro North, Inc.	871	871	871	
Bay City Commercial Ventures Corp.	94,021	94,021	94,021	
Cagayan De Oro Gateway Corporation	18,412,867	18,412,867	18,412,867	
Cavite Commercial Towncenter Inc.	637,669	637,669	637,669	
CECI Realty Corp.	167,851	167,851	167,851	
Crans Montana Property Holdings Corporation	10,037,500	10,037,500	10,037,500	
Makati Development Corporation (Conso)	7,680	7,680	7,680	
Nuevocentro, Inc. (Conso)	53,868,547	53,868,547	53,868,547	
Soltea Commercial Corp.	11,010,774	11,010,774	11,010,774	
Summerhill Commercial Ventures Corp.	5,300,456	5,300,456	5,300,456	
Ten Knots Development Corporation(Conso)	726	726	726	
Vesta Property Holdings Inc.	27,739	27,739	27,739	
Sub-Total	**271,661,946**	**271,661,946**	**271,661,946**	

	Amount Owed by ALI Subsidiaries to AVIANA DEVELOPMENT CORP.			
	Receivable Balance per AVIANA DEVELOPMENT CORP.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation (Conso)	403,644,975	403,644,975	403,644,975	
Sub-Total	**403,644,975**	**403,644,975**	**403,644,975**	

	Amount Owed by ALI Subsidiaries to AVIDA LAND CORP. & SUBSIDIARIES

	Receivable Balance per AVIDA LAND CORP. & SUBSIDIARIES	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	123,879,478	123,879,478	123,879,478	
ALI Capital Corp. (Conso)	1,499,977	1,499,977	1,499,977	
ALI-CII Development Corporation	75,000	75,000	75,000	
Alveo Land Corporation (Conso)	32,035,194	32,035,194	32,035,194	
Amaia Land Corporation (Conso)	105,206,103	105,206,103	105,206,103	
Amorsedia Development Corporation (Conso)	443,199,340	443,199,340	443,199,340	
Arca South Commercial Ventures Corp.	22,588,798	22,588,798	22,588,798	
Arvo Commercial Corporation	27,176,272	27,176,272	27,176,272	
Aurora Properties, Inc.	38,953,608	38,953,608	38,953,608	
Aviana Development Corporation	55,000	55,000	55,000	
Avida Land Corporation (Conso)	26,508,607	26,508,607	26,508,607	
Ayala Hotels Inc.	25,702	25,702	25,702	
Ayala Land International Sales, Inc.(Conso)	12,517,676	12,517,676	12,517,676	
Ayala Property Management Corporation (Conso)	8,427,240	8,427,240	8,427,240	
Ayala Theaters Management, Inc.	69,503	69,503	69,503	
Ayalaland Estates, Inc.	328,898,856	328,898,856	328,898,856	
AyalaLand Hotels and Resorts Corp. (Conso)	314,877	314,877	314,877	
Ayalaland Logistics Holdings Corp. (Conso)	154,862,171	154,862,171	154,862,171	
Ayalaland Malls Synergies, Inc.	242,413	242,413	242,413	
Bay City Commercial Ventures Corp.	6,141,701	6,141,701	6,141,701	
BellaVita Land Corp.	339,083,997	339,083,997	339,083,997	
BG West Properties, Inc	1,200,226,411	1,200,226,411	1,200,226,411	
Cagayan De Oro Gateway Corporation	415,001,205	415,001,205	415,001,205	
Cebu Holdings, Inc. (Conso)	44,563,114	44,563,114	44,563,114	
CECI Realty Corp.	112,000	112,000	112,000	
Crans Montana Property Holdings Corporation	19,239	19,239	19,239	
Makati Development Corporation (Conso)	15,703,446	15,703,446	15,703,446	
Nuevocentro, Inc. (Conso)	340,478,284	340,478,284	340,478,284	
Roxas Land Corp.	242,508	242,508	242,508	
Serendra Inc.	2,498,773	2,498,773	2,498,773	
Soltea Commercial Corp.	2,191	2,191	2,191	
Station Square East Commercial Corp	420,337	420,337	420,337	
Summerhill Commercial Ventures Corp.	41,319	41,319	41,319	
Ten Knots Philippines, Inc.(Conso)	30,106,648	30,106,648	30,106,648	
Vesta Property Holdings Inc.	16,868	16,868	16,868	
Sub-Total	**3,721,193,858**	**3,721,193,858**	**3,721,193,858**	**-**

	Amount Owed by ALI Subsidiaries to AYALA HOTELS, INC.			
	Receivable Balance per AHI	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	164,570	164,570	164,570	
ALI Capital Corp. (Conso)	63,733,181	63,733,181	63,733,181	
ALI Commercial Center, Inc. (Conso)	38,618	38,618	38,618	
Alveo Land Corporation (Conso)	18,258	18,258	18,258	
Amaia Land Corporation (Conso)	361,784,964	361,784,964	361,784,964	
Amorsedia Development Corporation (Conso)	72,418,125	72,418,125	72,418,125	
Arca South Commercial Ventures Corp.	133,478,660	133,478,660	133,478,660	
Arca South Integrated Terminal, Inc	1,002,800	1,002,800	1,002,800	
Arvo Commercial Corporation	182,627,058	182,627,058	182,627,058	
Avida Land Corporation (Conso)	2,152,829	2,152,829	2,152,829	
Ayala Land International Sales, Inc.(Conso)	4,500,000	4,500,000	4,500,000	
AyalaLand Hotels and Resorts Corp. (Conso)	386,716,050	386,716,050	386,716,050	
Ayalaland Logistics Holdings Corp. (Conso)	193,192,342	193,192,342	193,192,342	
Ayalaland Medical Facilities Leasing Inc.	71,072,508	71,072,508	71,072,508	
Ayalaland Metro North, Inc.	198,822	198,822	198,822	
Bay City Commercial Ventures Corp.	331,815,652	331,815,652	331,815,652	
Cagayan De Oro Gateway Corporation	274,581,637	274,581,637	274,581,637	
Capitol Central Commercial Ventures Corp.	67,787,812	67,787,812	67,787,812	
Cavite Commercial Towncenter Inc.	131,072,537	131,072,537	131,072,537	
Cebu Holdings, Inc. (Conso)	294,995,142	294,995,142	294,995,142	
Crans Montana Property Holdings Corporation	153,607,627	153,607,627	153,607,627	
North Triangle Depot Commercial Corp	24,959	24,959	24,959	
Nuevocentro, Inc. (Conso)	8,746,092	8,746,092	8,746,092	
Primavera Towncentre, Inc.	47,334,065	47,334,065	47,334,065	
Soltea Commercial Corp.	23,640,093	23,640,093	23,640,093	
Summerhill Commercial Ventures Corp.	7,348,017	7,348,017	7,348,017	

Ten Knots Development Corporation(Conso)	16,117	16,117	16,117	
Ten Knots Philippines, Inc.(Conso)	61,631,191	61,631,191	61,631,191	
Sub-Total	**2,875,699,725**	**2,875,699,725**	**2,875,699,725**	

	Amount Owed by ALI Subsidiaries to AYALA LAND INTERNATIONAL SALES, INC. & SUBS.			
	Receivable Balance per ALISI & SUBSIDIARIES	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation (Conso)	49,637,690	49,637,690	49,637,690	
Amaia Land Corporation (Conso)	22,374,347	22,374,347	22,374,347	
Amorsedia Development Corporation (Conso)	350,771	350,771	350,771	
Arca South Commercial Ventures Corp.	13,731,788	13,731,788	13,731,788	
Avida Land Corporation (Conso)	119,467,795	119,467,795	119,467,795	
AyalaLand Hotels and Resorts Corp. (Conso)	4,734,498	4,734,498	4,734,498	
BellaVita Land Corp.	1,516,186	1,516,186	1,516,186	
Cebu Holdings, Inc. (Conso)	(507,452)	(507,452)	(507,452)	
Crans Montana Property Holdings Corporation	4,039,464	4,039,464	4,039,464	
Nuevocentro, Inc. (Conso)	18,613	18,613	18,613	
Sub-Total	**215,363,701**	**215,363,701**	**215,363,701**	

	Amount Owed by ALI Subsidiaries to AYALA LAND SALES, INC.			
	Receivable Balance per ALSI	Payable Balance per ALI Subsidiaries	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation (Conso)	6,222,868	6,222,868	6,222,868	
Amaia Land Corporation (Conso)	11,706,631	11,706,631	11,706,631	
Amorsedia Development Corporation (Conso)	18,153,604	18,153,604	18,153,604	
Aviana Development Corporation	(154,252)	(154,252)	(154,252)	
Avida Land Corporation (Conso)	4,120,463	4,120,463	4,120,463	
Ayalaland Estates, Inc.	3,753,909	3,753,909	3,753,909	
AyalaLand Hotels and Resorts Corp. (Conso)	104,271	104,271	104,271	
Bay City Commercial Ventures Corp.	21,454,246	21,454,246	21,454,246	
BellaVita Land Corp.	52,832	52,832	52,832	
Cavite Commercial Towncenter Inc.	5,022,618	5,022,618	5,022,618	
Cebu Holdings, Inc. (Conso)	12,018,333	12,018,333	12,018,333	
Nuevocentro, Inc. (Conso)	474,686	474,686	474,686	
Roxas Land Corp.	482,666	482,666	482,666	
Soltea Commercial Corp.	31,618,231	31,618,231	31,618,231	
Ten Knots Philippines, Inc.(Conso)	6,712,830	6,712,830	6,712,830	
Sub-Total	**121,743,936**	**121,743,936**	**121,743,936**	

	Amount Owed by ALI Subsidiaries to AYALA PROPERTY MANAGEMENT CORP. & Subsidiaries			
	Receivable Balance per APMC & SUBSIDIARIES	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	6,367,208	6,367,208	6,367,208	
Adauge Commercial Corp.	352,294	352,294	352,294	
ALI Capital Corp. (Conso)	64,773	64,773	64,773	
ALI Commercial Center, Inc. (Conso)	12,690,599	12,690,599	12,690,599	
Alveo Land Corporation (Conso)	14,675,556	14,675,556	14,675,556	
Amaia Land Corporation (Conso)	130,187,837	130,187,837	130,187,837	
Amorsedia Development Corporation (Conso)	40,187,820	40,187,820	40,187,820	
APRISA Business Process Solutions, Inc	2,917,203	2,917,203	2,917,203	
Arvo Commercial Corporation	10,872,775	10,872,775	10,872,775	
Aurora Properties, Inc.	76,380	76,380	76,380	
Avida Land Corporation (Conso)	29,081,462	29,081,462	29,081,462	
Ayala Hotels Inc.	1,430,717	1,430,717	1,430,717	
Ayala Land International Sales, Inc.(Conso)	144,000	144,000	144,000	
Ayalaland Estates, Inc.	192,495	192,495	192,495	
AyalaLand Hotels and Resorts Corp. (Conso)	27,522,437	27,522,437	27,522,437	
Ayalaland Logistics Holdings Corp. (Conso)	11,987,653	11,987,653	11,987,653	
Ayalaland Medical Facilities Leasing Inc.	2,464,000	2,464,000	2,464,000	
Ayalaland Metro North, Inc.	182,326	182,326	182,326	
AyalaLand Offices, Inc. (Conso)	2,669,470	2,669,470	2,669,470	
Bay City Commercial Ventures Corp.	2,766,859	2,766,859	2,766,859	
BellaVita Land Corp.	33,546	33,546	33,546	
BG West Properties, Inc	2,592,342	2,592,342	2,592,342	
Cagayan De Oro Gateway Corporation	58,742,380	58,742,380	58,742,380	
Capitol Central Commercial Ventures Corp.	132,634	132,634	132,634	
Cavite Commercial Towncenter Inc.	187,326	187,326	187,326	
Cebu Holdings, Inc. (Conso)	93,619,402	93,619,402	93,619,402	

CECI Realty Corp.	145,830	145,830	145,830	
Crans Montana Property Holdings Corporation	122,386,835	122,386,835	122,386,835	
Hillsford Property Corporation	43,496	43,496	43,496	
Leisure and Allied Industries Phils. Inc.	60,156,250	60,156,250	60,156,250	
Makati Cornerstone Leasing Corp.	2,360,981	2,360,981	2,360,981	
Makati Development Corporation (Conso)	627,200	627,200	627,200	
North Eastern Commercial Corp.	2,682,444	2,682,444	2,682,444	
North Triangle Depot Commercial Corp	182,326	182,326	182,326	
North Ventures Commercial Corp.	13,536,627	13,536,627	13,536,627	
NorthBeacon Commercial Corporation	187,704	187,704	187,704	
Nuevocentro, Inc. (Conso)	3,296,537	3,296,537	3,296,537	
AREIT, Inc.	19,771,482	19,771,482	19,771,482	
Philippine Integrated Energy Solutions, Inc.	90,589,509	90,589,509	90,589,509	
Roxas Land Corp.	5,403,834	5,403,834	5,403,834	
Serendra Inc.	17,836,281	17,836,281	17,836,281	
Soltea Commercial Corp.	9,498,666	9,498,666	9,498,666	
Southportal Properties, Inc.	4,625,911	4,625,911	4,625,911	
Subic Bay Town Center Inc.	136,744	136,744	136,744	
Summerhill Commercial Ventures Corp.	254,949	254,949	254,949	
Sunnyfield E-Office Corp	750,134	750,134	750,134	
Ten Knots Philippines, Inc.(Conso)	23,730,521	23,730,521	23,730,521	
Vesta Property Holdings Inc.	502,807	502,807	502,807	
Sub-Total	**830,848,562**	**830,848,562**	**830,848,562**	-

	Amount Owed by ALI Subsidiaries to AYALA THEATERS MANAGEMENT, INC.			
	Receivable Balance per ATMI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	127	127	127	
ALI Commercial Center, Inc. (Conso)	3,000	3,000	3,000	
AyalaLand Malls, Inc. (Conso)	7,993	7,993	7,993	
Bay City Commercial Ventures Corp.	49,610	49,610	49,610	
Cagayan De Oro Gateway Corporation	205	205	205	
Cebu Holdings, Inc. (Conso)	880	880	880	
Makati Cornerstone Leasing Corp.	(1,000)	(1,000)	(1,000)	
North Eastern Commercial Corp.	159,936	159,936	159,936	
North Ventures Commercial Corp.	89,992	89,992	89,992	
NorthBeacon Commercial Corporation	44,464	44,464	44,464	
Summerhill Commercial Ventures Corp.	44,800	44,800	44,800	
Sub-Total	**400,007**	**400,007**	**400,007**	-

	Amount Owed by ALI Subsidiaries to AYALALAND CLUB MANAGEMENT, INC.			
	Receivable Balance per ACMI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Anvaya Cove Beach and Nature Club Inc	8,431,242	8,431,242	8,431,242	
Anvaya Cove Golf and Sports Club Inc.	5,361,353	5,361,353	5,361,353	
APRISA Business Process Solutions, Inc	4,500	4,500	4,500	
Ayala Land Sales Inc.	99,000	99,000	99,000	
Ayalaland Estates, Inc.	73,500	73,500	73,500	
AyalaLand Malls, Inc. (Conso)	500	500	500	
AyalaLand Offices, Inc. (Conso)	1,500	1,500	1,500	
Ayalaland Premier, Inc.	319,500	319,500	319,500	
Nuevocentro, Inc. (Conso)	2,469,000	2,469,000	2,469,000	
Sub-Total	**16,760,095**	**16,760,095**	**16,760,095**	-

	Amount Owed by ALI Subsidiaries to AYALALAND ESTATES, INC.			
	Receivable Balance per AEI	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	169,582	169,582	169,582	
ALI Commercial Center, Inc. (Conso)	55,401,807	55,401,807	55,401,807	
Altaraza Development Corporation	750,000	750,000	750,000	
Amorsedia Development Corporation (Conso)	38,148,730	38,148,730	38,148,730	
Arca South Commercial Ventures Corp.	2,003,208	2,003,208	2,003,208	
Arvo Commercial Corporation	3,756,915	3,756,915	3,756,915	
Avida Land Corporation (Conso)	15,032	15,032	15,032	
AyalaLand Hotels and Resorts Corp. (Conso)	838,433	838,433	838,433	
Bay City Commercial Ventures Corp.	24,785,782	24,785,782	24,785,782	
Cagayan De Oro Gateway Corporation	57,381	57,381	57,381	
Cebu Holdings, Inc. (Conso)	7,001,866	7,001,866	7,001,866	

CECI Realty Corp.	8,092	8,092	8,092	
CMPI Holdings, Inc (Conso)	67,760	67,760	67,760	
Crans Montana Property Holdings Corporation	32,781,171	32,781,171	32,781,171	
Leisure and Allied Industries Phils. Inc.	16,842,000	16,842,000	16,842,000	
Makati Development Corporation (Conso)	53,150	53,150	53,150	
North Eastern Commercial Corp.	46,192,647	46,192,647	46,192,647	
Nuevocentro, Inc. (Conso)	208,444,323	208,444,323	208,444,323	
Soltea Commercial Corp.	455,349	455,349	455,349	
Vesta Property Holdings Inc.	7,416	7,416	7,416	
Sub-Total	**437,780,646**	**437,780,646**	**437,780,646**	

	Amount Owed by ALI Subsidiaries to AYALA HOTELS & RESORTS GROUP			
	Receivable Balance per AHRC & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	7,000	7,000	7,000	
Ayala Hotels Inc.	362	362	362	
Ayala Property Management Corporation (Conso)	370,404	370,404	370,404	
AyalaLand Hotels and Resorts Corp. (Conso)	167	167	167	
AyalaLand Malls, Inc. (Conso)	2,946	2,946	2,946	
AyalaLand Offices, Inc. (Conso)	3,030	3,030	3,030	
BellaVita Land Corp.	427	427	427	
Cebu Holdings, Inc. (Conso)	2,129,747	2,129,747	2,129,747	
Integrated Eco-Resort Inc.	29,568	29,568	29,568	
Makati Development Corporation (Conso)	4,553	4,553	4,553	
Ten Knots Development Corporation(Conso)	16,874,771	16,874,771	16,874,771	
Ten Knots Philippines, Inc.(Conso)	12,768,462	12,768,462	12,768,462	
Sub-Total	**32,191,436**	**32,191,436**	**32,191,436**	-

	Amount Owed by ALI Subsidiaries to AYALALAND LOGISTICS HOLDINGS CORP. (Conso)			
	Receivable Balance per ALLHC & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	6,056,282	6,056,282	6,056,282	
Alabang Commercial Corporation (Conso)	35,390	35,390	35,390	
ALI Capital Corp. (Conso)	34,302,096	34,302,096	34,302,096	
ALI Commercial Center, Inc. (Conso)	7,674,031	7,674,031	7,674,031	
Amaia Land Corporation (Conso)	21,877,777	21,877,777	21,877,777	
Amorsedia Development Corporation (Conso)	12,570,513	12,570,513	12,570,513	
Arca South Commercial Ventures Corp.	815,744	815,744	815,744	
Arvo Commercial Corporation	14,469,867	14,469,867	14,469,867	
Avida Land Corporation (Conso)	17,663,368	17,663,368	17,663,368	
Ayala Property Management Corporation (Conso)	1,233	1,233	1,233	
AyalaLand Hotels and Resorts Corp. (Conso)	4,570,979	4,570,979	4,570,979	
Ayalaland Malls Synergies, Inc.	193,837	193,837	193,837	
Ayalaland Metro North, Inc.	6,021,883	6,021,883	6,021,883	
Bay City Commercial Ventures Corp.	108,887,038	108,887,038	108,887,038	
BellaVita Land Corp.	5,015,233	5,015,233	5,015,233	
Cagayan De Oro Gateway Corporation	15,336,897	15,336,897	15,336,897	
Capitol Central Commercial Ventures Corp.	79,308,973	79,308,973	79,308,973	
Cavite Commercial Towncenter Inc.	10,159,952	10,159,952	10,159,952	
Cebu Holdings, Inc. (Conso)	14,713,208	14,713,208	14,713,208	
Crans Montana Property Holdings Corporation	1,004,411	1,004,411	1,004,411	
Leisure and Allied Industries Phils. Inc.	(50,600)	(50,600)	(50,600)	
Makati Development Corporation (Conso)	62,727	62,727	62,727	
North Eastern Commercial Corp.	(738,135)	(738,135)	(738,135)	
North Triangle Depot Commercial Corp	500	500	500	
North Ventures Commercial Corp.	356,417	356,417	356,417	
Nuevocentro, Inc. (Conso)	1,649,123	1,649,123	1,649,123	
Soltea Commercial Corp.	6,430,586	6,430,586	6,430,586	
Station Square East Commercial Corp	400	400	400	
Summerhill Commercial Ventures Corp.	56,224	56,224	56,224	
Ten Knots Philippines, Inc.(Conso)	38,005	38,005	38,005	
Sub-Total	**368,483,959**	**368,483,959**	**368,483,959**	

	Amount Owed by ALI Subsidiaries to AYALALAND MALLS SYNERGIES, INC.			
	Receivable Balance per AMSI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Arca South Commercial Ventures Corp.	4,121,354	4,121,354	4,121,354	
AREIT Fund Manager, Inc.	345	345	345	

Ayalaland Logistics Holdings Corp. (Conso)	1,666,894	1,666,894	1,666,894	
Bay City Commercial Ventures Corp.	5,097,326	5,097,326	5,097,326	
Cebu Holdings, Inc. (Conso)	8,188,293	8,188,293	8,188,293	
North Eastern Commercial Corp.	29,864	29,864	29,864	
Soltea Commercial Corp.	4,074,516	4,074,516	4,074,516	
Ten Knots Philippines, Inc.(Conso)	8,073,051	8,073,051	8,073,051	
Sub-Total	**31,251,643**	**31,251,643**	**31,251,643**	

	Amount Owed by ALI Subsidiaries to AYALALALAND MALLS, INC. & Subsidiaries			
	Receivable Balance per ALMI & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	4,026,320	4,026,320	4,026,320	
Adauge Commercial Corp.	21,877	21,877	21,877	
Alabang Commercial Corporation (Conso)	1,577,963	1,577,963	1,577,963	
ALI Commercial Center, Inc. (Conso)	6,364,419	6,364,419	6,364,419	
Arca South Commercial Ventures Corp.	77,786	77,786	77,786	
Arvo Commercial Corporation	6,117,511	6,117,511	6,117,511	
Ayalaland Logistics Holdings Corp. (Conso)	586,173	586,173	586,173	
Ayalaland Malls Synergies, Inc.	239,473	239,473	239,473	
AyalaLand Malls, Inc. (Conso)	466,361	466,361	466,361	
Ayalaland Metro North, Inc.	133,275	133,275	133,275	
Bay City Commercial Ventures Corp.	1,323,477	1,323,477	1,323,477	
Cagayan De Oro Gateway Corporation	1,266,869	1,266,869	1,266,869	
Capitol Central Commercial Ventures Corp.	4,150,492	4,150,492	4,150,492	
Cavite Commercial Towncenter Inc.	1,196,007	1,196,007	1,196,007	
Cebu Holdings, Inc. (Conso)	7,903,784	7,903,784	7,903,784	
Makati Cornerstone Leasing Corp.	1,421,018	1,421,018	1,421,018	
North Eastern Commercial Corp.	5,560,286	5,560,286	5,560,286	
North Triangle Depot Commercial Corp	158,770	158,770	158,770	
North Ventures Commercial Corp.	1,569,616	1,569,616	1,569,616	
NorthBeacon Commercial Corporation	91,793	91,793	91,793	
Nuevocentro, Inc. (Conso)	2,415	2,415	2,415	
Primavera Towncentre, Inc.	282,887	282,887	282,887	
Soltea Commercial Corp.	1,398,457	1,398,457	1,398,457	
Station Square East Commercial Corp	1,379,240	1,379,240	1,379,240	
Subic Bay Town Center Inc.	238,577	238,577	238,577	
Summerhill Commercial Ventures Corp.	1,114,202	1,114,202	1,114,202	
Westview Commercial Ventures Corp.	117,050	117,050	117,050	
Sub-Total	**48,786,094**	**48,786,094**	**48,786,094**	

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

	Amount Owed by ALI Subsidiaries to AYALAND METRO NORTH, INC.			
	Receivable Balance per AMNI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	37,478	37,478	37,478	
Alabang Commercial Corporation (Conso)	8,117	8,117	8,117	
ALI Commercial Center, Inc. (Conso)	243,859	243,859	243,859	
Alveo Land Corporation (Conso)	130,480	130,480	130,480	
Amaia Land Corporation (Conso)	1,253,808	1,253,808	1,253,808	
Amorsedia Development Corporation (Conso)	8,312,681	8,312,681	8,312,681	
Arvo Commercial Corporation	5,217,559	5,217,559	5,217,559	
Avida Land Corporation (Conso)	92,222	92,222	92,222	
Ayalaland Logistics Holdings Corp. (Conso)	7,462,190	7,462,190	7,462,190	
Bay City Commercial Ventures Corp.	25,610,997	25,610,997	25,610,997	
Cagayan De Oro Gateway Corporation	36,054,294	36,054,294	36,054,294	
Capitol Central Commercial Ventures Corp.	5,244	5,244	5,244	
Cavite Commercial Towncenter Inc.	137,474	137,474	137,474	
Cebu Holdings, Inc. (Conso)	11,616,525	11,616,525	11,616,525	
Makati Cornerstone Leasing Corp.	2,622	2,622	2,622	
North Eastern Commercial Corp.	30,263	30,263	30,263	
North Triangle Depot Commercial Corp	7,867	7,867	7,867	
North Ventures Commercial Corp.	3,122	3,122	3,122	
NorthBeacon Commercial Corporation	12,369	12,369	12,369	

Nuevocentro, Inc. (Conso)	147,386	147,386	147,386	
Soltea Commercial Corp.	10,753,821	10,753,821	10,753,821	
Station Square East Commercial Corp	10,707	10,707	10,707	
Subic Bay Town Center Inc.	5,244	5,244	5,244	
Summerhill Commercial Ventures Corp.	7,867	7,867	7,867	
Ten Knots Philippines, Inc.(Conso)	12,027,360	12,027,360	12,027,360	
Sub-Total	**119,191,556**	**119,191,556**	**119,191,556**	-

	Amount Owed by ALI Subsidiaries to AYALALAND OFFICES, INC. & Subsidiaries			
	Receivable Balance per ALO & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	470,980	470,980	470,980	
Alabang Commercial Corporation (Conso)	79,262	79,262	79,262	
ALI Capital Corp. (Conso)	7,654,409	7,654,409	7,654,409	
ALI Commercial Center, Inc. (Conso)	25,789	25,789	25,789	
ALO Prime Realty Corporation	3,020,501	3,020,501	3,020,501	
Amaia Land Corporation (Conso)	97,720,188	97,720,188	97,720,188	
Amorsedia Development Corporation (Conso)	325,528,530	325,528,530	325,528,530	
Arca South Commercial Ventures Corp.	100,638	100,638	100,638	
Arca South Integrated Terminal, Inc	2,506,999	2,506,999	2,506,999	
Arvo Commercial Corporation	(21,194,305)	(21,194,305)	(21,194,305)	
Avida Land Corporation (Conso)	1,762,451	1,762,451	1,762,451	
Ayala Property Management Corporation (Conso)	555,088	555,088	555,088	
Ayalaland Estates, Inc.	(0)	(0)	(0)	
AyalaLand Hotels and Resorts Corp. (Conso)	46,808,856	46,808,856	46,808,856	
Ayalaland Logistics Holdings Corp. (Conso)	94,296,363	94,296,363	94,296,363	
Ayalaland Metro North, Inc.	269,993	269,993	269,993	
AyalaLand Offices, Inc. (Conso)	62,662,682	62,662,682	62,662,682	
Bay City Commercial Ventures Corp.	43,920,376	43,920,376	43,920,376	
BellaVita Land Corp.	31,323	31,323	31,323	
Cagayan De Oro Gateway Corporation	27,624,101	27,624,101	27,624,101	
Capitol Central Commercial Ventures Corp.	26,422,229	26,422,229	26,422,229	
Cebu Holdings, Inc. (Conso)	461,448,622	461,448,622	461,448,622	
CECI Realty Corp.	5,008,433	5,008,433	5,008,433	
Crans Montana Property Holdings Corporation	73,711,182	73,711,182	73,711,182	
Direct Power Services Inc.	28,234	28,234	28,234	
Hillsford Property Corporation	373,841	373,841	373,841	
Makati Cornerstone Leasing Corp.	3,383,552	3,383,552	3,383,552	
Makati Development Corporation (Conso)	560,464	560,464	560,464	
North Eastern Commercial Corp.	3,627,573	3,627,573	3,627,573	
North Ventures Commercial Corp.	129,848	129,848	129,848	
Nuevocentro, Inc. (Conso)	4,013,317	4,013,317	4,013,317	
AREIT, Inc.	5,868,325	5,868,325	5,868,325	
Soltea Commercial Corp.	6,497,627	6,497,627	6,497,627	
Sunnyfield E-Office Corp	53,623,922	53,623,922	53,623,922	
Ten Knots Philippines, Inc.(Conso)	13,619,234	13,619,234	13,619,234	
Westview Commercial Ventures Corp.	396,383,226	396,383,226	396,383,226	
Sub-Total	**1,748,543,850**	**1,748,543,850**	**1,748,543,850**	-

	Amount Owed by ALI Subsidiaries to AYALALAND PREMIER, INC.			
	Receivable Balance per AYALALAND PREMIER, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Ayala Property Management Corporation (Conso)	823,023	823,023	823,023	
Sub-Total	**823,023**	**823,023**	**823,023**	-

	Amount Owed by ALI Subsidiaries to BAY CITY COMMERCIAL VENTURES CORP.			
	Receivable Balance per BAY CITY	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alabang Commercial Corporation (Conso)	500	500	500	
ALI Commercial Center, Inc. (Conso)	37,820	37,820	37,820	
Arca South Commercial Ventures Corp.	(193,344)	(193,344)	(193,344)	
Arca South Integrated Terminal, Inc	9,181	9,181	9,181	
Arvo Commercial Corporation	145,869	145,869	145,869	
Avida Land Corporation (Conso)	562,155	562,155	562,155	
Cagayan De Oro Gateway Corporation	17,889	17,889	17,889	
Cebu Holdings, Inc. (Conso)	2,431	2,431	2,431	
Makati Cornerstone Leasing Corp.	10,000,000	10,000,000	10,000,000	
North Eastern Commercial Corp.	146,394	146,394	146,394	

North Triangle Depot Commercial Corp	3,710	3,710	3,710	
Soltea Commercial Corp.	71,955	71,955	71,955	
Station Square East Commercial Corp	3,730	3,730	3,730	
Whiteknight Holdings, Inc.	73,376	73,376	73,376	
Sub-Total	**10,881,664**	**10,881,664**	**10,881,664**	-

	Amount Owed by ALI Subsidiaries to BELLAVITA LAND CORP.			
	Receivable Balance per BELLAVITA	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation (Conso)	19,451	19,451	19,451	
Arvo Commercial Corporation	128,800	128,800	128,800	
Avida Land Corporation (Conso)	767,235	767,235	767,235	
Ayalaland Logistics Holdings Corp. (Conso)	106,050	106,050	106,050	
Bay City Commercial Ventures Corp.	153,540	153,540	153,540	
Capitol Central Commercial Ventures Corp.	112,827	112,827	112,827	
Makati Development Corporation (Conso)	1,304,819	1,304,819	1,304,819	
Primavera Towncentre, Inc.	1,486,693	1,486,693	1,486,693	
Red Creek Properties, Inc.	1,899,778	1,899,778	1,899,778	
Sub-Total	**5,979,193**	**5,979,193**	**5,979,193**	

	Amount Owed by ALI Subsidiaries to BG WEST PROPERTIES, INC.			
	Receivable Balance per BG WEST	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amorsedia Development Corporation (Conso)	8,342	8,342	8,342	
BG West Properties, Inc	194,500	194,500	194,500	
Makati Development Corporation (Conso)	30,248,627	30,248,627	30,248,627	
Sub-Total	**30,451,468**	**30,451,468**	**30,451,468**	

	Amount Owed by ALI Subsidiaries to CAGAYAN DE ORO GATEWAY CORP.			
	Receivable Balance per CDOGC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	48,112	48,112	48,112	
ALI Commercial Center, Inc. (Conso)	41,505	41,505	41,505	
Alveo Land Corporation (Conso)	679,801	679,801	679,801	
Amaia Land Corporation (Conso)	2,000	2,000	2,000	
Arvo Commercial Corporation	180	180	180	
Avida Land Corporation (Conso)	79,826	79,826	79,826	
Ayala Property Management Corporation (Conso)	6,000	6,000	6,000	
AyalaLand Hotels and Resorts Corp. (Conso)	5,281,863	5,281,863	5,281,863	
AyalaLand Malls, Inc. (Conso)	18,142	18,142	18,142	
Ayalaland Metro North, Inc.	200	200	200	
Cebu Holdings, Inc. (Conso)	93,389	93,389	93,389	
Lagdigan Land Corporation	513,602	513,602	513,602	
Leisure and Allied Industries Phils. Inc.	19,335	19,335	19,335	
Makati Development Corporation (Conso)	4,000	4,000	4,000	
North Eastern Commercial Corp.	92,389	92,389	92,389	
North Triangle Depot Commercial Corp	11,520	11,520	11,520	
North Ventures Commercial Corp.	50	50	50	
Philippine Integrated Energy Solutions, Inc.	432,299	432,299	432,299	
Soltea Commercial Corp.	200	200	200	
Sub-Total	**7,324,413**	**7,324,413**	**7,324,413**	

	Amount Owed by ALI Subsidiaries to CAPITOL CENTRAL COMMERCIAL VENTURES CORP.			
	Receivable Balance per CAPITOL CENTRAL	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Adauge Commercial Corp.	820	820	820	
Alabang Commercial Corporation (Conso)	540	540	540	
ALI Commercial Center, Inc. (Conso)	6,490	6,490	6,490	
Arvo Commercial Corporation	22,489	22,489	22,489	
Avida Land Corporation (Conso)	148,542	148,542	148,542	
Ayalaland Metro North, Inc.	960	960	960	
Cebu Holdings, Inc. (Conso)	18,130	18,130	18,130	
North Triangle Depot Commercial Corp	6,420	6,420	6,420	
Station Square East Commercial Corp	870	870	870	
Sub-Total	**205,261**	**205,261**	**205,261**	

	Amount Owed by ALI Subsidiaries to CAVITE COMMERCIAL TOWNCENTER INC.			

	Receivable Balance per CCTCI	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Alveo Land Corporation (Conso)	(124,911)	(124,911)	(124,911)	
Amaia Land Corporation (Conso)	306,654	306,654	306,654	
Avida Land Corporation (Conso)	131,494	131,494	131,494	
Ayala Property Management Corporation (Conso)	564,520	564,520	564,520	
Ayalaland Malls Synergies, Inc.	114,261	114,261	114,261	
AyalaLand Malls, Inc. (Conso)	4,000	4,000	4,000	
Bay City Commercial Ventures Corp.	1,199	1,199	1,199	
Capitol Central Commercial Ventures Corp.	28,644	28,644	28,644	
Leisure and Allied Industries Phils. Inc.	367,798	367,798	367,798	
Makati Cornerstone Leasing Corp.	6,116	6,116	6,116	
Makati Development Corporation (Conso)	39,280	39,280	39,280	
North Ventures Commercial Corp.	4,690	4,690	4,690	
Soltea Commercial Corp.	38,758	38,758	38,758	
Summerhill Commercial Ventures Corp.	137,276	137,276	137,276	
Sub-Total	**1,619,779**	**1,619,779**	**1,619,779**	

	Amount Owed by ALI Subsidiaries to CEBU HOLDINGS, INC. & Subsidiaries			
	Receivable Balance per CHI & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	2,233,499	2,233,499	2,233,499	
Adauge Commercial Corp.	136,282	136,282	136,282	
Alabang Commercial Corporation (Conso)	38,864	38,864	38,864	
ALI Capital Corp. (Conso)	21,064,031	21,064,031	21,064,031	
ALI Commercial Center, Inc. (Conso)	1,074,057	1,074,057	1,074,057	
Alveo Land Corporation (Conso)	253,692,283	253,692,283	253,692,283	
Amaia Land Corporation (Conso)	39,520,135	39,520,135	39,520,135	
Arca South Integrated Terminal, Inc	10,017,569	10,017,569	10,017,569	
Arvo Commercial Corporation	26,604,757	26,604,757	26,604,757	
Aviana Development Corporation	900	900	900	
Avida Land Corporation (Conso)	338,063,060	338,063,060	338,063,060	
Ayala Land International Sales, Inc.(Conso)	29,587	29,587	29,587	
Ayala Land Sales Inc.	4,108,053	4,108,053	4,108,053	
Ayala Property Management Corporation (Conso)	31,191	31,191	31,191	
AyalaLand Hotels and Resorts Corp. (Conso)	34,644,187	34,644,187	34,644,187	
Ayalaland Logistics Holdings Corp. (Conso)	96,728,640	96,728,640	96,728,640	
AyalaLand Malls, Inc. (Conso)	71,581	71,581	71,581	
Ayalaland Medical Facilities Leasing Inc.	8,035,701	8,035,701	8,035,701	
Ayalaland Metro North, Inc.	16,160	16,160	16,160	
Bay City Commercial Ventures Corp.	23,753,599	23,753,599	23,753,599	
Cagayan De Oro Gateway Corporation	23,156,849	23,156,849	23,156,849	
Capitol Central Commercial Ventures Corp.	13,549,636	13,549,636	13,549,636	
Cebu Holdings, Inc. (Conso)	18,841,458	18,841,458	18,841,458	
Crans Montana Property Holdings Corporation	40,451,037	40,451,037	40,451,037	
Leisure and Allied Industries Phils. Inc.	160,649	160,649	160,649	
Makati Development Corporation (Conso)	2,560,201	2,560,201	2,560,201	
North Triangle Depot Commercial Corp	853,516	853,516	853,516	
North Ventures Commercial Corp.	200	200	200	
NorthBeacon Commercial Corporation	19,644	19,644	19,644	
Nuevocentro, Inc. (Conso)	9,050,071	9,050,071	9,050,071	
Serendra Inc.	18,854	18,854	18,854	
Soltea Commercial Corp.	36,210,834	36,210,834	36,210,834	
Southportal Properties, Inc.	257,802	257,802	257,802	
Subic Bay Town Center Inc.	943	943	943	
Summerhill Commercial Ventures Corp.	8,354,406	8,354,406	8,354,406	
Ten Knots Philippines, Inc.(Conso)	792,648	792,648	792,648	
Westview Commercial Ventures Corp.	5,866	5,866	5,866	
Sub-Total	**1,014,148,750**	**1,014,148,750**	**1,014,148,750**	-

	Amount Owed by ALI Subsidiaries to CECI REALTY, INC.			
	Receivable Balance per CECI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	5,594,805	5,594,805	5,594,805	
Alveo Land Corporation (Conso)	965	965	965	
Amaia Land Corporation (Conso)	51,705,336	51,705,336	51,705,336	
Amorsedia Development Corporation (Conso)	35,971,589	35,971,589	35,971,589	
Arvo Commercial Corporation	25,085,038	25,085,038	25,085,038	

Aurora Properties, Inc.	14,882,016	14,882,016	14,882,016	
Avida Land Corporation (Conso)	5,517,161	5,517,161	5,517,161	
AyalaLand Hotels and Resorts Corp. (Conso)	80,448,822	80,448,822	80,448,822	
Ayalaland Logistics Holdings Corp. (Conso)	56,996,399	56,996,399	56,996,399	
Ayalaland Malls Synergies, Inc.	55,211	55,211	55,211	
Ayalaland Medical Facilities Leasing Inc.	120,981,683	120,981,683	120,981,683	
AyalaLand Offices, Inc. (Conso)	894,468	894,468	894,468	
Bay City Commercial Ventures Corp.	102,397,385	102,397,385	102,397,385	
Cavite Commercial Towncenter Inc.	50,329,063	50,329,063	50,329,063	
Cebu Holdings, Inc. (Conso)	108,288,647	108,288,647	108,288,647	
Crans Montana Property Holdings Corporation	240,163,984	240,163,984	240,163,984	
Direct Power Services Inc.	15,459	15,459	15,459	
Leisure and Allied Industries Phils. Inc.	108,300	108,300	108,300	
Makati Development Corporation (Conso)	4,607,188	4,607,188	4,607,188	
Nuevocentro, Inc. (Conso)	15,047,051	15,047,051	15,047,051	
Soltea Commercial Corp.	93,702,399	93,702,399	93,702,399	
Ten Knots Philippines, Inc.(Conso)	5,684,121	5,684,121	5,684,121	
Vesta Property Holdings Inc.	17,991,937	17,991,937	17,991,937	
Sub-Total	**1,036,469,028**	**1,036,469,028**	**1,036,469,028**	**-**

	Amount Owed by ALI Subsidiaries to CRANS MONTANA PROPERTY HOLDINGS CORP.			
	Receivable Balance per CRANS MONTANA	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Ayala Property Management Corporation (Conso)	58,812	58,812	58,812	
Ayalaland Medical Facilities Leasing Inc.	153,655	153,655	153,655	
Crans Montana Property Holdings Corporation	100	100	100	
Sub-Total	**212,567**	**212,567**	**212,567**	

	Amount Owed by ALI Subsidiaries to CRIMSON FIELD ENTERPRISES, INC.			
	Receivable Balance per CRIMSON FIELD ENTERPRISES, INC.	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
AyalaLand Hotels and Resorts Corp. (Conso)	1,005,320	1,005,320	1,005,320	
Crans Montana Property Holdings Corporation	3,015,959	3,015,959	3,015,959	
Sub-Total	**4,021,278**	**4,021,278**	**4,021,278**	

	Amount Owed by ALI Subsidiaries to DIRECT POWER SERVICES, INC.			
	Receivable Balance per DPSI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Alabang Commercial Corporation (Conso)	5,893,377	5,893,377	5,893,377	
ALI Capital Corp. (Conso)	240,806	240,806	240,806	
ALI Commercial Center, Inc. (Conso)	16,029,239	16,029,239	16,029,239	
ALI-CII Development Corporation	1,464,561	1,464,561	1,464,561	
Alveo Land Corporation (Conso)	1,598,480	1,598,480	1,598,480	
Amaia Land Corporation (Conso)	4,599	4,599	4,599	
Arvo Commercial Corporation	2,666,770	2,666,770	2,666,770	
Avida Land Corporation (Conso)	(437,153)	(437,153)	(437,153)	
Ayalaland Logistics Holdings Corp. (Conso)	(3,523)	(3,523)	(3,523)	
Ayalaland Metro North, Inc.	(39,290)	(39,290)	(39,290)	
AyalaLand Offices, Inc. (Conso)	17,408,608	17,408,608	17,408,608	
Bay City Commercial Ventures Corp.	280,663	280,663	280,663	
Cagayan De Oro Gateway Corporation	30,070	30,070	30,070	
Cavite Commercial Towncenter Inc.	1,007,945	1,007,945	1,007,945	
Cebu Holdings, Inc. (Conso)	17,445,007	17,445,007	17,445,007	
Crans Montana Property Holdings Corporation	(3,342)	(3,342)	(3,342)	
Hillsford Property Corporation	2,981	2,981	2,981	
Makati Cornerstone Leasing Corp.	303,972	303,972	303,972	
North Eastern Commercial Corp.	3,454,397	3,454,397	3,454,397	
North Triangle Depot Commercial Corp	9,571,620	9,571,620	9,571,620	
NorthBeacon Commercial Corporation	4,524,468	4,524,468	4,524,468	
AREIT, Inc.	3,317,064	3,317,064	3,317,064	
Philippine Integrated Energy Solutions, Inc.	13,450,225	13,450,225	13,450,225	
Primavera Towncentre, Inc.	34,787	34,787	34,787	
Serendra Inc.	6,299,763	6,299,763	6,299,763	
Station Square East Commercial Corp	10,205,022	10,205,022	10,205,022	
Subic Bay Town Center Inc.	1,593,852	1,593,852	1,593,852	
Summerhill Commercial Ventures Corp.	5,670,880	5,670,880	5,670,880	
Ten Knots Philippines, Inc.(Conso)	(9,023)	(9,023)	(9,023)	

Sub-Total	**122,006,825**	**122,006,825**	**122,006,825**	**-**

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

	Amount Owed by ALI Subsidiaries to FIRST LONGFIELD INVESTMENTS LTD.			
	Receivable Balance per FLIL	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	81,881,250	81,881,250	81,881,250	
Arca South Integrated Terminal, Inc	10,798,555	10,798,555	10,798,555	
Ayalaland Malls Synergies, Inc.	2,210,503	2,210,503	2,210,503	
Sub-Total	**94,890,308**	**94,890,308**	**94,890,308**	**-**

	Amount Owed by ALI Subsidiaries to FIVE STAR CINEMA, INC.			
	Receivable Balance per FSCI	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Alabang Commercial Corporation (Conso)	1,470,459	1,470,459	1,470,459	
Cebu Holdings, Inc. (Conso)	15,055,000	15,055,000	15,055,000	
Soltea Commercial Corp.	2,790	2,790	2,790	
Summerhill Commercial Ventures Corp.	(49,420)	(49,420)	(49,420)	
Sub-Total	**16,478,829**	**16,478,829**	**16,478,829**	**-**

	Amount Owed by ALI Subsidiaries to HILLSFORD PROPERTY CORP.			
	Receivable Balance per HILLSFORD	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation (Conso)	11,737	11,737	11,737	
Cebu Holdings, Inc. (Conso)	18,154	18,154	18,154	
North Eastern Commercial Corp.	1,550	1,550	1,550	
Sub-Total	**31,441**	**31,441**	**31,441**	**-**

	Amount Owed by ALI Subsidiaries to INTEGRATED ECO-RESORT, INC.			
	Receivable Balance per INTEGRATED ECO-RESORT, INC.	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
AyalaLand Hotels and Resorts Corp. (Conso)	78,123	78,123	78,123	
Bay City Commercial Ventures Corp.	112,341	112,341	112,341	
Ten Knots Philippines, Inc.(Conso)	522,964,668	522,964,668	522,964,668	
Sub-Total	**523,155,131**	**523,155,131**	**523,155,131**	**-**

	Amount Owed by ALI Subsidiaries to LAGDIGAN LAND CORP.			
	Receivable Balance per LAGDIGAN	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Arca South Commercial Ventures Corp.	32,685	32,685	32,685	
Bay City Commercial Ventures Corp.	61,192	61,192	61,192	
Cagayan De Oro Gateway Corporation	48,057,528	48,057,528	48,057,528	
Sub-Total	**48,151,404**	**48,151,404**	**48,151,404**	

	Amount Owed by ALI Subsidiaries to LEISURE AND ALLIED INDUSTRIES PHILS., INC.			
	Receivable Balance per LAIP	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
AyalaLand Hotels and Resorts Corp. (Conso)	32,000	32,000	32,000	
Sub-Total	**32,000**	**32,000**	**32,000**	

	Amount Owed by ALI Subsidiaries to MAKATI CORNERSTONE LEASING CORP.			
	Receivable Balance per MAKATI CORNERSTONE	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	3,415	3,415	3,415	
Alabang Commercial Corporation (Conso)	5,715	5,715	5,715	
ALI Capital Corp. (Conso)	2,378,607	2,378,607	2,378,607	
ALI Commercial Center, Inc. (Conso)	1,050,992	1,050,992	1,050,992	

Amaia Land Corporation (Conso)	102,860	102,860	102,860	
Amorsedia Development Corporation (Conso)	2,507,617	2,507,617	2,507,617	
Arvo Commercial Corporation	1,257,738	1,257,738	1,257,738	
Avida Land Corporation (Conso)	292,573	292,573	292,573	
Ayala Theaters Management, Inc.	2,250	2,250	2,250	
Ayalaland Logistics Holdings Corp. (Conso)	3,056,090	3,056,090	3,056,090	
Bay City Commercial Ventures Corp.	340,794	340,794	340,794	
BellaVita Land Corp.	185,030	185,030	185,030	
Cagayan De Oro Gateway Corporation	5,021,027	5,021,027	5,021,027	
Capitol Central Commercial Ventures Corp.	8,544,223	8,544,223	8,544,223	
Cavite Commercial Towncenter Inc.	6,830	6,830	6,830	
Cebu Holdings, Inc. (Conso)	12,047,670	12,047,670	12,047,670	
North Eastern Commercial Corp.	4,415	4,415	4,415	
North Triangle Depot Commercial Corp	46,950	46,950	46,950	
North Ventures Commercial Corp.	27,195	27,195	27,195	
NorthBeacon Commercial Corporation	3,415	3,415	3,415	
Soltea Commercial Corp.	201,053	201,053	201,053	
Station Square East Commercial Corp	14,730	14,730	14,730	
Summerhill Commercial Ventures Corp.	151,206	151,206	151,206	
Ten Knots Philippines, Inc.(Conso)	10,011,706	10,011,706	10,011,706	
Westview Commercial Ventures Corp.	561	561	561	
Sub-Total	**47,264,661**	**47,264,661**	**47,264,661**	

	Amount Owed by ALI Subsidiaries to NORTH EASTERN COMMERCIAL CORP.			
	Receivable Balance per NECC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	10,019,989	10,019,989	10,019,989	
Alabang Commercial Corporation (Conso)	12,110	12,110	12,110	
ALI Capital Corp. (Conso)	11,230,347	11,230,347	11,230,347	
ALI Commercial Center, Inc. (Conso)	7,917,510	7,917,510	7,917,510	
ALI-CII Development Corporation	470	470	470	
Alveo Land Corporation (Conso)	1,579,768	1,579,768	1,579,768	
Amaia Land Corporation (Conso)	25,824,434	25,824,434	25,824,434	
Amorsedia Development Corporation (Conso)	40,789,854	40,789,854	40,789,854	
Arca South Commercial Ventures Corp.	20,137,766	20,137,766	20,137,766	
Arvo Commercial Corporation	83,199,523	83,199,523	83,199,523	
Avida Land Corporation (Conso)	4,186,265	4,186,265	4,186,265	
Ayalaland Estates, Inc.	1,557,435	1,557,435	1,557,435	
AyalaLand Hotels and Resorts Corp. (Conso)	221,982,728	221,982,728	221,982,728	
Ayalaland Logistics Holdings Corp. (Conso)	270,227,856	270,227,856	270,227,856	
Ayalaland Malls Synergies, Inc.	2,755,867	2,755,867	2,755,867	
AyalaLand Malls, Inc. (Conso)	4,005	4,005	4,005	
Ayalaland Metro North, Inc.	18,964	18,964	18,964	
Bay City Commercial Ventures Corp.	100,832,039	100,832,039	100,832,039	
Cagayan De Oro Gateway Corporation	82,062,939	82,062,939	82,062,939	
Capitol Central Commercial Ventures Corp.	22,123,824	22,123,824	22,123,824	
Cebu Holdings, Inc. (Conso)	297,553,911	297,553,911	297,553,911	
Crans Montana Property Holdings Corporation	35,195,750	35,195,750	35,195,750	
Direct Power Services Inc.	23,047	23,047	23,047	
Hillsford Property Corporation	3,778	3,778	3,778	
Leisure and Allied Industries Phils. Inc.	205,679	205,679	205,679	
Makati Development Corporation (Conso)	50,060,307	50,060,307	50,060,307	
North Eastern Commercial Corp.	(5,167)	(5,167)	(5,167)	
North Triangle Depot Commercial Corp	184,522	184,522	184,522	
North Ventures Commercial Corp.	12,561	12,561	12,561	
NorthBeacon Commercial Corporation	7,551	7,551	7,551	
Soltea Commercial Corp.	65,447,672	65,447,672	65,447,672	
Station Square East Commercial Corp	13,810	13,810	13,810	
Subic Bay Town Center Inc.	14,177	14,177	14,177	
Summerhill Commercial Ventures Corp.	1,627,789	1,627,789	1,627,789	
Ten Knots Philippines, Inc.(Conso)	88,396,362	88,396,362	88,396,362	
Sub-Total	**1,445,205,442**	**1,445,205,442**	**1,445,205,442**	

	Amount Owed by ALI Subsidiaries to NORTH TRIANGLE DEPOT COMMERCIAL CORP.			
	Receivable Balance per NTDCC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	8,067	8,067	8,067	
Alabang Commercial Corporation (Conso)	117,060	117,060	117,060	
ALI Capital Corp. (Conso)	875,769	875,769	875,769	

ALI Commercial Center, Inc. (Conso)	6,234,302	6,234,302	6,234,302	
Alveo Land Corporation (Conso)	211,443	211,443	211,443	
Amaia Land Corporation (Conso)	223,794	223,794	223,794	
Amorsedia Development Corporation (Conso)	794,606	794,606	794,606	
Arca South Commercial Ventures Corp.	14,935	14,935	14,935	
Arvo Commercial Corporation	1,844,346	1,844,346	1,844,346	
Avida Land Corporation (Conso)	83,006	83,006	83,006	
AyalaLand Hotels and Resorts Corp. (Conso)	2,061,294	2,061,294	2,061,294	
Ayalaland Logistics Holdings Corp. (Conso)	865,280	865,280	865,280	
AyalaLand Malls, Inc. (Conso)	29,770	29,770	29,770	
Ayalaland Medical Facilities Leasing Inc.	119,340	119,340	119,340	
Ayalaland Metro North, Inc.	93,095	93,095	93,095	
Bay City Commercial Ventures Corp.	293,971	293,971	293,971	
Cagayan De Oro Gateway Corporation	296,968	296,968	296,968	
Cebu Holdings, Inc. (Conso)	1,095,336	1,095,336	1,095,336	
Crans Montana Property Holdings Corporation	145,428	145,428	145,428	
Leisure and Allied Industries Phils. Inc.	817,785	817,785	817,785	
Makati Development Corporation (Conso)	838,832	838,832	838,832	
North Eastern Commercial Corp.	391,287	391,287	391,287	
North Ventures Commercial Corp.	146,706	146,706	146,706	
NorthBeacon Commercial Corporation	3,362	3,362	3,362	
Nuevocentro, Inc. (Conso)	115,145	115,145	115,145	
Soltea Commercial Corp.	416,155	416,155	416,155	
Station Square East Commercial Corp	112,102	112,102	112,102	
Subic Bay Town Center Inc.	1,811	1,811	1,811	
Summerhill Commercial Ventures Corp.	673,602	673,602	673,602	
Ten Knots Development Corporation(Conso)	19,019	19,019	19,019	
Ten Knots Philippines, Inc.(Conso)	1,630,526	1,630,526	1,630,526	
Sub-Total	**20,574,145**	**20,574,145**	**20,574,145**	

	Amount Owed by ALI Subsidiaries to NORTH VENTURES COMMERCIAL CORP.			
	Receivable Balance per NVCC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	60,447	60,447	60,447	
Alabang Commercial Corporation (Conso)	14,690	14,690	14,690	
ALI Capital Corp. (Conso)	52,576,949	52,576,949	52,576,949	
ALI Commercial Center, Inc. (Conso)	1,271,658	1,271,658	1,271,658	
Alveo Land Corporation (Conso)	54,626	54,626	54,626	
Amaia Land Corporation (Conso)	1,765,035	1,765,035	1,765,035	
Amorsedia Development Corporation (Conso)	8,034,607	8,034,607	8,034,607	
Arca South Commercial Ventures Corp.	3,053,808	3,053,808	3,053,808	
Arca South Integrated Terminal, Inc	5,053,751	5,053,751	5,053,751	
Arvo Commercial Corporation	19,609,984	19,609,984	19,609,984	
Avida Land Corporation (Conso)	270,303	270,303	270,303	
Ayala Property Management Corporation (Conso)	1,790,801	1,790,801	1,790,801	
AyalaLand Hotels and Resorts Corp. (Conso)	10,821,521	10,821,521	10,821,521	
Ayalaland Logistics Holdings Corp. (Conso)	55,553,004	55,553,004	55,553,004	
Ayalaland Malls Synergies, Inc.	845	845	845	
AyalaLand Malls, Inc. (Conso)	110	110	110	
Ayalaland Medical Facilities Leasing Inc.	193,932	193,932	193,932	
Bay City Commercial Ventures Corp.	171,934,606	171,934,606	171,934,606	
Cagayan De Oro Gateway Corporation	5,800	5,800	5,800	
Capitol Central Commercial Ventures Corp.	90,312,898	90,312,898	90,312,898	
Cebu Holdings, Inc. (Conso)	75,307,985	75,307,985	75,307,985	
Crans Montana Property Holdings Corporation	9,521,797	9,521,797	9,521,797	
Leisure and Allied Industries Phils. Inc.	21,422,904	21,422,904	21,422,904	
Makati Development Corporation (Conso)	2,742,315	2,742,315	2,742,315	
North Eastern Commercial Corp.	909,306	909,306	909,306	
North Triangle Depot Commercial Corp	304,506	304,506	304,506	
NorthBeacon Commercial Corporation	1,600	1,600	1,600	
Soltea Commercial Corp.	23,170,655	23,170,655	23,170,655	
Station Square East Commercial Corp	20,130	20,130	20,130	
Summerhill Commercial Ventures Corp.	282,084	282,084	282,084	
Ten Knots Development Corporation(Conso)	38,816	38,816	38,816	
Ten Knots Philippines, Inc.(Conso)	3,424	3,424	3,424	
Sub-Total	**556,104,899**	**556,104,899**	**556,104,899**	-

	Amount Owed by ALI Subsidiaries to NORTH BEACON COMMERCIAL CORP.			
	Receivable Balance per NBCC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**

Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	11,252	11,252	11,252	
Alabang Commercial Corporation (Conso)	9,372	9,372	9,372	
ALI Capital Corp. (Conso)	16,428,022	16,428,022	16,428,022	
ALI Commercial Center, Inc. (Conso)	164,079	164,079	164,079	
Alveo Land Corporation (Conso)	343,834	343,834	343,834	
Amaia Land Corporation (Conso)	23,861,524	23,861,524	23,861,524	
APRISA Business Process Solutions, Inc	1,200	1,200	1,200	
Arvo Commercial Corporation	29,310,596	29,310,596	29,310,596	
Avida Land Corporation (Conso)	26,596	26,596	26,596	
AyalaLand Hotels and Resorts Corp. (Conso)	5,530,437	5,530,437	5,530,437	
Ayalaland Logistics Holdings Corp. (Conso)	100,522,713	100,522,713	100,522,713	
AyalaLand Malls, Inc. (Conso)	14,658	14,658	14,658	
Ayalaland Metro North, Inc.	20,423	20,423	20,423	
Bay City Commercial Ventures Corp.	108,503,470	108,503,470	108,503,470	
Cagayan De Oro Gateway Corporation	20,397,715	20,397,715	20,397,715	
Capitol Central Commercial Ventures Corp.	7,420,365	7,420,365	7,420,365	
Cavite Commercial Towncenter Inc.	66,865,451	66,865,451	66,865,451	
Cebu Holdings, Inc. (Conso)	27,851,534	27,851,534	27,851,534	
Hillsford Property Corporation	5,898	5,898	5,898	
Leisure and Allied Industries Phils. Inc.	106,033	106,033	106,033	
Makati Cornerstone Leasing Corp.	124,842	124,842	124,842	
North Eastern Commercial Corp.	69,958	69,958	69,958	
North Triangle Depot Commercial Corp	102,089	102,089	102,089	
North Ventures Commercial Corp.	1,334	1,334	1,334	
Nuevocentro, Inc. (Conso)	4,444,809	4,444,809	4,444,809	
Soltea Commercial Corp.	19,094,266	19,094,266	19,094,266	
Station Square East Commercial Corp	17,048	17,048	17,048	
Subic Bay Town Center Inc.	4,300	4,300	4,300	
Sub-Total	**431,253,819**	**431,253,819**	**431,253,819**	

	Amount Owed by ALI Subsidiaries to NUEVOCENTRO INC., (Conso)			
	Receivable Balance per NUEVOCENTRO	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
ALI Capital Corp. (Conso)	8,534	8,534	8,534	
Alveo Land Corporation (Conso)	9,000	9,000	9,000	
Amaia Land Corporation (Conso)	8,503	8,503	8,503	
Amorsedia Development Corporation (Conso)	-	-	-	
Arvo Commercial Corporation	157,510	157,510	157,510	
Aurora Properties, Inc.	100	100	100	
Avida Land Corporation (Conso)	15,634	15,634	15,634	
Ayalaland Estates, Inc.	46,100	46,100	46,100	
AyalaLand Hotels and Resorts Corp. (Conso)	496,136	496,136	496,136	
Ayalaland Logistics Holdings Corp. (Conso)	9,865,346	9,865,346	9,865,346	
Bay City Commercial Ventures Corp.	381,944	381,944	381,944	
CECI Realty Corp.	154,209	154,209	154,209	
Crans Montana Property Holdings Corporation	151,580	151,580	151,580	
Nuevocentro, Inc. (Conso)	-	-	-	
Prow Holdings, Inc.	199,255,639	199,255,639	199,255,639	
Vesta Property Holdings Inc.	26,154	26,154	26,154	
Sub-Total	**210,576,390**	**210,576,390**	**210,576,390**	**-**

	Amount Owed by ALI Subsidiaries to PHILIPPINE INTEGRATED ENERGY SOLUTIONS, INC.			
	Receivable Balance per PHIL. ENERGY	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	12,642,317	12,642,317	12,642,317	
Alabang Commercial Corporation (Conso)	3,328,295	3,328,295	3,328,295	
ALI Capital Corp. (Conso)	667,140	667,140	667,140	
ALI Commercial Center, Inc. (Conso)	6,577,505	6,577,505	6,577,505	
Amaia Land Corporation (Conso)	38,129,413	38,129,413	38,129,413	
Arvo Commercial Corporation	5,113,686	5,113,686	5,113,686	
AyalaLand Hotels and Resorts Corp. (Conso)	14,525,714	14,525,714	14,525,714	
Bay City Commercial Ventures Corp.	20,563,240	20,563,240	20,563,240	
Cagayan De Oro Gateway Corporation	11,674,762	11,674,762	11,674,762	
Capitol Central Commercial Ventures Corp.	370,296	370,296	370,296	
Cavite Commercial Towncenter Inc.	10,045,236	10,045,236	10,045,236	
Cebu Holdings, Inc. (Conso)	34,849,470	34,849,470	34,849,470	
North Triangle Depot Commercial Corp	7,592,467	7,592,467	7,592,467	
Summerhill Commercial Ventures Corp.	(167,000)	(167,000)	(167,000)	

Ten Knots Philippines, Inc.(Conso)	19,985,691	19,985,691	19,985,691	
Westview Commercial Ventures Corp.	16,787	16,787	16,787	
Sub-Total	**185,915,019**	**185,915,019**	**185,915,019**	-

	Amount Owed by ALI Subsidiaries to PRIMAVER TOWNCENTRE, INC.			
	Receivable Balance per PRIMAVERA	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Amaia Land Corporation (Conso)	127,183	127,183	127,183	
Arvo Commercial Corporation	401,906	401,906	401,906	
Avida Land Corporation (Conso)	93,317	93,317	93,317	
AyalaLand Malls, Inc. (Conso)	5,705	5,705	5,705	
AyalaLand Offices, Inc. (Conso)	837,584	837,584	837,584	
Cavite Commercial Towncenter Inc.	4,554,045	4,554,045	4,554,045	
North Ventures Commercial Corp.	3,749	3,749	3,749	
Sub-Total	**6,023,489**	**6,023,489**	**6,023,489**	-

	Amount Owed by ALI-Subsidiaries to RED CREEK PROPERTIES, INC.			
	Receivable Balance per RCPI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
BellaVita Land Corp.	51,729,293	51,729,293	51,729,293	
Crans Montana Property Holdings Corporation	5,026,598	5,026,598	5,026,598	
Sub-Total	**56,755,891**	**56,755,891**	**56,755,891**	-

	Amount Owed by ALI, ALI-Subsidiaries to REGENT WISE INVESTMENTS, LTD. & Subsidiaries			
	Receivable Balance per RWIL & SUBSIDIARIES	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Regent Wise Investments Limited(Conso)	444,313,683	444,313,683	444,313,683	
Sub-Total	**444,313,683**	**444,313,683**	**444,313,683**	-

	Amount Owed by ALI, ALI-Subsidiaries to SERENDRA			
	Receivable Balance per SERENDRA	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	25,732	25,732	25,732	
Alveo Land Corporation (Conso)	2,243,214	2,243,214	2,243,214	
Amaia Land Corporation (Conso)	1,852,521	1,852,521	1,852,521	
Amorsedia Development Corporation (Conso)	73,399	73,399	73,399	
Avida Land Corporation (Conso)	3,567,509	3,567,509	3,567,509	
Ayala Land International Sales, Inc.(Conso)	-	-	-	
Ayala Property Management Corporation (Conso)	7,781,588	7,781,588	7,781,588	
Bay City Commercial Ventures Corp.	60,633	60,633	60,633	
BellaVita Land Corp.	958	958	958	
BG West Properties, Inc	17,001,618	17,001,618	17,001,618	
Cagayan De Oro Gateway Corporation	37,862	37,862	37,862	
Cebu Holdings, Inc. (Conso)	3,505,347	3,505,347	3,505,347	
Leisure and Allied Industries Phils. Inc.	127,284,551	127,284,551	127,284,551	
Makati Development Corporation (Conso)	183,195	183,195	183,195	
Sub-Total	**163,618,126**	**163,618,126**	**163,618,126**	

	Amount Owed by ALI-Subsidiaries to SOLTEA COMMERCIAL CORP.			
	Receivable Balance per SOLTEA	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiries:				
Accendo Commercial Corp	15,294	15,294	15,294	
Alabang Commercial Corporation (Conso)	27,124	27,124	27,124	
ALI Commercial Center, Inc. (Conso)	1,050,404	1,050,404	1,050,404	
Alveo Land Corporation (Conso)	311,592	311,592	311,592	
Amaia Land Corporation (Conso)	107,736	107,736	107,736	
Arvo Commercial Corporation	36,154	36,154	36,154	
Avida Land Corporation (Conso)	1,274,241	1,274,241	1,274,241	
Ayalaland Malls Synergies, Inc.	595,123	595,123	595,123	
AyalaLand Malls, Inc. (Conso)	410	410	410	
Ayalaland Metro North, Inc.	18,584	18,584	18,584	
Bay City Commercial Ventures Corp.	15,294	15,294	15,294	
Cagayan De Oro Gateway Corporation	15,294	15,294	15,294	
Cavite Commercial Towncenter Inc.	68,697	68,697	68,697	
Cebu Holdings, Inc. (Conso)	45,188	45,188	45,188	
Makati Cornerstone Leasing Corp.	15,294	15,294	15,294	

North Eastern Commercial Corp.	52,382	52,382	52,382	
North Triangle Depot Commercial Corp	93,124	93,124	93,124	
North Ventures Commercial Corp.	16,794	16,794	16,794	
NorthBeacon Commercial Corporation	16,164	16,164	16,164	
Serendra Inc.	15,294	15,294	15,294	
Station Square East Commercial Corp	23,990	23,990	23,990	
Summerhill Commercial Ventures Corp.	19,694	19,694	19,694	
Sub-Total	**3,833,873**	**3,833,873**	**3,833,873**	-

	Amount Owed by SOUTHPORTAL PROPERTIES, INC.			
	Receivable Balance per SOUTHPORTAL	**Payable Balance per ALI Subsidiaries**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	42,599	42,599	42,599	
ALI Capital Corp. (Conso)	15,490,237	15,490,237	15,490,237	
Alveo Land Corporation (Conso)	304	304	304	
Amaia Land Corporation (Conso)	14,298,690	14,298,690	14,298,690	
Amorsedia Development Corporation (Conso)	1,146,207	1,146,207	1,146,207	
Arca South Commercial Ventures Corp.	16,660,250	16,660,250	16,660,250	
Arvo Commercial Corporation	523,367	523,367	523,367	
Avida Land Corporation (Conso)	146,675	146,675	146,675	
AyalaLand Hotels and Resorts Corp. (Conso)	16,823,427	16,823,427	16,823,427	
Ayalaland Logistics Holdings Corp. (Conso)	5,476,488	5,476,488	5,476,488	
Ayalaland Medical Facilities Leasing Inc.	7,269,286	7,269,286	7,269,286	
Ayalaland Metro North, Inc.	3,452	3,452	3,452	
Bay City Commercial Ventures Corp.	3,991,523	3,991,523	3,991,523	
Cagayan De Oro Gateway Corporation	126,509	126,509	126,509	
Capitol Central Commercial Ventures Corp.	10,527,648	10,527,648	10,527,648	
Cebu Holdings, Inc. (Conso)	30,050,495	30,050,495	30,050,495	
Makati Cornerstone Leasing Corp.	11,014	11,014	11,014	
Makati Development Corporation (Conso)	112,430	112,430	112,430	
Summerhill Commercial Ventures Corp.	543,740	543,740	543,740	
Ten Knots Development Corporation(Conso)	90,346	90,346	90,346	
Ten Knots Philippines, Inc.(Conso)	1,200,708	1,200,708	1,200,708	
Sub-Total	**124,535,394**	**124,535,394**	**124,535,394**	

	Amount Owed by STATION SQUARE EAST COMMERCIAL CORP.			
	Receivable Balance per SSECC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	101,262	101,262	101,262	
Alabang Commercial Corporation (Conso)	50,344	50,344	50,344	
ALI Capital Corp. (Conso)	35,537,682	35,537,682	35,537,682	
ALI Commercial Center, Inc. (Conso)	2,381,793	2,381,793	2,381,793	
Alveo Land Corporation (Conso)	1,214,374	1,214,374	1,214,374	
Amaia Land Corporation (Conso)	18,329,332	18,329,332	18,329,332	
Amorsedia Development Corporation (Conso)	27,337,476	27,337,476	27,337,476	
APRISA Business Process Solutions, Inc	131,438	131,438	131,438	
Arca South Commercial Ventures Corp.	8,041,025	8,041,025	8,041,025	
Arca South Integrated Terminal, Inc	3,003,731	3,003,731	3,003,731	
Arvo Commercial Corporation	14,965,393	14,965,393	14,965,393	
Avida Land Corporation (Conso)	4,011,919	4,011,919	4,011,919	
AyalaLand Hotels and Resorts Corp. (Conso)	207,599,556	207,599,556	207,599,556	
Ayalaland Logistics Holdings Corp. (Conso)	241,428	241,428	241,428	
AyalaLand Malls, Inc. (Conso)	19,118	19,118	19,118	
Ayalaland Metro North, Inc.	19,077	19,077	19,077	
Bay City Commercial Ventures Corp.	62,172,875	62,172,875	62,172,875	
BellaVita Land Corp.	16,092	16,092	16,092	
Cagayan De Oro Gateway Corporation	22,379,019	22,379,019	22,379,019	
Capitol Central Commercial Ventures Corp.	66,934,494	66,934,494	66,934,494	
Cavite Commercial Towncenter Inc.	9,047	9,047	9,047	
Cebu Holdings, Inc. (Conso)	15,190,185	15,190,185	15,190,185	
Crans Montana Property Holdings Corporation	48,491,000	48,491,000	48,491,000	
Leisure and Allied Industries Phils. Inc.	2,070,442	2,070,442	2,070,442	
Makati Cornerstone Leasing Corp.	29,971	29,971	29,971	
Makati Development Corporation (Conso)	983,593	983,593	983,593	
North Eastern Commercial Corp.	2,099,778	2,099,778	2,099,778	
North Triangle Depot Commercial Corp	315,182	315,182	315,182	
North Ventures Commercial Corp.	21,437	21,437	21,437	
NorthBeacon Commercial Corporation	23,027	23,027	23,027	
Serendra Inc.	879,121	879,121	879,121	

Soltea Commercial Corp.	15,461,021	15,461,021	15,461,021	
Subic Bay Town Center Inc.	1,500	1,500	1,500	
Ten Knots Philippines, Inc.(Conso)	216	216	216	
Sub-Total	**560,062,948**	**560,062,948**	**560,062,948**	-

	Amount Owed by ALI-Subsidiaries to SUBIC BAY TOWN CENTER, INC.			
	Receivable Balance per SBTCI	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	47,548	47,548	47,548	
Alabang Commercial Corporation (Conso)	1,740	1,740	1,740	
ALI Commercial Center, Inc. (Conso)	79,198	79,198	79,198	
Amaia Land Corporation (Conso)	156,221,978	156,221,978	156,221,978	
Arvo Commercial Corporation	18,241,511	18,241,511	18,241,511	
AyalaLand Hotels and Resorts Corp. (Conso)	1,010,514	1,010,514	1,010,514	
Ayalaland Logistics Holdings Corp. (Conso)	20,034,222	20,034,222	20,034,222	
Ayalaland Metro North, Inc.	980	980	980	
Bay City Commercial Ventures Corp.	8,888,132	8,888,132	8,888,132	
Cebu Holdings, Inc. (Conso)	24,654,448	24,654,448	24,654,448	
Crans Montana Property Holdings Corporation	17,896,430	17,896,430	17,896,430	
Leisure and Allied Industries Phils. Inc.	366,329	366,329	366,329	
North Triangle Depot Commercial Corp	34,885	34,885	34,885	
North Ventures Commercial Corp.	1,500	1,500	1,500	
NorthBeacon Commercial Corporation	14,000	14,000	14,000	
Soltea Commercial Corp.	5,694,766	5,694,766	5,694,766	
Station Square East Commercial Corp	1,000	1,000	1,000	
Ten Knots Philippines, Inc.(Conso)	57,465	57,465	57,465	
Sub-Total	**253,246,645**	**253,246,645**	**253,246,645**	

	Amount Owed by ALI to SUMMERHILL COMMERCIAL VENTURES CORP.			
	Receivable Balance per SUMMERHILL	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI) Subsidiaries:				
Accendo Commercial Corp	870	870	870	
Alabang Commercial Corporation (Conso)	12,150	12,150	12,150	
ALI Capital Corp. (Conso)	145,258	145,258	145,258	
ALI Commercial Center, Inc. (Conso)	1,471,792	1,471,792	1,471,792	
Amaia Land Corporation (Conso)	3,500	3,500	3,500	
Arca South Commercial Ventures Corp.	6,301,353	6,301,353	6,301,353	
Arvo Commercial Corporation	61,500,567	61,500,567	61,500,567	
Ayalaland Logistics Holdings Corp. (Conso)	16,947,416	16,947,416	16,947,416	
Ayalaland Malls Synergies, Inc.	(327,033)	(327,033)	(327,033)	
Ayalaland Metro North, Inc.	7,073	7,073	7,073	
AyalaLand Offices, Inc. (Conso)	1,394	1,394	1,394	
Bay City Commercial Ventures Corp.	13,510,788	13,510,788	13,510,788	
Cebu Holdings, Inc. (Conso)	740	740	740	
Direct Power Services Inc.	153,013	153,013	153,013	
Leisure and Allied Industries Phils. Inc.	(794,586)	(794,586)	(794,586)	
Makati Development Corporation (Conso)	793,050	793,050	793,050	
North Eastern Commercial Corp.	10,436	10,436	10,436	
North Triangle Depot Commercial Corp	270,813	270,813	270,813	
North Ventures Commercial Corp.	4,280	4,280	4,280	
NorthBeacon Commercial Corporation	2,593	2,593	2,593	
Soltea Commercial Corp.	5,287,352	5,287,352	5,287,352	
Station Square East Commercial Corp	36,700	36,700	36,700	
Subic Bay Town Center Inc.	1,380	1,380	1,380	
Sub-Total	**105,340,899**	**105,340,899**	**105,340,899**	-

	Amount Owed by ALI to SUNNYFIELD E-OFFICE CORP.			
	Receivable Balance per SUNNYFIELD	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI)				
Avida Land Corporation (Conso)	117,809	117,809	117,809	
Sub-Total	**117,809**	**117,809**	**117,809**	-

	Amount Owed by ALI to TEN KNOTS DEVELOPMENT CORP.			
	Receivable Balance per TKDC	**Payable Balance per ALI SUBSIDIARIES**	**Current**	**Non-Current**
Ayala Land, Inc. (ALI)				
ALI Capital Corp. (Conso)	4,800,220	4,800,220	4,800,220	
ALI Commercial Center, Inc. (Conso)	10,382	10,382	10,382	

Alveo Land Corporation (Conso)	248,497	248,497	248,497	
AyalaLand Hotels and Resorts Corp. (Conso)	87,161,115	87,161,115	87,161,115	
Direct Power Services Inc.	9,458	9,458	9,458	
Ecoholdings Company, Inc.	500	500	500	
Integrated Eco-Resort Inc.	50,000	50,000	50,000	
Makati Development Corporation (Conso)	103,021	103,021	103,021	
Soltea Commercial Corp.	94,511	94,511	94,511	
Ten Knots Philippines, Inc.(Conso)	449,375,222	449,375,222	449,375,222	
Sub-Total	**541,852,926**	**541,852,926**	**541,852,926**	-

	Amount Owed by ALI to TEN KNOTS PHILIPPINES, INC.			
	Receivable Balance per TKPI	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI)				
Adauge Commercial Corp.	9,105	9,105	9,105	
ALI Capital Corp. (Conso)	34,666,725	34,666,725	34,666,725	
AyalaLand Hotels and Resorts Corp. (Conso)	37,402,356	37,402,356	37,402,356	
Cebu Holdings, Inc. (Conso)	57,385	57,385	57,385	
Ecoholdings Company, Inc.	1,939,655	1,939,655	1,939,655	
Integrated Eco-Resort Inc.	3,460,013	3,460,013	3,460,013	
Philippine Integrated Energy Solutions, Inc.	2,350	2,350	2,350	
Ten Knots Development Corporation(Conso)	70,820,136	70,820,136	70,820,136	
Ten Knots Philippines, Inc.(Conso)	-	-	-	
Sub-Total	**148,357,725**	**148,357,725**	**148,357,725**	-

	Amount Owed by ALI to VESTA PROPERTY HOLDINGS, INC.			
	Receivable Balance per VPHI	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI)				
Accendo Commercial Corp	131,898	131,898	131,898	
ALI Capital Corp. (Conso)	47,835,724	47,835,724	47,835,724	
ALI Commercial Center, Inc. (Conso)	9,716,301	9,716,301	9,716,301	
Alveo Land Corporation (Conso)	34,866,018	34,866,018	34,866,018	
Amaia Land Corporation (Conso)	16,048,746	16,048,746	16,048,746	
Amorsedia Development Corporation (Conso)	78,676,863	78,676,863	78,676,863	
Arca South Commercial Ventures Corp.	8,413,411	8,413,411	8,413,411	
Arca South Integrated Terminal, Inc	10,007,168	10,007,168	10,007,168	
Arvo Commercial Corporation	120,958,303	120,958,303	120,958,303	
Aurora Properties, Inc.	150	150	150	
Avida Land Corporation (Conso)	12,441,854	12,441,854	12,441,854	
Ayala Land International Sales, Inc.(Conso)	188,476	188,476	188,476	
AyalaLand Hotels and Resorts Corp. (Conso)	11,089,243	11,089,243	11,089,243	
Ayalaland Logistics Holdings Corp. (Conso)	14,718,701	14,718,701	14,718,701	
Ayalaland Medical Facilities Leasing Inc.	2,795,983	2,795,983	2,795,983	
Bay City Commercial Ventures Corp.	334,675,563	334,675,563	334,675,563	
Cagayan De Oro Gateway Corporation	4,512,364	4,512,364	4,512,364	
Cavite Commercial Towncenter Inc.	37,922,071	37,922,071	37,922,071	
Cebu Holdings, Inc. (Conso)	149,738,299	149,738,299	149,738,299	
Crans Montana Property Holdings Corporation	5,022,084	5,022,084	5,022,084	
Hillsford Property Corporation	2,502,378	2,502,378	2,502,378	
Makati Development Corporation (Conso)	15,000	15,000	15,000	
North Eastern Commercial Corp.	35,150	35,150	35,150	
Nuevocentro, Inc. (Conso)	9,338,921	9,338,921	9,338,921	
Soltea Commercial Corp.	3,380,463	3,380,463	3,380,463	
Summerhill Commercial Ventures Corp.	21,624,557	21,624,557	21,624,557	
Ten Knots Philippines, Inc.(Conso)	25,218,426	25,218,426	25,218,426	
Sub-Total	**961,874,118**	**961,874,118**	**961,874,118**	-

	Amount Owed by ALI to WESTVIEW COMMERCIAL VENTURES CORP.			
	Receivable Balance per WESTVIEW	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI)				
Adauge Commercial Corp.	2,900	2,900	2,900	
Amaia Land Corporation (Conso)	577,624	577,624	577,624	
Avida Land Corporation (Conso)	326,282	326,282	326,282	
Capitol Central Commercial Ventures Corp.	154,518	154,518	154,518	
Cebu Holdings, Inc. (Conso)	5,210	5,210	5,210	
North Triangle Depot Commercial Corp	5,210	5,210	5,210	
Subic Bay Town Center Inc.	9,983	9,983	9,983	
Sub-Total	**1,081,728**	**1,081,728**	**1,081,728**	-

	Amount Owed by ALI to WHITEKNIGHT HOLDINGS, INC.			
	Receivable Balance per WHITEKNIGHT	Payable Balance per ALI SUBSIDIARIES	Current	Non-Current
Ayala Land, Inc. (ALI)				
Ayalaland Medical Facilities Leasing Inc.	2,928,214	2,928,214	2,928,214	
Bay City Commercial Ventures Corp.	10,303,219	10,303,219	10,303,219	
Cebu Holdings, Inc. (Conso)	2,006,258	2,006,258	2,006,258	
Summerhill Commercial Ventures Corp.	556,880	556,880	556,880	
Sub-Total	**15,794,571**	**15,794,571**	**15,794,571**	

TOTAL ELIMINATED RECEIVABLES	**130,148,429,760**	**130,155,756,076**	**130,155,756,076**	**-**

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
As of December 31, 2020

TITLE OF ISSUE & TYPE OF OBLIGATION	AMOUNT AUTHORIZED BY INDENTURE/ FACILITY AGREEMENT	CURRENT PORTION OF LONG-TERM DEBT (in '000)	LONG-TERM DEBT (NET OF CURRENT PORTION) (in '000)	Interest Rate	No. of Periodic Installment	Maturity Date
Ayala Land, Inc.:						
Bonds						
Philippine Peso	9,000,000	8,781,628		4.246%	N/A, Bullet	November 06, 2021
Philippine Peso	5,650,000		5,650,000	6.000%	N/A, Bullet	April 27, 2022
Philippine Peso	7,000,000		6,987,688	4.500%	N/A, Bullet	April 29, 2022
Philippine Peso	10,000,000		9,970,491	3.000%	N/A, Bullet	June 26, 2022
Philippine Peso	8,000,000		7,962,717	7.024%	N/A, Bullet	October 05, 2023
Philippine Peso	7,000,000		6,980,787	3.892%	N/A, Bullet	October 07, 2023
Philippine Peso	15,000,000		14,966,062	5.000%	N/A, Bullet	January 30, 2024
Philippine Peso	3,000,000		2,978,436	4.758%	N/A, Bullet	September 30, 2024
Philippine Peso	8,000,000		7,968,512	5.625%	N/A, Bullet	April 25, 2025
Philippine Peso	6,250,000		6,192,684	3.862%	N/A, Bullet	September 29, 2025
Philippine Peso	7,000,000		6,969,407	4.750%	N/A, Bullet	October 25, 2025
Philippine Peso	8,000,000		7,961,918	4.850%	N/A, Bullet	March 23, 2026
Philippine Peso	8,000,000		7,934,304	6.369%	N/A, Bullet	May 06, 2026
Philippine Peso	1,000,000		963,622	4.990%	N/A, Bullet	February 06, 2027
Philippine Peso	7,000,000		6,979,065	5.262%	N/A, Bullet	May 02, 2027
Philippine Peso	10,000,000		9,916,583	5.920%	N/A, Bullet	April 27, 2028
Philippine Peso	2,000,000		1,986,730	6.000%	N/A, Bullet	October 10, 2033
Fixed rate corporate notes (FXCNs)						
Philippine Peso	500,000			7.8750%	11	January 19, 2026
Philippine Peso	400,000	9,322	936,778	7.525%	11	January 19, 2026
Philippine Peso	100,000			7.525%	11	January 19, 2026
Philippine Peso	5,000,000	50,000	4,650,000	4.500%	33	March 10, 2023
Bank loan -US Dollar						
Bank Loan *(MBTC)*	6,002,875		6,002,875	Various floating rates	N/A, Bullet	November 06, 2024
Bank loan -Peso						
Bank Loan *(BDO)*	8,200,000	82,000	7,872,000	4.500%	5	February 28, 2026
Bank Loan *(BPI)*	609,875	221,594	248,445	4.500%	Various	Various from 2021 to 2023
Bank Loan *(DBP)*	4,817,000	1,430,000		4.725%	Various	March 1, 2021
Bank Loan *(LBP)*	10,000,000	43,513	9,754,931	Various fixed rates	39	Various from 2028 to 2030
Bank Loan *(MBTC)*	10,000,000	295,226	9,445,810	4.949%	28	March 21, 2027
Bank Loan *(PNB)*	10,000,000	192,908	9,649,821	4.000%	39	December 18, 2030
Bank Loan *(RCBC)*	1,900,000	38,000	1,700,500	4.500%	26	March 30, 2023
Sub-Total	**179,429,750,000**	**Php 11,144,190**	**Php 162,630,166**			
Subsidiaries:						
Bonds	5,000,000	4,996,408		5.320%	N/A, Bullet	June 06, 2021
Bank loan -Peso						
Bank Loan *(BPI)*	Various	2,266,462	10,460,314	Various fixed and floating rates	Various	Various from 2021 to 2028
Bank Loan *(BDO)*	Various	0	8,825,140	Various fixed and floating rates	Various	Various from 2022 to 2030
Bank Loan *(LandBank of the Phil)*	Various	324,800	2,170,363	Various fixed rates	Various	Various from 2021 to 2030
Bank loan -MYR	Various	541	1,207	Various	Various	Various
Sub-Total		**Php 7,588,211**	**Php 21,457,025**			
		Php 18,732,401	**Php 184,087,192**			

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE E - Indebtedness to Related Parties (Long-Term Loans from Related Parties)
(Long Term Loans from Related Companies)
As of December 31, 2020

NAME OF RELATED PARTY	BALANCE AT BEGINNING OF PERIOD (in '000)	BALANCE AT END OF PERIOD (in '000)
Bank of the Philippine Islands	Php 14,315,498	Php 13,196,816

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2020

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

AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE G- CAPITAL STOCK
As of December 31, 2020

TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING AT SHOWN UNDER RELATED STATEMENT OF FINANCIAL POSITION CAPTION				NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION AND OTHER RIGHTS	NUMBER OF SHARES HELD BY RELATED PARTIES	DIRECTORS, OFFICERS AND EMPLOYEES	OTHERS
		ISSUED	SUBSCRIBED	TREASURY SHARES	TOTAL				
Common Stock	20,000,000,000	14,635,298,644	124,881,701	(29,784,746)	14,730,395,599	-	6,545,946,579	154,255,829	
Preferred Stock	15,000,000,000	13,066,494,759			13,066,494,759		12,163,180,640	2,157,932	

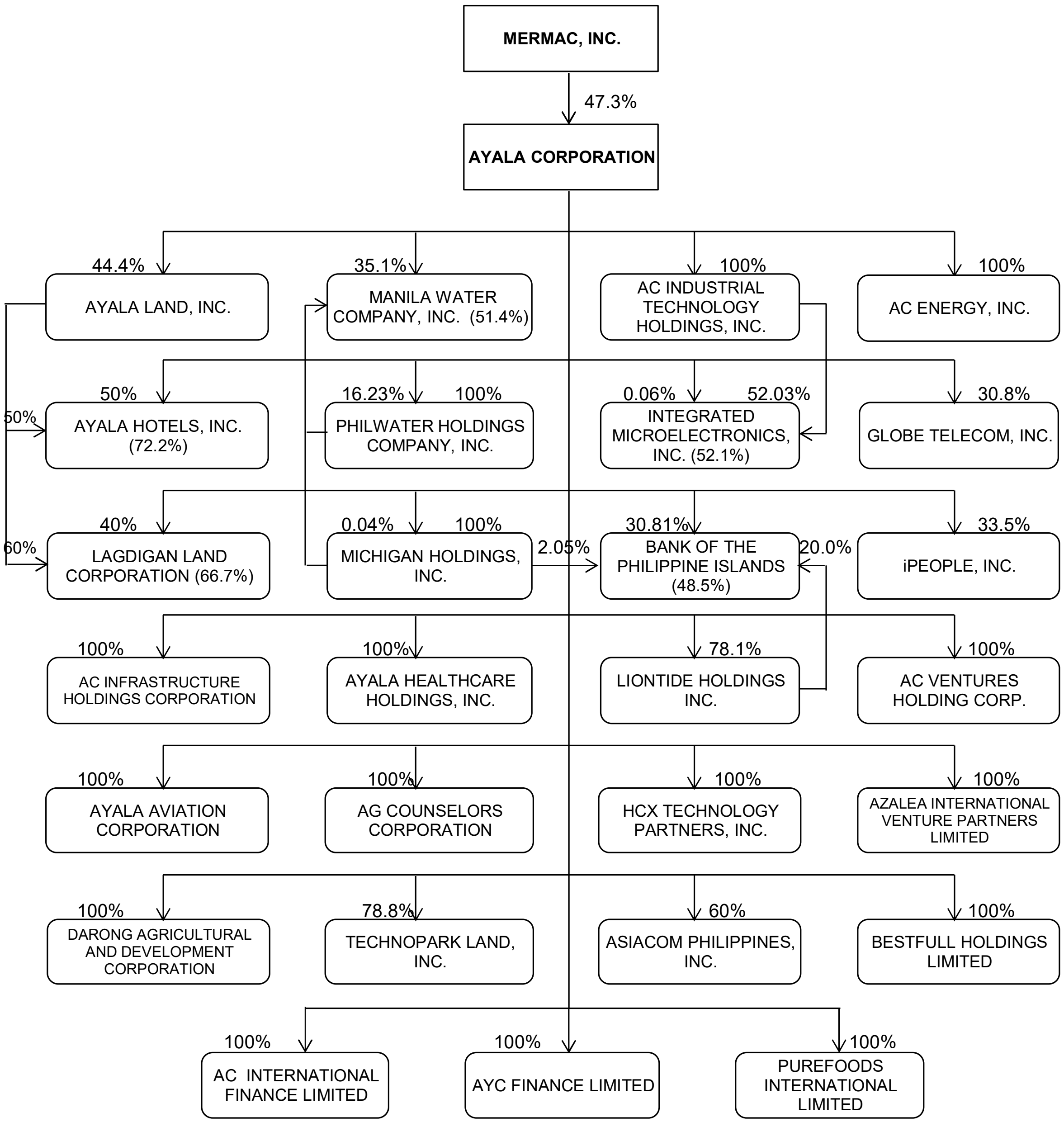
AYALA LAND, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2020

Items		Amount (In Thousands)
Unappropriated Retained Earnings, beginning	**Php**	**61,663,731,309**
Less adjustments:		
Treasury shares	Php	-
Deferred tax assets		(1,831,740,899)
Fair Value adjustment		(593,852,588)
Unappropriated Retained Earnings, as adjusted, beginning		**59,238,137,822**
Net Income based on the face of AFS	Php	14,624,811,526
Less: Non-actual/unrealized income net of tax		
Amount of provision for deferred tax during the year		(729,345,936)
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Adjustment due to deviation from PFRS/GAAP – loss		
Loss on fair value adjustment of investment property (after tax)		
Net Income Actual/Realized	**Php**	**13,895,465,590**
Less: Other adjustments		
Dividend declarations during the period		(4,006,666,131)
Treasury Shares		(1,260,780,037)
		8,628,019,422
Unappropriated Retained Earnings, as adjusted, ending		**67,866,157,244**

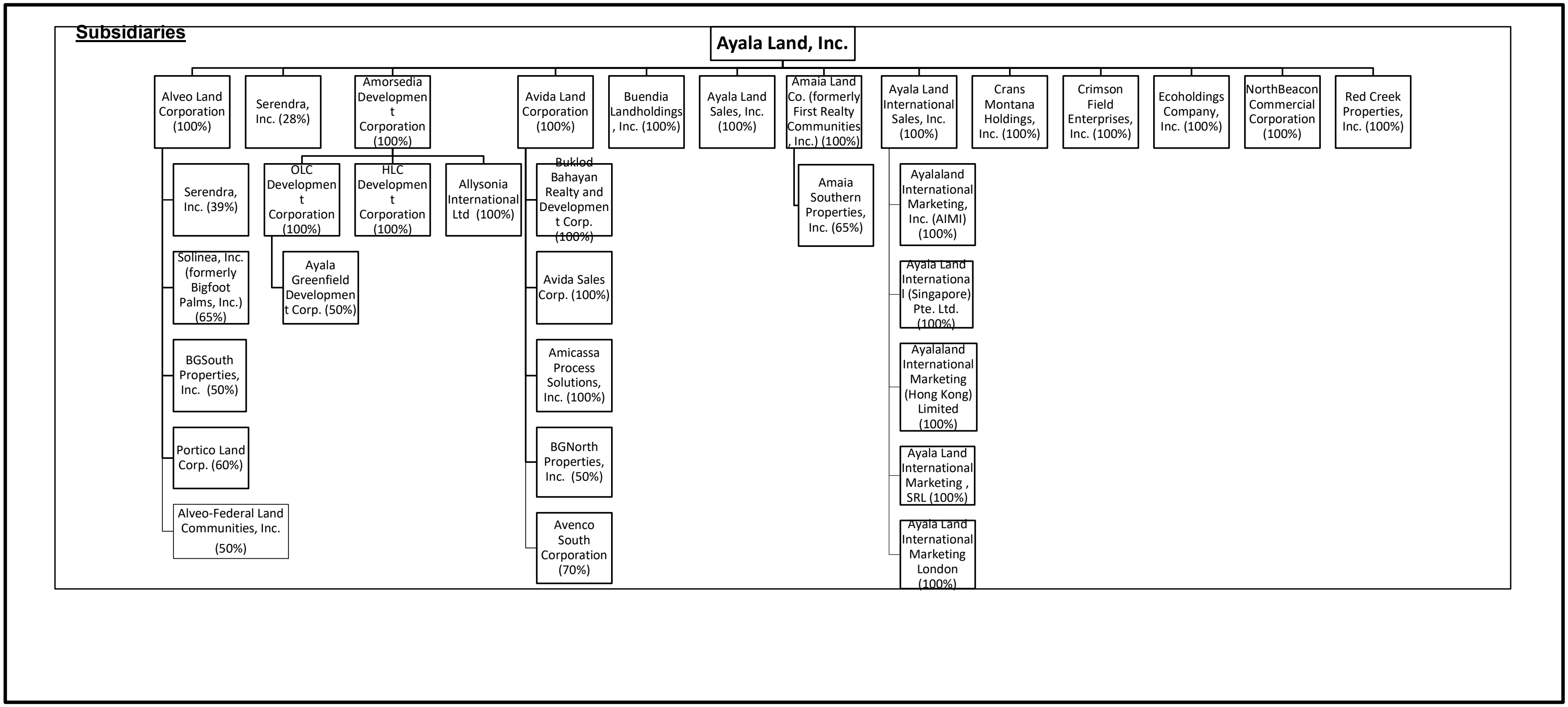
AYALA LAND, INC. AND SUBSIDIARIES
SCHEDULE FINANCIAL SOUNDNESS INDICATORS
December 31, 2020

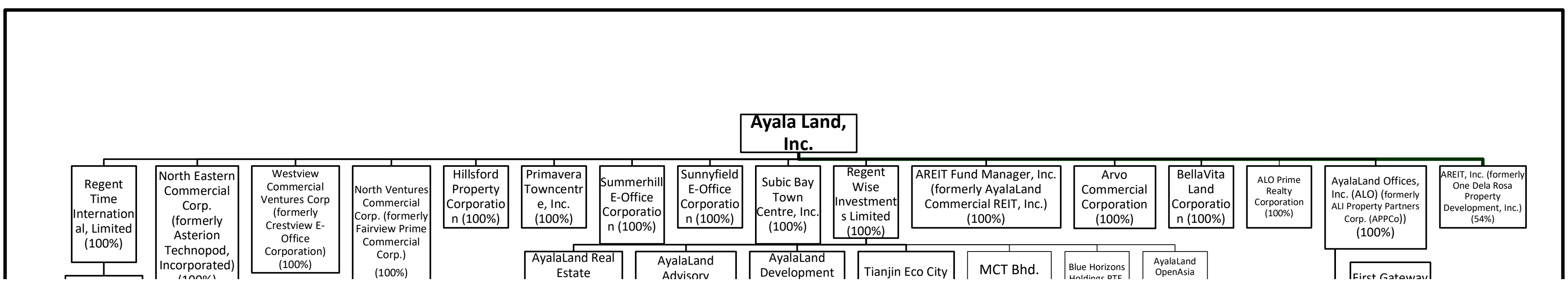
Ratio	Formula	Current Year	Prior Year
Current ratio	Current sssets / Current liabilities	1.62	1.30
Acid test ratio	Quick assets (Total Current Assets excluding inventory)/Current liabilities	0.89	0.77
Solvency ratio	EBITDA / Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	0.15	0.31
Debt-to-equity ratio	Total debt / Consolidated stockholders' equity	0.81	0.87
Asset-to-equity ratio	Total assets / Consolidated stockholders' equity	2.77	2.94
Interest rate coverage ratio	EBITDA / Interest expense	2.96	6.27
Return on equity	Net income attributable to equity holders of the company / Average total stockholders' equity	0.04	0.17
Return on assets	Net income after tax / Average total assets	0.02	0.06
Net profit margin	Net income attributable to equity holders of the company / Total consolidated revenue	0.09	0.20

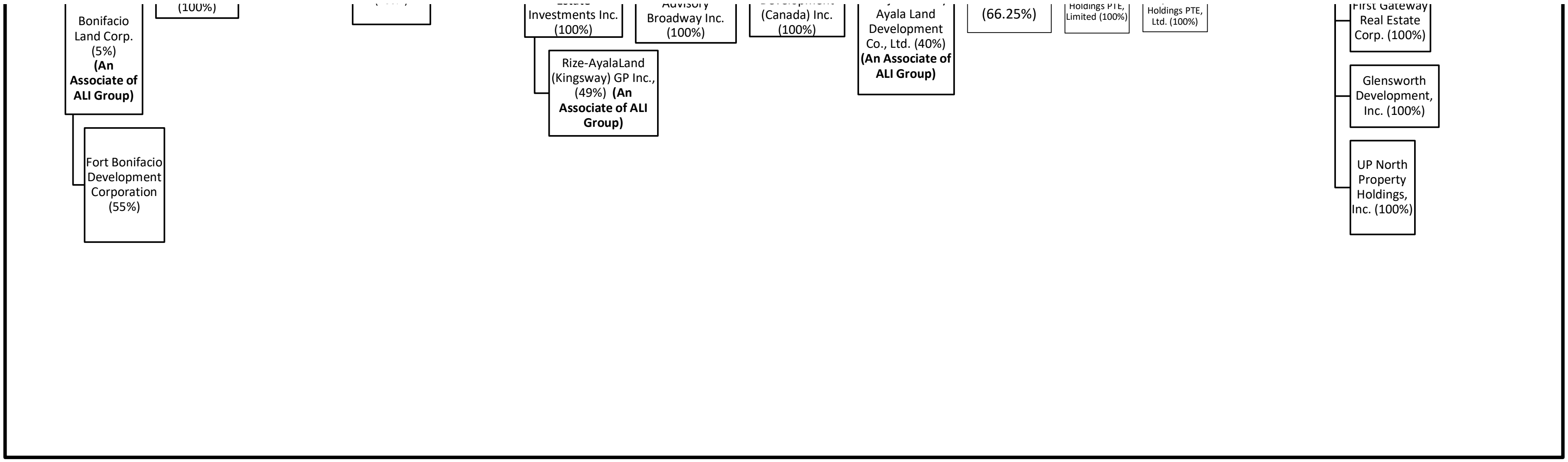
AYALA LAND, INC. AND SUBSIDIARIES
CORPORATE ORGANIZATIONAL CHART
As of December 31, 2020

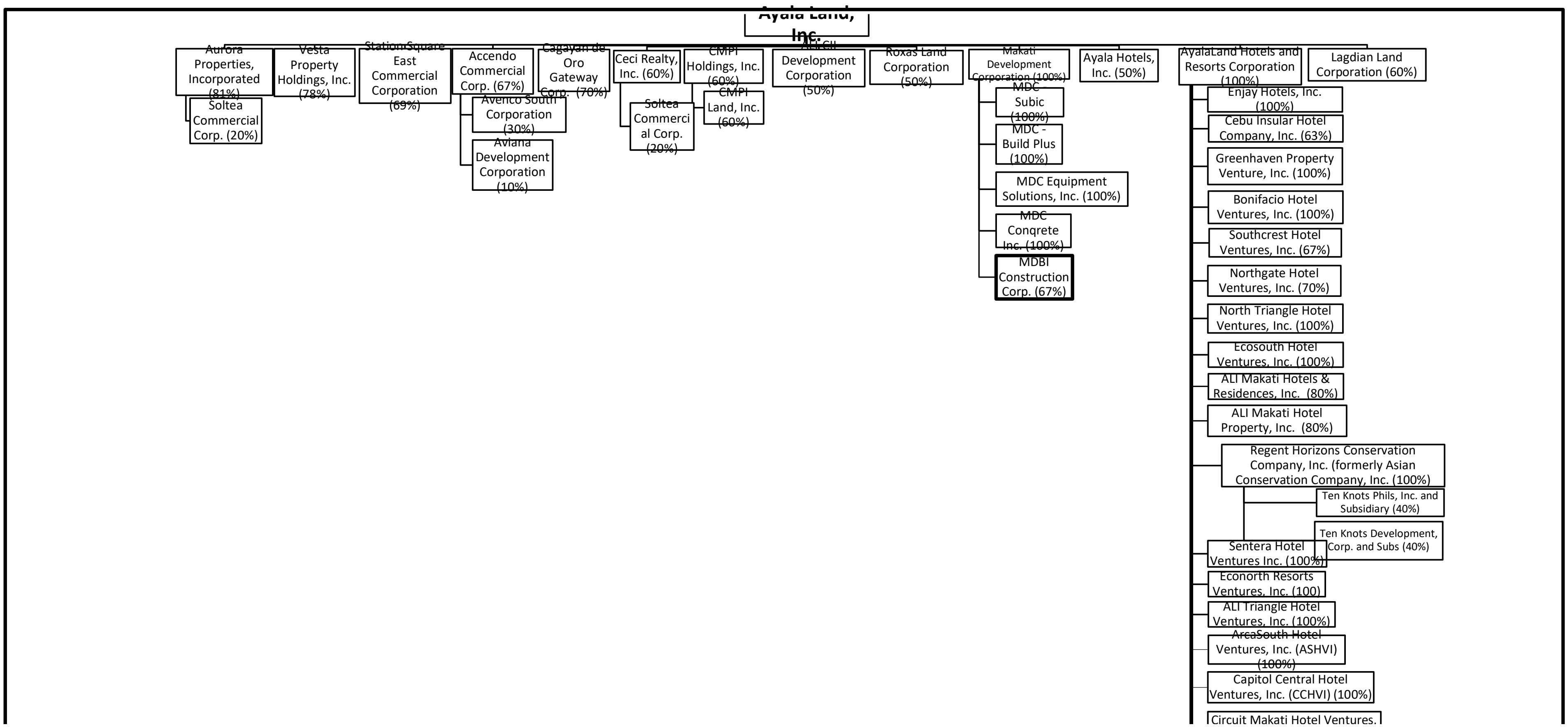


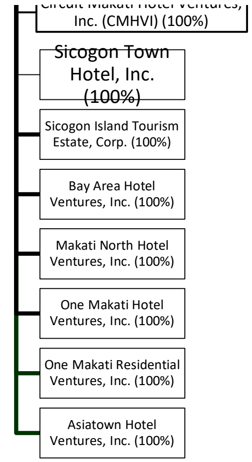
Legend:
% of ownership appearing outside the box - direct % of economic ownership
% of ownership appearing inside the box - effective % of economic ownership


Subsidiaries
Ayala Land, Inc.
Alveo Land Corporation (100%)
Serendra, Inc. (28%)
Amorsedia Development Corporation (100%)
Avida Land Corporation (100%)
Buendia Landholdings, Inc. (100%)
Ayala Land Sales, Inc. (100%)
Amaia Land Co. (formerly First Realty Communities, Inc.) (100%)
Ayala Land International Sales, Inc. (100%)
Crans Montana Holdings, Inc. (100%)
Crimson Field Enterprises, Inc. (100%)
Ecoholdings Company, Inc. (100%)
NorthBeacon Commercial Corporation (100%)
Red Creek Properties, Inc. (100%)
Serendra, Inc. (39%)
Solinea, Inc. (formerly Bigfoot Palms, Inc.) (65%)
BGSouth Properties, Inc. (50%)
Portico Land Corp. (60%)
Alveo-Federal Land Communities, Inc. (50%)
OLC Development Corporation (100%)
HLC Development Corporation (100%)
Allysonia International Ltd (100%)
Ayala Greenfield Development Corp. (50%)
Buklod Bahayan Realty and Development Corp. (100%)
Avida Sales Corp. (100%)
Amicassa Process Solutions, Inc. (100%)
BGNorth Properties, Inc. (50%)
Avenco South Corporation (70%)
Amaia Southern Properties, Inc. (65%)
Ayalaland International Marketing, Inc. (AIMI) (100%)
Ayala Land International (Singapore) Pte. Ltd. (100%)
Ayalaland International Marketing (Hong Kong) Limited (100%)
Ayala Land International Marketing, SRL (100%)
Ayala Land International Marketing London (100%)

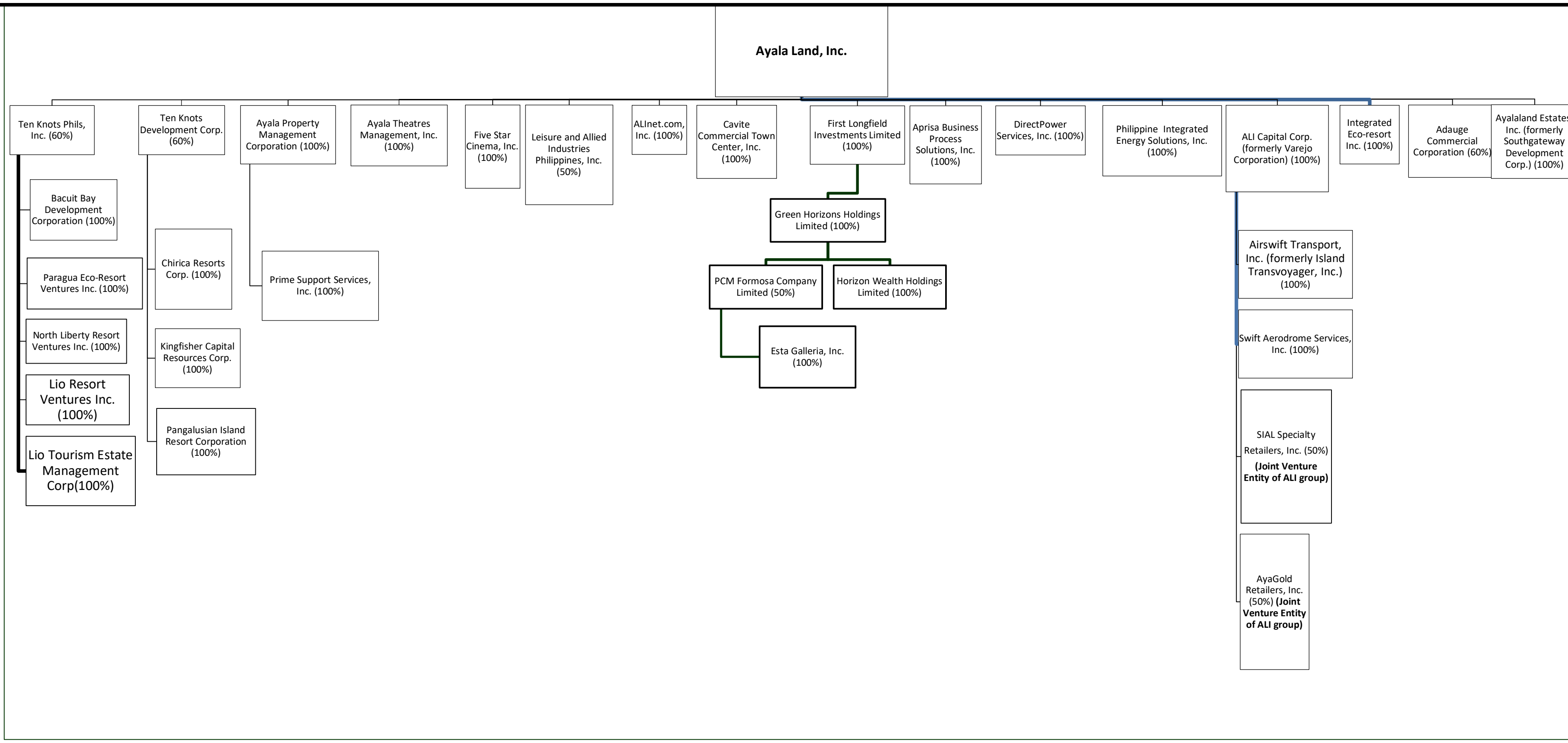

Ayala Land, Inc.
Regent Time International, Limited (100%)
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated) (100%)
Westview Commercial Ventures Corp (formerly Crestview E-Office Corporation) (100%)
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.) (100%)
Hillsford Property Corporation (100%)
Primavera Towncentre, Inc. (100%)
Summerhill E-Office Corporation (100%)
Sunnyfield E-Office Corporation (100%)
Subic Bay Town Centre, Inc. (100%)
Regent Wise Investments Limited (100%)
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc.) (100%)
Arvo Commercial Corporation (100%)
BellaVita Land Corporation (100%)
ALO Prime Realty Corporation (100%)
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo)) (100%)
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.) (54%)
AyalaLand Real Estate
AyalaLand Advisory
AyalaLand Development
Tianjin Eco City
MCT Bhd.
AyalaLand OpenAsia


(100%)
Bonifacio Land Corp. (5%) (An Associate of ALI Group)
Fort Bonifacio Development Corporation (55%)
Investments Inc. (100%)
Rize-AyalaLand (Kingsway) GP Inc., (49%) (An Associate of ALI Group)
Broadway Inc. (100%)
(Canada) Inc. (100%)
Ayala Land Development Co., Ltd. (40%) (An Associate of ALI Group)
(66.25%)
Holdings PTE, Limited (100%)
Holdings PTE, Ltd. (100%)
First Gateway Real Estate Corp. (100%)
Glensworth Development, Inc. (100%)
UP North Property Holdings, Inc. (100%)

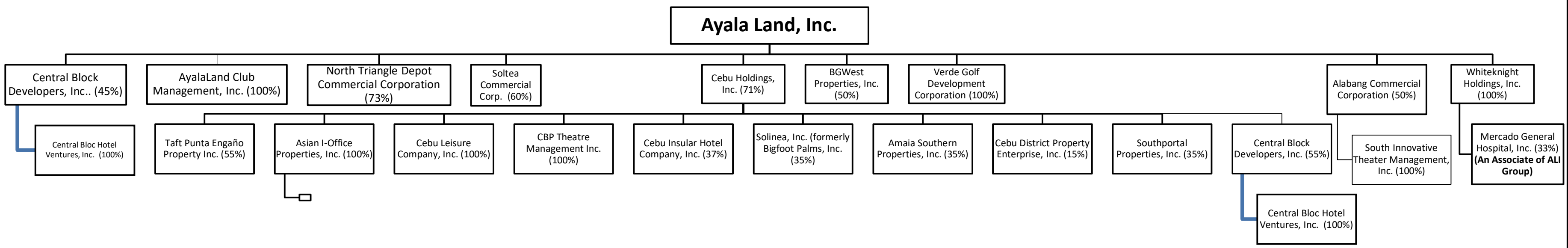

Ayala Land, Inc.
Aurora Properties, Incorporated (81%)
Soltea Commercial Corp. (20%)
Vesta Property Holdings, Inc. (78%)
StationSquare East Commercial Corporation (69%)
Accendo Commercial Corp. (67%)
Avencosouth Corporation (30%)
Aviana Development Corporation (10%)
Cagayan de Oro Gateway Corp. (70%)
Ceci Realty, Inc. (60%)
Soltea Commercial Corp. (20%)
CMPI Holdings, Inc. (60%)
CMPI Land, Inc. (60%)
ALI-CII Development Corporation (50%)
Roxas Land Corporation (50%)
Makati Development Corporation (100%)
MDC Subic (100%)
MDC - Build Plus (100%)
MDC Equipment Solutions, Inc. (100%)
MDC Conqrete Inc. (100%)
MDBI Construction Corp. (67%)
Ayala Hotels, Inc. (50%)
AyalaLand Hotels and Resorts Corporation (100%)
Enjay Hotels, Inc. (100%)
Cebu Insular Hotel Company, Inc. (63%)
Greenhaven Property Venture, Inc. (100%)
Bonifacio Hotel Ventures, Inc. (100%)
Southcrest Hotel Ventures, Inc. (67%)
Northgate Hotel Ventures, Inc. (70%)
North Triangle Hotel Ventures, Inc. (100%)
Ecosouth Hotel Ventures, Inc. (100%)
ALI Makati Hotels & Residences, Inc. (80%)
ALI Makati Hotel Property, Inc. (80%)
Regent Horizons Conservation Company, Inc. (formerly Asian Conservation Company, Inc. (100%)
Ten Knots Phils, Inc. and Subsidiary (40%)
Ten Knots Development, Corp. and Subs (40%)
Sentera Hotel Ventures Inc. (100%)
Econorth Resorts Ventures, Inc. (100)
ALI Triangle Hotel Ventures, Inc. (100%)
ArcaSouth Hotel Ventures, Inc. (ASHVI) (100%)
Capitol Central Hotel Ventures, Inc. (CCHVI) (100%)
Circuit Makati Hotel Ventures,
Lagdian Land Corporation (60%)

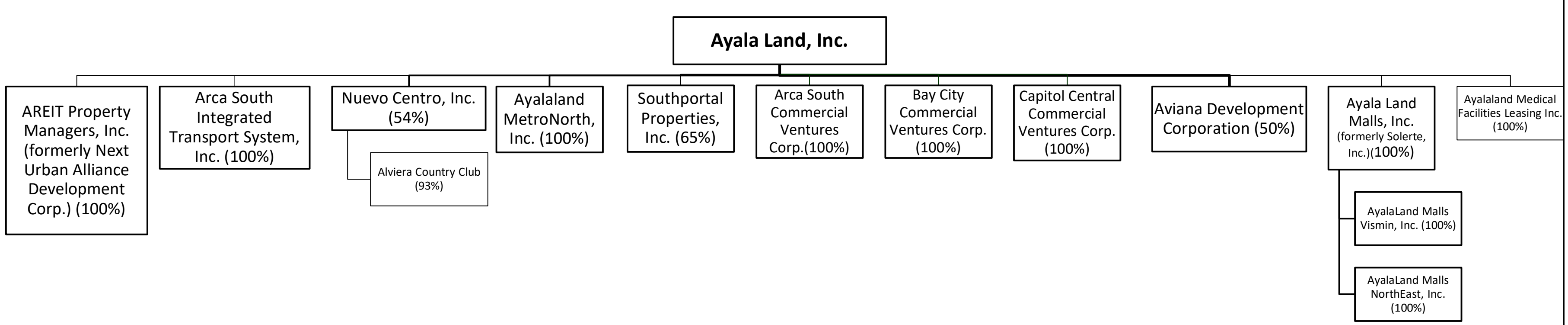


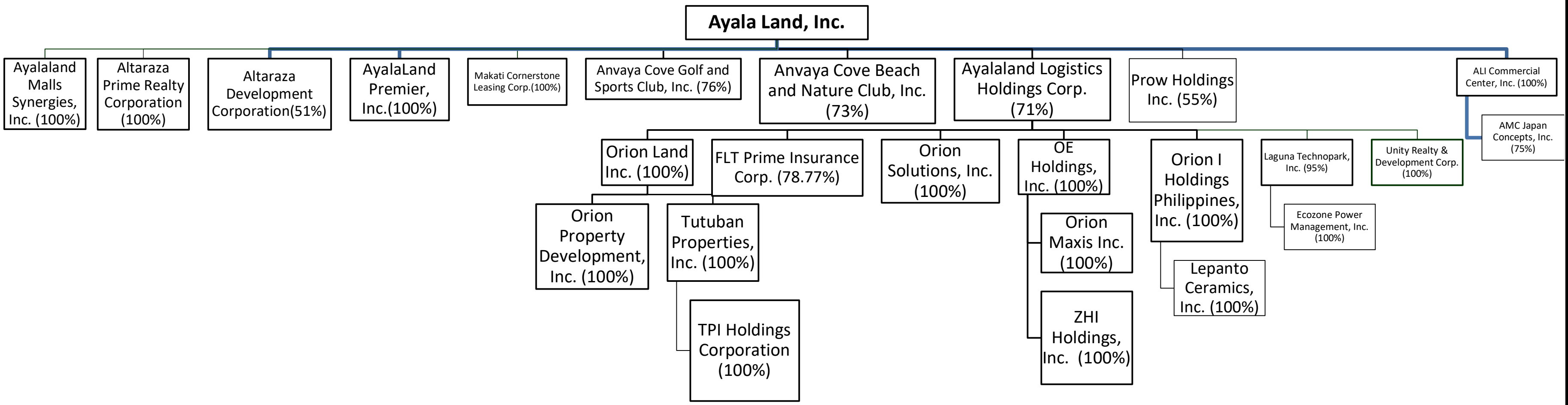
Inc. (CMHVI) (100%)
Sicogon Town Hotel, Inc. (100%)
Sicogon Island Tourism Estate, Corp. (100%)
Bay Area Hotel Ventures, Inc. (100%)
Makati North Hotel Ventures, Inc. (100%)
One Makati Hotel Ventures, Inc. (100%)
One Makati Residential Ventures, Inc. (100%)
Asiatown Hotel Ventures, Inc. (100%)



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


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


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

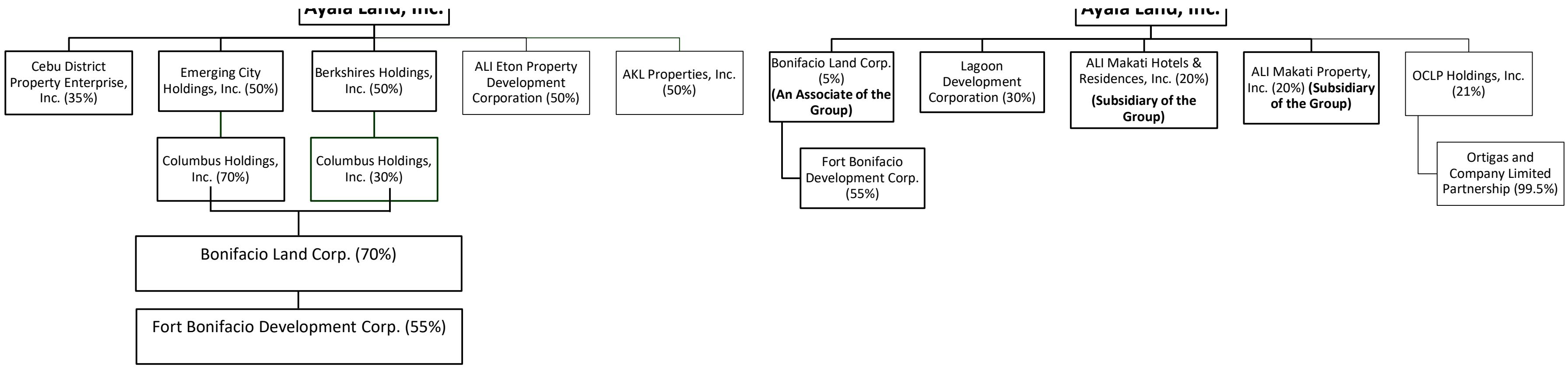


Direct Investments in Joint Ventures

Direct Investments in Associates

Ayala Land, Inc.

Ayala Land, Inc.


Ayala Land, Inc.
Cebu District Property Enterprise, Inc. (35%)
Emerging City Holdings, Inc. (50%)
Berkshires Holdings, Inc. (50%)
ALI Eton Property Development Corporation (50%)
AKL Properties, Inc. (50%)
Columbus Holdings, Inc. (70%)
Columbus Holdings, Inc. (30%)
Bonifacio Land Corp. (70%)
Fort Bonifacio Development Corp. (55%)
Ayala Land, Inc.
Bonifacio Land Corp. (5%) (An Associate of the Group)
Lagoon Development Corporation (30%)
ALI Makati Hotels & Residences, Inc. (20%) (Subsidiary of the Group)
ALI Makati Property, Inc. (20%) (Subsidiary of the Group)
OCLP Holdings, Inc. (21%)
Fort Bonifacio Development Corp. (55%)
Ortigas and Company Limited Partnership (99.5%)

AYALA LAND, INC. AND SUBSIDIARIES
ANNEX I – BOND PROCEEDS

P6.3 Billion Fixed Rate Bonds due 2025

(In pesos)	**ESTIMATED PER PROSPECTUS**	**ACTUAL**
Issue Amount	**6,250,000,000.00**	**6,250,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	1,578,155.00	1,578,155.00
Documentary Stamp Tax	46,875,000.00	46,875,000.00
Underwriting Fee	23,437,500.00	23,437,500.00
Estimated Professional Expenses & Agency fees	5,000,000.00	5,520,092.00
Marketing/Printing/Photocopying Costs and OPEs	1,000,000.00	274,183.33
Listing Fee	100,000.00	100,000.00
Total Expenses	77,990,655.00	77,784,930.33
Net Proceeds	**6,172,009,345.00**	**6,172,215,069.67**

Balance of Proceeds as of 12.31.2020 **NIL**

Ayala Land raised from the Bonds gross proceeds of P6.3 billion. After issue-related expenses, actual net proceeds amounted to approximately P6.17 billion. Net proceeds were 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.

P10.0 Billion Fixed Rate Bonds due 2022 **NIL**

(In pesos)	**ESTIMATED PER PROSPECTUS**	**ACTUAL**
Issue Amount	**10,000,000,000.00**	**10,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	3,093,125.00	1,578,155.00
Documentary Stamp Tax	75,000,000.00	46,875,000.00
Underwriting Fee	37,500,000.00	23,437,500.00
Estimated Professional Expenses & Agency fees	9,000,000.00	5,478,301.00
Marketing/Printing/Photocopying Costs and OPEs	1,000,000.00	428,993.33
Listing Fee	150,000.00	100,000.00
Total Expenses	125,743,125.00	77,897,949.33
Net Proceeds	**9,874,256,875.00**	**9,922,102,050.67**

Balance of Proceeds as of 12.31.2020 **NIL**

Ayala Land raised from the Bonds gross proceeds of P10.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P9.92 billion. Net proceeds were used to partially finance the Company's general corporate requirements.

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

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P3.0 Billion Fixed Rate Bonds due 2024 **NIL**

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

Total Expenses	44,657,500.00	42,433,977.76
Net Proceeds	**2,955,342,500.00**	**2,957,566,022.24**

Balance of Proceeds as of 12.31.2020 **NIL**

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

P8.0 Billion Fixed Rate Bonds due 2026 **NIL**

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P8.0 Billion Fixed Rate Bonds due 2023 **NIL**

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P10.0 Billion Fixed Rate Bonds due 2028 **NIL**

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P7.0 Billion Fixed Rate Bonds due 2027

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**7,000,000,000.00**	**7,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	1,767,500.00	1,767,500.00

Documentary Stamp Tax	35,000,000.00	35,000,000.00
Underwriting Fee	26,250,000.00	26,250,000.00
Estimated Professional Expenses & Agency fees	9,000,000.00	3,161,187.20
Marketing/Printing/Photocopying Costs and OPEs	5,000,000.00	990,430.17
Listing Fee	100,000.00	100,000.00
Total Expenses	74,617,500.00	67,269,117.37
Net Proceeds	**6,925,382,500.00**	**6,932,730,882.63**

Balance of Proceeds as of 12.31.2020 **NIL**

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

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

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P7.0 Billion Fixed Rate Bonds due 2025

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P8.0 Billion Fixed Rate Bonds due 2026 **NIL**

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P7.0 Billion Fixed Rate Bonds due 2022 **NIL**

ESTIMATED **ACTUAL**

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P5.0 Billion Fixed Rate Bonds due 2021

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P8 Billion Fixed Rate Callable Bonds due 2025

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

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

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

P15.0 Billion Fixed Rate Bonds due 2024

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

Balance of Proceeds as of 12.31.2020 **NIL**

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

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

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

Balance of Proceeds as of 12.31.2020 **NIL**

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