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

AyalaLand

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

PRELIMINARY OFFER SUPPLEMENT
Up to ₱10.0 Billion
in aggregate principal amount of Bonds
Due 2025

Sixth Tranche under its ₱50.0 Billion Securities Program

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

Joint Lead Underwriters and Bookrunners

BDO Capital | BPI Capital Corporation | Chinabank Capital

eastwest | SB Capital, A Subsidiary of Security Bank

The date of this Preliminary Offer Supplement is March 12, 2021.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE COVERING ₱50.0 BILLION OF SECURITIES. OF SUCH AMOUNT, ₱8.0 BILLION OF SECURITIES WERE ISSUED ON MAY 06, 2019, ₱3.0 BILLION OF SECURITIES WERE ISSUED ON SEPTEMBER 30, 2019, ₱10.0 BILLION OF SECURITIES WERE ISSUED ON NOVEMBER 06, 2019, ₱10.0 BILLION OF SECURITIES WERE ISSUED ON JUNE 26, 2020, AND ₱6.25 BILLION OF SECURITIES WERE ISSUED ON SEPTEMBER 29, 2020.

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

Ayala Land, Inc. ("ALI," "Ayala Land," the "Issuer" or the "Company") prepared the prospectus dated April 16, 2019 and the prospectus dated September 12, 2019 (the "Prospectus") relating to the offering of debt and other securities as provided by applicable Securities and Exchange Commission ("SEC") rules and regulations effective at the time of issuance (the "Securities") of up to ₱50,000,000,000 to be issued in one or more tranches (each a "Tranche") as authorized by a resolution of the Board of Directors of the Company dated February 27, 2019 ("Securities Program"). A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the "Shelf Registration"). For the first Tranche of the Securities Program with a principal amount of ₱8,000,000,000, a certificate of permit to offer securities for sale ("SEC Permit") of such bonds was issued on April 22, 2019. The SEC Permit covering the second Tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019. The SEC Permit covering the third Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on October 18, 2019. The SEC Permit covering the fourth Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on June 11, 2020. The SEC Permit covering the fIfth Tranche of the Securities Program with a principal amount of ₱6,250,000,000 was issued on September 15, 2020.

This Offer Supplement (and as the context requires, the term includes the Prospectus) relates to the sixth Tranche of the Securities which is in the form of fixed-rate bonds with a principal amount of up to ₱10,000,000,000, and which shall be issued on [•], 2021 (the "Issue Date"), or such other date as may be agreed upon by the Issuer, and the Joint Lead Underwriters and Bookrunners (the "Offer" or the "Bonds"). This Offer Supplement contains the final terms of the Bonds and must be read in conjunction with the Prospectus and all preceding offer supplements for the preceding Tranches. Full information on the Company and this Offer are only available on the basis of the combination of this Offer Supplement, the Prospectus, the offer supplement dated September 14, 2020, and the Bond Agreements. All information contained in the Prospectus and the offer supplement dated September 14, 2020 are deemed incorporated by reference in this Offer Supplement.

The Bonds shall have a term ending four (4) years from the Issue Date with a fixed interest rate of [•]% per annum. Interest on the Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrears. Other securities shall be issued as provided by applicable SEC rules and regulations effective at the time of issuance.

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

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

The Bonds has been rated [•] by Philippine Rating Services Corporation ("PhilRatings"). Obligations rated [•] are of the [•] quality with [•] credit risk. The obligor's capacity to meet its financial commitment on the obligation is [•]. PRS [•] is the [•] rating assigned by PhilRatings. The rating is not a recommendation to buy, sell, or hold the Securities, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

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

Currently, Ayala Land has issued five (5) Tranches in the form of fixed-rate bonds totaling to ₱37,250,000,000 out of its ₱50,000,000,000 Securities Program. For the sixth Tranche of Securities, which will be in the form of the Bonds, the net proceeds are estimated to amount to approximately ₱[9,878,874,970] after deducting fees, commissions, and expenses relating to the issuance. Proceeds of the Offer are intended to be used to refinance any short-term loans that will be drawn to finance the early redemption of the Company's 5.625% per annum ₱8.0 billion fixed-rate bonds due 2025 issued in 2014, and for general corporate requirements as may be determined from time to time, including but not limited to land acquisitions (*see "Use of Proceeds").* The Joint Lead Underwriters and Bookrunners shall receive a fee of up to 0.375% on the final aggregate nominal principal amount of the Bonds.

Within three (3) years following the effectivity date of the Shelf Registration, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Securities covered by such registration statement, in one or more subsequent Tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. The Shelf Registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur. However, there can be no assurance in respect of: (i) whether Ayala Land would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by Ayala Land to offer the Bonds will depend on a number of factors at the relevant time, many of which are not within Ayala Land's control, including but not limited to: prevailing interest rates, the financing requirements of Ayala Land's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

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

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

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

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

No dealer, salesman or other person has been authorized by Ayala Land and the Joint Lead

Underwriters and Bookrunners to give any information or to make any representation concerning the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by Ayala Land or the Joint Lead Underwriters and Bookrunners.

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

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

AYALA LAND, INC.

By:

BERNARD VINCENT O. DY
President and Chief Executive Officer

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

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

Witness my hand and seal this ___________________at Makati City.

Doc No. _____;
Book No. ____;
Page No. ____;
Series of 2021.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION

Forward-Looking Statements

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

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

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

Presentation of Financial Information

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

DEFINITION OF TERMS

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

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

"Application to Purchase" shall mean the document to be executed by any Person or entity qualified to become a Bondholder for the Bonds.

"Ayala Group" refers to Ayala Corporation and its subsidiaries and affiliates.

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

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

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

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

i. held by members of his immediate family sharing the same household;
ii. held by a partnership in which he is a general partner;
iii. held by a corporation of which he is a controlling shareholder; or
iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that, the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:

    a. A broker dealer;
    b. An investment house registered under the Investment Houses Law;
    c. A bank authorized to operate as such by the BSP;
    d. An insurance company subject to the supervision of the Office of the Insurance Commission;
    e. An investment company registered under the Investment Company Act;
    f. A pension plan subject to regulation and supervision by the BIR and/or the Office of the Insurance Commission or relevant authority; and
    g. A group in which all of the members are persons specified above.

"BDO Capital" shall refer to BDO Capital & Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 33rd Floor BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City.

"BIR" shall mean Bureau of Internal Revenue.

"Board" or **"Board of Directors"** shall mean the board of directors of Ayala Land.

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

“Bondholders” shall mean the holders of the Bonds.

“Bonds” shall refer to the fixed-rate bonds in the aggregate principal amount of up to Ten Billion Pesos (₱10,000,000,000), which is part of the Securities Program to be issued by Ayala Land on the Issue Date.

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

“BPO” refers to Business Process Outsourcing.

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

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

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

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

“East West” shall refer to East West Banking Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the EastWest Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City.

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

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

“GLA” refers to Gross Leasable Area.

“Globe Telecom” refers to Globe Telecom, Inc.

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

“Issue Date” shall mean [•], 2021 or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon between the Issuer and the Joint Lead Underwriters and Bookrunners with advice to PDTC and PDEx.

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

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

"Majority Bondholders" shall mean Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds.

"Master Certificate of Indebtedness" means the certificate to be issued by Ayala Land to the Trustee evidencing and covering such amount corresponding to the Bonds.

"Maturity Date" means four (4) years after Issue Date; provided that, in the event that the Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.

"Offer" shall mean the offering of Bonds by the Issuer under the Terms and Conditions.

"Offer Period" shall refer to the period commencing at 9:00 a.m. on [•], 2021 and ending at 5:00 p.m. on [•], 2021, or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.

"PAS" shall mean Philippine Accounting Standards.

"Paying Agent" shall mean the Philippine Depository & Trust Corp.

"PDEx" shall refer to the Philippine Dealing & Exchange Corp.

"PDTC" shall refer to the Philippine Depository & Trust Corp.

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

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

"PFRS" shall mean Philippine Financial Reporting Standards.

"Philippines" shall mean the Republic of the Philippines.

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

"PSE" shall refer to The Philippine Stock Exchange, Inc.

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

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

"Registry and Paying Agency Agreement" means the Registry and Paying Agency Agreement dated [•], 2021 between Ayala Land, the Registrar and Paying Agent.

"Registrar" shall mean the Philippine Depository & Trust Corp.

"Real Estate Investment Trust" or **"REIT"** means a stock corporation established in accordance with the Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and the rules and regulations promulgated by the Securities and Exchange Commission principally for the purpose of owning income-generating real estate assets pursuant to the REIT Law, as they may be amended from time to time.

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

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

"SEC" means the Philippine Securities and Exchange Commission or its successor agency/ies.

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

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

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

"sqm" refers to square meters.

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

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

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

"Terms and Conditions" shall mean the terms and conditions of the Bonds as herein contained.

"Tranche" shall mean a tranche of Securities issued under the Securities Program.

"Trust Indenture" means the Trust Indenture dated [•], 2021 between Ayala Land and the Trustee.

"Trustee" shall refer to China Banking Corporation – Trust and Asset Management Group appointed by the Issuer under the Trust Indenture for the Bonds.

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

EXECUTIVE SUMMARY

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

COMPANY OVERVIEW

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

Over the years, several developments further reduced Ayala Corporation's effective interest in Ayala Land through, among others, the exercise of stock options by respective employees of Ayala Corporation and Ayala Land, the disposal of Ayala Land shares by Ayala Corporation and Ayala Land's issuance of new shares in relation to its acquisition of interest in companies owning properties in Canlubang, Laguna in 1993, the conversion of a ₱3.0 billion convertible long term commercial paper to Ayala Land Common B Shares publicly issued in December 1994, exchanges under bonds due in 2001, and equity top-up placements conducted through an overnight bookbuilt offering in July 2012, March 2013 and January 2015.

As of December 31, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.44% while 54.51% is owned by the public. As of December 31, 2020, Ayala Land has 14, 730,395,599 outstanding common shares and 13,066,494,759 outstanding voting preferred shares. 14,553,556,858 common shares are listed with the Philippine Stock Exchange. Foreign equity ownership in Ayala Land is 21.62% composed of 5,402,942,292 common shares and 607,264,635 voting preferred shares as of December 31, 2020. Equity attributable to equity holders of Ayala Land amounted to ₱222.5 billion as of December 31, 2020.

As of December 31, 2020, Ayala Land has a total market capitalization of ₱602.5 billion based on the closing price of ₱40.90 per common share on December 29, 2020, the last trading day of the said month.

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

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

Property Development

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

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

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

MCT Bhd. ("MCT") is Ayala Land's listed subsidiary in Malaysia which specializes in the affordable housing segment. MCT has a landbank of 317 acres spread across the areas of Subang Jaya, Cyberjaya and Petaling Jaya.

Commercial Leasing

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

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

Office Leasing includes the development and lease of office buildings.

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

Services

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

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

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

Distribution Methods of Products

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

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

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

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

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

Review of 2020 Operations vs. 2019

Ayala Land endured the severe impact of COVID-19 in 2020 recording a 43% decline in consolidated revenues (which include real estate revenue, interest from real estate sales, interest and investment income, equity in net earnings, and other income) to ₱96.27 billion from ₱168.79 billion and a 74% drop in net income to ₱8.73 billion from ₱33.19 billion. Key indicators improved steadily from the third quarter to the fourth quarter reflecting a 49% growth in total revenues to ₱32.95 billion and a 28% jump in net income to ₱2.36 billion, sustaining the momentum for recovery.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services registered at ₱85.97 billion, a 46% decline from ₱157.85 billion due to construction restrictions, lower bookings and restrained mall and hotel operations.

Actual capital expenditures amounted to ₱63.67 billion, within the revised full-year budget of ₱69.82 billion, as financial sustainability initiatives strengthened the balance sheet with the net debt-to-equity ratio improving to 0.74:1 from 0.78:1 in FY 2019.

Recent Developments

This section discusses recent events after the date of the Prospectus and the offer supplements for the preceding Tranches and must be read in conjunction with the Prospectus and all preceding offer supplements collectively. Full information on the Company and this Offer are only available on the basis of the combination of this Offer Supplement, the Prospectus, the offer supplement dated September 14, 2020 and the Bond Agreements. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Offer Supplement. All information contained in the Prospectus and the offer supplement dated September 14, 2020 are deemed incorporated by reference in this Offer Supplement.

2020

On August 17, 2020, the Board of Directors approved the Company's 2020 stock option program pursuant to the company's Employee Stock Ownership Plan (the "Plan"), covering up to 20,989,000 common shares at a subscription price of ₱27.72 per share, which is the average price of its common shares at the Philippine Stock Exchange over the last 15-day trading as of August 14, 2020, less 15% discount.

On September 28, 2020, 169 stock option grantees subscribed to 14,845,498 common shares at ₱27.72 per share and became effective on the same day. As a result of the subscription of the 169 stock option grantees, the number of ALI's outstanding common shares increased to 14,730,395,599.

On September 29, 2020, Ayala Land listed its ₱6.25-billion, 5-year fixed-rate bonds due 2025 with a coupon rate of 3.862% per annum on the Philippine Dealing and Exchange Corp. (“PDEx”), through a virtually held listing ceremony on September 29, 2020.

White Knight Holdings, Inc., a wholly-owned subsidiary of Ayala Land, entered into a Share Purchase Agreement with Healthway Philippines, Inc., a wholly-owned subsidiary of Ayala Healthcare Holdings, Inc. to sell the former’s 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. The Board of Directors of Ayala Land approved the transaction on October 19, 2020.

On October 22, 2020, the Board of Directors of Ayala Land’s REIT vehicle, AREIT, Inc., at its regular board meeting approved the following items:

(a) The acquisition of The 30th from Ayala Land, Inc., AREIT, Inc.’s sponsor, for a purchase price of ₱5.1 billion, VAT-inclusive, as endorsed by the Related Party Transactions Review Committee.

(b) The raising of up to ₱6.4 billion, with a tenor of up to ten (10) years, through the issuance of retail bonds and/or corporate notes for listing on the PDEx, and/or bilateral term loans, and/or preferred shares for the purpose of financing asset acquisitions.

(c) The establishment of credit facilities with banks amounting to ₱12.0 billion.

Likewise, the Board of Directors of Ayala Land ratified and approved the following amendments, as endorsed by the Corporate Governance and Nomination Committee.

1. Article VI of the Articles of Incorporation and Section 2 of Article III of the By-Laws to increase the number of directors from seven (7) to eight (8); and

2. Various sections of the By-Laws to align with the Revised Corporation Code and with recognized good corporate governance practices, and to digitalize certain governance processes.

2021

On January 15, 2021, Ayala Land entered into a Deed of Sale with AREIT, Inc. for the disposition of The 30th Commercial Development for ₱5.1 billion (VAT inclusive). Located along Meralco Avenue in Pasig City, it is a building with a total GLA of 75,000 sqm composed of an office tower and a retail podium.

On February 23, 2021, the Board of Directors of Ayala Land approved the following:

1. The merger of the 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 as the surviving entity. The plan of merger will be submitted for the approval of Ayala Land’s stockholders during the annual meeting scheduled on April 21, 2021.

2. Ayala Land has a 71.1% stake in CHI. ASCVC is Ayala Land’s wholly-owned subsidiary, while AiO is a wholly-owned subsidiary of CHI. CBDI is 55% owned by CHI and 45% owned by ALI. The merger is an internal restructuring as well as a consolidation of Ayala Land’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.

3. The amendment of Ayala Land’s ESOWN Plan to increase the share allocation for ESOWN grants from 2.5% to 3% of the Company’s authorized capital stock. This will be presented to Ayala Land’s stockholders for approval on April 21, 2021.

4. The filing with the Securities and Exchange Commission of a new three (3)-year shelf registration of up to ₱50 billion of debt securities.

5. The raising of up to ₱41 billion through the issuance of retail bonds and/or corporate notes for listing on the PDEx, and/or bilateral term loans for the purpose of refinancing outstanding loans, and to partially finance the Company's general corporate requirements.

6. The declaration of cash dividends of ₱0.1358 per outstanding common share payable on March 25, 2021 to Ayala Land's stockholders of common shares as of record date March 10, 2021.

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%.

Future Plans and Prospects

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

Ayala Land's Principal Strengths

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

Proven Track Record

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

Strong Brand Reputation

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

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

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

Substantial and Strategically Located Landbank

With [approximately 12,192] hectares of landbank across strategic locations in the Philippines as of December 31, 2020, Ayala Land is well positioned to take advantage of the growth prospects in the real estate sector in the Philippines. It is currently present across 57 identified growth centers in the country.

Well-Managed, Highly Capable and Professional Organization

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

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

Sustainable Practices

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

Solid Balance Sheet and Strong Shareholder Base

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

Growth Drivers of the Philippine Economy

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

For the three-year period ended December 31, 2020, Ayala Land has delivered a 3-year average Total Shareholder Return of - 5.3% which is better than the PSEi's -12.5%. Shareholder Return is based on share price appreciation plus dividends paid for the relevant period.

Ayala Land's Business Strategy

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

- *Growth.* The Company will actively strengthen and slowly establish its presence in several identified growth centers across the country to effectively expand its footprint into new geographies. It will also introduce new formats within its existing business models to diversify its portfolio of highly differentiated product offerings and tap into previously unserved markets and consumer segments to broaden its reach.

- *Margin Improvement.* Ayala Land will continue to implement various spend management and cost control measures and pursue operational efficiencies further across the organization, without sacrificing quality and with strict adherence to the principles of sustainability, to bring overall costs down and drive profitability.

- *Capital Efficiency.* The Company will also make more efficient use of resources and capital to improve asset turnover and returns on capital. To this end, Ayala Land will pursue an asset-light approach to development and optimize land use by maximizing synergies within the organization, moving with scale to maximize utilization and value-capture.

- *Organizational Development.* Ayala Land will continue to strengthen its risk management program to effectively contain strategic, operational, financial and supply-chain risks associated with the much increased business activity levels, enhance its internal talent pool and support systems and ensure that these are supportive of the Company's growth objectives.

- *Brand-Building.* The Company will continue to leverage on product differentiation and its distinct value proposition. Moreover, it shall ensure the safety, security, and timely delivery of all projects accompanied by efficient and effective customer service.

Ayala Land's Principal Shareholder

As of December 31, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.44% with the remaining interest owned by the public. Ayala Corporation is one of the Philippines' oldest conglomerates, with businesses in real estate, telecommunications, financial services, telecommunications, water, power, industrial technologies, infrastructure, healthcare and education.

Ayala Land's Principal Executive Offices

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

Risk Factors

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

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

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

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

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth financial and operating information on Ayala Land. Prospective purchasers of the Bonds should read the summary financial data below together with the audited consolidated financial statements, including the notes thereto, presented as Annexes and the *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* section of this Offer Supplement. The summary financial data in the following tables were derived from Ayala Land's audited consolidated financial statements as at December 31, 2020, 2019, 2018 and 2017, and for each of the four (4) years in the period ended December 31, 2020, including the notes thereto, which are included in this Offer Supplement. Amounts presented below have been subject to rounding adjustments to facilitate their presentation. Accordingly, numbers shown for the same item of information may vary and may not precisely reflect the absolute figures or the arithmetic aggregate of their components due to rounding adjustments. Ayala Land's consolidated financial statements as at December 31, 2020, 2019, 2018 and 2017, and for each of the years in the period ended December 31, 2020 were prepared in compliance with PFRS and audited by SGV & Co. in accordance with Philippine Standards on Auditing ("PSA").

	For the years ended December 31			
(in million Pesos, except Earnings Per Share (EPS))	**2020 Audited**	**2019 Audited[1]**	**2018 Audited[2]**	**2017 Audited**
Income Statement Data				
Revenue				
Real estate Sales	85,965	₱157,849	₱155,955	₱133,098
Interest income from real estate sales	8,603	7,891	7,042	5,410
Equity in net earnings of associates and joint ventures	587	966	750	866
	₱95,155	₱166,706	₱163,747	₱139,373
Interest and investment income	395	930	958	675
Other income	723	1,158	1,541	2,249
	1,118	2,088	2,499	2,924
	96,273	168,794	166,246	142,297
Costs and expenses				
Cost of real estate sales	56,673	94,752	101,079	87,921
General and administrative expenses	8,012	9,367	9,101	7,275

Interest and other financing charges	12,746	12,200	9,594	7,914
Other expenses	3,789	1,645	1,270	1,196
	81,219	117,964	121,045	104,306
Income before income tax	15,053	50,830	45,201	37,991
Provision for income tax				
Current	4,688	12,455	13,391	11,960
Deferred	(629)	860	(1,406)	(2,135)
	4,059	13,315	11,984	9,825
Net Income	₱10,994	₱37,515	₱33,217	₱28,166
Net Income attributable to:				
Equity holders of Ayala, Land Inc.	8,727	33,188	29,241	25,305
Non-controlling interests	2,267	4,327	3,976	2,861
Unappropriated retained earnings				
Balance, beginning of year	148,940	124,090	101,976	83,799
Effect of adoption of new accounting standards	-	(617)	359	-
Balances as restated	148,940	123,473	102,335	83,799
Cash dividends				
Common share	(3,945)	(7,659)	(7,424)	(7,066)
Preferred share	(62)	(62)	(62)	(62)
Net Income attributable to equity holders of Ayala Land, Inc.	8,727	33,188	29,241	25,305
Appropriation during the year	-	-	-	-
Balance at end of period	153,661	148,940	124,090	101,976
Basic Earnings per share	₱0.59	₱2.25	₱1.98	₱1.71
Diluted Earnings per share	₱0.59	₱2.25	₱1.98	₱1.71

[1] Ayala Land adopted PFRS 16, Leases using modified retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2018 and 2017 are based on PAS 17, Leases (superseded by PFRS 16). The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented for 2019 and 2020. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 16.

[2]Ayala Land adopted PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the year ended December 31, 2017 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018, 2019, and 2020. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

	As at December 31

(in million Pesos)	2020 Audited	2019[1] Audited	2018[2] Audited	2017 Audited
Selected Balance Sheet Data				
Cash and cash equivalents and other assets [3,4]	₱18,361	₱21,516	₱27,558	₱25,821
Investment properties	222,685	243,043	225,006	200,240
Total assets	721,494	713,923	668,820	573,992
Current portion of long term debt	18,732	17,251	23,265	6,573
Long term debt - net of current portion	184,087	175,813	149,447	150,169
Total liabilities	461,315	471,218	448,599	381,729
Equity attributable to equity holders of				
Ayala Land, Inc.	222,540	211,050	187,300	166,755
Non-controlling interests	37,639	31,656	32,921	25,509
Total equity	₱260,179	₱242,706	₱220,221	₱192,264

[1] Ayala Land adopted PFRS 16, Leases using modified retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the years ended December 31, 2018 and 2017 are based on PAS 17, Leases (superseded by PFRS 16). The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented for 2019 and 2020. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 16.

[2] Ayala Land adopted PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statements of income as at and for the year ended December 31, 2017 are based on PAS 39, Financial Instruments: Recognition and Measurement (superseded by PFRS 9) and PAS 18, Revenue, PAS 11, Construction Contracts and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018, 2019, and 2020. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

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

[4]Includes Cash and Cash Equivalents, Short-term Investments, Investments in UITF classified as FVPL for 2017.

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

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Current ratio [1]	1.62:1	1.30:1	1.26:1	1.30:1
Debt-to-equity ratio [2]	0.81:1	0.87:1	0.85:1	0.91:1
Net debt-to-equity ratio [3]	0.74:1	0.78:1	0.72:1	0.77:1
Return on assets [4]	1.53%	5.43%	5.35%	5.07%
Return on equity [5]	4.03%	16.66%	16.52%	16.09%
Asset to Equity [6]	2.77:1	2.94:1	3.04:1	2.99:1
Interest Rate Coverage [7]	2.96:1	6.27:1	6.09:1	5.98:1

[1] Current assets / current liabilities

[2] *Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*
[3] *Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through FVPL)*
[4] *Total Net income / average total assets*
[5] *Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI*
[6] *Total assets / total stockholders' equity*
[7] *EBITDA / interest expense on short-term and long-term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization.*

Below is the reconciliation of "Net income" to "EBITDA" then to "Interest Coverage Ratio".

	For the years ended December 31			
	2020	**2019**	**2018**	**2017**
(in thousand Pesos, except ratios)				
Net income	**₱10,994,238**	**₱37,515,031**	**₱33,216,589**	**₱28,165,659**
Add:				
Provision for income tax	4,058,973	13,314,643	11,984,440	9,824,981
Interest and other financing charges	12,745,720	12,199,758	9,594,003	7,914,326
Other charges	3,788,771	1,644,982	1,270,281	1,196,076
	31,587,702	64,674,414	56,065,313	47,101,042
Less:				
Interest income from real estate sales and interest and investment income	8,997,476	8,821,417	8,000,314	6,084,995
EBIT	**22,590,226**	**55,852,997**	**48,064,999**	**41,016,047**
Add: Depreciation and amortization	9,572,572	9,058,710	6,318,929	5,179,792
EBITDA	**32,162,798**	**64,911,707**	**54,383,928**	**46,195,839**
Divided by: Interest expense on				
Short-term debt	1,164,767	1,206,577	1,668,340	337,384
Long-term debt	9,705,852	9,153,067	7,259,118	7,393,070
	10,870,619	10,359,644	8,927,458	7,730,454
Interest rate coverage ratio	**2.96:1**	**6.27:1**	**6.09:1**	**5.98:1**
Debt-to-equity ratio	**0.81:1**	**0.87:1**	**0.85:1**	**0.91:1**
Net debt-to-equity ratio	**0.74:1**	**0.78:1**	**0.72:1**	**0.77:1**

Below is the reconciliation of "Debt" to "Debt-to-Equity and Net Debt-to-Equity Ratios"

	For the years ended December 31			
	2020	**2019**	**2018**	**2017**
(in thousand Pesos, except ratios)				
Short-term debt	₱9,131,325	₱18,032,830	₱14,386,717	₱17,644,350
Current portion of long-term debt	18,732,401	17,250,706	23,265,173	6,572,775
Long-term debt – net of current portion	184,087,192	175,813,345	149,446,949	150,168,631
Debt	211,950,918	211,096,881	187,098,839	174,385,756
Equity	260,179,332	242,705,568	220,221,197	192,263,358
Debt-to-equity ratio	**0.81**	**0.87**	**0.85**	**0.91**
Debt	211,950,918	211,096,881	187,098,839	174,385,756
Cash and cash equivalents	(17,037,347)	(20,413,041)	(23,996,570)	(20,998,089)
Short term investments	(358,120)	(617,149)	(3,085,373)	(4,739,734)
Financial assets at FVPL	(965,171)	(485,436)	(476,245)	(540,606)
Net Debt	193,590,280	189,581,255	159,540,651	148,107,327
Equity	260,179,332	242,705,568	220,221,197	192,263,358
Net debt-to-equity ratio	**0.74**	**0.78**	**0.72**	**0.77**

CAPITALIZATION

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

(in ₱ Millions)	As of December 31, 2020 (Audited)	Adjustment	Notes	As adjusted for Issue Amount of ₱10.0 billion (Upon issuance of the Bonds)
Current Liabilities				
Short-term Debt	₱9,131			₱9,131
Accounts and other payables	144,626			144,626
Income tax payable	1,456			1,456
Current portion of long-term debt	18,732			18,732
Deposits and other current liabilities	25,317			25,317
Current Portion of Lease Liabilities	467			467
Total Current Liabilities	**199,729**			**199,729**
Non-current Liabilities				
Long-term debt – net of current portion	184,087	10,000	1	194,087
Pension liabilities	3,021			3,021
Deferred tax liabilities – net	7,149			7,149
Deposits and other non-current liabilities	50,040			50,040
Lease Liabilities Net of Current Portion	17,289			17,289
Total Non-current Liabilities	**261,586**			**271,586**
Total Liabilities	**461,315**			**471,315**
Equity				
Equity attributable to equity holders of Ayala Land, Inc.				
Paid-up capital	62,932			62,932
Retained earnings	161,661			161,661
Stock options outstanding	22			22
Remeasurement loss on defined benefit plans	(818)			(818)
Fair value reserve of financial assets at FVOCI	(748)			(748)
Cumulative translations adjustments	167			167
Equity reserves	585			585

Treasury Stock	(1,261)			(1,261)
Non-controlling interests	37,639			37,639
Total Equity	**260,179**			**260,179**
Total Capitalization	**721,494**		2	**731,494**

Notes:

1. *Reflects Fixed-rate Bond Issue Amount of ₱10.0 billion*
2. *Total Capitalization is the sum of Total Liabilities and Total Equity*

SUMMARY OF THE OFFER

This Offer Supplement and Offer relates to the Bonds with an aggregate principal amount of up to Ten Billion Pesos (₱10,000,000,000). The following summary of the offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offer Supplement. The Bonds form part of Ayala Land's ₱50,000,000,000 Securities Program.

Fixed-rate Retail Bonds

Issuer:	Ayala Land, Inc.
Issue:	Fixed-rate bonds (the "Bonds") constituting the direct, unconditional, unsecured and general obligations of the Issuer
Issue Amount:	Up to Ten Billion Pesos (₱10,000,000,000) in aggregate principal amount
Use of Proceeds:	Net proceeds will be used to refinance any short-term loans that will be drawn to finance the early redemption of the Company's 5.625% per annum ₱8.0 billion fixed-rate bonds due 2025 issued in 2014, and for general corporate requirements as may be determined from time to time, including but not limited to land acquisitions (see "Use of Proceeds").
Joint Lead Underwriters and Bookrunners:	BDO Capital & Investment Corporation; BPI Capital Corporation; China Bank Capital Corporation; East West Banking Corporation; and SB Capital Investment Corporation
Offer Period:	The Offer shall commence at 9:00 a.m. on [•], 2021 and end at 5:00 p.m. on [•], 2021, or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.
Issue Date:	[•], 2021 or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Bookrunners with advice to SEC, PDTC and PDEx.
Maturity Date:	[•], 2025, or four (4) years from the Issue Date provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.
Interest Rate:	Fixed interest rate of [•]% per annum
Issue Price:	Par or 100% of face value
Form and Denomination of the Bonds:	The Bonds shall be issued in scripless form in denominations of ₱50,000 each, as a minimum, and in multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.
Interest Payment Date:	Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears commencing on [•], 2021 for the first Interest Payment Date and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date while the Bonds are outstanding. In the event that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

Final Redemption:	The Bonds shall be redeemed at par or 100% of face value on the Maturity Date.
Call Option	The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding Bonds before the Maturity Date on any one of the Interest Payment Dates indicated below (the "Call Option Dates"), or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

Call Option Dates	Call Option Price
8th Interest Payment Date	101.00%
9th Interest Payment Date	
10th Interest Payment Date	
11th Interest Payment Date	
12th Interest Payment Date	100.50%
13th Interest Payment Date	
14th Interest Payment Date	
15th Interest Payment Date	

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

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

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

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

Redemption for Taxation Reasons:	If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Negative Pledge:	The Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens.
Status of the Bonds:	The Bonds shall constitute the direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank pari passu and ratably without preference among themselves and among any present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law.
Purchase and Cancellation:	The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Bonds pro-rata from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and

	may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Issue Rating:	The Bonds are rated PRS [•] with a [•] Outlook by PhilRatings.
Listing:	The Issuer intends to list the Bonds in the PDEx on the Issue Date.

NET PROCEEDS FROM THE OFFER

The net proceeds from the up to ₱10.0 billion Offer is estimated to be ₱[9.88] billion after deducting expenses related to the Offer. Said expenses are as follows:

	Total
Estimated proceeds from the sale of the Bonds	**₱10,000,000,000.00**
Less:	
SEC Registration and Legal Research Fee	2,525,030.00
Documentary Stamp Tax	75,000,000.00
Underwriting Fee	37,500,000.00
Estimated Professional Expenses and Agency fees	5,000,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	1,000,000.00
Listing Fee	100,000.00
Total Estimated Upfront Expenses	121,125,030.00
Estimated net proceeds to Ayala Land	**₱[9,878,874,970.00]**

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

RISK FACTORS AND OTHER CONSIDERATIONS

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

RISKS ASSOCIATED WITH THE COMPANY

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

As of December 31, 2020, the Philippine Department of Health reported 474,064 cases of novel coronavirus ("COVID-19") nationwide with 9,244 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 1,541 new cases on December 31, 2020. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of OFWs globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the COVID-19 outbreak, the Philippines has imposed community quarantine measures and travel bans on several affected countries, which may have an adverse impact to the Company's ability to operate as efficiently as before COVID-19.

On March 13, 2020, the Office of the President of the Philippines issued a memorandum imposing stringent social distancing measures in the National Capital Region ("NCR") effective March 15, 2020 to contain the spread of COVID-19. Subsequently, Presidential Proclamation No. 929 was issued on March 16, 2020, declaring a State of Calamity throughout the country for a period of six (6) months and at the same time, imposed an enhanced community quarantine ("ECQ") throughout the island of Luzon until April 12, 2020, unless earlier lifted. The ECQ was extended twice, initially up to April 30, 2020 and then until May 15, 2020 for "high risk" areas such as NCR, Regions 3 and 4 in Luzon and Region 7 in the Visayas.

On May 12, 2020, the Philippine government announced that it will ease quarantine measures in most areas of the country, but extended lockdowns in Metro Manila and select provinces until May 31, 2020, which the government termed as "modified" enhanced community quarantine ("MECQ"). The MECQ is the most stringent of a new three-tiered quarantine system wherein areas will be placed under general community quarantine ("GCQ"), while others will be placed under a lighter "modified" general community quarantine ("MGCQ"). In June 1, 2020, Metro Manila was placed under GCQ status. In August 2, 2020, Metro Manila and the provinces of Laguna, Cavite, Rizal and Bulacan were again placed under MECQ effective August 4, 2020 until August 18, 2020. These areas were transitioned back to GCQ after this period. In October 27, 2020, it was announced that NCR will remain under GCQ until November 30, 2020 while most of the country is already under the lighter MGCQ. Metro Manila and other provinces continue to be placed under GCQ until March 2021.

Government quarantine measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the ECQ could adversely impact (a) the completion of Ayala Land's projects as construction is not an activity given priority under the government guidelines, and (b) Ayala Land's ability to collect and generate rental income, which could negatively impact its cash flows. Due to the imposition of an ECQ, foot traffic in malls and occupancies in the Company's hotels have declined. With respect to the Company's malls, only tenants providing essential services, such as pharmacies, food-related outlets and supermarkets, which account for approximately 10% of the gross leasable area, were allowed to remain open. Accordingly, only such establishments have been paying rent during such period. Furthermore, as of December 31, 2020, all hotels owned by the Company are now operating. During the strictest ECQ, these accommodated BPO employees working nearby as well as healthcare professionals. They are also catering to returning overseas Filipinos for quarantine requirements.

As a consequence of COVID-19, sales velocity during the year slowed down resulting in the increased inventory. Nevertheless, with improving demand in the third and fourth quarter, the Company is already prepared to launch ₱100.0 billion worth of projects in 2021 as velocity improves.

However, the risk of reimposition of stricter forms of quarantine measures due to rising COVID-19 cases may have an adverse effect on economic activity in the Philippines, and could materially and adversely affect Ayala Land's business, financial condition and results of operations.

While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines and as the government starts to roll out its COVID-19 vaccination campaign, the Company believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

The Company has taken measures to manage the risks and uncertainties brought about by the outbreak, including adequate support to safeguard the well-being of its employees, ensuring effective work from home set-up such that the organization is able to function through the quarantine period, working alongside other Ayala Group companies towards the rollout of the Ayala Vaccine and Immunization Program for its employees, continued assessment, monitoring and safeguarding of its overall cash and credit position, and close coordination with the vendors for its projects under construction to manage impact of lockdown procedures. The Company allocated ₱2.6 billion in rent condonation for mall merchants throughout the one-and-a-half-month duration of the ECQ. Actual capital expenditures amounted to ₱63.67 billion in 2020, within the revised full-year budget of ₱69.82 billion, as financial sustainability initiatives strengthened the balance sheet with the net debt-to-equity ratio improving to 0.74:1 in FY 2020 from 0.78:1 in FY 2019.The ALI Group has also decided to delay the launch of new projects which were originally scheduled for 2020.

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

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

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

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

Ayala Land faces a highly competitive business environment

Ayala Land is subject to significant competition in each of its principal businesses. Competitive pressure is expected to remain as large property developers focus on the value-conscious middle market. Sustained demand growth is not likely to occur without real improvement in employment and real incomes. However, Ayala Land believes that, at present, there is no single property company that has a significant presence in all sectors of the property market.

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

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

Land, Residential

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

(a) High-end residential

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

Real estate has always been a major investment vehicle for the affluent. However, in a volatile environment, such as the recent financial crisis and the subsequent global economic downturn, the high-end market tends to "wait and see," or they simply choose to place their money in other investment instruments. As of December 31, 2020, Ayala Land Premier's full-year revenues decreased by 39% to ₱15.01 billion from ₱24.45 billion in the same period in 2019 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.

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

(b) Upscale, residential

In the upscale market segment, Alveo registered revenues of ₱8.05 billion in 2020, a decline of 58% from ₱19.00 billion in 2019, 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.

(c) Middle-income residential

Avida generated ₱14.42 billion in revenues in 2020, a 47% decrease from ₱27.36 billion in 2019, 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.

(d) Socialized and Economic Housing

Ayala Land entered the socialized housing segment in 2012 with the launch of Amaia Scapes in Laguna under the Company's subsidiary, Amaia Land Corp., carrying the brand Amaia. This segment is expected to provide a steady end-user demand in the long-term as one-third of the estimated twenty (20) million Filipino households and majority of the almost four (4) million national housing backlog belongs to this segment. As of end-2020, Amaia posted full-year revenues of ₱4.69 billion, a 36% reduction from ₱7.37 billion relating to lower bookings from Skies Cubao Tower 2, Skies Shaw Tower 1, Skies Sta. Mesa and Skies Avenida Tower 1.

In terms of economic housing, Ayala Land formally launched its first socialized housing project in 2012 under the BellaVita brand in Cavite from subsidiary, BellaVita Land Corp. BellaVita recognized revenues of ₱790.65 million in 2020, 34% less than ₱1.20 billion in 2019 because of lower bookings from projects in Cagayan de Oro, Batangas and Laguna.

MCT Bhd. contributed ₱4.85 billion in revenues in 2020, a 28% decline from ₱6.71 billion in 2019 as the inventory of projects in Lakefront and Cybersouth were almost sold-out and construction activities in the second quarter and fourth quarter were limited under Malaysia's movement control order ("MCO"). These factors offset the contribution from projects under Market Homes, its affordable housing segment.

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

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

Office for Sale

With respect to its office rental properties, Ayala Land competes for tenants primarily based on the quality and location of the relevant building, the reputation of the building owner and operator, the quality of support services provided by the property manager, and rental and other charges. Under the current environment, lease rates and occupancy levels are under pressure in the Makati CBD where Ayala Land office buildings are located.

Revenues from the sale of office units dropped by 72% to ₱3.51 billion in 2020 from ₱12.34 billion in 2019, owing to limited inventory and lower incremental completion of remaining projects such as Alveo Financial Tower in Makati CBD, Park Triangle Corporate Plaza, and 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 ₱6.56 billion in 2020 from ₱11.33 billion mainly due to the slower take-up of inventory in Broadfield and limited inventory in Altaraza, Evo City and Nuvali.

Sales reservations by Philippines-based Filipinos declined by 42% and accounted for 74% (valued at ₱60.41 billion) of all reservations, while those by Filipinos based abroad declined by 35%, accounting for 15% (valued at ₱12.61 billion) of the total, due to limited selling activity during the quarantine.

Commercial Leasing

This segment covers the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing declined by 44% to ₱21.86 billion in 2020 from ₱39.31 billion in 2019.

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

Shopping centers

Revenues from shopping centers dropped 59% to ₱9.06 billion in 2020 from ₱22.02 billion in 2019. 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 ₱1.69 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 sqm.

Offices

Revenues from office leasing was sustained at ₱9.41 billion in 2020 from ₱9.67 billion in 2019, on account of continuing BPO and headquarter ("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 sqm with the completion of BGC Corporate Center 2 and Central Bloc Corporate Center 2 in October and December, respectively.

Hotels and Resorts

Although the hotel industry has seen increasing visitor arrivals in the past several years, it is generally subject to the slowdown in business activity due to global financial and local political turmoil and security concerns. Nonetheless, according to the Department of Tourism, 1.5 million foreign tourists visited the Philippines in 2020.

Revenues from hotels and resorts ended 56% lower to ₱3.39 billion in 2020 from ₱7.62 billion in 2019. 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 ₱786.74 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 of 2020 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). Circuit Corporate Residences operates 255 rooms.

El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 132 rooms under its Bed and Breakfast (“B&B”) and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

Services

This is composed mainly of the construction business represented by Makati Development Corporation, property management through Ayala Property Management Corporation, and businesses engaged in power services such as Direct Power Services, Inc. (“DPSI”), Ecozone Power Management, Inc. (“EPMI”), Philippine Integrated Energy Solutions, Inc. (“PhilEnergy”) and AirSWIFT, the airline for the hotels and resorts in Palawan and Sicogon. Total revenues amounted to ₱6.25 billion in 2020, 29% lower than ₱8.85 billion in 2019 due to the restricted construction activity of MDC, lower power consumption of power subsidiary customers during the lockdown and very limited operations of AirSWIFT.

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

Construction

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

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

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

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

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

Net construction revenues totaled ₱3.28 billion in 2020, only 3% lower than ₱3.40 billion in 2019.

Property Management and Others

APMC, power services companies and AirSWIFT registered revenues of ₱2.97 billion in 2020, 46% less than the previous year’s ₱5.45 billion.

Industrial Property Business

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

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

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

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

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

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

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

As of December 31, 2020, Ayala Land's consolidated short-term and long-term debt amounted to an aggregate of ₱211.95 billion, ₱127.85 billion of which were evidenced by public instruments.

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

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

The Securities may be subordinated to other debt

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

Any such debt may, by mandatory provision of law, rank ahead of the Securities in the event of the insolvency or liquidation of Ayala Land. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. However, should any bank or bondholder hereinafter have a preference or priority over the Securities as a result of notarization, then Ayala Land shall at its option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Securities as may be practicable.

Notwithstanding the foregoing, investors are assured of Ayala Land's continuing track record of prudent financial management which has allowed it to be in a net debt-to-equity ratio of 0.74:1 as of December 31, 2020. Thus, in the unlikely event that Ayala Land is dissolved, there will be sufficient assets for disposition that will meet all its debt obligations, whether secured or unsecured.

USE OF PROCEEDS

Following the offer and sale of the Bonds in the aggregate principal amount of up to ₱10.0 billion, ALI expects that the net proceeds of the Offer shall amount to approximately ₱9.88 billion after fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

	Total
Estimated proceeds from the sale of the Bonds	**₱10,000,000,000.00**
Less:	
SEC Registration and Legal Research Fee	2,525,030.00
Documentary Stamp Tax	75,000,000.00
Underwriting Fee	37,500,000.00
Estimated Professional Expenses and Agency fees	5,000,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket expenses	1,000,000.00
Listing Fee	100,000.00
Total Estimated Upfront Expenses	121,125,030.00
Estimated net proceeds to Ayala Land	**₱[9,878,874,970.00]**

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

1. PDEx and PDTC annual listing and registry paying agency maintenance fee of ₱400,000.00;
2. Annual Rating Monitoring and Agency fees of ₱250,000.00 plus VAT; and
3. Annual Trustee fee of ₱200,000.00.

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

Net proceeds amounting to approximately ₱9.88 billion will be used to refinance any short-term loans that will be drawn to finance the early redemption of the Company's 5.625% per annum ₱8.0 billion fixed-rate bonds due 2025 issued in 2014, and for general corporate requirements as may be determined from time to time, including but not limited to the following land acquisitions:

(in billion Pesos)

Land Property	Company	Total Investment	2017	2018	2019	2020	Total Spent To-Date	Balance as at December 31, 2020	Remaining Planned Use in 2021
Laguna Property	Alveo Land, Inc.	2.5	-	-	0.9	0.9	1.8	0.7	0.5
Cavite Property	Alveo Land, Inc.	2.0	-	-	0.7	0.7	1.4	0.6	0.5
Quezon City Property	Avida Land, Corp.	4.1	-	-	-	-	-	4.1	1.0
Total		**8.6**	**-**	**-**	**1.6**	**1.6**	**3.2**	**5.4**	**2.0**

DETERMINATION OF OFFERING PRICE

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

PLAN OF DISTRIBUTION OF THE BONDS

THE BONDS OFFER

On March 5, 2019, Ayala Land filed a Registration Statement with the SEC in connection with the offer and sale to the public and such other manner of offering of fixed-rate bonds as may be applicable under the rules and regulations therefor as promulgated by the SEC of up to an aggregate principal amount of ₱50,000,000,000, to be issued in one or more tranches. The fixed-rate bonds of up to ₱10,000,000,000 covered by this Offer Supplement is the sixth Tranche under the ₱50,000,000,000 Securities Program subject of a Shelf Registration that was authorized by a resolution of the Board of Directors of the Company dated February 27, 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated April 22, 2019 (the "Shelf Registration"). For the first Tranche of the Securities Program with a principal amount of ₱8,000,000,000, the SEC Permit of such bonds was issued on April 22, 2019. The SEC Permit for the second Tranche of the Securities Program with a principal amount of ₱3,000,000,000 was issued on September 13, 2019. The SEC Permit for the third Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on October 18, 2019. The SEC Permit for the fourth Tranche of the Securities Program with a principal amount of ₱10,000,000,000 was issued on June 11, 2020. The SEC Permit covering the fifth Tranche of the Securities Program with a principal amount of ₱6,250,000,000 was issued on September 15, 2020. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the sixth Tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of up to Ten Billion Pesos (₱10,000,000,000).

SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

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

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

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

THE JOINT LEAD UNDERWRITERS AND BOOKRUNNERS OF THE BONDS OFFER

BDO Capital, BPI Capital, China Bank Capital, East West, and SB Capital, pursuant to an Underwriting

Agreement with Ayala Land dated [•], 2021 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters and Bookrunners for the Offer and as such, distribute and sell the Bonds at the Issue Price, and have also committed to underwrite in total up to Ten Billion Pesos (₱10,000,000,000) of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

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

Joint Lead Underwriter and Bookrunner	**Commitment**
BDO Capital	₱ 2,000,000,000
BPI Capital	₱ 2,000,000,000
China Bank Capital	₱ 2,000,000,000
East West	₱ 2,000,000,000
SB Capital	₱ 2,000,000,000
Total	₱ 10,000,000,000

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

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

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

SALE AND DISTRIBUTION

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

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on [•], 2021 and end at 5:00 p.m. on [•], 2021, or on such other dates as the Issuer and the Joint Lead Underwriters and the Bookrunners may agree upon.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Lead Underwriters and Bookrunners properly completed Applications to Purchase, together with two (2) signature cards, and the full payment of the purchase price of the Bonds in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing:

- an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;

- copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership, in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- validly issued tax identification number issued by the BIR;
- identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- such other documents as may be reasonably required by any of the Joint Lead Underwriters and Bookrunners or the Registrar in the implementation of its internal policies regarding “know your customer” and anti-money laundering.

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

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

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

- a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- with respect to tax treaty relief, (a) for the initial interest due, three (3) originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief (“CORTT”) Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and/or three (3) originals of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent interests due, three (3) originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder/Registrar to the Issuer no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto;

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

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

MINIMUM PURCHASE

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

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer and subject to Ayala Land's right of rejection.

REFUNDS

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

UNCLAIMED PAYMENTS

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

PURCHASE AND CANCELLATION

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

SECONDARY MARKET

Ayala Land intends to list the Bonds in the PDEx. Ayala Land may purchase the Bonds at any time in the PDEx trading system without any obligation to make pro-rata purchases of Bonds from all Bondholders. The Bonds shall be traded in denominations of ₱10,000 in the secondary market.

REGISTER OF BONDHOLDERS

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

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

DESCRIPTION OF THE BONDS

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

The issuance of up to Fifty Billion Pesos (₱50,000,000,000) aggregate principal amount of debt and other securities as provided by applicable SEC rules and regulations effective at the time of issuance (the "Securities") to be issued in one or more tranches (each, a "Tranche") (the "Securities Program") was authorized by a resolution of the Board of Directors of Ayala Land, Inc. ("Ayala Land" or "Issuer") dated February 27, 2019. A registration statement filed by the Issuer covering the Securities Program was rendered effective by the Securities and Exchange Commission ("SEC") by its order dated April 22, 2019 (the "Shelf Registration"). The first Tranche of the Securities Program with a principal amount of Eight Billion Pesos (₱8,000,000,000) of fixed-rate bonds was issued on May 6, 2019 under a prospectus dated April 16, 2019. The second Tranche of the Securities Program with a principal amount of Three Billion Pesos (₱3,000,000,000) of fixed-rate bonds was issued on September 30, 2019 under a prospectus dated September 12, 2019 (the "Prospectus") and an offer supplement dated September 12, 2019. The third Tranche of the Securities Program with a principal amount of Ten Billion Pesos (₱10,000,000,000) of fixed-rate bonds was issued on November 06, 2019 under the Prospectus and offer supplement dated October 17, 2019. The fourth Tranche of the Securities Program with a principal amount of Ten Billion Pesos (₱10,000,000,000) of fixed-rate bonds was issued on June 26, 2020 under the Prospectus and offer supplement dated June 10, 2020. The fifth Tranche of the Securities Program with a principal amount of Six Billion and Two Hundred Fifty Million Pesos (₱6,250,000,000) of fixed-rate bonds was issued on September 29, 2020 under the Prospectus and offer supplement dated September 14, 2020. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the sixth Tranche of the Securities Program, which will be in the form of fixed-rate bonds, will be issued with an aggregate principal amount of up to Ten Billion Pesos (₱10,000,000,000) (the "Bonds" or the "Offer") under the Prospectus and the offer supplement dated [•], 2021 (the "Offer Supplement").

The Bonds are constituted by a Trust Indenture executed on **[•]**, 2021 (the "Trust Indenture") between the Issuer and China Banking Corporation – Trust and Asset Management Group (the "Trustee", which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture). The description of the terms and conditions of the Bonds set out below ("Terms and Conditions") includes summaries of, and is subject to, the detailed provisions of the Trust Indenture and the Registry and Paying Agency Agreement executed on **[•]**, 2021 (the "Registry and Paying Agency Agreement") between the Issuer, and the Registrar and Paying Agent.

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

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

1. Form, Denomination and Title

(a) Form and Denomination

The Bonds are in scripless form, and shall be issued, in denominations of Fifty Thousand Pesos (₱50,000) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.

(b) Title

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

(c) Fixed-rate Bond Rating

The Bonds have been rated PRS [•] with a [•] Outlook by Philippine Rating Services Corporation ("PhilRatings") on [•], 2021. Obligations rated PRS [•] are of the [•] quality with [•] credit risk. In coming up with the rating, PhilRatings considered the following factors: [•].

PhilRatings shall continuously monitor developments relating to Ayala Land and may change the ratings at any time, should circumstances warrant a change. The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

2. Transfer of the Bonds

(a) Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. As required by Circular No. 428, Series of 2004 issued by the *Bangko Sentral ng Pilipinas,* the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system (at the cost of the Issuer). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfers of the Bonds may be made during the period commencing on a Record Date as defined in the section on "*Interest Payment Date*."

(b) Transfers; Tax Status

Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax on the Philippine Dealing & Exchange Corp. ("PDEx") Trading System, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented. Transfers taking place in the Register of Bondholders after the Bonds are listed in PDEx may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when allowed under and are in accordance with the relevant rules, conventions and guidelines of

PDEx and PDTC. Transfers to or from Bondholders claiming the benefit of any tax treaty which subjects the interest income to a final withholding tax rate other than the final withholding tax categories indicated above shall only be allowed on Interest Payment Dates that fall on a Business Day.

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

(c) Registrar

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

Philippine Depository & Trust Corp.
29th Floor BDO Equitable Tower
Paseo de Roxas, Makati City, Metro Manila

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

(d) Secondary Trading of the Bonds

The Issuer intends to list the Bonds in PDEx for secondary market trading. The Bonds will be traded in a minimum board lot size of Ten Thousand Pesos (₱10,000) as a minimum, and in multiples of Ten Thousand Pesos (₱10,000) in excess thereof for as long as any of the Bonds are listed on PDEx. Secondary market trading in PDEx shall follow the applicable PDEx rules, conventions, and guidelines governing trading and settlement between Bondholders of different tax status and shall be subject to the relevant fees of PDEx and PDTC, all of which shall be for the account of the relevant Bondholder.

3. Ranking

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

4. Interest

(a) Interest Payment Dates

The Bonds bear interest on its principal amount from and including the Issue Date at the fixed rate of [•]% per annum from the Issue Date, payable quarterly in arrear on [•], [•], [•] and [•] of each year while the Bonds are outstanding (each of which, for purposes of this section is an "Interest Payment Date") commencing on [•], 2021. In the event that any of such Interest Payment Dates are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be the day two (2) Business Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the

Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) Interest Accrual

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

(c) Determination of Interest Amount

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

5. Call Option

(a) Call Option

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

Call Option Dates	Call Option Price
8th Interest Payment Date	101.00%
9th Interest Payment Date	
10th Interest Payment Date	
11th Interest Payment Date	
12th Interest Payment Date	100.50%
13th Interest Payment Date	
14th Interest Payment Date	
15th Interest Payment Date	

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

(b) Exercise of a Call Option

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

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

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

6. Redemption and Purchase

(a) Final Redemption

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

(b) Redemption for Taxation Reasons

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

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

(c) Purchase and Cancellation

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

(d) Change in Law or Circumstance

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

(i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.

(ii) Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.

(iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

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

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

7. Payments

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

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

8. Payment of Additional Amounts; Taxation

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

(a) The applicable final withholding tax applicable on interest earned on the Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations promulgated by the BIR as may be in effect from time to time (the "Tax Code"). An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), addressed to the Bondholder, confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and certified by the Corporate Secretary of the Bondholder as being a true copy of the original on file with the Bondholder, which notarized certification indicates that: (a) the exemption certificate is a true copy of the original; (b) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (c) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity; (ii) with respect to tax treaty relief, (a) for the initial interest due, three (3) originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("CORTT") Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and/or three (3) originals of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines to support the applicability of a tax treaty relief; and (b) for subsequent interests due, three (3) originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder/Registrar to the Issuer no later than the 1st day of the month when such subsequent interest payment/s shall fall due, including, if applicable, any clarification, supplement or amendment thereto; (iii) a duly notarized undertaking (substantially in the prescribed form by Ayala Land) declaring and warranting that the same Bondholder named in the tax exemption certificate described in (a) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation or modification of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include a copy of the duly accomplished CORTT Form and shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

(b) Gross Receipts Tax under Section 121 of the Tax Code;

(c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and

(d) Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, as amended by Republic Act No. 9337 and Republic Act No. 10963.

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

9. Financial Ratios

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

10. Negative Pledge

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

Bondholders with a Security, the benefit of which is extended equally and ratably among them to secure the Bonds; provided however that, this restriction shall not prohibit “Permitted Securities,” which are:

(a) Any Security over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset.

(b) Any Security constituted for any obligation or credit facility incurred for the purpose of pursuing any infrastructure project or investment therein, whether such infrastructure project is undertaken by the Issuer itself, by its Affiliates, and/or by the Issuer or its Affiliates with third parties, and whether the same is carried on separately from or integrated with any of the real estate development of the Issuer, or any Security constituted by the Issuer on its right to receive income or revenues (whether in the form of dividends or otherwise) from infrastructure projects or related investments therein.

(c) Any Security created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.

(d) Any Security to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.

(e) Any Security: (i) imposed by law, such as carrier’s, warehousemen’s, mechanics’ liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen’s compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.

(f) Any Security in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding Five Billion Pesos (₱5,000,000,000).

(g) Any Security existing on the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture.

(h) Any Security established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the BSP on loans and financial accommodations extended to directors, officers, stockholders and related interests (“DOSRI”).

(i) Any Security constituted for the purpose of guaranteeing an Affiliate’s obligation in connection with any contract or agreement that has been assigned to such Affiliate by the Issuer.

(j) The assignment, transfer or conveyance of the Issuer's right to receive any of its income or revenues from receivables arising out of the sale of property held for sale by the Issuer in the ordinary course of business (the "Project Receivables").

(k) The assignment, transfer or conveyance of the right of the Issuer to receive any income or revenues other than from Project Receivables; provided that, the constitution by the Issuer of such Security shall not cause the Issuer to exceed the ratio of the amount of indebtedness of the Issuer secured by any lien constituted pursuant to this subparagraph (k) to the noncurrent assets of the Issuer (as computed in accordance with Philippine Financial Reporting Standards and based on the most recent audited financial statements of the Issuer) which ratio shall not be more than 0.5:1.0.

(l) Any Security to be constituted on the assets of the Issuer after the date of the Trust Indenture which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Indenture or any Security for an aggregate loan accommodation not exceeding the equivalent of ten percent (10%) of the market value of the consolidated assets of the Issuer as reflected in the latest appraisal report submitted by an independent and reputable appraiser.

(m) Any Security constituted over the investment of the Issuer in any of its Affiliates, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Affiliates.

(n) Any Security constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement (other than for borrowed money).

(o) Any title transfer or retention of title arrangement entered into by the Issuer in the normal course of its trading activities on the counterparty's standard or usual terms.

(p) Any Security created over (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purpose of securing loan facilities denominated in Philippine Pesos granted by the Issuer in an aggregate principal amount not exceeding the amount of the deposit of the face amount (or value) of that financial instrument.

(q) Any Security created over cash deposits or marketable investment securities in favor of a bank or financial institution to secure any borrowed money in connection with a treasury transaction; provided that, the aggregate amount of security does not at any time exceed Thirty Million U.S. Dollars (US$30,000,000) or its equivalent. For this purpose, a "treasury transaction" means any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer's treasury management;

(r) The assignment, transfer or conveyance by way of Security (in any case without recourse) of the Issuer's right to receive any income or revenues from any asset of the Issuer not used in the ordinary course of business; provided that, the constitution by the Issuer of such Security shall not cause the Issuer to breach the Debt to Equity Ratio.

11. Events of Default

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

(a) Payment Default

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

(b) Representation/Warranty Default

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

(c) Other Default

The Issuer fails to perform or violates any other provision or term of the Trust Indenture and the Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation with respect to the covenant to maintain the prescribed financial ratio, (particularly a maximum Debt to Equity Ratio of 3.0:1.0) and within ten (10) Business Days from the date of the occurrence of said violation, with respect to any other covenant or obligation; provided that, the Events of Default constituting insolvency initiated by the Issuer or closure default, or a violation of a negative covenant shall not be remediable.

(d) Cross Default

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

(e) Insolvency Default

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

(f) Judgment Default

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

(g) Writ and Similar Process Default

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

(h) Closure Default

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

12. Notice of Default

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

13. Consequences of Default

(a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee, upon the written instruction of the Majority Bondholders, whose written instructions/consents/letters shall be verified by the Registrar against the identification documents or the two-dimensional digital copies thereof in its possession, and by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, with a copy furnished to the Paying Agent and Registrar, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Bonds to the contrary notwithstanding.

(b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders may, by written notice to the Issuer and the Trustee, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to Condition 13(a), and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

(c) At any time after any Event of Default shall have occurred, the Trustee may:

(i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:

(aa) act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or

(bb) deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and

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

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

14. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, net of applicable withholding taxes, or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay penalty interest on the defaulted amount(s) at the rate of twelve percent (12%) per annum (the "Penalty Interest") from the time the amount falls due until it is fully paid.

15. Payment in the Event of Default

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

16. Application of Payments

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

17. Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

18. Remedies

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

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

19. Ability to File Suit

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

20. Waiver of Default by the Bondholders

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

21. Trustee; Notices

(a) Notice to the Trustee

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

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

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

Any requests for documentation or certification and other similar matters must be communicated by the Bondholder to the Trustee in writing and shall be subject to review, acceptance and approval by the Trustee. Upon such acceptance and approval, the Bondholder shall pay to the Trustee upfront a fee of One Thousand Five Hundred Pesos (₱1,500) (the “Activity Fee”) plus the costs of legal review, courier and the like. The Activity Fee may be adjusted from time to time, at the discretion of the Trustee.

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

(b) Notice to the Bondholders

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

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

(c) Binding and Conclusive Nature

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

22. Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture. The Trustee shall, in accordance with the terms and conditions of the Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

(b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture and in the Terms and Conditions of the Bonds. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Indenture, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.

(c) None of the provisions contained in these Terms and Conditions, the Prospectus, or the Offer Supplement shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(d) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Indenture and in the Terms and Conditions of the Bonds, with the care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.

(e) Unless a fixed period is otherwise specified in the Trust Indenture and in the absence of a period specifically agreed to by the Trustee and Ayala Land and in the case of notices required to be sent by the Trustee to Bondholders, the Trustee must act promptly in the sending of such notices but in any case shall have a period of not more than thirty (30) days to complete the sending of all such notices in the manner allowed by the Trust Indenture.

(f) Notwithstanding the above, the Trustee, on its own discretion, may send notices or disclose to the Bondholders any fact, circumstance or event, which would have the effect of effectively reducing the principal amount of the Bonds outstanding, including changes in Laws.

23. Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Bondholders of such resignation.

(b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning trustee and one copy to the successor trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder for at least six (6) months (the "Bona Fide Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

(c) Subject to Section (f) below, a successor trustee must possess all the qualifications required under pertinent laws.

(d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

(e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions. Unless removed for cause, the Trustee shall be given ninety (90) days to prepare documents, records or any other instruments necessary to be transferred to the successor trustee.

(f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date"); provided however that, until such successor trustee is qualified and appointed, the outgoing Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor trustee promptly upon the appointment thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

24. Successor Trustee

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

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

25. Reports to the Bondholders

(a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

(i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and

(ii) any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

(b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

(c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

(i) Trust Indenture;
(ii) Registry and Paying Agency Agreement;
(iii) Articles of Incorporation and By-Laws of the Issuer;
(iv) Registration Statement of the Issuer with respect to the Bonds; and
(v) Opinions of the legal counsel with respect to the Issuer and the Bonds.

26. Meetings of the Bondholders

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

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

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

(c) Quorum

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

(d) Procedure for Meetings

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

(f) Voting Requirement

Except as provided in Condition 29 (Amendments), all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Issuer as if the votes were unanimous.

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

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

27. Evidence Supporting the Action of the Bondholders

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

28. Non-Reliance

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

29. Amendments

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

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

(a) reduce the percentage of principal amount of Bonds outstanding that must consent to an amendment or waiver;

(b) reduce the rate of or extend the time for payment of interest on the Bonds;

(c) reduce the principal of or extend the Maturity Date of the Bonds;

(d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder’s Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;

(e) reduce the amount payable upon the redemption or repurchase of the Bonds under the Terms and Conditions or change the time at which the Bonds may be redeemed;

(f) make the Bonds payable in money other than that stated in the Bonds;

(g) subordinate the Bonds to any other obligation of Ayala Land;

(h) release any security interest that may have been granted in favor of the Bondholders;

(i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or

(j) make any change or waiver of this Condition 29.

It shall not be necessary for the consent of the Bondholders under this Condition 29 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the paragraph entitled "Notice to the Bondholders."

30. Governing Law

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

31. Venue

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

32. Waiver of Preference

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

33. Certain Defined Terms

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

Affiliate means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.

Bankruptcy means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.

BIR refers to the Bureau of Internal Revenue of the Republic of the Philippines.

Current Liabilities means the aggregate (as of the relevant date of calculation) of all liabilities of the Issuer falling due on demand or within one (1) year, including that portion of Long Term Debt which falls due within one (1) year (but excluding the current portion of any provision for estimated liability for land and property development) and such other liabilities as would be determined as such under the Philippine Financial Reporting Standards.

Debt to Equity Ratio means the ratio which Total Liabilities bears to Total Stockholders' Equity net of unrealized gain.

Long Term Debt means the aggregate (as of the relevant date of calculation) of all those component parts of the liabilities of the Issuer which fall due or whose final payment is due on a date more than one (1) year after the relevant date for calculation, exclusive of reserve for land development and deferred credits, i.e., unearned income and/or unrealized gains.

Majority Bondholders means Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds.

Security means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or its Affiliates' obligation.

Total Liabilities means the aggregate (as of the relevant date for calculation) of Current Liabilities and Long-Term Debt.

Total Stockholders' Equity means the aggregate (as of the relevant date for calculation) of the par value of the outstanding common stock, preferred stock, capital surplus, retained earnings appraisal surplus arising from past appraisal and any further appraisal surplus arising from subsequent independent certified appraisal of the property, plant and equipment of the Issuer effected in compliance with the Philippine Financial Reporting Standards, and any reserve for expansion projects, less treasury stocks.

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

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

INDEPENDENT AUDITORS

SyCip, Gorres, Velayo & Co. (“SGV & Co.”), independent auditors and a member firm of Ernst & Young Global Limited audited Ayala Land, Inc. and Subsidiaries’ annual consolidated financial statements as at December 31, 2020, 2019, 2018, and 2017, and for each of the four (4) years in the period ended December 31, 2020 as included in this Offer Supplement.

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

a. Audit and Audit-Related Fees

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

Year	Audit & Audit-related Fees	Tax Fees	Other Fees
2020	30.90*	-	11.68**
2019	31.04*	-	10.74**

** Pertains to audit fees; no fees for other assurance and related services*
***SGV & Co. fees for the validation of stockholders’ votes during annual stockholders’ meetings and other assurance fees*

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

b. Tax Fees

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

CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS

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

DESCRIPTION OF BUSINESS

Overview

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

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

As of December 31, 2020, Ayala Corporation's effective ownership in Ayala Land is 44.44% with the remainder owned by the public. Ayala Land is listed with a total of 14,730,395,599 outstanding common shares and 13,066,494,759 outstanding voting preferred shares. Foreign equity ownership is 21.62% composed of 5,402,942,292 outstanding common shares and 607,264,635 voting preferred shares as of December 31, 2020. As of December 31, 2020, equity attributable to equity holders of Ayala Land amounted to ₱222.5 billion. Ayala Land has a total market capitalization of ₱602.5 billion based on the closing price of ₱40.90 per common share on December 29, 2020, the last trading day of the said month.

Ayala Land's Businesses

Ayala Land is the largest and most diversified real estate conglomerate in the Philippines. It is engaged in land acquisition, planning, and development of large scale, integrated, mixed-use, and sustainable estates, industrial estates, development and sale of residential and office condominiums, house and lots, and commercial and industrial lots, development and lease of shopping centers and offices, co-working spaces, and standard factory buildings and warehouses, and the development, management, and operation of hotels and resorts and co-living spaces. The Company is also engaged in construction, property management, retail electricity supply and airline services. It also has investments in AyalaLand Logistics Holdings Corp., Cebu Holdings, Inc., Ortigas Land Corp., MCT Bhd., Qualimed and Merkado Supermarket. Ayala Land has 29 estates, is present in 57 growth centers nationwide and has a total landbank of [approximately 12,192] hectares as of December 31, 2020.

Property Development

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

Commercial Leasing

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

Hotels and Resorts

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

Services

Services include construction, property management, retail electricity supply and airline services. Construction of Ayala Land and third-party projects and land development is done through Makati Development Corporation. Property Management is done through Ayala Property Management Corporation. Retail electricity supply is done through Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy). Airline service is done through AirSWIFT for Ayala Land's tourism estates in Lio, Palawan and Sicogon Island resort through its fleet of four (4) modern turbo-prop aircrafts.

Strategic Investments

Ayala Land's strategic investments include AyalaLand Logistics Holdings Corp. (71.68%) Cebu Holdings, Inc. (71.13%), MCT Bhd., (66.3%), Merkado Supermarket (50.0%), Qualimed (33.0%) and OCLP Holdings, Inc. (21.01%).

Recent Updates

Property Development

In recent years, overall growth of the residential market has been strong largely as a result of a huge housing backlog of 3.9 million units and affordable mortgage loans. On the international front, the continued growth of OFW remittances has injected new demand into the residential market. In response to these opportunities, Ayala Land will continue to grow its residential business line, which accounted for 59.3%, 60.8%, 55.0% and 58.3% of consolidated revenues (which includes real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income) as of December 2017, December 31, 2018, December 31, 2019, and December 31, 2020, respectively. A robust project pipeline will enable the Company to expand its product offerings in existing areas and accelerate geographic expansion, aided by strategic landbanking and mixed-use development and project management projects.

International Sales accounted for 26% of total sales for the period ended December 31, 2020. Aside from the expansion of sales efforts into other US states, Ayala Land is also looking at increasing its penetration in other markets such as Europe, the Middle East, and other fast growing markets like Singapore, China and Australia.

Contributions to Revenue

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

	Dec 2020	**Dec 2019**	**Dec 2018**	**Dec 2017**
Revenues				
Domestic	90,342,858	160,143,686	156,142,062	139,131,909
Foreign	4,811,872	6,561,646	7,604,756	241,432
Net operating income				
Domestic	30,342,384	61,357,618	52,436,826	43,071,498
Foreign	127,350	1,228,417	1,129,534	(90,142)
Net Income Attributable to Equity Holders of ALI				

Domestic	9,112,272	32,321,166	28,283,472	25,321,099
Foreign	(385,117)	867,233	957,408	(16,134)
Total Assets				
Domestic	685,707,254	678,162,085	636,521,219	564,182,334
Foreign	35,787,120	35,761,193	32,299,263	9,810,000

Capital Expenditures (Consolidated)

Capital expenditures reached ₱63.67 billion for the full-year 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 and 3% for other investments. The full year capital expenditure estimate was reduced to ₱69.82 billion from the original estimate of ₱110.00 billion.

Subsidiaries, Associates and Joint Ventures

As of December 31, 2020, there are several companies which are either subsidiaries or associates and joint ventures of Ayala Land. Certain details and the percentage of ownership held by Ayala Land of each of these companies are described below:

<u>*Subsidiaries*</u>

	Date of Incorporation	**Effective Ownership (%)***
Real Estate:		
Alveo Land Corporation (Alveo)	September 29, 1995	100
Serendra, Inc.	June 7, 1994	39
Solinea, Inc. (Solinea)	April 2, 2007	65
BGSouth Properties, Inc. (BGS)	August 10, 2011	50
Portico Land Corp. (Portico)	October 2, 2013	60
Serendra, Inc.	June 7, 1994	28
Amorsedia Development Corporation (ADC)	March 6, 1996	100
OLC Development Corporation and Subsidiary	June 28, 1996	100
HLC Development Corporation	June 28, 1996	100
Allysonia International Ltd.	February 18, 2000	100
Avida Land Corporation (Avida)	October 30, 1990	100
Buklod Bahayan Realty and Development Corp.	November 5, 1996	100
Avida Sales Corp. and Subsidiaries	December 22, 2004	100
Amicassa Process Solutions, Inc.	June 2, 2008	100
Avencosouth Corp. (Avencosouth)	April 26, 2012	70
BGNorth Properties, Inc. (BGN)	August 5, 2011	50
Amaia Land Co. (Amaia)	May 29, 2000	100
Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	65
AyalaLand Premier, Inc.	July 7, 2017	100
Ayala Land International Sales, Inc. (ALISI)	March 29, 2005	100
Ayala Land International Marketing, Inc. (AIMI)	February 28, 2012	100
Ayala Land International (Singapore) Pte. Ltd	July 4, 2013	100
Ayala Land International Marketing (Hong Kong) Ltd	November 20, 2013	100
Ayala Land International Marketing, SRL	April 9, 2014	100
Ayala Land International Marketing, London	December 10, 2014	100
Ayala Land Sales, Inc.	March 6, 2002	100
Southportal Properties, Inc. (Southportal)	December 1, 2014	65
Buendia Landholdings, Inc.	October 27, 1995	100

Crans Montana Holdings, Inc.	December 28, 2004	100
Crimson Field Enterprises, Inc.	October 26, 1995	100
Ecoholdings Company, Inc. (ECI)	September 25, 2008	100
NorthBeacon Commercial Corporation (NBCC)	August 13, 1970	100
Red Creek Properties, Inc.	October 17, 1994	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	March 28, 2003	100
North Eastern Commercial Corp. (formerly Asterion Technopod, Incorporated (ATI))	July 8, 2008	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	July 8, 2008	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.) (formerly Gisborne Property Holdings, Inc.)	August 24, 2007	100
Hillsford Property Corporation (HPC)	August 24, 2007	100
Primavera Towncentre, Inc. (PTI)	December 18, 2009	100
Summerhill E-Office Corporation (Summerhill)	July 7, 2008	100
Sunnyfield E-Office Corporation (Sunnyfield)	July 7, 2008	100
Subic Bay Town Centre, Inc.	March 9, 2010	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	May 12, 2010	100
AyalaLand Real Estate Investments, Inc.	February 4, 2013	100
AyalaLand Advisory Broadway, Inc.	February 4, 2013	100
AyalaLand Development (Canada), Inc.	February 15, 2013	100
AyalaLand OpenAsia Holdings PTE, Limited	July 6, 2012	100
Blue Horizons Holdings PTE, Limited	September 20, 2013	100
Modular Construction Technology (MCT) Bhd.	April 6, 2015	66
AREIT, Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	September 30, 2010	100
Arvo Commercial Corporation (Arvo)	June 23, 2011	100
BellaVita Land Corporation (BellaVita)	March 21, 1995	100
Nuevo Centro, Inc. (Nuevo Centro)	April 15, 2011	54
Alviera Country Club, Inc. (Alviera)	July 9, 2014	50
Cavite Commercial Town Center, Inc.	July 31, 2009	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	September 4, 2006	54
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	July 26, 2006	100
First Gateway Real Estate Corp.	September 4, 2006	100
Glensworth Development, Inc. (Glensworth)	August 23, 2007	100
UP North Property Holdings, Inc.	March 26, 2007	100
ALO Prime Realty Corporation	April 23, 2008	100
Makati Cornerstone Leasing Corp. (MCLC)	June 5, 2017	100
Arca South Commercial Ventures Corp.	November 16, 2017	100
Capitol Central Commercial Ventures Corp.	December 4, 2017	100
Bay City Commercial Venture Corp. (BCCVC)	November 3, 2017	100
Aurora Properties Incorporated	December 3, 1992	81
Soltea Commercial Corp.	June 13, 2013	16
Vesta Property Holdings, Inc.	October 22,1993	78
Altaraza Prime Realty Corporation	March 9, 2016	100
Altaraza Development Corporation	May 27, 2020	51
Prow Holdings, Inc.	May 24, 2013	55
Station Square East Commercial Corporation (SSECC)	March 17, 1989	69
AREIT Property Managers, Inc. (formerly Next Urban Alliance Development Corp.)	May 4, 2015	100
Accendo Commercial Corp. (Accendo)	December 17, 2007	67
Avencosouth Corp.	April 26, 2012	20
Aviana Development Corporation	September 17,	7

	2013	
Aviana Development Corporation	September 17, 2013	50
Cagayan de Oro Gateway Corp. (CDOGC)	March 3, 2010	70
Ceci Realty, Inc. (Ceci)	August 22, 1974	60
Soltea Commercial Corp.	June 13, 2013	12
Soltea Commercial Corp.	June 13, 2013	60
CMPI Holdings, Inc.	May 30, 1997	60
CMPI Land, Inc.	March 27, 1998	36
ALI-CII Development Corporation (ALI-CII)	August 6, 1997	50
Roxas Land Corporation (RLC)	March 18, 1996	50
Adauge Commercial Corporation (Adauge)	September 5, 2012	60
Ayalaland Estates, Inc. (formerly Southgateway Development Corp. (SDC))	October 19, 2012	100
Ayalaland MetroNorth, Inc. (AMNI)	November 29, 2012	100
Verde Golf Development Corporation	August 8, 2013	100
North Triangle Depot Commercial Corporation (NTDCC)	March 20, 2001	73
BGWest Properties, Inc. (BGW)	August 5, 2011	50
Lagdigan Land Corp. (Lagdigan)	March 17, 2014	60
Central Block Developers, Inc. (CBDI)	July 28, 2015	45
Central Bloc Hotel Ventures, Inc.	October 28, 2019	45
Cebu Holdings, Inc. (CHI)	December 9, 1988	71
Cebu Leisure Company, Inc.	January 31, 1994	71
CBP Theatre Management, Inc.	February 1, 1994	71
Taft Punta Engaño Property, Inc. (TPEPI)	September 8, 2011	39
Cebu Insular Hotel Company, Inc. (CIHCI)	April 6, 1995	26
Solinea, Inc.	April 2, 2007	25
Amaia Southern Properties, Inc. (ASPI)	February 12, 2013	25
Southportal Properties, Inc. (Southportal)	December 1, 2014	25
Central Block Developers, Inc. (CBDI)	July 28, 2015	39
Central Block Hotel Ventures	October 28, 2019	39
Asian I-Office Properties, Inc. (AIOPI)	September 24, 2007	71
Alabang Commercial Corporation (ACC)	June 28, 1978	50
South Innovative Theater Management (SITMI)	February 2, 2001	50
ALI Commercial Center, Inc.	October 13, 2014	100
AMC Japan Concepts, Inc.	November 15, 2018	75
AyalaLand Logistics Holdings Corp. (formerly Prime Orion Philippines Inc.)	May 19, 1989	71
FLT Prime Insurance Corporation	February 22, 1977	56
Orion Solutions, Inc.	October 12, 1994	71
Orion I Holdings Philippines, Inc.	March 9, 1993	71
OE Holdings, Inc.	August 6, 1993	71
Orion Land, Inc.	April 22, 1996	71
Lepanto Ceramics, Inc.	March 26, 1990	71
Laguna Technopark, Inc. (LTI)	November 15, 1990	68
Ecozone Power Management, Inc.	August 20, 2010	68
Unity Realty & Development Corp.	April 11, 1997	71
Ayalaland Malls Synergies, Inc.	June 1, 2016	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	February 19, 2013	100
Ayalaland Malls Vismin, Inc.	October 15, 2015	100
Ayalaland Malls Northeast, Inc.	October 15, 2015	100
Construction:		
Makati Development Corporation (MDC)	August 15, 1974	100
MDC Subic, Inc.	June 28, 2010	100
MDC Build Plus, Inc.	October 17, 2011	100
MDC Conqrete, Inc. (MCI)	August 12, 2013	100
MDC Equipment Solutions, Inc. (MESI)	September 16,	100

	2013	
MDBI Construction Corp. (formerly MDC Triangle, Inc.)	March 1, 2017	67
Hotels		
Ayala Hotels, Inc. (AHI)	April 11, 1991	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	September 21, 2010	100
ALI Makati Hotels & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	January 30, 2007	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	August 13, 2007	80
Asian Conservation Company Limited and Subsidiary	March 22, 2001	100
Enjay Hotels, Inc. (Enjay)	July 12, 1990	100
Greenhaven Property Ventures, Inc. (GPVI)	July 9, 2008	100
Cebu Insular Hotel Company, Inc. (CIHCI)	April 6, 1995	63
Bonifacio Hotel Ventures, Inc.	October 13, 2010	100
Southcrest Hotel Ventures, Inc.	October 18, 2010	67
Northgate Hotel Ventures, Inc.	October 18, 2010	70
North Triangle Hotel Ventures, Inc.	October 18, 2010	100
Ecosouth Hotel Ventures, Inc.	May 19, 2011	100
Sentera Hotel Ventures, Inc.	June 19, 2014	100
Econorth Resorts Ventures, Inc.	October 8, 2014	100
ALI Triangle Hotel Ventures, Inc.	March 4, 2014	100
Circuit Makati Hotel Ventures, Inc.	October 20, 2014	100
Capitol Central Hotel Ventures, Inc.	October 20, 2014	100
Arcasouth Hotel Ventures, Inc.	October 17, 2014	100
Sicogon Town Hotel, Inc.	September 29, 2015	100
Bay Area Hotel Ventures, Inc.	September 6, 2017	100
Makati North Hotel Ventures, Inc. (MNHVI)	October 10, 2017	100
One Makati Hotel Ventures, Inc. (OMHVI)	September 28, 2017	100
Sicogon Island Tourism Estate, Corp.	July 8, 2015	100
Asiatown Hotel Ventures, Inc.	December 17, 2018	100
One Makati Residential Ventures, Inc.	September 12, 2018	100
ALI Makati Hotels & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	January 30, 2007	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	August 13, 2007	20
Ten Knots Phils., Inc. (TKPI)	November 22, 1979	60
Bacuit Bay Development Corporation	April 28, 1997	60
Lio Resort Ventures, Inc.	October 27, 2015	60
North Liberty Resort Ventures, Inc.	October 27, 2015	60
Paragua Eco-Resort Ventures, Inc.	October 27, 2015	60
Lio Tourism Estate Management Corp.	October 10, 2016	60
Ten Knots Development Corp. (TKDC)	August 22, 1992	60
Chirica Resorts Corp.	September 25, 2009	60
Kingfisher Capital Resources Corp.	August 20, 2002	60
Pangulasian Island Resort Corporation	September 18, 2015	60
Integrated Eco-resort Inc.	May 27, 2015	100
Property Management:		
Ayala Property Management Corporation (APMC)	July 25, 1951 (Extended for another term of 50 years as approved on October 13, 2003)	100
Prime Support Services, Inc.	October 14, 2015	100

Ayala Theatres Management, Inc. and Subsidiaries	August 10, 1984	100
DirectPower Services, Inc. (DirectPower)	September 14, 2011	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	September 21, 2010	100
Entertainment:		
Five Star Cinema, Inc.	December 18, 2000	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	October 10, 1997	50
Others		
ALInet.com, Inc. (ALInet)	May 5, 2000	100
First Longfield Investments Limited (First Longfield)	October 23, 2006	100
Green Horizons Holdings Limited	October 25, 2006	100
Horizon Wealth Holding Ltd.	March 28, 2018	100
Aprisa Business Process Solutions, Inc. (Aprisa)	September 21, 2010	100
AyalaLand Club Management, Inc.	December 26, 2011	100
ALI Capital Corp. (formerly Varejo Corp.)	June 25, 2012	100
Airswift Transport Inc. (formerly Island Transvoyager, Inc.)	October 2, 2002	100
Swift Aerodrome Services, Inc.	January 20, 2020	100
Arca South Integrated Terminal, Inc.	November 27, 2015	100
Whiteknight Holdings, Inc. (WHI)	May 14, 2013	100
Ayalaland Medical Facilities Leasing Inc.	April 13, 2015	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)**	March 28, 2005	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)**	September 21, 2010	76

Joint Ventures

	Date of Incorporation	**Effective Ownership (%)***
Emerging City Holdings, Inc. (ECHI)	September 29, 1995	50
ALI-ETON Property Development Corporation (ALI ETON)	March 13, 2016	50
AKL Properties, Inc. (AKL)	May 28, 2018	50
Berkshires Holdings, Inc. (BHI)	December 4, 2002	50
Cebu District Property Enterprise, Inc. (CDPEI)	February 20, 2014	35
Alveo-Federal Land Communities, Inc.	June 16, 2015	50
AyaGold Retailers, Inc. (AyaGold)	October 2, 2013	50
BYMCW, Inc.	August 2, 2017	30
SIAL Specialty Retailers, Inc. (SIAL Specialty)	September 27, 2012	50

In October 2020, South Coast City, a 26-hectare development in partnership between Ayala Land, its listed subsidiary, Cebu Holdings, Inc. and SM Prime Holdings was launched. It is a waterside mixed-use estate envisioned to be the Entertainment Capital of the Visayas region. It will be anchored by an Arena, Convention Center, and a one (1)-hectare park, a 2.7-hectare commercial center and other mixed-use facilities.

Located along Cebu South Coastal Road in South Road Properties and fronting the Cebu Strait, the development will enjoy waterside views and features. A pedestrian network will link the main areas of the development, which will feature District Square, a progressive commercial district planned for mixed-use commercial offerings to complement the entertainment and recreational facilities of the broader community. District Square offers investment opportunities through commercial lots.

Associates

	Date of Incorporation	Effective Ownership (%)*
OCLP Holdings, Inc.(OHI)	September 29, 1995	21
Bonifacio Land Corp. (BLC)	October 20, 1994	10
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	January 25, 2013	49
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	November 17, 2010	40
Lagoon Development Corporation	August 27, 1996	30
Mercado General Hospital, Inc. (MGHI)	February 28, 1995	33

Changes in the group structure in 2020:

AREIT, Inc, (formerly One Dela Rosa Property Developoment, 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 PSE 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 in January 20, 2020 and is 100% owned by ALI Capital Corporation (ALICAP), a wholly owned subsidiary of ALI. The company was organized primarily to manage and operate airports owned by ALI.

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

Employees

Ayala Land has a total workforce of 324 regular employees as of December 31, 2020. Ayala Land anticipated that it will have a total workforce of 306 regular employees by the end of February 2021.

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

Senior Management	28
Middle Management	217
Staff	79
Total	324

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

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

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

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

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

Intellectual Property

Intellectual Property

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

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

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

Environmental Laws

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

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

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

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

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

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

DESCRIPTION OF PROPERTIES

LANDBANK / PROPERTIES WITH MORTGAGE OF LIEN

The following table provides summary information on ALI's landbank as of December 31, 2020. Properties are wholly-owned and free of lien, except the liens referred to in the section below and unless otherwise noted in the Offer Supplement.

Land within and outside Estates

In Estates	Location	Hectares	Outside Estates	Hectares
Metro Manila		**[173]**	**Metro Manila**	**[105]**
Makati CBD	Makati City	[46]	Las Pinas	[84]
BGC	Taguig City	[27]	QC	[9]
Arca South	Taguig City	[21]	Pasig	[4]
Parklinks	Quezon City - Pasig City	[18]	Paranaque	[3]
Ayala Alabang	Muntinlupa City	[18]	Makati	[2]
Circuit Makati	Makati City	[17]	Muntinlupa	[2]
Cloverleaf	Quezon City	[10]	Mandaluyong	[1]
Vertis North	Quezon City	[7]	Manila	[0.3]
The Junction Place	Quezon City	[6]	Pasay	[0.1]
Southpark District	Muntinlupa City	[3]		
Luzon		**[5,395]**	**Luzon**	**[4,578]**
Nuvali	Sta. Rosa, Laguna	[1,480]	Cavite	[2,059]
Alviera	Porac, Pampanga	[1,302]	Laguna	[985]
Altaraza	San Jose Del Monte, Bulacan	[869]	Batangas	[844]
Lio	El Nido, Palawan	[867]	Bulacan	[239]
Vermosa	Imus, Cavite	[407]	Pampanga	[210]
Cresendo	Tarlac City, Tarlac	[281]	Bataan	[160]
Broadfield	Binan, Laguna	[160]	Quezon	[46]
Evo City	Kawit, Cavite	[29]	Camarines Sur	[17]
			Rizal	[15]
			Cagayan – Tuguegarao	[2]
			Nueva Ecija	[2]
Visayas		**[996]**	**Visayas**	**[210]**
Sicogon Island Resort	Iloilo	[810]	Cebu	[181]
North Point	Talisay, Negros Occidental	[119]	Iloilo	[19]
Cebu Park District	Cebu City, Cebu	[33]	Negros Occidental	[11]
Gatewalk Central	Mandaue, Cebu	[13]		
Seagrove	Mactan Island, Cebu	[12]		
Atria Park District	Mandurriao, Iloilo	[10]		
Capitol Central	Talisay, Negros Occidental	[0.4]		
Mindanao		**[235]**	**Mindanao**	**[501]**
Habini Bay	Laguindingan, Misamis Oriental	[200]	Misamis Oriental	[274]
Azuela Cove	Davao City, Davao del Sur	[22]	Davao del Sur	[227]
Abreeza	Davao City, Davao del Sur	[9]		
Centrio	Cagayan de Oro, Misamis Oriental	[3]		
December 31, 2020 Landbank: [12,192]		**[6,798]**		**[5,394]**

LEASED PROPERTIES

The Company has an existing contract with the Bases Conversion and Development Authority ("BCDA") to develop, under a lease agreement a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱104.58 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity.

On January 28, 2011, a notice was given to the Company for the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Company signed a 25-year lease contract for the property on June 22, 2011, with an option to renew for a 58,000 sqm another 25 years by mutual agreement. The project involves the construction of a retail establishment with 63,000 sqm of available gross leasable area and a combination of Headquarter-and-BPO-type buildings with an estimated 8,000 sqm of office space.

RENTAL PROPERTIES

The Company's properties for lease are largely shopping centers, office buildings and hotels and resorts. As of December 31, 2020, rental revenues from these properties amounted to ₱21.9 billion equivalent to 23% of consolidated revenues. This is 44% lower than ₱39.3 billion recorded in 2019.

PROPERTY ACQUISITIONS

With [approximately 12,192] hectares in its landbank as of December 31, 2020, Ayala Land believes that it has sufficient properties for development in next 25 years.

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

MORTGAGE, LIEN OR ENCUMBRANCE OVER PROPERTIES

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

CERTAIN LEGAL PROCEEDINGS

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

Las Piñas Property

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

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

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

Ayala Property Management Corp.

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

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

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

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

Market Information

Ayala Land common shares are listed in the PSE.

Stock Prices (in ₱/share)

	High				Low				Close			
	2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
First Quarter	45.30	45.75	47.50	37.95	19.44	40.60	39.75	31.25	30.20	44.90	41.10	33.05
Second Quarter	38.30	52.50	43.35	42.40	28.20	44.40	36.05	33.15	33.80	50.80	37.90	39.75
Third Quarter	37.70	53.85	45.00	46.10	26.50	46.30	36.55	39.10	29.70	49.45	40.05	43.50
Fourth Quarter	42.10	49.90	43.20	46.00	29.00	42.55	38.00	41.00	40.90	45.50	40.60	44.60

The market capitalization of ALI as of end 2020, based on the closing price of ₱40.90/share on December 29, 2020 (the last trading day of the said month), was ₱602.54 billion.

Stockholders

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

Common Shares: *There are approximately 8,988 registered holders of common shares of the Company as of December 31, 2020:*

	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)	5,393,515,644	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 2010	12,828,881	0.0870%
7.	ESOWN Administrator 2015	12,618,236	0.0857%
8.	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	0.0669%
12.	ESOWN Administrator 2011	9,859,663	0.0669%
13.	ESOWN Administrator 2014	9,620,370	0.0655%
14.	Antonino T. Aquino	8,973,208	0.0609%
15.	ESOWN Administrator 2018	8,247,901	0.0559%
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	0.0343%
20.	Ma. Angela Y. La'o	3,728,620	0.0253%

Voting Preferred Shares:

There are approximately 2,854 registered holders of voting preferred shares of the Company as of December 31, 2020:

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

Dividends

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

CASH DIVIDEND (Per Common Share)			
PESO AMOUNT	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.2400	Feb. 20, 2017	March 6, 2017	March 22, 2017
0.2400	Aug. 18, 2017	Sept. 5, 2017	Sept. 15, 2017
0.2520	Feb. 20, 2018	March 12, 2018	April 3, 2018
0.2520	Aug. 17, 2018	Sept. 6, 2018	Oct. 2, 2018
0.2600	Feb. 27, 2019	March 13, 2019	March 29, 2019
0.2600	Oct. 31, 2019	Nov. 15, 2019	Nov. 29, 2019
0.2680	Feb. 20, 2020	March 06, 2020	March 20, 2020
0.1358	Feb. 23, 2021	March 10, 2021	March 25, 2021

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

0.00474786	May 26,2020	June 9, 2020	June 25, 2020

Dividend policy

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

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

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

Recent Sale of Securities

For the past three (3) years, common shares were issued representing the exercise of stock options by the Company's executives under the Executive Stock Option Plan ("ESOP") and the subscription to the common shares under the ESOWN as follows:

Year	No. of Shares	
	ESOP**	ESOWN
	(exercised)	(subscribed)
2018		9.9 Million
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.

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

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

The Company filed Notices of Exemption with the SEC for the issuance of the 680,000,000, 399,528,229 and 484,848,500 common shares under the following provisions of the Securities Regulation Code:

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

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

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

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

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

Plan of Operations

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

Principles of Consolidation

The audited consolidated financial statements represent the consolidation of the financial statements of Ayala Land and the following subsidiaries as at and for the year ended December 31, 2020.

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

Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	100
AyalaLand Real Estate Investments, Inc.	100
AyalaLand Advisory Broadway, Inc.	100
AyalaLand Development (Canada), Inc.	100
AyalaLand OpenAsia Holdings PTE, Limited	100
Blue Horizons Holdings PTE, Limited	100
Modular Construction Technology (MCT) Bhd.	66
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	100
Arvo Commercial Corporation (Arvo)	100
BellaVita Land Corporation (BellaVita)	100
Nuevo Centro, Inc. (Nuevo Centro)	54
Alviera Country Club, Inc. (Alviera)	50
Cavite Commercial Town Center, Inc.	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	54
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	100
First Gateway Real Estate Corp.	100
Glensworth Development, Inc. (Glensworth)	100
UP North Property Holdings, Inc.	100
ALO Prime Realty Corporation	100
Makati Cornerstone Leasing Corp. (MCLC)	100
Arca South Commercial Ventures Corp.	100
Capitol Central Commercial Ventures Corp.	100
Bay City Commercial Venture Corp. (BCCVC)	100
Aurora Properties Incorporated	81
Soltea Commercial Corp.	16
Vesta Property Holdings, Inc.	78
Altaraza Prime Realty Corporation	100
Altaraza Development Corporation	51
Prow Holdings, Inc.	55
Station Square East Commercial Corporation (SSECC)	69
AREIT Property Managers, Inc. (formerly Next Urban Alliance Development Corp.)	100
Accendo Commercial Corp. (Accendo)	67
Avencosouth Corp.	20
Aviana Development Corporation	7
Aviana Development Corporation	50
Cagayan de Oro Gateway Corp. (CDOGC)	70
Ceci Realty, Inc. (Ceci)	60
Soltea Commercial Corp.	12
Soltea Commercial Corp.	60
CMPI Holdings, Inc.	60
CMPI Land, Inc.	36
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Adauge Commercial Corporation (Adauge)	60
Ayalaland Estates, Inc. (formerly Southgateway Development Corp. (SDC))	100
Ayalaland MetroNorth, Inc. (AMNI)	100
Verde Golf Development Corporation	100
North Triangle Depot Commercial Corporation (NTDCC)	73
BGWest Properties, Inc. (BGW)	50
Lagdigan Land Corp. (Lagdigan)	60
Central Block Developers, Inc. (CBDI)	45
Central Block Hotel Ventures	45
Cebu Holdings, Inc. (CHI)	71
Cebu Leisure Company, Inc.	71
CBP Theatre Management, Inc.	71
Taft Punta Engaño Property, Inc. (TPEPI)	39

Cebu Insular Hotel Company, Inc. (CIHCI)	26
Solinea, Inc.	25
Amaia Southern Properties, Inc. (ASPI)	25
Southportal Properties, Inc. (Southportal)	25
Central Block Developers, Inc. (CBDI)	39
Central Block Hotel Ventures	39
Asian I-Office Properties, Inc. (AIOPI)	71
Alabang Commercial Corporation (ACC)	50
South Innovative Theater Management (SITMI)	50
ALI Commercial Center, Inc.	100
AMC Japan Concepts, Inc.	75
AyalaLand Logistics Holdings Corp. (formerly Prime Orion Philippines Inc.)	71
FLT Prime Insurance Corporation	56
Orion Solutions, Inc.	71
Orion I Holdings Philippines, Inc.	71
OE Holdings, Inc.	71
Orion Land, Inc.	71
Lepanto Ceramics, Inc.	71
Laguna Technopark, Inc. (LTI)	68
Ecozone Power Management, Inc.	68
Unity Realty & Development Corp.	71
Ayalaland Malls Synergies, Inc.	100
Ayalaland Malls, Inc. (formerly Solerte, Inc.)	100
Ayalaland Malls Vismin, Inc.	100
Ayalaland Malls Northeast, Inc.	100
Construction:	
Makati Development Corporation (MDC)	100
MDC Subic, Inc.	100
MDC Build Plus, Inc.	100
MDC Conqrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
MDBI Construction Corp. (formerly MDC Triangle, Inc.)	67
Hotels:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	80
Asian Conservation Company Limited and Subsidiary	100
Enjay Hotels, Inc. (Enjay)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
Sentera Hotel Ventures, Inc.	100
Econorth Resorts Ventures, Inc.	100
ALI Triangle Hotel Ventures, Inc.	100
Circuit Makati Hotel Ventures, Inc.	100
Capitol Central Hotel Ventures, Inc.	100
Arca South Hotel Ventures, Inc.	100
Sicogon Town Hotel, Inc.	100
Bay Area Hotel Ventures, Inc.	100
Makati North Hotel Ventures, Inc. (MNHVI)	100
One Makati Hotel Ventures, Inc. (OMHVI)	100
Sicogon Island Tourism Estate, Corp.	100
Asiatown Hotel Ventures, Inc.	100

One Makati Residential Ventures, Inc.	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	20
Ten Knots Phils., Inc. (TKPI)	60
Bacuit Bay Development Corporation	60
Lio Resort Ventures, Inc.	60
North Liberty Resort Ventures, Inc.	60
Paragua Eco-Resort Ventures, Inc.	60
Lio Tourism Estate Management Corp.	60
Ten Knots Development Corp. (TKDC)	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Pangulasian Island Resort Corporation	60
Integrated Eco-resort Inc.	100
Property Management:	
Ayala Property Management Corporation (APMC)	100
Prime Support Services, Inc.	100
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
Others:	
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	100
Green Horizons Holdings Limited	100
Horizon Wealth Holding, Ltd.	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100
AyalaLand Club Management, Inc.	100
ALI Capital Corp. (formerly Varejo Corp.)	100
Airswift Transport Inc. (formerly Island Transvoyager, Inc.)	100
Swift Aerodrome Services, Inc.	100
Arca South Integrated Terminal, Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	76

**Includes the Ayala Land group's percentage and effective ownership*
*** includes CPVD interest in CBDI*

Review of December 2020 operations vs December 2019 operations

Ayala Land endured the severe impact of COVID-19 in 2020 recording a 43% decline in consolidated revenues (which include real estate revenue, interest from real estate sales, interest and investment income, equity in net earnings, and other income) to ₱96.27 billion from ₱168.79 billion and a 74% drop in net income to ₱8.73 billion from ₱33.19 billion. Key indicators improved steadily from the third quarter to the fourth quarter reflecting a 49% growth in total revenues to ₱32.95 billion and a 28% jump in net income to ₱2.36 billion, sustaining the momentum for recovery.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services registered at ₱85.97 billion, a 46% decline from ₱157.85 billion due to construction restrictions, lower bookings and restrained mall and hotel operations.

Actual capital expenditures amounted to ₱63.67 billion, within the revised full-year budget of ₱69.82 billion, as financial sustainability initiatives strengthened the balance sheet with the net debt-to-equity ratio improving to 0.74:1 from 0.78:1 in FY 2019.

BUSINESS SEGMENTS

Property Development. This includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and operations of MCT Bhd., Ayala Land's consolidated subsidiary based in Malaysia. The Property Development business generated revenues of ₱57.86 billion, a 47% dip from ₱109.69 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 ₱47.79 billion from ₱86.09 billion, however, in the fourth quarter, this amounted to ₱21.6 billion, a 54% improvement from the third quarter.

AyalaLand Premier (ALP) posted revenues of ₱15.01 billion, 39% lower than ₱24.45 billion, due to lower incremental 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 and POC of The Alcoves in Cebu and Cerilo in Nuvali.

ALVEO recorded revenues of ₱8.05 billion, a decline of 58% from ₱19.00 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 ₱14.42 billion, a 47% decrease from ₱27.36 billion, attributed to lower bookings of 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 ₱4.69 billion in revenues, a 36% reduction from ₱7.37 billion relating to lower bookings from Skies Cubao Tower 2, Shaw Tower 1, Skies Sta. Mesa and Skies Avenida Tower 1.

BellaVita meanwhile recognized revenues of ₱790.65 million, 34% less than ₱1.20 billion because of lower bookings of projects in Cagayan de Oro, Batangas and Laguna.

MCT Bhd. contribued ₱4.85 billion in revenues, a 28% decline from ₱6.71 billion as the inventory of projects in Lakefront and Cybersouth are almost sold-out and construction activities in the second quarter and fourth quarter 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 dropped by 72% to ₱3.51 billion from ₱12.34 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 Corporate Plaza 2, all in BGC.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial decelerated by 42% to ₱6.56 billion from ₱11.27 billion mainly due to slower take-up of inventory in Broadfield and limited inventory in Altaraza, Evo City and Nuvali.

Sales Reservations. Despite limited mobility, sales reservations registered at ₱81.90 billion, 56% of the level in 2019. This translates to an average of ₱6.82 billion in monthly sales. Fourth quarter sales reservations reached 55-75% of pre-COVID levels due to sustained property demand, totaling ₱21.08 billion, equivalent to an average of ₱7.03 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 ₱60.41 billion, 42% lower year-on-year, while sales from overseas Filipinos which represented 15% of the total, amounted to ₱12.61 billion, a decline 35% year-on-year. Meanwhile, sales to other nationalities amounted to ₱8.87 billion, a 60% drop, primarily as sales to mainland Chinese buyers, which comprise 28% decreased by 70% to only at ₱2.52 billion.

Project Launches. A total of 13 projects totaling ₱10.59 billion were launched in 2020. In the first quarter, Ayala Land was able to launch five (5) projects with a total value of ₱4.99 billion. These are Avida Greendale Settings at Alviera in Pampanga, Amaia Steps 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 ₱2.19 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 ₱3.41 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 by 44% to ₱21.86 billion from ₱39.31 billion.

Shopping Centers. Revenues from shopping centers dropped 59% to ₱9.06 billion from ₱22.02 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 ₱1.69 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 sqm.

Offices. Revenues from office leasing was sustained at ₱9.41 billion from ₱9.67 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 sqm 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 ₱3.39 billion from ₱7.62 billion. The average occupancy for all hotels was 41% and was 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 ₱786.74 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). Circuit Corporate Residences operates 255 rooms.

El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 132 rooms under its Bed and Breakfast ("B&B") and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

Services. This is composed mainly of the Company's construction business through Makati Development Corporation ("MDC"), property management, through Ayala Property Management Corporation ("APMC"), and 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 ₱6.25 billion, 29% lower than ₱8.85 billion due to restricted construction activity of MDC, lower power consumption of power subsidiary customers during the lock down, and very operations of AirSWIFT.

Construction. Net construction revenues totaled ₱3.28 billion lower than ₱3.40 billion in 2019.

Property Management and Others. APMC, power services companies and AirSWIFT registered revenues of ₱2.97 billion, 46% less than ₱5.45 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 ₱586.50 million from ₱965.79 million.

Interest income from real estate sales increased 9% to ₱8.60 billion from ₱7.89 billion in 2019 driven by increased sale of real estate receivables. Meanwhile, Interest and investment income registered a 58% drop to ₱394.70 million from ₱930.45 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 ₱723.27 million from ₱1,157.94 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 ₱81.22 billion, 31% lower than ₱117.96 billion as real estate expenses decreased by 40% to ₱56.67 billion from ₱94.75 billion.

General and Administrative Expenses ("GAE") declined 14% to ₱8.01 billion from ₱9.37 billion, on account of lower topline. This resulted in a GAE ratio of 8.3% and an EBIT Margin of 25.9%.

Interest expense, financing and other charges, which includes interest expense related to PFRS 16 (Leases) totaled ₱16.53 billion. This was a 19% increase from ₱13.84 billion due to 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%, lower than 5.2% at the end of December 2019. Of the total debt, 95% is locked in fixed rates, while 96% is contracted for a long-term basis.

Capital Expenditures

Capital expenditures reached ₱63.67 billion in 2020, mainly for residential developments, followed by commercial leasing assets. 45% was spent on residential projects, 23% on commercial projects, 15%

for land acquisition, 14% for the development of estates and 3% for other investments. The full year capex estimate was reduced to ₱69.82 billion from the original estimate of ₱110.00 billion.

Financial Condition

Financial stability initiatives strengthened the balance sheet with the net debt-to-equity ratio improving to 0.74:1 from 0.78:1 in FY 2019. Total borrowings registered at ₱211.95 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 ₱18.36 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]	2.96:1	6.27:1

1 Current assets / current liabilities
2 Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
3 Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through FVPL)
4 Net income / average total assets
5 Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
6 Total Assets / Total stockholders' equity
7 EBITDA / Interest expense on short-term and long-term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization

There are no events that will trigger direct or contingent financial 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 the 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 December 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% 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 dividends 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 bond issuances 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 increased by 17% mainly due to the 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 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 December 2019 operations vs December 2018 operations

ALI's net income after tax (attributable to equity holders of ALI) rose 13.5% to ₱33.19 billion from ₱29.24 billion in 2018. While total revenues (which include real estate revenue, interest income and investment income, equity in net earnings, and other income) increased by 2% to ₱168.79 billion from ₱166.25 billion in 2018, mainly driven by real estate revenues which grew by 1% to ₱157.85 billion from ₱155.95 billion in 2018. Revenues were also supported by office and commercial and industrial lot sales and higher contribution of new leasing assets.

The company introduced three (3) new estates and successfully launched ₱158.96-billion worth of projects, surpassing its initial estimate of ₱130 billion. Its leasing portfolio continued to expand to 2.1 million and 1.2 million sqm of gross leasing area for malls and offices, respectively, and to 3,705 rooms for hotels and resorts.

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

BUSINESS SEGMENTS

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

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

Residential. Revenues from the sale of residential lots and units and MCT Bhd.'s operations reached a total of ₱86.09 billion, 9% lower than the previous period. The decline was due to the lower contribution of AyalaLand Premier (13% drop from ₱28.00 billion in 2018 to ₱24.45 billion in 2019) and

ALVEO (28% decrease from ₱26.28 billion in 2018 to ₱19.00 billion in 2018). Most of their vertical projects recognized in 2019 were booked in previous periods and are now nearing completion.

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

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

On the other hand, **Avida**'s revenues grew by 13% to ₱27.36 billion in 2019 from 2018's ₱24.22 billion, with completion progress of Avida Towers Sola 2 in Vertis North, Quezon City and new bookings and incremental POC of Avida Verra Settings Vermosa Phase 1 in Vermosa, Cavite and Avida Towers Vireo Tower 1 in Arca South, Taguig City.

Amaia's revenues remained flat, at ₱7.37 billion from 2018's ₱7.36 billion with lower bookings and higher incremental POC of Amaia Steps Alabang Delicia in Muntinlupa City; Amaia Steps Capitol Central South in Bacolod City, Negros Occidental; and Amaia Steps Nuvali Parkway in Sta. Rosa, Laguna. Meanwhile, **BellaVita**'s revenues rose by 4% to ₱1.20 billion from ₱1.15 billion in 2018, due to bookings from projects in Alaminos and Pila, both in Laguna, and in Iloilo.

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

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

Office for Sale. Revenues from the sale of office spaces grew by 12% to ₱12.34 billion from ₱11.0 billion in 2018 due to completion progress and new bookings from ALVEO High Street South Corporate Plaza, Park Triangle Corporate Plaza, and ALVEO Financial Tower. Improved margins of ALVEO High Street South Corporate Plaza, ALVEO Park Triangle Towers, and ALVEO Financial Tower significantly improved the average gross profit of offices for sale to 43%.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots increased by 46% to ₱11.27 billion from ₱7.73 billion, due to lot sales from Altaraza, Vermosa, Nuvali, and Broadfield. Gross profit margins of commercial and industrial lots substantially increased to 62% from 50%, due to higher margins of commercial lots sold in Nuvali, Arca South, Altaraza, and Broadfield.

Total sales reservations grew by 3% to ₱145.9 billion from ₱141.9 billion in 2018. ALVEO and Avida fueled the growth, even as ALP tempered the same with few launches during the period. Sales reservations by Philippines-based Filipinos also grew by 3% and accounted for 71% (valued at ₱104.2 billion) of all reservations, while those by Filipinos based abroad grew by 24%, accounting for 13% (valued at ₱19.4 billion) of the total. Sales to other nationals, accounting for 16%, dipped by 10% to ₱22.2 billion from 2018's ₱24.8 billion. Participation of mainland Chinese buyers, who dominate sales to non-Filipinos, declined by 22% to ₱8.3 billion from ₱10.7 billion in 2018, resulting in a drop in their share in sales to other nationals to 38% from 2018's 49%. ALI launched ₱158.96-billion worth of property development projects in 2019, surpassing the initial estimate of ₱130 billion.

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

Shopping Centers. Revenues grew by 11% to ₱22.02 billion from ₱19.91 billion, supported by same-mall revenue growth of 8%, with increased contribution of new malls such as Ayala

Malls Feliz, Capitol Central, and Circuit Makati. EBITDA (earnings before interest, taxes, depreciation, and amortization) margin was sustained at 66%. The average occupancy rate of all malls was 88%, with the occupancy rate of stable malls at 93%. The GLA of all malls now stands at 2.12 million sqm with the addition of 213,000 sqm from the opening of Ayala North Exchange Retail, Ayala Malls Manila Bay, and Ayala Malls Central Bloc Cebu.

Offices. Revenues from office leasing increased by 12% to ₱9.67 billion from 2018's ₱8.61 billion, with the new offices in Ayala North Exchange, Vertis North, and Circuit Makati improving the segment's performance. It registered a slightly lower EBITDA margin of 90% from 91% in 2018. The average occupancy rate of all offices was 96%, with the occupancy rate of stable offices at 97%. Total office leasing GLA is now 1.17 million sqm, with 70,000 sqm added by the completion of Ayala North Exchange BPO, Manila Bay BPO Tower, and Central Bloc Corporate Center Tower 1 in Cebu.

Hotels and Resorts. Revenues from hotels and resorts grew by 19% to ₱7.62 billion from ₱6.39 billion in 2018 on strong patronage of Seda Ayala Center Cebu and Seda Lio. Higher occupancy and revenues per available room ("REVPAR") at these two (2) hotels were also responsible for increasing the overall EBITDA margin of hotels and resorts by 32% from 2018's 29%.

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

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

There are 11 Seda Hotels, operating 2,712 rooms – Atria, Iloilo (152 rooms); BGC, Taguig (468); Centrio, Cagayan de Oro (150); Abreeza, Davao (186); Nuvali, Santa Rosa, Laguna (150); Vertis North, Quezon City (438); Capitol Central, Bacolod (154); Lio, Palawan (153); Ayala Center Cebu (301); Seda Residences Ayala North Exchange (215). Circuit Corporate Residences operates 255 rooms. El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 152 rooms under its Bed and Breakfast and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 78 B&B rooms.

Services. This segment consists of ALI's construction business through Makati Development Corporation; property management through Ayala Property Management Corporation; and other companies engaged in power services (Direct Power Services, Inc.; Ecozone Power Management, Inc.; and Philippine Integrated Energy Solutions, Inc.) and airline services for the hotels and resorts business (AirSWIFT). Total revenues from the services business amounted to ₱8.85 billion, 15% higher than 2018's ₱7.69 billion.

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

Property Management and Others. APMC and the power services companies posted revenues of ₱5.45 billion, 3% higher than previous year's ₱5.30 billion.

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

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

Equity in net earnings of associates and JVs contributed ₱965.79 million, 29% higher than the ₱749.92 million posted in 2018. Fort Bonifacio Development Corporation companies more than doubled their revenues due to commercial lot sales and to leasing assets in BGC (One Bonifacio High Street and ALVEO High Street South Corporate Plaza Retail). Meanwhile, Ortigas Holdings grew its revenues from property sales and leasing by 29%.

Interest and investment income, consisting of interest income on real estate sales and accretion, amounted to ₱8.82 billion, 10% higher than in 2018's ₱8.00 billion, despite lower interest income from short-term investments.

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

Expenses

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

General and Administrative Expenses ("GAE") totaled ₱9.37 billion, 3% higher than 2018's ₱9.10 billion as overhead costs rose in line with inflation. This resulted in a GAE ratio of 5.5% and improved EBIT Margin to 34.25% from 30.37% in 2018.

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

Project and Capital Expenditures

ALI's capital expenditure amounted to ₱108.72 billion in 2019, mainly in support of the buildup of residential and leasing projects. Forty percent (40%) of the amount was spent on residential projects, 25% on commercial leasing, 16% on land acquisition, 14% on estate development, and 5% on other investments.

Financial Condition

As in previous years, the Company's balance sheet is solidly positioned to support its growth plans. Cash and Cash Equivalents including short term investments and financial assets classified as FVPL, stood at ₱21.52 billion resulting in a current ratio of 1.30:1.

Total borrowings registered at ₱211.10 billion, translating to a debt-to-equity ratio of 0.87:1 and a net debt-to-equity ratio of 0.78:1. Return on Equity was at 16.66% as of December 31, 2019.

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

[1] Current assets / current liabilities
[2] Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
[3] Net debt / consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)
[4] Total Net income / average total assets
[5] Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
[6] Total Assets / Total stockholders' equity
[7] EBITDA / Interest expense on short-term and long-term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income

and Interest on Real Estate Sales + Depreciation and amortization.

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

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

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

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

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

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

Other Income was lower by 25% due to recognition of Gain on sale of MCT Bhd.'s subsidiaries (One City
Properties SDN BHD and Ecity Hotel SDN BHD) ₱237 million and ₱265 million respectively in 2018, partially offset by Gain on sale of Vertex One Bldg. amounted to ₱177 million.

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

Interest and other financing charges and other charges grew by 27% mainly due to increase in interest expense due to higher average daily balance and 2019's recognition of Interest expense-PFRS 16.

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

Balance Sheet items **– December 2019 versus December 2018**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Review of December 2018 operations vs December 2017 operations

2018 was another year of robust growth for Ayala Land, Inc, posting total consolidated revenues of ₱166.25 billion (which include real estate sales, interest income from real estate sales, equity in net earnings, interest and investment income and other income) and net income attributable to equity holders of Ayala Land, Inc. of ₱29.24 billion, for a solid top line and bottomline growth of 17% and 16%, respectively.

The strong performance of property development and commercial leasing, supported by the full consolidation of Malaysia-based subsidiary MCT Bhd., boosted revenues from Real Estate by 17% to ₱155.95 billion.

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

Ayala Land adopted PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* using modified retrospective approach of adoption with the initial date of application of January 1, 2018. Amounts presented in the consolidated statements of financial position and consolidated statement of income as at and for the years ended December 31, 2017 are based on PAS

39, *Financial Instruments: Recognition and Measurement* (superseded by PFRS 9) and PAS 18, *Revenue*, PAS 11, *Construction Contracts* and related Interpretations (superseded by PFRS 15). The comparative financial information for accounts affected by the adoption of PFRS 9 and PFRS 15 may not be comparable to the information presented for 2018, 2019 and 2020. Please refer to Note 2 of Ayala Land's audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 9 and PFRS 15.

BUSINESS SEGMENTS

Property Development. This segment includes the sale of residential lots and units, office spaces, commercial and industrial lots, and the operations of MCT Bhd. Total revenues from Property Development grew by 18%, to ₱113.36 billion from ₱96.39 billion in 2017.

Residential. Driven by new bookings and project completions, revenues from the sale of Ayala Land residential lots and units and from MCT Bhd.'s operations reached ₱94.63 billion, an 18% growth from 2017's ₱79.90 billion.

Revenues generated by **AyalaLand Premier** rose by 6% to ₱28.00 billion from ₱26.50 billion in 2017, due to bookings for The Courtyards in Vermosa, Cavite and The Alcoves in Cebu Business Park and higher completion of The Suites at the Bonifacio Global City, Taguig, Metro Manila.

Alveo posted slightly higher revenues at ₱26.29 billion from 2017's ₱26.17 billion. The increase is attributed to bookings for 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 for Avida Towers Sola Tower 2 at Vertis North; Altura Tower 2 at South Park District, Muntinlupa City, Metro Manila; Asten Tower 3 at Makati City; and higher completion of Sola Tower 1 at Vertis North fueled **Avida**'s 16% revenue growth to ₱24.22 billion from 2017's ₱20.84 billion.

Amaia posted a 20% improvement in revenues, to ₱7.36 billion from ₱5.74 billion, as a result of bookings and higher completion for Amaia Skies Shaw Tower 1 in Mandaluyong City, Metro Manila; Amaia Skies Cubao Tower 2 in Quezon City; Amaia Scapes General Trias in Cavite; and Amaia Steps Nuvali, Laguna. Meanwhile, bookings for **BellaVita**'s projects in Pililia, Rizal; Cabanatuan East, Nueva Ecija; and Iloilo almost doubled its revenues to ₱1.15 billion from ₱652 million in 2017.

Overall, the average gross profit of Ayala Land's vertical projects improved to 34% from 30% due to higher margins from Alveo's High Park Tower 2, 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 gross profit of horizontal projects decreased to 44% from 47% due to the lower contribution of higher margin projects.

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

Office for Sale. Higher bookings for One Vertis Plaza in Vertis North and The Stiles East Enterprise Plaza in Circuit Makati and higher completion progress of Park Triangle Corporate Plaza in BGC and the Alveo Financial Tower in Makati CBD hiked revenues from the sale of office spaces by 16%, to ₱11.00 billion from ₱9.45 billion in 2017. However, the lack of higher margin inventory resulted in a lower gross profit margin of 33% from 37% in 2017.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots grew by 10% to ₱7.73 billion from ₱7.04 billion, driven by commercial lot sales in the Vis-Min estates and in Evo City, Cavite, and industrial lot sales in Alviera, Pampanga and in the Cavite Technopark. The sale of commercial lots in Arca South, Alviera, Evo City and Lio and of industrial lots in Alviera and Cavite Technopark moved the gross profit margin of this segment upwards to 50% from 2017's 40%.

Strong demand from both local and overseas Filipinos fueled a full-year 16% increase in sales reservations, reaching ₱141.9 billion from 2017's ₱121.96 billion. In the fourth quarter alone, reservation sales grew by 21% to ₱33.8 billion. On the other hand, net booked sales reached ₱110.8 billion, a 14% increase from 2017's ₱96.9 billion, with the fourth quarter number growing by 9% to ₱32.7 billion.

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

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

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

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

The Company opened three (3) new malls in 2018—Circuit Mall in Makati with 52,000 sqm of GLA, Capitol Central Mall in Bacolod with 67,000 sqm, and One Bonifacio High Street in Taguig with 23,000 sqm—bringing the shopping centers' year-end GLA to 1.90 million sqm

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

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

Hotels and Resorts. Full-year operations of Seda Vertis North, Seda Capitol Central Bacolod and the recently renovated Apulit Island Resort in El Nido, Palawan coupled with the improved performance of our B&B's nudged revenues from our hotels and resorts higher by 14%, to reach ₱6.39 billion from 2017's ₱5.62 billion. REVPAR of all hotels and resorts slightly decreased by 1% to ₱3,531 a night and ₱7,989 a night, respectively. Meanwhile, REVPAR of stable hotels increased by 6% to ₱4,369 a night; that of stable resorts increased by 12% to ₱10,896 a night. EBITDA margin of this segment improved to 29% from 28% in 2017.

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

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

The hotels and resorts business operates 660 hotel rooms under its international brand segment—312 for Fairmont Hotel and Raffles Residences, and 348 for Holiday Inn & Suites, both 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 (4) island resorts (Pangulasian, Lagen, Miniloc and Apulit), and Lio Tourism Estate currently has 144 rooms under its Bed and Breakfast category and Dormitel offerings. Lastly, the Sicogon Tourism Estate in Iloilo currently operates 68 B&B rooms.

Services. This segment is composed of the Company's construction business through Makati Development Corporation; property management, through Ayala Property Management Corporation, power services, through Direct Power Services, Inc., Ecozone Power Management, Inc., and Philippine Integrated Energy Solutions, Inc.; and airline services firm AirSWIFT, for the hotels and resorts business. Total revenues of this segment rose by 5% to ₱76.72 billion from ₱72.81 billion in 2017.

Construction. The increased order book of projects from the Ayala Land group resulted in a corresponding increase in construction revenues, reaching ₱71.42 billion, 6% more than 2017's ₱67.40 billion.

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

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

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

The full consolidation of MCT Bhd. into Ayala Land resulted in a 13% decrease in equity in net earnings of associates and JVs, to ₱750 million from 2017's ₱866 million. Meanwhile, interest and investment income increased by 31% to ₱8.00 billion from ₱6.08 billion in 2017 due to higher interest income from money market placements and accretion on installment sales. Other income reached ₱1.54 billion, 31% lower year-on-year.

Project and Capital Expenditures

Ayala Land spent ₱110.1 billion in capital expenditures, higher than the ₱91.4 billion spent in 2017, to support the aggressive completion of new projects, 41% of which was spent on residential projects; 23% on commercial projects; 15% on land acquisition; 12% on development of estates; and 9% on investments.

Financial Condition

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

Cash and Cash Equivalents including short term investments and Financial Assets at Fair Value through Profit or Loss ("FVPL"), stood at ₱27.56 billion, resulting in a current ratio of 1.26:1.

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

Return on equity as of December 31, 2018 was at 16.52%.

	End-December 2018	*End-December 2017*
Current ratio [1]	1.26:1	1.30:1
Debt-to-equity ratio [2]	0.85:1	0.90:1
Net debt-to-equity ratio [3]	0.72:1	0.77:1
Profitability Ratios:		

Return on assets [4]	5.35%	5.07%
Return on equity [5]	16.52%	16.09%
Asset to Equity ratio [6]	3.04:1	2.99:1
Interest Rate Coverage Ratio [7]	6.09:1	5.98:1

[1] *Current assets / current liabilities*
[2] *Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*
[3] *Net debt / consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through FVPL)*
[4] *Total Net income / average total assets*
[5] *Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI*
[6] *Total Assets / Total stockholders' equity*
[7] *EBITDA / Interest expense on short-term and long-term debt. EBITDA is computed as Income before income tax + Interest and other financing charges and Other expenses - Interest and investment income and Interest on Real Estate Sales + Depreciation and amortization.*

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

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

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

Income Statement items **– December 2018 versus December 2017**

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

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

Equity in net earnings of associates and joint ventures declined by 13% primarily due to consolidation of MCT Bhd. in 2018 from equity pickup treatment in 2017.

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

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

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

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

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

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

Balance Sheet items **– December 2018 versus December 2017**

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

Bhd in 2018.

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

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

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

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

Non-current accounts and notes receivable went down by 13% due to the restatement of 2018 balances as Contract asset was reverted to receivable account.

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

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

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

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

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

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

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

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

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

Deposit and other current liabilities increased by 31% due to the restatement of 2018 balances as contract liability was reverted to deposit account.

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

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

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

CHANGES IN ACCOUNTING AND FINANCIAL DISCLOSURE

Adoption of New and Amended Accounting Standards and Interpretations

Changes in Accounting Policies

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

The nature and impact of each new standard and amendment are described below:

New Standards, Interpretations and Amendments
The accounting policies adopted in the preparation of the 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

- 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.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

As of December 31, 2020

The write-ups below include positions currently held by the directors and executive officers, as well as positions held during the past five years.

Board of Directors

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

**Lead Independent Director effective April 22, 2020*

Fernando Zobel de Ayala, Filipino, 60, has served as Chairman of the Board of ALI since April 1999. He holds the following positions in publicly listed companies: President and Chief Operating Officer of Ayala Corporation; Chairman of Manila Water Company, Inc. and AC Energy 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 World Presidents' Organization and Chief Executives Organization; Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. He graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

Jaime Augusto Zobel de Ayala, Filipino, 61, Director of Ayala Corporation since May 1987. He is the Chairman and CEO of Ayala Corporation since April 2006. He holds the following positions in publicly listed companies: Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands; and Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc. and AC Energy 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 and was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Bernard Vincent O. Dy, Filipino, 57, has led Ayala Land, Inc. as President and Chief Executive Officer since April 7, 2014. Prior to this post, he was the Head of Residential Business, Commercial Business and Corporate Marketing and Sales. 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. 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 from the University of Chicago.

Antonino T. Aquino*,* Filipino, 73, has served as Director of ALI since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1998. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. He has served the Ayala group in various capacities for 38 years. Currently, he is a Board member of Nuevocentro, Inc., Anvaya Beach & Nature Club and Mano Amiga Academy, Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (Philam). He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

Arturo G. Corpuz, Filipino, 65, has served as a Director of ALI since April 2016. He was a member of the Management Committee of ALI from 2008 to December 31, 2016. He is also a member of the Board of Ceci Realty, Inc. Aurora Properties, Inc., Vesta Properties Holdings, Inc., Nuevocentro, Inc., Next Urban Alliance Development Corp. and 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 and has been its Lead Independent Director since April 2020. Concurrently, she also holds the following positions: Director, Sun Life Grepa Financial, Inc.; and Independent Director of First Philippine Holdings Corp. Inc., PHINMA Corp. inc., FEU Alabang, East Asia Computer Center Inc., Roosevelt College Inc., and Microventures Foundation Inc. She is also a member of the Boards of Trustees of the Makati

Business Club, and Philippine Business for Education. A recipient of the Asia Talent Management Award in the Asia Business Leaders Award organized by the global business news network CNBC. She has also been recognized by the International Association of Business Communicators (Philippines) with the CEO Excel award. She was named by Moneysense Magazine as one of the 12 Most Influential in Personal Finance, was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering, and was 2019 PAX awardee of St. Scholastica's College Manila, the highest award given by the school to outstanding alumni. She holds a BS Electrical Engineering degree from the University of the Philippines where she graduated with honors in 1982. She obtained her MS degree in Computer Science from the State University of New York at Albany in 1993.

Cesar V. Purisima, Filipino, 60, was appointed as an Independent Director of ALI in April 18, 2018. He is an Asia Fellow at the Milken Institute, a global non-profit, non-partisan think tank. He is a founding partner at IKLAS Capital, a pan-ASEAN private equity platform. He is a member of the board of AIA Group Limited, Word Wildlife Fund-Philippines, Inc. and De La Salle University. He is an Independent Director of Universal Robina Corporation, a publicly listed company. He is a Member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation and of the International Advisory Council in the Philippines of Singapore Management University; He served the Philippine Government as a Secretary of Finance and the Chair of Economic Development Cluster of the President's Cabinet from July 2010 to June 2016. He briefly served as Finance Secretary in 2005 and Trade and Industry Secretary from 2004 to 2005. Additionally, he was a member of the Monetary Board of the Philippines Central Bank, and the Governor for the Philippines at the Asian Development Bank and the World Bank. He served as Alternate Governor for the Philippines at the International Monetary Fund and Chairman of the Land Bank of the Philippines. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six (6) consecutive years by a number of publications, a first for the Philippines. Prior to his stints in the government service, he was the Chairman & Country Managing Partner of the Philippines' largest professional services firm SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. He was conferred the Chevalier dans l'Ordre national de la Légion d'Honneur (Knight of the National Order of the Legion of Honour) by the President of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the President of the Philippines in 2016 and the Chevalier de l'Ordre national du Mérite (Knight of the National Order of Merit) by the President of the French Republic in 2001. He is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. He obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979. He earned his Master of Business Administration degree from Kellogg School of Management, Northwestern University, Illinois in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation of the Philippines in 2012.

Sherisa P. Nuesa, Filipino, 66, is the President and Director of the ALFM Mutual Funds Group. She is also an Independent Director of Integrated Micro-electronics, Inc., Manila Water Company, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.) and Far Eastern University. 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 Corporatrion. 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 in Business Administration degree from the Ateneo Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude with a degree of Bachelor of Science in Commerce from the Far Eastern University in 1974. She is a Certified Public Accountant.

Rex Ma. A. Mendoza, Filipino, 57, is the President and CEO of Rampver Financials, a financial services firm and the leading non-bank mutual funds distributor in the country. He currently serves as an Independent Director of Ayalaland Logistics Holdings Corp., Globe Telecom, Inc., and a Director of Esquire Financing, Inc., TechnoMarine Philippines, Seven Tall Trees Events, Inc., Cullinan Group and

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

Management Committee Members / Key Executive Officers

Bernard Vincent O. Dy[1]	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

[1]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 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, 58, 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 the 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.

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.

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.

Jaime E. Ysmael, Filipino, 60, is a Senior Vice President of ALI. Concurrently, he is a Managing Director of Ayala Corporation and Chairman, President & Chief Executive Officer of Ortigas Land Corporation (formerly OCLP Holdings, Inc.) and Concrete Aggregates Corporation. His other significant positions include: Chairman of the Board of Directors of Anvaya Cove Beach and Nature Club, Inc. and Anvaya Golf and Sports Club, Inc. He is also a member of the Board of Directors of various Ayala Land subsidiaries and affiliates. Outside of the company, he is a Trustee of the Shareholders Association of the Philippines, FINEX Research and Development Foundation, Inc. and the CIBI Foundation. He is also a Trustee and President of the Alumni Tree Project. Mr. Ysmael holds a degree in Business Administration, Major in Accounting (Summa Cum Laude) at the University of the East, Manila, Philippines and is a Certified Public Accountant. He earned an MBA, Major in Finance, at The Wharton School and an MA in International Studies at The School of Arts and Sciences of the University of Pennsylvania in Philadelphia, USA, as a fellow of The Joseph H. Lauder Institute of Management and International Studies.

Lyle A. Abadia, Filipino, 63, has served as Vice President of ALI since November 2016. Currently, he is the Head of Special Projects reporting to the Office of the President of ALI. Likewise, he is a Director of ALI's wholly-owned subsidiaries namely, Amicassa Process Solutions, Inc. and BellaVita Land Corporation. Prior to joining Ayala Land, Inc. in 2004, he held various executive positions in two (2) ALI subsidiaries, commencing in 1982 under Ayala Theatres Management, Inc. and moved to join Laguna Technopark, Inc. in 1991 as one of the pioneering executive officers who crafted the successful transformation of the 650-hectare former sugarcane plantation into what is now known as one of the world- class industrial estates in the country. He likewise set up BellaVita Land Corporation and took the helm as President from 2011 to 2017. Mr. Abadia holds a degree in Bachelor of Science in Commerce, Major in Accounting at the Colegio De San Jose – Recoletos. He completed a Basic Management Program at the Asian Institute of Management and in-house program for Harvard Leadership Acceleration Program.

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

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

Ma. Luisa D. Chiong, Filipino, 49, is currently 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 Ayala Land, Inc. since April 2017. He currently heads the Company's External Affairs Division. Moreover, he is the Treasurer of Anvaya Beach and Nature Club, Corporate Secretary of Santa Rosa (Laguna) Business Club, Board Member of the Calamba City Business Club and Vice President of Avida Towers Makati West Condominium Corporation. Prior to joining ALI, he was Head of Political Research at the Makati Business Club where he oversaw congressional research, analysis and publication. He graduated with a degree in AB Political Science from the Lyceum of the Philippines in 1989.

Rufino Hermann S. Gutierrez, Filipino, 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. 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 more than 29 years, spending seven (7) years with Mall Operations, four (4) years with the Sales and Marketing Group, thereafter rejoining the Malls group for another 13 years before transferring to AyalaLand Hotels and Resorts mid-2016. He graduated with a Bachelors Degree in Business Administration from the San Francisco State University.

Ma. Carmela K. Ignacio, Filipino, 53, 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.

Michael Alexis C. Legaspi, Filipino, 63, serves as a consultant of ALI. He 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.

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.

Christopher B. Maglanoc, Filipino, 50, is a Vice President of ALI since April 2013 and is currently President of Ayala Malls, Inc starting January 2021. 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 and Chief Engineer of Ayala Land, Inc. in 2019. He 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 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, 51, Filipino, is a Vice President of ALI effective January 1, 2020. He has headed the Corporate Resource and Services Group of Makati Development Corporation since May 2013 and concurrently acting as Head of Corporate Labor Relations for the Ayalaland Group. He is a member of the Board of MDC Equipment Solutions Inc. and a member of the Board Trustee of the Philippine Constructors Association. He is the former Head of the Corporate Human Resources, Customer Care and Product delivery Group of Avida Land Corporation, Business Group HR Head of the Ayala Land Commercial and Residential Group, HR Head of Amicassa Process Solutions, Inc., Amaia Land Corp., and BelaVita Land Corp. Prior to ALI, he was Labor Relations Manager of Pfizer Inc., HR Manager of Warner Lambert Inc., Business Group HR Officer of Intel Philippines and Manufacturing Plant HR Officer of Matsushita Electric Philippines Corporation (PANASONIC Philippines). He has a total 29 years of experience in Human Resource Management, Labor Relations and Organizational Development. He graduated from Polytechnic University of the Philippines with a degree in Bachelor in Human Behavior Technology major in Clinical Psychology and finished his Masters Degree in Labor and industrial Relations from the University of the Philippines, Diliman.

Romeo T. Menpin, Jr., Filipino, 51, is a Vice President of ALI since January 2014. He is currently the Head of the Construction Methods and Support Group of Makati Development Corporation (MDC). He is also currently the President of MDC Equipment Solutions, Inc. and MDC Conqrete, Inc. He is also a Director of Philipipine Integrated Energy Solutions, Inc. (PhilEnergy) Before joining MDC, he was a Director, President and Chief Operating Officer of Ayala Property Management Corporation (APMC) and also the President of PhilEnergy. He joined ALI in May 2008 from Kuok Group of Companies where he was a Vice President and Head of Mall Operations of Shangri-la Plaza Corporation. Prior to this, he also held various management positions from APMC and Laguna Technopark, Inc. He graduated with a degree of Bachelor of Science in Mechanical Engineering from Mapua Institute of Technology and completed units in Masters in Business Administration from De La Salle University in 2001.

Carol T. Mills, Filipino, 48, has served as Vice President of ALI since November 2016. She is the President of Ayala Land Offices, Inc., 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, Chief Legal Counsel and Assistant Corporate Secretary 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 AG Counselors Corporation from 2012 to 2020. Prior to joining AG Counselors in 2012, she was a Legal Officer at Ayala Land, Inc. from 2007 to 2012 and Senior Associate at SyCip Salazar Hernandez & Gatmaitan from 1997 to 2002. 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.

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

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

Angelica L. Salvador, Filipino, 58, is a Vice President of ALI, and is the Controller of the Company until December 2020. Her other key functions are as President of Aprisa Business Process Solutions, Inc. and Director of Amaia Land Corp., AmicaSSa Process Solutions, Inc., and North Triangle Depot Commercial Corp. Prior to her current assignment, she was the Chief Finance Officer of the ALI Residential Business Group and of various ALI-owned subsidiaries including Alveo Land Corp., Ayala Property Management Corp., Ayala Land International Sales, Inc., and Laguna Technopark, Inc. Before joining ALI, she was part of the Internal Audit Team of Ayala Corporation. She graduated cum laude from the University of the Philippines Diliman with Bachelor of Science degree in Business Administration and Accountancy, and obtained her Master in Business Management (MBM) degree from the Asian Institute of Management.

Eliezer C. Tanlapco, Filipino, 71, is the Group Head of Human Resources and Public Affairs and member of the Management Committee of ALI. Prior to this role, he was a Human Resources Consultant for Ayala Group Legal and Ayala Corporation from which he retired as Employee Relations and Services Director. He was ALI's Vice President for Human Resources; Vice Chair of Ayala Group HR Council, Ayala Group Corporate Security Council, and Champion of Ayala Group Labor Relations Network He is a member of the Board of Directors of Ayala Multi-Purpose Cooperative. He has had extensive work experience as Senior Leader in Human Resources and Community Development for multinational companies locally and abroad. He practiced law with a law firm and with the Office of the President of the Philippines. He holds a Bachelor of Arts degree from the University of the Philippines and earned his Law Degree at Ateneo de Manila University. He completed his Management Development Program from the Asian Institute of Management, and Strategic Business Economics Program from the University of Asia and the Pacific, both with distinction.

Maria Rowena Victoria M. Tomeldan, Filipino, 59, is the Vice President and Head of the Real Estate Logistics and Special Investments of 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.

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 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 Corporation (formerly 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.

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.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings (over the past 5 years)

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

EXECUTIVE COMPENSATION

Directors and Executive Officers

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

"Section 17 – Each director of the Corporation shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as director. The Board of Directors shall have the sole authority to determine the amount, form, and structure of the fees and other compensation of directors. In no case shall the total yearly compensation of directors exceed one percent (1%) of the net income before income tax of the Corporation during the preceding year.

The compensation and remuneration committee of the Board of Directors shall have the responsibility for recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a Company of the Corporation's size and scope." (As Amended April 13, 2011.)

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

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

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

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

Officers. The Company adopts a performance-based compensation scheme. The total annual compensation of the President and top four (4) highly compensated executives amounted to ₱238.72 million in 2019 and ₱240.00 million in 2020. The projected total annual compensation for 2020 is ₱245.60 million.

Total compensation paid to all senior personnel from Manager and up amounted to ₱1,076.91 million in 2019, and ₱1,098.88 million in 2020. The projected total annual compensation for 2020 is ₱1,134.99 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Bernard Vincent O. Dy* President & CEO Dante M. Abando Senior Vice President Anna Ma. Margarita B. Dy Senior Vice President Jose Emmanuel H. Jalandoni Senior Vice President Jaime E. Ysmael Senior Vice President			
CEO & Most Highly Compensated	Actual 2018	₱122.95M	₱112.30M
	Actual 2019	₱135.03M	**₱103.69M

Executive Officers	Actual 2020	₱140.30M	**₱99.70M
	Projected 2021	₱145.90M	**₱99.70M
All other officers*** as a group unnamed	Actual 2018	₱706.05M	₱419.47M
	Actual 2019	₱716.49M	**₱360.42M
	Actual 2020	₱722.28M	**₱376.60M
	Projected 2021	₱758.39M	**₱376.60M
** Compensation includes full year effect of CEO and market adjustments to selected officers for retention purposes. ** Exclusive of Stock Option exercise. *** Managers and up.*			

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

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

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

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

Options Outstanding

Since 1998, the Company has offered its officers options to acquire common shares under its ESOP. There were no ESOP shares available as of end-December 2020.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

Security Ownership of Certain 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 outstanding shares)
Common	Ayala Corporation[1] 32F to 35F, Tower One Ayala Triangle Ayala Ave., Makati City	Ayala Corporation[2]	Filipino	6,545,946,579	23.5429%
Preferred				12,163,180,640	43.7573%
Common	PCD Nominee Corporation (Non-Filipino) [3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers[4]	Various Non-Filipino	5,395,515,444	19.4105%
Common	PCD Nominee Corporation (Filipino)[3] G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers	Filipino	2,487,797,715	8.9499%

[1] Ayala Corporation ("AC") is the parent of the Company.
[2] Under the By-Laws of AC and the Revised Corporation Code, the AC Board has the power to decide how AC's shares are to be voted.
[3] PCD is not related to the Company.
[4] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote either in person or by proxy. Out of the 7,883,313,159 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.

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	(direct) 183,000	Filipino	0.00066%
Common	Jaime Augusto Zobel de Ayala	(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%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Rizalina G. Mantaring	(direct & indirect) 39,401	Filipino	0.01438%
Common	Rex Ma. A. Mendoza	(direct & indirect) 3,914,201	Filipino	0.00000%
Common	Sherisa P. Nuesa	(direct & indirect) 3,998,509	Filipino	0.00066%
Common	Cesar V. Purisima	(direct) 1	Filipino	0.00004%
CEO and Most Highly Compensated Executive Officers				
Common	Bernard Vincent O. Dy*	(direct & indirect) 16,599,602	Filipino	0.05972%
Common	Dante M. Abando	(direct & indirect) 5,756,197	Filipino	0.02071%
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%
Common	Jaime E. Ysmael**	(direct & indirect) 8,843,248	Filipino	0.03181%
Other Executive Officers				
Common	Augusto D. Bengzon	(indirect) 3,307,760	Filipino	0.01190%
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	Lyle A. Abadia	(indirect) 881,872	Filipino	0.00317%
Common	Amelia Ann T. Alipao****	(indirect) 1,636,447	Filipino	0.00589%
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	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	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	(direct & 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	Maria Rowena Victoria M. Tomeldan	(direct & indirect)1,544,683	Filipino	0.00556%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Common	Jennylle S. Tupaz	(indirect) 1,071,241	Filipino	0.00385%
Common	Eliezer C. Tanlapco	(indirect) 365,638	Filipino	0.00132%
Common	Annabeth R. Bernardo*****	(indirect) 18,779	Filipino	0.00007%
Common	Solomon M. Hermosura	(direct) 480	Filipino	0.00000%
Preferred		(direct) 480		0.00000%
All Directors and Officers as a group		**122,481,529**		**0.44063%**

**Member of the Board of Directors*
***Retired as of December 31, 2020*
****Elected as Senior Vice President on November 26, 2020, effective January 1, 2021*
*****Elected as Vice President on November 26, 2020, effective January 1, 2021*
******Elected as Chief Executive Officer on November 26, 2020, effective January 2, 2021*

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

Voting Trust Holders of 5% or More

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

Changes in Control

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions

The Company, its subsidiaries and affiliates, in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions. Transactions that have been entered into by the ALI Group with related parties for the years ended December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017 are disclosed in Note 25, Note 25, Note 26 and Note 25, respectively, to Ayala Land's audited consolidated financial statements respectively, which are included in this Offer Supplement.

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

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

DESCRIPTION OF DEBT

As of December 31, 2020, Ayala Land had the equivalent of ₱211.95 billion of outstanding debt, of which ₱198.72 billion are unsecured.

Of Ayala Land's outstanding debt, ₱127.85 billion is evidenced by a debt instrument that was acknowledged by both the creditor and Ayala Land before a notary public. Under Philippine law, in the event that a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a debt instrument that has been acknowledged by the creditor and the borrower before a notary public enjoys a preference over unsecured debt that has not been so notarized. Ayala Land has secured the waiver by the creditors of such preference in their respective debt instruments. (See discussion under *"Risk Factors and Other Considerations"* of this Offer Supplement).

The following tables set forth the outstanding long and short-term debt of Ayala Land and its subsidiaries as of December 31, 2020 (in ₱ millions).

Short-Term Debt

Borrower	Amount
Ayala Land, Inc.	6,640.5
Avida Land, Corp.	1,787.9
BG West Properties, Inc.	406.5
Regent Wise Investments Limited	296.4
Total	**9,131.3**

Long-Term Debt

Borrower	Current	Non-Current	Total
Ayala Land, Inc.	11,144.2	162,630.2	173,774.4
Accendo Commercial Corporation	-	794.0	794.0
Adauge Commercial Corporation	24.8	383.6	408.4
AyalaLand Hotels and Resorts Corporation	1,021.3	3,323.3	4,344.6
Alveo Land Corp.	-	4,259.5	4,259.5
Amaia Land Corp.	-	1,786.8	1,786.5
Avida Land Corp.	250.0	8,427.5	8,677.5
Cagayan de Oro Gateway Corp (CDOGC)	43.1	690.0	733.1
Cebu Holdings, Inc.	5,367.7	912.1	6,279.8
HLC Development Corp.	493.4	-	493.4
North Triangle Depot Commercial Corporation	20.0	375.0	395.0
Philippine Integrated Energy Solutions, Inc.	339.4	-	339.4
Regent Wise Investments Limited	0.5	1.2	1.7
Subic Bay Town Center, Inc	28.0	504.0	532.0
Total Consolidated	**18,732.4**	**184,087.2**	**202,819.6**

The table below details Ayala Land's Issuances of Debt Securities / New Financing through Loans as of December 31, 2020 (in ₱ millions).

Borrower	Amount	Nature
ALI	207,896.5	availment of short-term and long-term loans, and issuance of bonds
Accendo	800.0	availment of long-term loan
Alveo	3,200.0	availment of short-term and long-term loans
Amaia	1,800.0	availment of long-term loan
Avida	11,593.6	availment of short-term loans
BG West	1,520.4	availment of short-term loan
Regent Wise	296.4	MCT Bhd. availment of short-term loan
Total	**227,106.9**	

The following sets out the repayments of Debt Securities and Loans from January 1 to December 31, 2020 (in ₱ millions):

Borrower	Amount	Nature
ALI	205,429.1	repayment of fixed rate notes, short-term loans and prepayment and amortization on matured long-term loans
ACC	117.3	amortization on long-term loan
Accendo	650.0	payment of matured long-term loan
Adauge	24.8	amortization and prepayment of long-term loan
AHRC	282.8	amortization on long-term loans
Alveo	3,412.5	repayment of short-term loan, amortization and payment of matured long-term loan
Amaia	1,350.0	amortization and repayment of long-term loan
Avida	11,910.6	repayment of short-term, amortization and payment of long-term loans
BG West	1,113.9	repayment of short-term loan
CDOGC	751.4	amortization and payment of long-term loans
CHI	78.0	amortization on long-term loans
HLC	179.4	amortization on long-term loan
NTDCC	5.0	amortization on long-term loan
Philenergy	384.5	amortization and prepayment of long-term loan
Regent Wise	3.0	amortization on long-term loan
SBTCI	28.0	amortization on long-term loan
TOTAL	**225,720.3**	

There were no commercial papers issued and outstanding during the period ended December 31, 2020.

CORPORATE GOVERNANCE

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

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

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

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

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

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

FINANCIAL INFORMATION

The following pages set forth Ayala Land's audited consolidated financial statements as at December 31, 2020, 2019, 2018 and 2017, and for each of the four (4) years in the period ended December 31, 2020.

ISSUER

Ayala Land, Inc.
31st floor, Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue,
Makati City, 1226, Philippines

TRUSTEE

China Banking Corporation
Trust and Asset Management Group
8th Floor, China Bank Building
8745 Paseo de Roxas corner Villar
Street, Makati City, 1226, Philippines

REGISTRAR AND PAYING AGENT

Philippine Depository & Trust Corp.
29th floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City, 1226, Philippines

LEGAL ADVISERS

To the Issuer

Co Ferrer Ang-Co & Gonzales
11th floor, Atlanta Centre,
31 Annapolis St.
Greenhills, San Juan, Philippines

To the Joint Lead Underwriters and Bookrunners

Romulo Mabanta Buenaventura
Sayoc & de los Angeles
21st floor, Philamlife Tower
8767 Paseo de Roxas
Makati City, 1226, Philippines

INDEPENDENT AUDITORS OF THE ISSUER

SyCip, Gorres, Velayo & Co.
6760 Ayala Avenue,
Makati City, 1226, Philippines

JOINT LEAD UNDERWRITERS AND BOOKRUNNERS

BDO Capital & Investment Corporation
33rd Floor, BDO Towers Valero
8741 Paseo de Roxas, Salcedo Village
Makati City 1226, Philippines

BPI Capital Corporation
11th Floor, Ayala North Exchange (Tower 1)
6796 Ayala Avenue, cor. Salcedo St.
Makati City 1229, Philippines

China Bank Capital Corporation
28th floor, BDO Equitable Tower,
8751 Paseo de Roxas,
Makati City 1226, Philippines

East West Banking Corpoation
EastWest Corporate Center, The Beaufort
5th Avenue corner 23rd Street
Bonifacio Global City
Taguig City 1634, Philippines

SB Capital Investment Corporation
18th Floor, Security Bank Centre
6776 Ayala Avenue
Makati City 1226, Philippines

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.*

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.

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
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	**₱62,931,992**	₱62,772,446
Retained earnings	**161,660,724**	156,940,236
Stock options outstanding (Note 28)	**21,593**	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	**–**	**132,606**	**–**	**–**	**–**	**(20,686)**	**–**	**–**	**–**	**–**	**–**	**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**	**₱49,127,919**	**(₱2,262,756)**	**₱8,000,000**	**₱153,660,724**	**₱21,593**	**(₱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.

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).

The following were the changes in the group structure during 2020:

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.

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

<u>Provisions</u>
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.

<u>Pension Cost</u>
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.

Leases prior to January 1, 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as lessor
Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under "Cumulative translation adjustments" account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. Calculation of dilutive EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 of the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. **Significant Accounting Judgments and Estimates**

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other 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:

<u>2020</u>

	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**

<u>2019</u>

	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:

<u>Investments in BLC, ECHI, and BHI</u>
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.

Subsidiaries

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.

<u>Treasury Shares</u>
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 10th year from the issue date which was in 2012. This has an antidilutive effect on the computation of diluted EPS.

28. Stock Options and Ownership Plans

The Parent Company has stock option plans for key employees covering 2.5% of the Parent Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

ESOP
The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Parent Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

The Parent Company has no ESOP grant and availment during 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 <30 days	30-60 days	61-90 days	91-120 days	>120 days	Total	Impaired	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 <30 days	30-60 days	61-90 days	91-120 days	>120 days	Total	Impaired	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	1,514	5,244	225	–	64,685
Gross margin (loss)	20,868	928	1,909	8,132	(691)	34,362	(2,277)	(160)	(32,601)	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.

Bay City

On September 2, 2014, Parent Company signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. Parent Company signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and the Parent Company. The Parent Company assigned the parcels of land to Bay City in December 2017.

ALI also signed the Air Rights and Basement Rights over the leased property with an aggregate area of 1,686.48 sqm and 8,294 sqm, respectively, subject to the same terms and conditions as the contract of lease dated September 2, 2014.

AMNI

On January 28, 2011, the Board of Regents of the University of the Philippines awarded to the Parent Company the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Parent Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants. The rights were subsequently assigned by ALI to the Company in 2015.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area have been constructed on the property.

NTDCC

The Company entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to the Company in exchange for the Company's assumption of DRP obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration with escalation rate of 3% annually starting inception.

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:

2020

	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.

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
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

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 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
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
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
As of December 31, 2020

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) Subsidiaries:				
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) Subsidiaries:				
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) Subsidiaries:				
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) Subsidiaries:				
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) Subsidiaries:				
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) Subsidiaries:				
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	

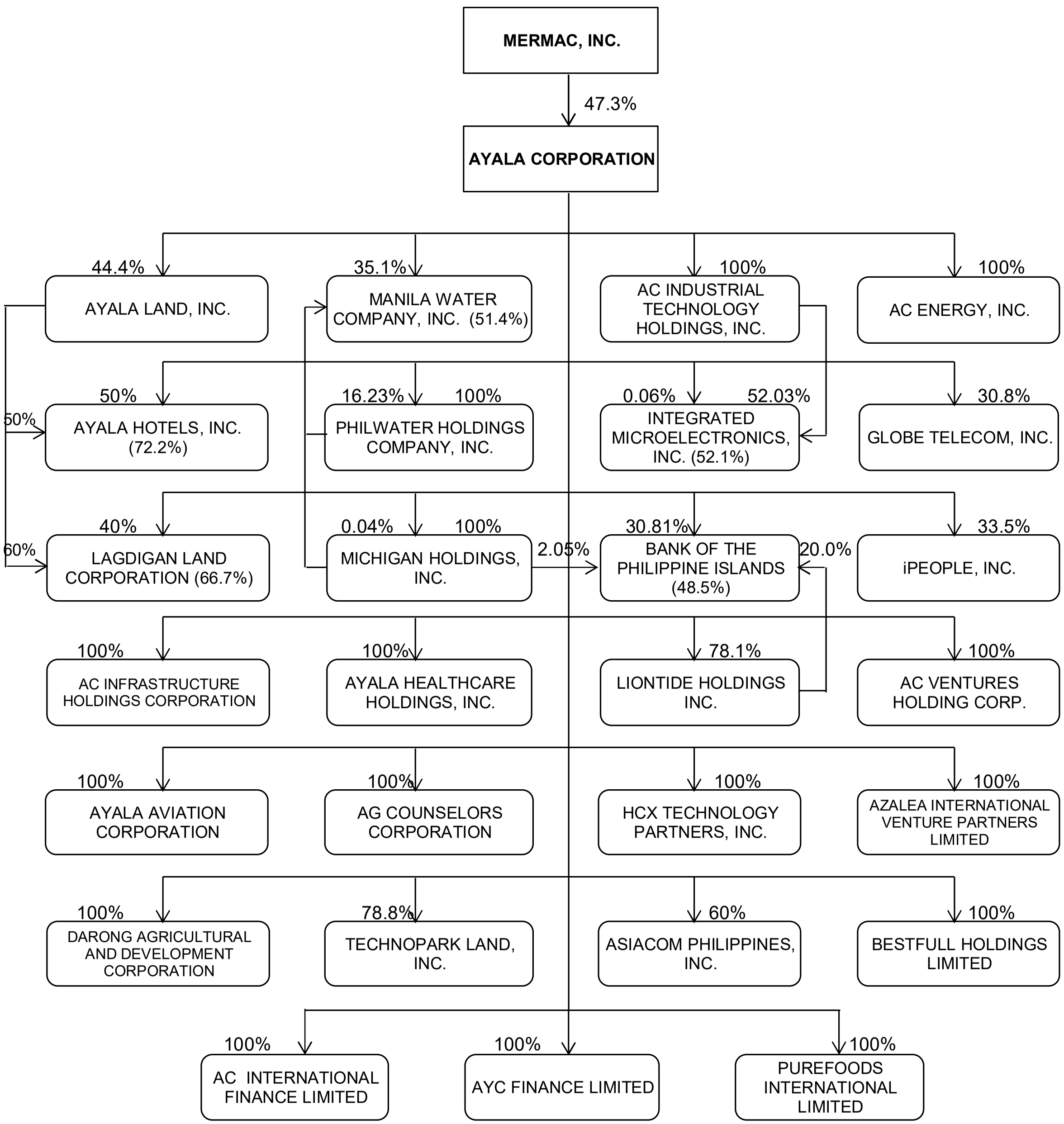
AYALA LAND, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2020

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

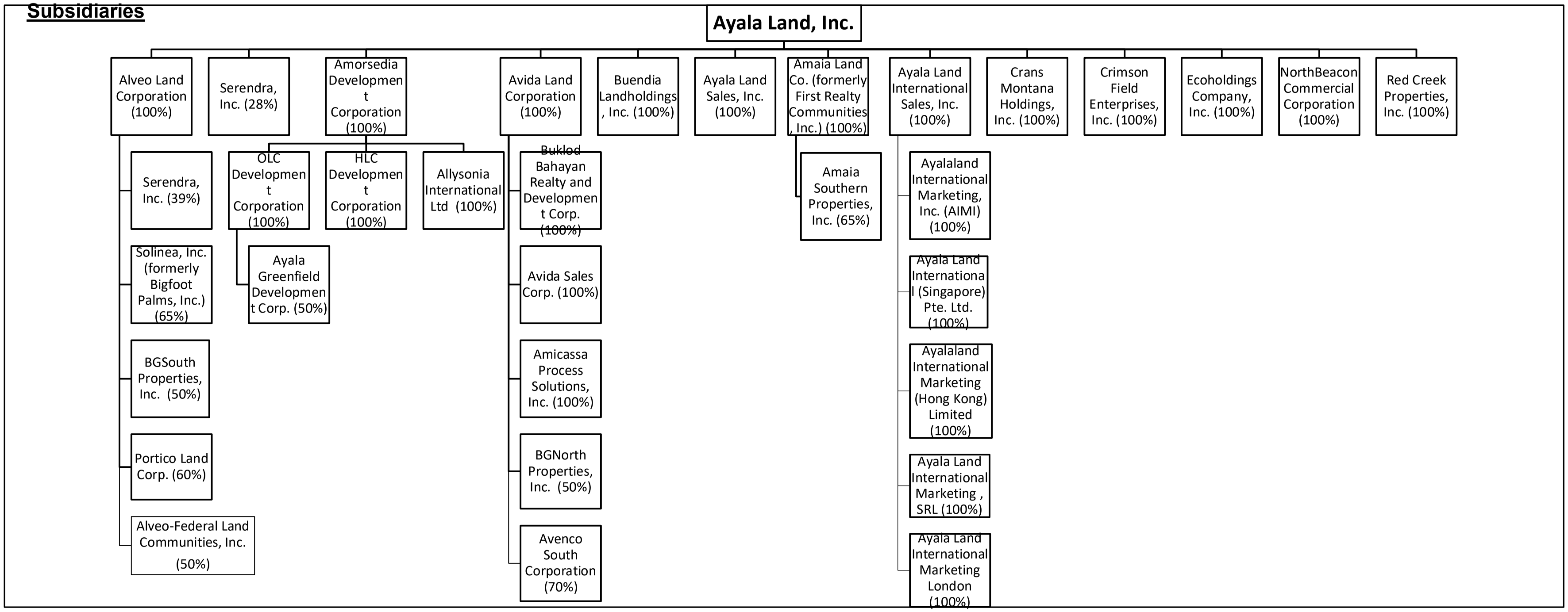
Ratio	Formula	Current Year	Prior Year
Current ratio	Current sssets / Current liabilities	1.62	1.30
Acid test ratio	Quick sssets / Current liabilities (Quick assets includes current assets and inventory)	0.89	0.77
Solvency ratio	EBITDA / Total debt (Total debt includes short-term debt, long-term debt 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

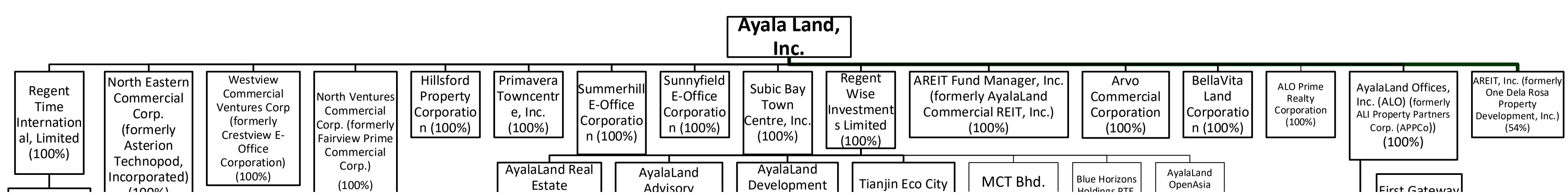
AYALA LAND, INC. AND SUBSIDIARIES
CORPORATE ORGANIZATIONAL CHART
As of December 31, 2020

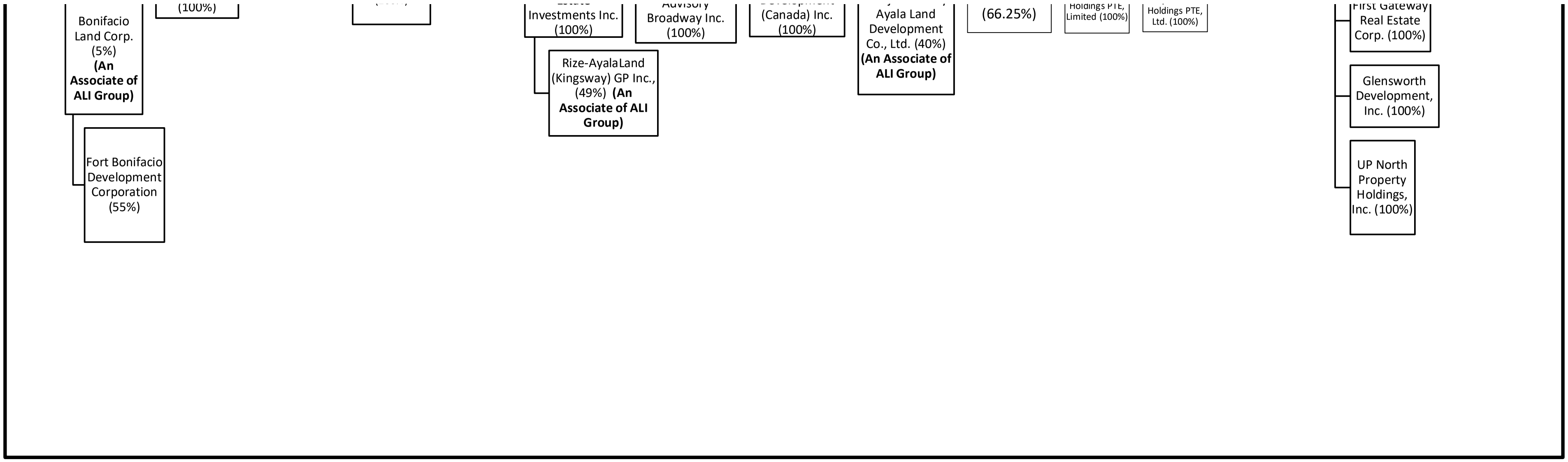


Legend:
% of ownership appearing outside the box - direct % of economic ownership
% of ownership appearing inside the box - effective % of economic ownership

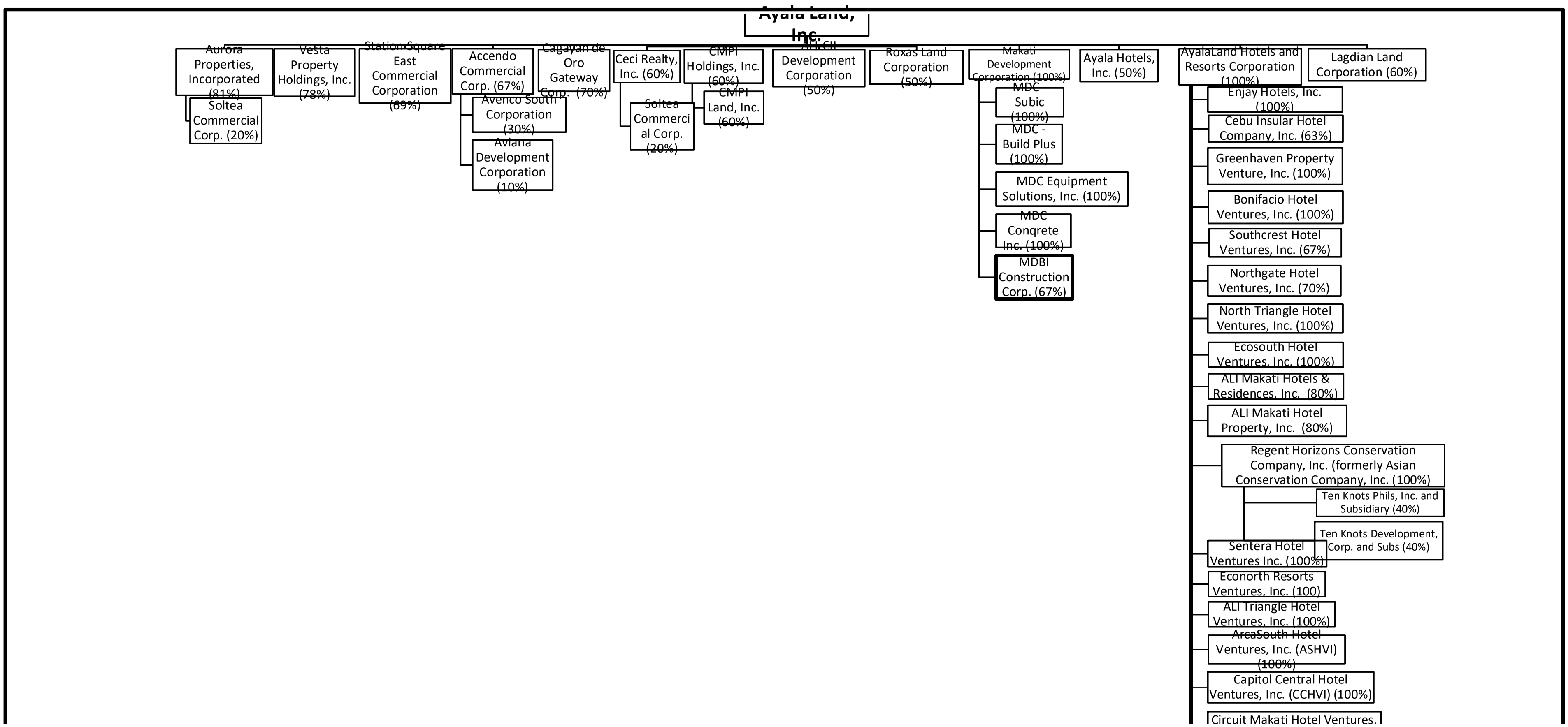
Subsidiaries



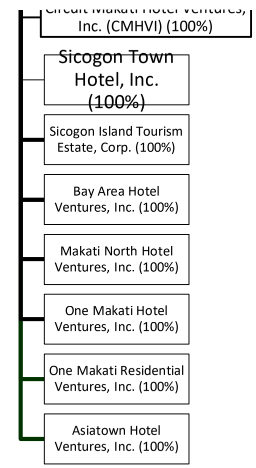




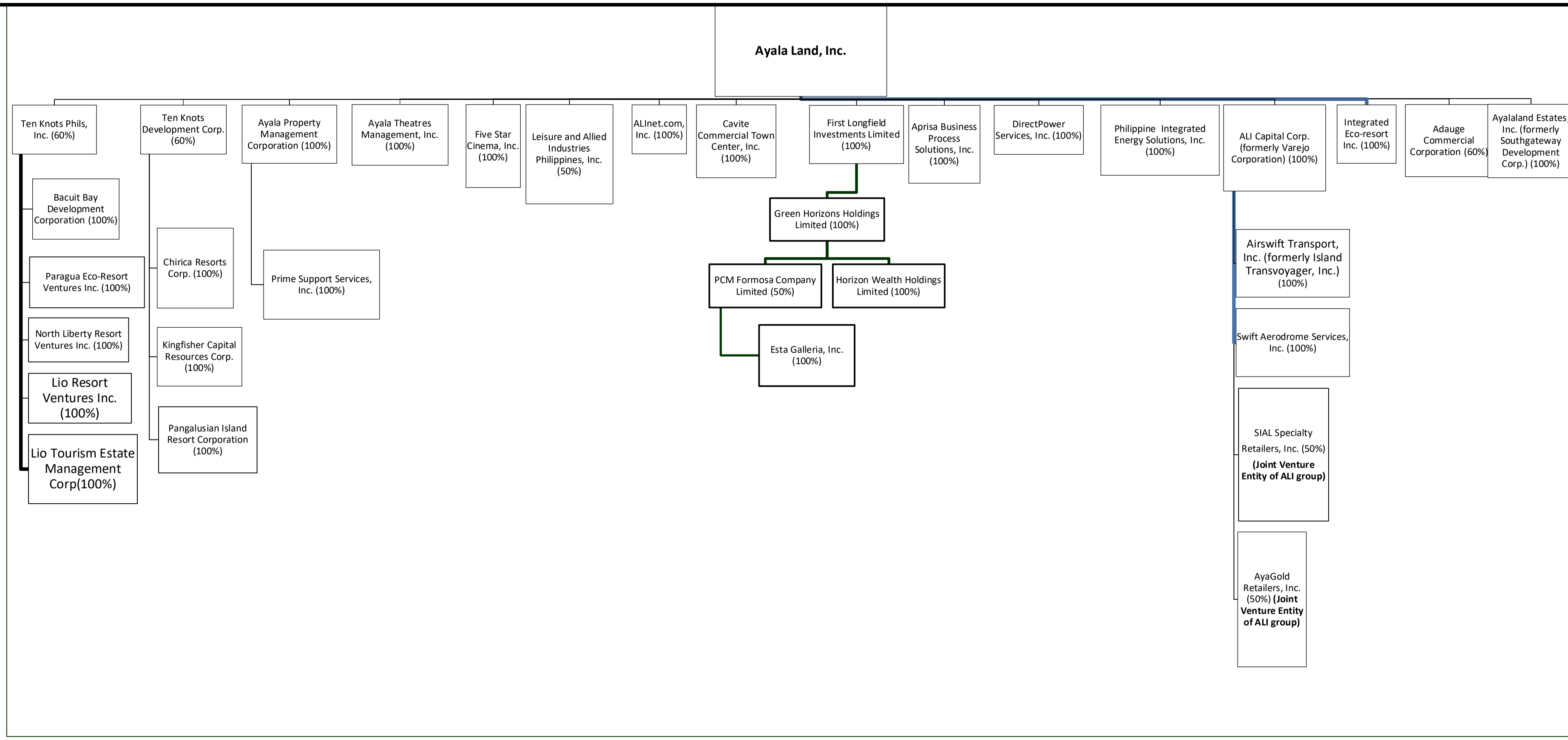
(100%)
Bonifacio Land Corp. (5%) **(An Associate of ALI Group)**
Fort Bonifacio Development Corporation (55%)
Investments Inc. (100%)
Rize-AyalaLand (Kingsway) GP Inc., (49%) **(An Associate of ALI Group)**
Broadway Inc. (100%)
(Canada) Inc. (100%)
Ayala Land Development Co., Ltd. (40%) **(An Associate 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%)



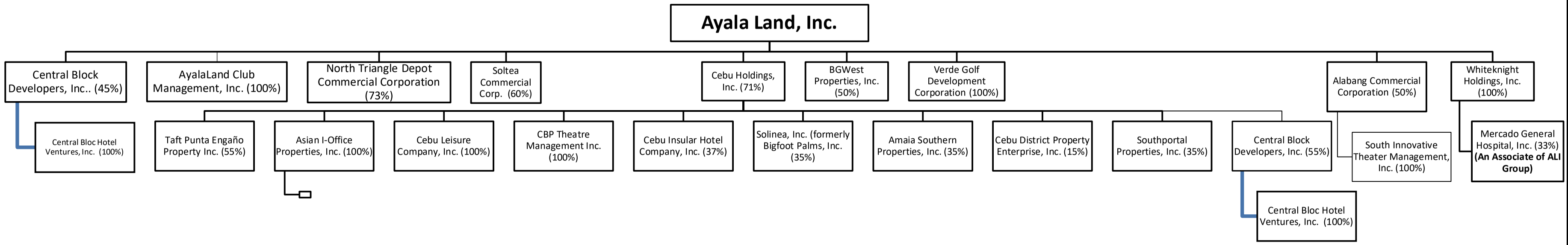
Ayala Land, Inc.
Aurora Properties, Incorporated (81%)
Soltea Commercial Corp. (20%)
Vesta Property Holdings, Inc. (78%)
StationSquare East Commercial Corporation (69%)
Accendo Commercial Corp. (67%)
Avenco South Corporation (30%)
Aviana Development Corporation (10%)
Cagayan de Oro Gateway Corp. (70%)
Ceci Realty, Inc. (60%)
Soltea Commercial Corp. (20%)
CMPI Holdings, Inc. (60%)
CMPI Land, Inc. (60%)
ALI-CII Development Corporation (50%)
Roxas Land Corporation (50%)
Makati Development Corporation (100%)
MDC Subic (100%)
MDC - Build Plus (100%)
MDC Equipment Solutions, Inc. (100%)
MDC Conqrete Inc. (100%)
MDBI Construction Corp. (67%)
Ayala Hotels, Inc. (50%)
AyalaLand Hotels and Resorts Corporation (100%)
Enjay Hotels, Inc. (100%)
Cebu Insular Hotel Company, Inc. (63%)
Greenhaven Property Venture, Inc. (100%)
Bonifacio Hotel Ventures, Inc. (100%)
Southcrest Hotel Ventures, Inc. (67%)
Northgate Hotel Ventures, Inc. (70%)
North Triangle Hotel Ventures, Inc. (100%)
Ecosouth Hotel Ventures, Inc. (100%)
ALI Makati Hotels & Residences, Inc. (80%)
ALI Makati Hotel Property, Inc. (80%)
Regent Horizons Conservation Company, Inc. (formerly Asian Conservation Company, Inc. (100%)
Ten Knots Phils, Inc. and Subsidiary (40%)
Ten Knots Development, Corp. and Subs (40%)
Sentera Hotel Ventures Inc. (100%)
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%)



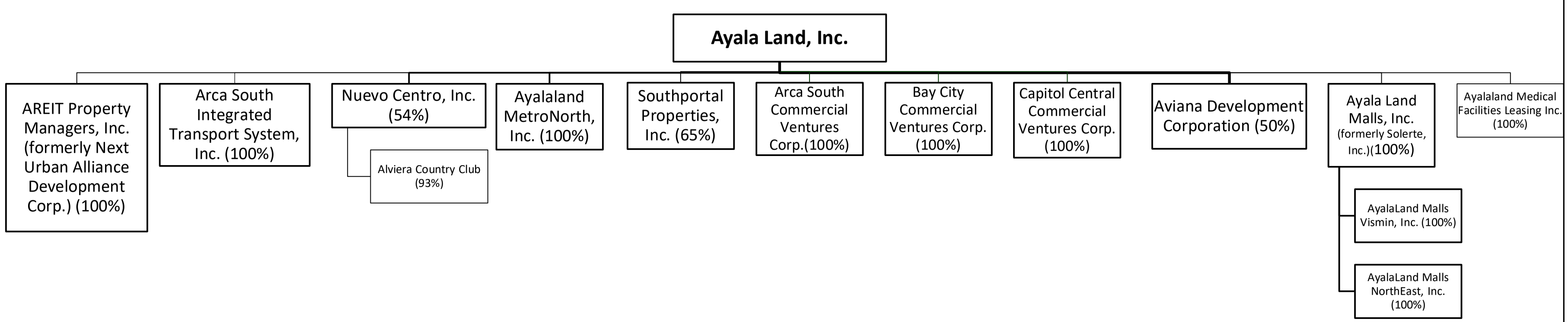
Inc. (CMHVI) (100%)
Sicogon Town Hotel, Inc. (100%)
Sicogon Island Tourism Estate, Corp. (100%)
Bay Area Hotel Ventures, Inc. (100%)
Makati North Hotel Ventures, Inc. (100%)
One Makati Hotel Ventures, Inc. (100%)
One Makati Residential Ventures, Inc. (100%)
Asiatown Hotel Ventures, Inc. (100%)



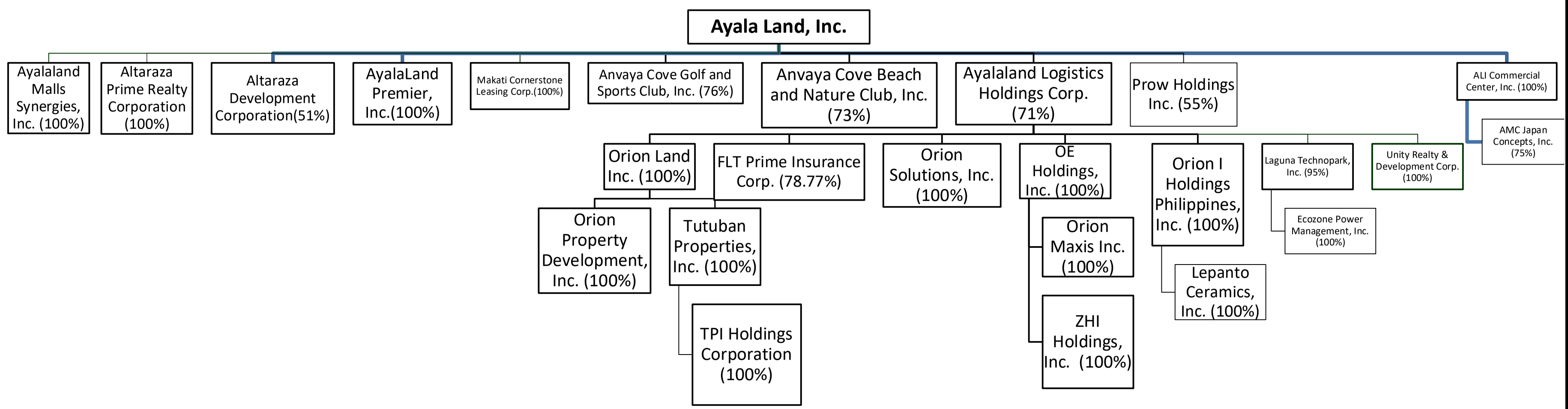
Ayala Land, Inc.
Ten Knots Phils, Inc. (60%)
Bacuit Bay Development Corporation (100%)
Paragua Eco-Resort Ventures Inc. (100%)
North Liberty Resort Ventures Inc. (100%)
Lio Resort Ventures Inc. (100%)
Lio Tourism Estate Management Corp(100%)
Ten Knots Development Corp. (60%)
Chirica Resorts Corp. (100%)
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%)
Whiteknight Holdings, Inc. (100%)
Taft Punta Engaño Property Inc. (55%)
Asian I-Office Properties, Inc. (100%)
Cebu Leisure Company, Inc. (100%)
CBP Theatre Management Inc. (100%)
Cebu Insular Hotel Company, Inc. (37%)
Solinea, Inc. (formerly Bigfoot Palms, Inc. (35%)
Amaia Southern Properties, Inc. (35%)
Cebu District Property Enterprise, Inc. (15%)
Southportal Properties, Inc. (35%)
Central Block Developers, Inc. (55%)
Central Bloc Hotel Ventures, Inc. (100%)
South Innovative Theater Management, Inc. (100%)
Mercado General Hospital, Inc. (33%) (An Associate of ALI Group)



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%)

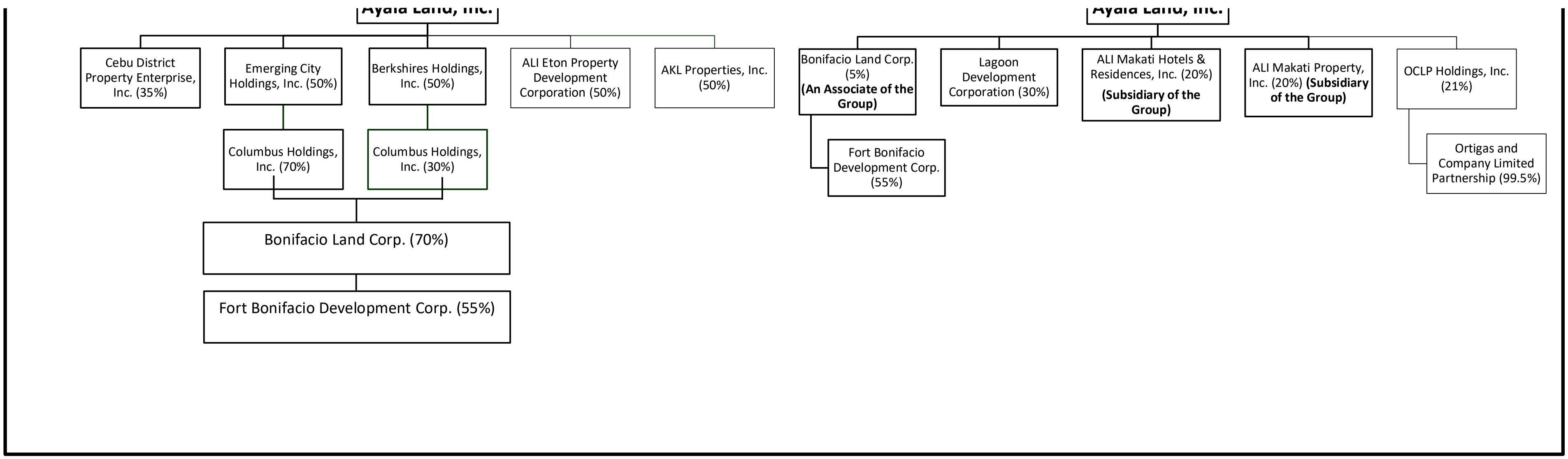


Direct Investments in Joint Ventures

Direct Investments in Associates

Ayala Land, Inc.

Ayala Land, Inc.


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%)
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.