SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

31F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 7908-3111

(Telephone Number)

March 31, 2021

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2021**

2. Commission Identification Number **152747**

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

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

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

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

7. Address of issuer's principal office and postal code:
   31F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226

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

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

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

As of March 31, 2021

Title of each class	Number of shares issued and outstanding
Common shares	**14,760,180,345**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
P126,900,000,000.00

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

    Stock Exchange: **Philippine Stock Exchange**
    Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past 90 days:
    Yes [x] No [ ]

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PART I – FINANCIAL INFOR MATION
Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	March 31, 2021 Unaudited	December 31, 2020 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱15,855,508**	₱17,037,347
Short-term investments (Note 5)	**501,732**	358,120
Financial assets at fair value through profit or loss (Note 6)	**1,204,373**	965,171
Accounts and notes receivable (Note 7)	**100,833,765**	101,145,909
Inventories (Note 8)	**144,941,860**	146,743,592
Other current assets (Note 9)	**60,607,543**	58,020,962
Total Current Assets	**323,944,781**	324,271,101
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 7)	**43,463,668**	46,021,255
Financial assets at fair value through other comprehensive income	**1,506,521**	1,511,443
Investments in associates and joint ventures (Note 10)	**27,065,202**	26,601,254
Right of use assets	**13,178,672**	13,008,175
Investment properties – net	**224,076,656**	222,684,850
Property and equipment – net	**43,072,676**	43,446,968
Deferred tax assets - net	**12,190,289**	12,121,515
Other noncurrent assets (Note 11)	**33,097,341**	31,827,813
Total Noncurrent Assets	**397,651,025**	397,223,273
Total Assets	**₱721,595,806**	₱721,494,374
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 12)	**₱10,924,203**	₱9,131,325
Accounts and other payables (Note 13)	**144,362,721**	144,625,922
Income tax payable	**1,186,871**	1,455,612
Current portion of lease liabilities	**418,923**	466,801
Current portion of long-term debt (Note 12)	**16,661,188**	18,732,401
Deposits and other current liabilities (Note 14)	**19,028,251**	25,317,246
Total Current Liabilities	**192,582,157**	199,729,307
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	**185,207,845**	184,087,192
Pension liabilities	**2,940,766**	3,020,797
Lease liabilities – net	**17,651,076**	17,289,042
Deferred tax liabilities - net	**7,170,137**	7,148,534
Deposits and other noncurrent liabilities (Note 15)	**53,998,613**	50,040,170
Total Noncurrent Liabilities	**266,968,437**	261,585,735
Total Liabilities	**459,550,594**	461,315,042

(Forward)

	March 31, 2021 Unaudited	December 31, 2020 Audited
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**63,086,835**	62,953,585
Retained earnings	**162,439,784**	161,660,724
Remeasurement loss on defined benefit plans	**(816,063)**	(818,101)
Fair value reserve of financial assets at FVOCI*	**(571,877)**	(748,220)
Cumulative translations adjustments	**129,083**	167,395
Equity reserves (Note 16)	**623,197**	585,256
Treasury Stock	**(1,260,780)**	(1,260,780)
	223,630,179	222,539,859
Non-controlling interests	**38,415,033**	37,639,473
Total Equity	**262,045,212**	260,179,332
Total Liabilities and Equity	**₱721,595,806**	₱721,494,374

**Fair Value through other Comprehensive Income*
For more information, please see accompanying notes to consolidated financial statements

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Figures)

	2021 Unaudited January 1 to March 31	2020 Unaudited January 1 to March 31
REVENUE		
Real estate	**₱ 21,125,668**	₱26,198,834
Interest income from real estate sales	**1,842,556**	1,688,083
Equity in net earnings of associates and joint ventures	**218,961**	271,683
	23,187,185	28,158,600
Interest and investment Income	**47,950**	135,948
Other income	**1,403,841**	108,223
	1,451,791	244,171
	24,638,976	28,402,771
COSTS AND EXPENSES		
Real estate	**13,927,088**	16,030,356
General and administrative expenses	**1,634,885**	2,096,118
Interest and other financing charges	**2,957,192**	3,237,232
Other charges	**792,597**	156,152
	19,311,762	21,519,858
INCOME BEFORE INCOME TAX	**5,327,214**	6,882,913
PROVISION FOR INCOME TAX		
Current	**1,321,762**	1,478,071
Deferred	**327,739**	365,315
	1,649,501	1,843,386
NET INCOME	**₱3,677,712**	₱5,039,527
Net income attributable to:		
Equity holders of Ayala Land, Inc.	**₱2,779,448**	₱ 4,321,479
Non-controlling interests	**898,264**	718,048
	₱3,677,712	₱5,039,527
Earnings Per Share		
Basic	**₱0.19**	₱0.29
Diluted	**0.19**	0.29

For more information, please see accompanying notes to consolidated financial statements

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	2021 Unaudited January 1 to March 31	2020 Unaudited January 1 to March 31
NET INCOME	**₱3,677,712**	₱5,039,527
Item that may be reclassified to profit or loss in subsequent years:		
Cumulative translation adjustment	**(58,040)**	(471,617)
Items that will not be reclassified to profit or loss in subsequent years:		
Fair value reserve of financial assets at FVOCI	**257,368**	(555,121)
Remeasurement gain (loss) on pension liabilities	**2,717**	–
Income tax effect	**(679)**	–
	201,366	(1,026,738)
Total comprehensive income for the period	**₱3,879,078**	₱4,012,789
Total comprehensive income attributable to:		
Equity holders of Ayala Land, Inc.	**₱2,919,517**	₱ 3,294,741
Non-controlling interests	**959,561**	718,048
	₱3,879,078	₱4,012,789

For more information, please see accompanying notes to consolidated financial statements

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED 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, 2021	**₱16,066,829**	**₱49,149,512**	**(₱2,262,756)**	**₱8,000,000**	**₱153,660,724**	**₱–**	**(₱818,101)**	**(₱748,220)**	**₱167,395**	**₱585,256**	**(₱1,260,780)**	**₱222,539,859**	**₱37,639,473**	**₱260,179,332**
Net income	–	–	–	–	**2,779,448**	–	–	–	–	–	–	**2,779,448**	**898,264**	**3,677,712**
Other comprehensive loss	–	–	–	–	–	–	**2,038**	**176,343**	**(38,312)**	–	–	**140,069**	**61,297**	**201,366**
Total comprehensive income	–	–	–	–	**2,779,448**	–	**2,038**	**176,343**	**(38,312)**	–	–	**2,919,517**	**959,561**	**3,879,078**
Cost of stock options	–	**53,462**	–	–	–	–	–	–	–	–	–	**53,462**	–	**53,462**
Collection of subscription receivable	–	–	**79,788**	–	–	–	–	–	–	–	–	**79,788**	–	**79,788**
Stock options exercised	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	**37,941**	–	**37,941**	–	**37,941**
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cash dividends declared	–	–	–	–	**(2,000,388)**	–	–	–	–	–	–	**(2,000,388)**	**(184,001)**	**(2,184,389)**
As of March 31, 2021	**₱16,066,829**	**₱49,202,974**	**(₱2,182,968)**	**₱8,000,000**	**₱154,439,784**	**₱–**	**(₱816,063)**	**(₱571,877)**	**₱129,082**	**₱623,197**	**(₱1,260,780)**	**₱223,630,179**	**₱38,415,033**	**₱262,045,212**
As of January 1, 2020, as previously reported	₱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
PFRS 16, *Leases*	–	–	–	–	10,037	–	–	–	–	–	–	10,037	–	10,037
Balances at January 1, 2020, as restated	16,051,984	48,598,641	(1,878,179)	8,000,000	148,950,273	42,279	(337,210)	(457,358)	250,440	(7,056,459)	(1,104,353)	211,060,058	31,655,547	242,715,605
Net income	–	–	–	–	4,321,479	–	–	–	–	–	–	4,321,479	718,048	5,039,527
Other comprehensive loss	–	–	–	–	–	–	(307,597)	(247,524)	(471,617)	–	–	(1,026,738)	–	(1,026,738)
Total comprehensive income	–	–	–	–	4,321,479	–	(307,597)	(247,524))	(471,617)	–	–	3,294,741	718,048	4,012,789
Cost of stock options	–	26,731	–	–	–	–	–	–	–	–	–	26,731	–	26,731
Collection of subscription receivable	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Stock options exercised	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	(156,427)	(156,427)	–	(156,427)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(46,699)	–	(46,699)	–	(46,699)
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	309,823	309,823
Cash dividends declared	–	–	–	–	(3,944,628)	–	–	–	–	–	–	(3,944,628)	–	(3,944,628)
As of March 31, 2020	₱16,051,984	₱48,625,372	(₱1,878,179)	₱8,000,000	149,327,124	₱42,279	(₱644,807)	(₱704,882)	₱(221,177)	(₱7,103,158)	(₱1,260,780)	₱210,233,776	₱32,683,418	₱242,917,194

For more information, please see accompanying notes to consolidated financial statements

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	March, 31 2021 Unaudited	March 31, 2020 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,327,213**	₱6,882,913
Adjustments for:		
Depreciation and amortization	**2,336,548**	2,359,771
Equity in net earnings of investees	**(218,961)**	(271,683)
Interest and other charges - net of amount capitalized	**2,957,192**	3,390,041
Interest and other income	**(1,890,506)**	(1,824,031)
Provision for doubtful accounts	**19,115**	3,342
Operating income before changes in working capital	**8,530,601**	10,540,353
Decrease (increase) in:		
Accounts and notes receivable	**(352,936)**	(1,069,928)
Real estate inventories	**1,853,079**	1,584,717
Other current assets	**(2,576,702)**	(4,094,431)
Increase (decrease) in:		
Accounts and other payables	**(561,631)**	(12,295,581)
Pension liabilities	**(77,993)**	5,130
Other current liabilities	**(6,171,831)**	(13,705,537)
Cash generated from (used for) operations	**642,587**	(19,035,277)
Interest received	**1,890,506**	1,822,090
Income tax paid	**(1,590,503)**	(1,609,665)
Interest paid - net of amount capitalized	**(2,957,192)**	(3,359,820)
Net cash used in operating activities	**(₱2,014,602)**	(₱22,182,672)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Investments	**(₱3,425,017)**	(₱5,445,972)
Property and equipment	**(211,049)**	(1,478,454)
Short term investments	**(338,872)**	(422,773)
Decrease (increase) in:		
Noncurrent accounts and notes receivable	**2,561,306**	1,578,004
Other assets	**(1,840,929)**	5,040,471
Net cash provided by (used in) investing activities	**(₱3,254,561)**	(₱728,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short-term / long-term loans	**₱27,118,697**	₱21,037,986
Payments of short-term / long-term loans	**(26,276,378)**	(1,431,384)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	**4,321,376**	8,568,082
Noncontrolling interest in consolidated subsidiaries	**898,265**	310,289
Equity reserves	**37,941**	26,731
Capital stock subscriptions	**133,250**	10,038
Purchase of treasury shares	**–**	(156,427)
Dividends paid to non-controlling interest	**(85,773)**	–
Dividends paid to equity holders of Ayala Land, Inc.	**(1,975,692)**	(3,944,628)
Net cash provided by financing activities	**₱4,171,686**	₱24,420,687
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(₱1,097,477)**	₱1,509,291
EFFECT OF CHANGES IN FOREIGN CURRENCY	**(84,362)**	(187,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**17,037,347**	20,413,041
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱15,855,508**	₱21,734,465

For more information, please see accompanying notes to consolidated financial statements

1. Corporate Information

Ayala Land, Inc. (the Company, Parent Company, or ALI) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines. The Company's parent is Ayala Corporation (AC). AC is a publicly-listed company, 47.28%-owned by Mermac, Inc., 6.02%-owned by Mitsubishi Corporation (MC) and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The 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 represent the consolidation of the financial statements of Ayala Land, Inc. and the following domestic and foreign owned subsidiaries:

	March 31, 2021*	December 31, 2020*
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	**100**	100
OLC Development Corporation and Subsidiary	**100**	100
HLC Development Corporation	**100**	100
Allysonia International Ltd.	**100**	100
Avida Land Corporation (Avida)	**100**	100
Buklod Bahayan Realty and Development Corp.	**100**	100
Avida Sales Corp. and Subsidiaries	**100**	100
Amicassa Process Solutions, Inc.	**100**	100
Avencosouth Corp. (Avencosouth)	**70**	70
BGNorth Properties, Inc. (BGN)	**50**	50
Amaia Land Co. (Amaia)	**100**	100
Amaia Southern Properties, Inc. (ASPI)	**65**	65
AyalaLand Premier, Inc.	**100**	100
Ayala Land International Sales, Inc. (ALISI)	**100**	100
Ayalaland International Marketing, Inc. (AIMI)	**100**	100
Ayala Land International (Singapore) Pte. Ltd.	**100**	100
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**	100
Ayala Land International Marketing SRL (ALIM SRL)	**100**	100
Ayala Land International Marketing London	**100**	100
Ayala Land Sales, Inc.	**100**	100
Southportal Properties, Inc.	**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. (formerly Asterion Technopod, Incorporated)	**100**	100
Westview Commercial Ventures Corp. (Westview) (formerly Crestview E-Office Corporation)	**100**	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	**100**	100

	March 31, 2021*	December 31, 2020*
Hillsford Property Corporation (HPC)	**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.	**100**	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**	100
AyalaLand Real Estate Investments Inc.	**100**	100
AyalaLand Advisory Broadway Inc.	**100**	100
AyalaLand Development (Canada) Inc.	**100**	100
AyalaLand OpenAsia Holdings PTE, Limited	**100**	100
Blue Horizons Holdings PTE, Limited	**100**	100
Modular Construction Technology (MCT) Bhd.	**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.	**50**	50
Cavite Commercial Town Center, Inc.	**100**	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	**54**	54
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	**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.	**100**	100
Arca South Commercial Ventures Corp.	**100**	100
Capitol Central Commercial Ventures Corp.	**100**	100
Bay City Commercial Ventures Corp.	**100**	100
Aurora Properties Incorporated	**81**	81
Soltea Commercial Corp.	**16**	16
Vesta Property Holdings, Inc.	**78**	78
Altaraza Prime Realty Corporation	**100**	100
Altaraza Development Corporation	**51**	51
Prow Holdings Inc	**55**	55
Station Square East Commercial Corporation (SSECC)	**69**	69
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. (formerly Southgateway Development Corp.)	**100**	100
Ayalaland MetroNorth, Inc. (AMNI)	**100**	100
Verde Golf Development Corporation	**100**	100
North Triangle Depot Commercial Corporation (NTDCC)	**73**	73
BGWest Properties, Inc. (BGW)	**50**	50
Lagdigan Land Corporation	**60**	60
Central Block Developers, Inc.	**45**	45
Central Bloc Hotel Ventures	**45**	45

	March 31, 2021*	December 31, 2020*
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.	**25**	25
Central Block Developers, Inc	**39**	39
Central Bloc Hotel Ventures	**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. (formerly Prime Orion Philippines Inc.)	**71**	71
FLT Prime Insurance Corp.	**56**	56
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. (LTI)	**71**	68
Ecozone Power Management, Inc.	**71**	68
Unity Realty & Development Corp.	**71**	71
Ayalaland Malls Synergies, Inc.	**100**	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**	100
AyalaLand Malls Vismin, Inc.	**100**	100
AyalaLand Malls NorthEast, Inc.	**100**	100
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. (formerly MDC Triangle)	**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. (formerly KHI-ALI Manila, Inc.)	**80**	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**	80
Asian Conservation Company Limited and Subsidiary	**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

	March 31, 2021*	December 31, 2020*
Bay Area Hotel Ventures, Inc.	**100**	100
Makati North Hotel Ventures, Inc.	**100**	100
One Makati Hotel Ventures, Inc.	**100**	100
Sicogon Island Tourism Estate, Corp.	**100**	100
Asiatown Hotel Ventures, Inc.	**100**	100
One Makati Residential Ventures, Inc.	**100**	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**20**	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila 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 Corp.	**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. and Subsidiaries	**100**	100
DirectPower Services, Inc. (DirectPower)	**100**	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100
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	**100**	100
PCM Formosa Company Limited	**50**	50
Esta Galleria, Inc.	**50**	50
Horizon Wealth Holding, Ltd.	**100**	100
Food Court Company, Inc. (FCCI)	**-**	-
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	100
Studio Ventures, Inc. (SVI)	**-**	-
AyalaLand Club Management, Inc.	**100**	100
ALI Capital Corp. (formerly Varejo Corp.)	**100**	100
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.)	**100**	100
Swift Aerodrome Services, Inc.	**100**	-
Arca South Integrated Terminal, Inc.	**100**	100
Whiteknight Holdings, Inc. (WHI)	**100**	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	**100**	100
Anvaya Cove Beach and Nature Club, Inc.	**73**	73
Anvaya Cove Golf and Sports Club, Inc.	**76**	76

**Includes the Ayala Land group's percentage and effective ownership*

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

Changes in the group structure in 2021:

1. AREIT, Inc. - On April 30, 2021, Ayala Land, Inc. sold 44,000,000 shares of AREIT, Inc. (AREIT) at a transaction price of Php32.00 per share, equivalent to Php1.408 billion (exclusive of fees and taxes). This transaction was executed in relation to the property-for-share swap of ALI and its subsidiaries, Westview Commercial Ventures Corp (Westview), and Glensworth Development, Inc. (Glensworth), with AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 40.75% from 45.04%.

2. On March 19, 2021, AyalaLand Logistics Holdings, Corp. (ALLHC) purchased 5% equity interest owned by Mitsubishi Corporation in Laguna Technopark, Inc. (LTI), equivalent to 2,013 common shares, with a total value of P200 million. As a result, ALLHC effective ownership in LTI has increased to 100% from 95%.

Changes in the group structure in 2020:

1. AREIT, Inc. - On August 13, 2020, AREIT was publicly-listed on the Philippine Stock Exchange. This resulted in a public ownership of 45.57% which reduced Ayala Land's ownership to 44.58% and AyalaLand Offices, Inc. (ALOI), to 9.85%. Price stabilization activities were conducted afterwards and as a result, on September 30, 2020, Ayala Land increased its shareholdings in AREIT to 45.04%. 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. Formerly named One Dela Rosa Property Development, Inc., AREIT was incorporated in September 4, 2006.

2. Altaraza Development Corporation - On May 27, 2020, Altaraza Development Corporation was incorporated. It 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.

3. Swift Aerodrome Services, Inc - On January, 2020, Swift Aerodrome Services, Inc. was incorporated. It 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.

2. Basis of Financial Statement Preparation

The accompanying unaudited, condensed, and consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2020 annual audited consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements, as of, and for the year ended December 31, 2020.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Land, Inc. (herein referred to as "the Company) and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Parent Company's functional currency, and rounded to the nearest thousands (₱000) except when otherwise indicated.

On May 4, 2021, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of March 31, 2021 and December 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect the 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 return from the 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 the other contractual arrangements, and
- The Groups' 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 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, and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

<u>New Standards, Interpretations and Amendments</u>
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

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

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

- Conceptual Framework for Financial Reporting issued on March 29, 2018

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

  The Group adopted the amendments beginning January 1, 2020 and did not have a significant impact on the Group.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

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

Deferred effectivity

- Amendments to PFRS 10 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.

4. Cash and Cash Equivalents

This account consists of the following:

(In Thousands)	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
Cash on Hand	**₱ 66,086**	₱64,303
Cash in Banks	**12,656,051**	13,678,488
Cash Equivalents	**3,133,371**	3,294,556
	₱ 15,855,508	₱17,037,347

Cash in banks earn interest based on 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 based on the respective short-term investment rates.

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:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Philippine Peso	**0.75%**	0.75%
US Dollar	**0.1% to 0.3%**	0.05% to 0.10%

6. Financial Assets at FVPL

This account consists of the following:

(In Thousands)	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
Investment in Arch Capital Fund	**₱382,770**	₱327,953
Investment in Unit Investment Trust Fund (UITF)	**557,459**	378,066
Investment in Treasury Bills	**264,144**	259,152
	₱1,204,373	₱965,171

Investment in ARCH Capital Fund pertains to monetary interest in a fund in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers.

The Group invests in money market Unit Investment Trust Funds (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.

7. Accounts and Notes Receivables

The account consists of:

(In Thousands)	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
Trade:		
Residential	**₱99,682,003**	₱101,328,095
Shopping Centers	**5,918,168**	5,414,606
Construction Contracts	**2,081,392**	1,774,741
Corporate Business	**2,132,838**	3,948,672
Management fees	**149,689**	124,553
Others	**5,267,577**	4,717,601
Advances to other companies	**17,573,052**	17,686,292
Accrued receivables	**7,734,998**	7,786,399
Receivables from related parties (Note 18)	**4,981,719**	5,489,159
Receivables from employees	**830,188**	842,506
	146,351,624	149,112,624

Less allowance for impairment losses	**2,054,191**	1,945,460
	144,297,433	147,167,164
Less noncurrent portion	**43,463,668**	46,021,255
	₱100,833,765	₱101,145,909

The classes of trade receivables of the Group are as follows:

- Residential 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
- Construction contracts - pertain to receivables from third party construction projects
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Shopping centers - pertain to lease receivables from retail spaces
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Residential, commercial, and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 6% to 16%. Titles to real estate properties are transferred to the buyers only until the 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 Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances 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.

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 and payable on various maturity dates.

The Group entered into agreements with BPI Asset Management and Trust Corporation in 2019 for the assignment of interest-bearing employee receivables amounting to ₱11.3 million. The transactions were without recourse and did not result to any gain or loss.

The Group sold real estate receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, totaling to ₱5,709 million in the first quarter of 2021 and ₱9,976 in the full-year of 2019. These were sold at discount with total proceeds of ₱5,260 million for first quarter of 2021 and ₱9,281 million in the full-year of 2019. The Group recognized loss on sale, under "Other Charges" amounting to ₱448 million in the first quarter of 2021 and ₱775 million in the full-year of 2019

As of March 31, 2021, (unaudited) aging analysis of past due but not impaired trade receivables presented per class are as follows:

		Past Due but not impaired							
(In Thousands)	Neither Past Due nor Impaired	<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total Past Due but not impaired	Impaired	**Total**
Trade:									
Residential	₱74,937,619	₱7,303,202	₱1,397,852	₱5,830,663	₱1,093,674	₱8,912,350	₱24,537,741	₱206,643	**₱99,682,003**
Shopping Centers	2,704,045	167,332	436,831	204,827	153,657	1,210,504	2,173,151	1,040,972	**5,918,168**
Construction Contracts	770,096	933,546	100,699	211,270	28,950	-	1,274,465	36,831	**2,081,392**
Corporate Business	928,712	74,455	62,553	23,809	103,769	509,705	774,291	429,835	**2,132,838**
Management Fees	64,476	1,846	21,692	11,444	10,770	25,607	71,359	13,854	**149,689**
Others	3,584,757	869,427	43,574	94,986	70,708	426,988	1,505,683	177,137	**5,267,577**
Advances to other companies	9,573,521	1,138,487	1,272,384	87,691	1,936	5,350,339	7,850,837	148,694	**17,573,052**
Accrued Receivables	6,370,549	229,350	-	95,903	20,166	1,019,030	1,364,449	−	**7,734,998**
Related Parties	3,742,924	257,700	167,642	201,695	161,320	450,438	1,238,795	−	**4,981,719**
Receivables from employees	693,802	13,725	6,578	7,054	711	108,093	136,161	225	**830,188**
	₱103,370,501	₱10,989,070	₱3,509,805	₱6,769,342	₱1,645,661	₱18,013,054	₱40,926,932	₱2,054,191	**₱146,351,624**

8. 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). NRV is the estimated selling price in the ordinary course of business based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.

9. Other Current Assets

This account consists of:

(In Thousands)	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
Value-added input tax	**₱14,632,674**	₱12,575,713
Prepaid expenses	**14,730,680**	16,756,037
Advances to contractors	**20,389,202**	18,139,411
Creditable withholding taxes	**8,368,673**	8,321,770
Buildings classified as held for sale	**–**	952,142
Materials, parts and supplies – at cost	**750,605**	732,881
Others	**1,735,708**	543,008
	₱60,607,543	₱58,020,962

Value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods.

Prepaid expenses consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Advances to contractors represents prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

Materials, parts and supplies pertain to inventories to be used in the construction and maintenance of projects.

Others include deferred charges and letters of credit. Deferred charges pertain to project-related costs already paid but not yet consumed in the actual construction activities.

10. Investment in Associates and Joint Ventures

On February 26, 2021, White Knight Holdings, Inc., a wholly-owned subsidiary of ALI completed the sale of its with 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 to Healthway Philippines, Inc, a wholly-owned subsidiary of Ayala Healthcare Holdings, Inc.

Details of the group's investments in associates and joint ventures and the related percentages of ownership are shown below:

	Percentage of Ownership		**Carrying Amounts**	
(In Thousands)	**As of March 31 2021**	As of December 31 2020	**As of March 31 2021**	As of December 31 2020
Joint Ventures:				
Emerging City Holdings, Inc. (ECHI)	**50%**	50%	**₱3,938,150**	₱3,886,019
ALI-ETON Property Development Corporation (ALI ETON)	**50%**	50%	**4,659,619**	4,498,958
AKL Properties, Inc. (AKL)	**50%**	50%	**3,047,013**	3,034,209
Berkshires Holdings, Inc. (BHI)	**50%**	50%	**1,943,001**	1,920,659
Cebu District Property Enterprise, Inc. (CDPEI)	**35%**	35%	**1,420,757**	1,426,339
Alveo-Federal Land Communities, Inc.	**50%**	50%	**1,023,231**	928,621
AyaGold Retailers, Inc. (AyaGold)	**50%**	50%	**154,239**	161,407
BYMCW, Inc.	**30%**	30%	**51,732**	51,732
SIAL Specialty Retailers, Inc. (SIAL Specialty)	**50%**	50%	**31,744**	26,461
			16,269,486	15,934,405
Associates:				
Ortigas Land Corporation (OLC)	**21%**	21%	**8,767,181**	8,676,598
Bonifacio Land Corp. (BLC)	**10%**	10%	**1,426,107**	1,405,759
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	**49%**	49%	**401,194**	401,194
Tianjin Eco-City Ayala Land Development Co., Ltd	**40%**	40%	**161,712**	153,982

(Tianjin Eco-City)				
Lagoon Development Corporation	**30%**	30%	**39,522**	29,316
			10,795,716	10,666,849
			₱27,065,202	₱26,601,254

Financial information of the associates with material interest:

Ortigas Land Corporation (OLC) Formerly OCLP Holdings, Inc. (OHI)
OLC owns 99.5% interest in Ortigas & Company Limited Partners (OCLP), an entity engaged in real estate development and leasing businesses.

In 2016, ALI acquired a 21.1% stake in OLC consistent with its thrust of expanding its operations to other areas within and outside of Metro Manila through partnerships.

The acquisition was made possible via the purchase of shares from existing OLC shareholders and this was recorded under "Investments in associates and joint ventures" account.

Below is the summarized financial information for OLC:

Ortigas Land Corporation (in Thousands)	**As of March 31, 2021**	As of December 31, 2020
Current assets	**23,293,196**	17,440,519
Noncurrent assets	**18,630,871**	22,507,390
Current liabilities	**(14,913,141)**	(11,410,775)
Noncurrent liabilities	**(16,630,466)**	(18,597,214)
Equity	**10,380,460**	9,939,920
Proportion of Group's ownership	**21.1%**	21.1%
Group's share in identifiable net assets	**2,179,897**	2,097,323
Carrying amount of the investment	**8,767,181**	8,676,598
Fair value adjustments	**6,587,285**	6,589,215
Negative Goodwill	**–**	148,046
Dividends received	**–**	33,558
Revenue	**2,339,329**	7,204,436
Cost and expenses	**(1,903,629)**	(6,398,747)
Net income (continuing operations)	**435,700**	805,689
Group's share in net income for the year	**91,497**	170,000
Total comprehensive income	**435,700**	805,689
Group's share in total comprehensive income for the year	**91,497**	170,000

Bonifacio Land Corporation (BLC)

The Group has 10% interest in BLC, which is involved in the purchase, subscription or otherwise disposal of real and personal properties. Bonifacio Land Corp. 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, Philippines.

Below is the summarized financial information of BLC:

Bonifacio Land Corporation (In Thousands)	**As of March 31, 2021**	As of December 31, 2020
Current assets	**3,687,373**	3,261,099
Noncurrent assets	**38,336,284**	38,420,664
Current liabilities	**(2,471,664)**	(2,534,735)
Noncurrent liabilities	**(7,256,785)**	(7,285,960)
Equity	**32,295,208**	31,861,068
Less: noncontrolling interest	**14,491,220**	14,292,676
Equity attributable to Parent Company	**17,803,988**	17,568,392
Proportion of Group's ownership	**10.1%**	10.1%
Group's share in identifiable net assets	**1,798,203**	1,774,408
Carrying amount of the investment	**1,426,107**	1,405,759
Negative Goodwill	**372,095**	(368,649)
Dividends received	**–**	155,508

Revenue	**947,240**	3,869,359
Cost and expenses	**(564,008)**	(2,466,924)
Net income (continuing operations)	**383,232**	1,402,435
Net income attributable to minority interest	**(178,187)**	(590,732)
Net income attributable to parent	**205,044**	811,703
Group's share in net income for the year	**20,709**	81,982
Total comprehensive income attributable to parent	**205,044**	811,703
Group's share in total comprehensive income for the year	**20,709**	81,982

Aggregate financial information on associates with immaterial interest:

Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others

(In Thousands)	**As of March 31, 2021**	As of December 31, 2020
Carrying amount	**602,428**	584,492
Share in net income (loss) from continuing operations	**(66,257)**	(89,529)
Share in total comprehensive income (loss)	**(66,257)**	(89,529)

Emerging City Holdings, Inc. (ECHI)

The Group has 50% interest in ECHI, which serves as The Group's corporate vehicle in the acquisition of a controlling stake in Bonifacio Land Corp./ Fort Bonifacio Development Corp. (FBDC) through Columbus Holdings, Inc. in 2003. FBDC continues to sell commercial lots and condominium units and leases out retail and office spaces in Bonifacio Global City. Below is the summarized financial information of ECHI:

(In Thousands)	**As of March 31, 2021**	As of December 31, 2020
Current assets	**3,752,314**	11,741,302
Noncurrent assets	**38,346,908**	30,017,735
Current liabilities	**(2,800,215)**	(2,863,497)
Noncurrent liabilities	**(7,256,785)**	(7,285,960)
Equity	**32,042,223**	31,609,580
Less: minority interest	**23,599,058**	23,307,423
Equity	**8,443,165**	8,302,157
Proportion of Group's ownership	**50.0%**	50.0%
Group's share in identifiable net assets	**4,221,583**	4,151,079
Carrying amount of the investment	**3,938,150**	3,886,019
Fair value adjustments	**283,433**	
Dividends received	**–**	397,854

Revenue	**948,767**	3,872,498
Cost and expenses	**(567,032)**	(2,475,532)
Net income (continuing operations)	**381,736**	1,396,966
Net income attributable to minority interest	**(277,207)**	(980,460)
Net income attributable to parent	**104,529**	416,506
Group's share in net income for the period	**52,264**	208,253
Total comprehensive income attributable to parent	**105,598**	416,506
Group's share in total comprehensive income for the period	**52,799**	208,253

ALI-ETON Property Development Corporation (AEPDC)

ALI-ETON Property Development Corporation is a 50:50 joint venture between Ayala Land, Inc. and LT Group, Inc., and is organized primarily to 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. Below is the summarized financial information for AEPDC:

(In Thousands)	**As of March 31, 2021**	As of December 31, 2020
Current assets	**13,834,377**	12,838,898
Noncurrent assets	**4,115,996**	3,985,368
Current liabilities	**(8,431,961)**	(8,394,044)
Noncurrent liabilities	**(164,186)**	(3,390,318)
Equity	**9,354,225**	5,039,904
Proportion of Group's ownership	**50.0%**	50.0%
Group's share in identifiable net assets	**4,677,113**	2,519,952
Carrying amount of the investment	**4,659,619**	4,498,958
Fair value adjustments	**(17,494)**	1,979,006
Negative Goodwill	**–**	–
Dividends received	**–**	–
Revenue	**197,132**	975,701
Cost and expenses	**(175,811)**	(734,502)
Net income (continuing operations)	**21,321**	241,199
Group's share in net income for the period	**10,661**	120,599
Total comprehensive income attributable to parent	**21,321**	241,199
Group's share in total comprehensive income for the period	**10,661**	120,599

BHI, CDPEI, Alveo-Federal, AKL, SIAL Specialty, AyaGold and BYMCW, Inc

(In Thousands)	**As of March 31 2021**	As of March 31, 2020
Carrying amount	**7,671,716**	7,549,42
Share in net income (loss) from continuing operations	**111,496**	95,19
Share in total comprehensive income (loss)	**111,496**	95,19

11. Other noncurrent assets

This account consists of:

(In Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Advances to contractors	**₱8,387,304**	₱9,387,018
Prepaid expenses	**15,294,403**	10,544,253
Leasehold rights	**3,581,003**	3,506,816
Deferred input VAT	**1,077,726**	2,918,601
Deposits - others	**2,157,082**	2,339,575
Investment in bonds	**2,309,440**	2,309,440
Net pension assets	**12,676**	12,220
Development rights	**37,678**	49,791
Others	**240,029**	760,099
	₱33,097,341	₱31,827,813

Advances to contractors represents prepayments for the construction of investment properties and property and equipment.

Prepaid expenses consist of project costs incurred for unlaunched projects of the Group, advance rental payments, noncurrent prepaid management fees, commissions and advertising and promotions.

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).
- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.
- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.

Movements during the period are as follows:

(In Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Balance at the beginning of the year	**₱3,506,816**	₱3,684,840
Additions	**113,268**	8,736
Amortization	**(39,081)**	(186,760)
Balance at the end of the period	**₱3,581,003**	₱3,506,816

Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods

Deposits - others pertain to various utility deposits and security deposits for leases.

Development rights pertain to the saleable and non-saleable development rights acquired by the parent company. The non-saleable portion is allocated to the gross floor area of a structure in a particular lot that can be developed in the future.

The development rights are capitalized as additional cost of the structure once the development commences.

Others pertain to prepayments for expenses that is amortized for more than one year.

12. Short-Term and Long-Term Debt

The short-term debt of the Company ended at P10,924 million and P9,131 million as of March 31, 2021 and December 31, 2020, respectively.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain long-term debt with a carrying value of P12,491 million and P13,231 million as of March 31, 2021 and December 31, 2020 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall.

Peso-denominated short-term loans had a weighted average cost of 2.34% and 4.01% per annum for the first nine months ending March 31, 2021 and for the year ending December 31, 2020, respectively

Long-term debt consists of:

(in Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Parent Company:		
Bonds:		
Due 2021	**9,000,000**	9,000,000
Due 2022	**22,650,000**	22,650,000
Due 2023	**15,000,000**	15,000,000
Due 2024	**18,000,000**	18,000,000
Due 2025	**21,250,000**	21,250,000
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)	**4,687,500**	5,650,000
Php - denominated long-term loan	**39,442,078**	41,230,039
US Dollar - denominated long-term loan	**6,066,250**	6,002,875
	172,095,828	174,782,914
Subsidiaries:		
Bonds	**5,000,000**	5,000,000
Bank loans - Philippine Peso	**25,965,541**	24,152,697
Bank loans - Malaysian Ringgit	**1,545**	1,749
	30,967,086	29,154,447
Subtotal	**203,062,914**	203,937,361
Less unamortized transaction costs	**1,193,880**	1,117,768
	201,869,034	202,819,593
Less current portion	**16,661,188**	18,732,401
Long-term debt – net of current portion	**₱185,207,845**	₱184,087,192

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Parent Company issued a total of P15,000.0 million in bonds, broken down into a P9,350.0 million due 2019 at a fixed rate equivalent to 5.6% p.a. and P5,650.0 million due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances. The Parent Company fully paid the P9,350.0-million bond on April 2019.

Philippine Peso 5-year and 10-year and 6-month Bonds due 2024
In July 2013, the Parent Company issued a total of P15,000.0 million in 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 P3,000.0 million in 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 P6,000.0 million in bonds, broken down into a P4,000.0 million due 2020 at a fixed rate equivalent to 4.6% p.a. and P2,000.0 million 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. The Parent Company fully paid the P4,000.0-million bond on October 2020.

Philippine Peso 11-year Bonds due 2025
In April 2014, the Parent Company issued a total of P8,000.0 million in 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 P7,000.0 million in 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 P7,000.0 million in 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 P50,000.0 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 P8,000.0 million in 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 P50,000 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 P8,000.0 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 P50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 3-Year Homestarter Bond due 2019 and 7-year Bonds due 2023
In October 2016, the Parent Company issued a total of P10,000.0 million in bonds, broken down into a P3,000.0 million Homestarter bond due 2019 at a fixed rate of 3.0% p.a. and P7,000.0 million fixed rate bonds due 2023 at a rate equivalent to 3.8915% p.a. The Bonds represent the first tranche of Homestarter Bonds series and the third tranche of the Fixed-rate Bonds Series issued under the Parent Company's P50,000.0 million Debt Securities Program registered with the SEC, and listed in the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In 2017, the Parent Company paid P9.1 million as an early down payment of the outstanding 3-Year Homestarter Bond. In 2018, the Parent Company paid P8.4 million as an early down payment of the outstanding 3-Year Homestarter Bond. The Parent Company fully paid the remaining Homestarter Bond on October 21 and December 23, 2019.

Philippine Peso 7-year and 3-month and 10-year Bonds due 2027
In May 2017, the Parent Company issued a P7,000.0 million in 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 P50,000.0 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 P1,000.0 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 P50,000.0 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 P10,000.0 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 P50,000.0 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 P8,000.0 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 P50,000.0 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 and 2022
In November 2019, the Parent Company issued a P9,000.0 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 P50,000.0 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. In June 2020, the Parent Company issued a P10,000.0 million fixed rate bond due 2022 at a rate equivalent to 3.0000 % p.a. This was the fourth tranche of bonds issued under the 2019 P50,000.0 million shelf registration of the Parent Company. The Bonds have also been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2025
In September 2020, the Parent Company issued a P6,250.0 million fixed rate bond due 2025 at a rate equivalent to 3.862% p.a. The Bonds represent the fifth tranche of the new P50B debt securities program approved by the SEC in May 2019. The bond was listed on the PDEx. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Parent Company issued P10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.6% to 7.5% p.a. depending on the term of the notes. The Company prepaid P1,950.0 million of notes due in 2016 on January 19, 2013. In 2014, the Parent Company paid P43.0 million for the matured portion of the loan. In January 2016, the Parent Company paid P3,750 million notes for the matured portion of the loan. In 2017, the Parent Company paid P43.0 million for the matured portion of the loan. In 2018, the Company prepaid P3,234.0 million notes and paid P10.0 million for the matured portion of the loan. In 2019 and 2020, the Parent Company paid a total of P20.0 million for the matured portion of the loan. As of December 31, 2020 and December 31, 2019, the remaining balance of the FXCN amounted to P950.0 million and P960.0 million, respectively. The Parent Company fully paid the remaining FXCN on January 19, 2021.

Philippine Peso 10-year Note due 2023
In December 2012, the Parent Company executed a P5,000.0 million committed Corporate Note facility with a local bank, of which an initial P3,500.0 million was drawn in 2012. The balance of P1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.5%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, P50.0 million was prepaid by the Company. In 2016, another P50.0 million worth of amortization was paid by the Parent Company. In 2017, the Parent Company paid another amortization in the amount of P50.0 million. In 2018, 2019 and 2020, a total of P137.5 million worth of amortizations were paid by the Company. As of March 31, 2021 and end-2020, the remaining balance of the note amounted to P4,687.5 million and P4,700.0 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Company assumed an aggregate of P15,526.9 million various long-term facilities of some Subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.725% p.a. and terms ranging from 4.4 years to 10.5 years. In March 2016, the Company additionally assumed from ALI Makati Hotel Property, Inc. US$30.0 million in long-term loans from the Bank of the Philippine Islands. The loan carried a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR) and is repriceable quarterly. The loan was prepaid in December 2018. As of March 31, 2021 and December 31, 2020, the remaining balance of the assumed long-term facilities amounted to P9,944.1 million and P11,592.5 million respectively.

In March 2017, the Company executed a P10,000.0 million long-term facility and had an initial drawdown of P5,000.0 billion. The loan has a fixed interest rate of 4.949% for 10 years inclusive of GRT. The balance of P5,000.0 billion was drawn in April 2017. As of March 31, 2021 and December 31, 2020, the remaining balance of the loan amounted to P9,700.0 million and P9,775.0 million respectively.

In March 2018, the Company executed and drew in one lump sum a P5,000.0 million long-term facility. The loan has a fixed interest rate of 6.9062% for 10 years inclusive of Gross Receipt Tax (GRT). In September 2019, the Company was able to renegotiate and reduce the rate to 4.939%. As of March 31, 2021 and December 31, 2020, the remaining balance of the loan amounted to P4,850.0 million and P4,862.5 million respectively.

In March and April 2019, the Company executed and drew in two tranches a P13,000.0 million long-term facility. The loan which was drawn at P6,500.0 each, carries a fixed interest rate of 6.2720% and 6.3070%, respectively. In June 2020, the Company prepaid the remaining P12,729.6 million outstanding term loans of the said facility.

In January 2020, the 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 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 March 31, 2021 and end-2020, the remaining balance of the loan amounted to P9,948.0 million and P10,000.0 million respectively.

As of March 31, 2021, and end-2020, remaining aggregate balance of the Peso-denominated long-term loans amounted to P39,442.1 million and P41,230.0 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. The proceeds were on lent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

As of March 31, 2021 and December 31, 2020, the remaining aggregate balance of US Dollar denominated long term loans amounted to P6,066.3 million and P6,002.9 million, respectively.

<u>Subsidiaries</u>

The subsidiaries' loans will mature on various dates up to 2030. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 90-day PDST-R2/PHP BVAL Reference Rates or and fixed interest rates ranging from 4.25% to 5.26% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or at 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 BSP Overnight Deposit Rate and Term Deposit Facility Rate with a term closed to the 90-day interest period. On the other hand, some of the fixed-rated loans are repriceable on the 5th and 7th anniversary of the initial drawdown date. The total outstanding balance of the subsidiaries' term loans as of March 31, 2021 and December 31, 2020 amounted to ₱25,965.5 million and ₱24,152.7 million, respectively.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In September 2014, Cebu Holdings, Inc. issued a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.32% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of March 31, 2021 and December 31, 2020.

13. Accounts and Other Payables

This account consists of:

(In Thousands)	**March 31, 2021 Unaudited**	**December 31, 2020** Audited
Accounts payable	**₱75,303,542**	₱77,332,265
Taxes payable	**21,057,189**	19,215,550
Accrued project costs	**18,018,951**	18,220,433
Liability for purchased land	**8,720,632**	9,316,978
Accrued salaries & employee benefits	**5,482,625**	5,669,563
Retention payable	**4,302,445**	4,131,302
Accrued professional & management fees	**3,398,291**	2,448,396
Accrued repairs and maintenance	**2,718,291**	1,634,398
Interest payable	**1,955,721**	1,775,627
Accrued utilities	**776,257**	697,231
Accrued advertising and promotions	**925,577**	968,291
Accrued rentals	**209,361**	369,960
Payable to related parties (note 18)	**950,211**	1,128,192
Dividends payable	**364,529**	241,604
Other accrued expenses	**179,099**	1,476,132
	₱144,362,721	₱144,625,922

14. Deposits and other current liabilities

This account consists of:

(In Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Security and customers' deposits	**₱18,029,358**	₱25,072,090
Other current liabilities	**998,893**	245,156
	₱19,028,251	₱25,317,246

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.

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition.

Other current liabilities mostly pertain to estimated liability on property development and unearned income.

15. Deposits and other noncurrent liabilities

This consists of:

(in Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Deposits	**₱37,662,905**	₱33,420,872
Contractors payable	**5,736,657**	5,711,140
Liability for purchased land	**2,874,589**	2,111,165
Retentions payable	**5,784,049**	6,058,579
Deferred Output VAT	**1,382,981**	1,457,411
Subscriptions payable	**535,997**	498,175
Others liabilities	**21,435**	782,828
	₱53,998,613	₱50,040,170

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 non-cancellable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and transfer taxes. Payments made by the Group for the processing of title are charged to this account.

Customers' deposits consist of excess of collections over the recognized receivables based on percentage of completion.

Contractors' payable represents estimated liability on property development.

Retention 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.

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.

The Group's subscription payable pertains to ALLHC's investment in Cyber Bay.

Other liabilities include nontrade payables, accrued payables and warranty payables.

16. Equity

Equity Reserve

On August 13, 2020, ALI's sold through a public listing its 49.00 %effective noncontrolling interest in AREIT, Inc. at P27.00/share. Subsequently during a one-month stabilization process, BPI Capital Corporation acquired a 3.43% interest in AREIT at an average price of P26/share and redelivered this to ALI, increasing its effective ownership back to 54.43%. ALI's net equity reserve from the sale and buy-back transactions aggregated to P7.7 billion out of the P12.3 billion net proceeds from public offering.

Treasury Shares

On February 28, March 11, March 12, and March 16, 2020, Ayala Land, Inc. purchased a total of 4,412,000 common shares at an average price of P35.67/share for a total consideration of P156.4 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 P25 billion to the Company's current share buyback program bringing the available balance to P26.1 billion. The program will be implemented through open market purchases executed via the trading facilities of the Philippine Stock Exchange.

On March 5, 2019, pursuant to its share buyback program as disclosed last August 12, 2008, Ayala Land, Inc. (ALI) purchased 10,372,746 common shares at a price of P43.20/share for a total consideration of P448.1 million. As a result of the transaction, total outstanding shares decreased to 14,724,508,335. On November 26, 2019, ALI also acquired a total of 15,000,000 of its common shares at P43.75/share for a total purchase price of P656.3 million.

Declaration of Cash Dividends

On February 23, 2021, the Board of Directors during its meeting approved the declaration of cash dividends of P0.1358 per outstanding common share. The cash dividend was paid on March 25, 2021 to stockholders of common shares as of record date March 10, 2021.

On May 26, 2020, the Board of Directors during its meeting approved the declaration of cash dividends of P0.00474786 per outstanding preferred share. The cash dividend was paid on June 25, 2020 to stockholders of preferred shares as of record date Jun 9, 2020.

On February 20, 2020, the Board of Directors during its meeting approved the declaration of cash dividends of P0.268 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 February 27, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.26 per outstanding common share**.** The cash dividend was paid on March 29, 2019 to stockholders of common shares as of record date March 13, 2019.

On May 24, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.00474786 per outstanding preferred share. The cash dividend was paid on June 21, 2019 to stockholders of preferred shares as of record date June 7, 2019.

On October 31, 2019, the Board of Directors during its meeting approved the declaration of cash dividends of P0.26 per outstanding common share. The second-half regular cash dividends, together with the first-half cash dividends is equivalent to an annual dividend payout ratio of 26% of prior years' earnings. The cash dividend will be paid on November 29, 2019 to stockholders of common shares as of record date November 15, 2019.

<u>Employee Stock Ownership Plan</u>

On February 23, 2021, the Board of Directors at its regular meeting approved the amendment of the Employee Stock Ownership Plan (the "Plan") to increase the share allocation for ESOWN grants from 2.5% to 3.0% of the authorized capital stock. This was likewise presented and approved by stockholders during the Company's Annual Stockholders' Meeting on April 21, 2021.

On August 17, 2020, the Board of Directors approved the 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 Php27.72 per share, which is the average price of our 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 P27.72 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 outstanding common shares increased to 14,730,395,599.

On February 27, 2019, the Board of Directors approved the grant to qualified executives, stock options pursuant to the company's Employee Stock Ownership Plan (the "Plan"), covering up to 14,430,750 common shares at a subscription price of P44.49 per share equivalent to the average closing price of ALI common shares at the Philippine Stock Exchange for 30 consecutive trading days ending February 26, 2019.

On April 30, 2019, 152 stock option grantees subscribed to 10,073,389 common shares at P44.49 per share and became effective on the same day. As a result of the subscription of the 152 stock option grantees, the number of ALI outstanding common shares increased to 14,734,581,724.

<u>AyalaLand Logistics Holdings, Corp. formerly Prime Orion Philippines, Inc.</u>

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

On September 9, 2019, Orion Land, Inc. sold through a special block sale, 215,090,031 common shares of ALLHC to its affiliate, Avida Land Corporation for a total consideration of P628,062,891.00. On September 27, 2019, ALI acquired the 215,090,031 common shares of ALLHC from Avida Land Corp. through a special block sale at P2.92/share for a total consideration of P628,062,891.00. As a result of the transaction, ALI's effective ownership in ALLHC increased to 71.46%.

17. Business Combinations and Acquisition of Non-Controlling Interests

Merger of Parent Company and its subsidiaries

On February 23, 2021, the Board of Directors of Ayala Land approved 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 was approved by our stockholders during their annual meeting held last April 21, 2021.

CHI is a 71.1%-owned subsidiary of ALI. ASCVC is a 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.

MCT Bhd.

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions.

On January 5, 2018, the transfer of shares was completed, increasing the Company's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the Board of Directors 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. (Malaysian time) 19 February 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 P5.98 billion

On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, the current ownership stake of ALI in MCT is 66.25%.

Subsequently, the Group remeasured its previously held interest in MCT based on its acquisition-date fair value which resulted to a remeasurement loss of P1.79 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 P1.85 billion. The net gain of P60 million from the acquisition is presented under 'Other income' account in the consolidated statements of income. The following are the fair values of the identifiable assets and liabilities assumed.

ASSETS	**In Thousands**
Cash	₱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
Total Assets	₱27,913,937
LIABILITIES	
Accounts and other payables	₱5,506,336
Borrowings	2,752,114
Tax liabilities	128,551
Other payables	2,287,772
Total Liabilities	₱10,674,773
Net Assets	17,239,175
Total net assets acquired to date	12,465,640
Carrying cost	(10,611,567)
Net 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 P7.6 billion and P1.3 billion.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties

In its regular conduct of business, the Group has 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, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. 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 provide the total amount of transactions that have been entered into with related party for the relevant financial year:

a. Transactions with BPI, an associate of AC

As of March 31, 2021, and December 31, 2020, the Group maintains current and savings account, money market placements and short/long-term debt payable with BPI broken down as follows:

(In Thousands)	**March 31, 2021 Unaudited**	December 31, 2020 Audited
Cash in bank	**₱3,789,377**	₱3,510,108
Cash equivalents	**43,221**	47,486
Marketable Securities	**404,050**	305,136
Short-term debt	**8,838,500**	2,600,500
Long-term debt	**₱12,338,730**	₱13,231,337

b. Outstanding balances from/to related parties

	Receivables from Related Parties		**Payables to Related Parties**	
In Thousands	**March 2021 Unaudited**	December 2020 Audited	**March 2021 Unaudited**	December 2020 Audited
Ayala Corp.	**₱56,689**	₱55,316	**₱151,145**	₱236,815
Associates	**4,360,289**	4,753,392	**75,921**	446,885
Other Related Parties:				
Globe Telecom, Inc.	**149,523**	148,435	7,200	7,164
Bank of the Philippine Islands	**75,362**	84,064	44,815	44,811
Columbus	**1**	-	267,355	267,355
Manila Water Company, Inc.	**27,376**	9,280	1,539	10,288
Manila Water Philippine Ventures, Inc.	**121,832**	160,115	9,203	67,242
Michigan Holdings, Inc.	**218**	330	-	-
Others	**190,429**	278,227	393,033	47,632
	564,741	680,451	**723,145**	444,492
	₱4,981,719	₱5,489,159	**₱950,211**	₱1,128,192

c. Revenues and expenses from/to related parties

	Revenues from Related Parties		**Expenses from Related Parties**	
In Thousands	**March 2021 Unaudited**	March 2020 Unaudited	**March 2021 Unaudited**	March 2020 Unaudited
Ayala Corp.	**₱816**	₱1,031	**₱4,989**	₱2,971
Associates	**920,220**	452,372	**74,479**	88,971
Other Related Parties:				
Bank of the Philippine Islands	**109,496**	-	**66,958**	1
AG Counselors Corp	**1**	107,774	**1,694**	11,558
Globe Telecom, Inc.	**18,488**	37,880	**19,833**	17,071
Innove Communications	**2,166**	1,973	**22,567**	16,315
Manila Water Company, Inc.	**18,908**	-	**33,991**	81,438
Manila Water Philippine Ventures, Inc.	**53,964**	69,673	**32,266**	37,681
Michigan Holdings, Inc.	**301**	301	**-**	-
Others	**18,931**	383	**317,680**	188,686
	222,255	217,984	**494,989**	352,750
	₱1,143,291	₱671,387	**₱574,457**	₱444,692

19. 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 as of March 31, 2021.

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 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 risk

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 FVPL and AFS financial assets. 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.

Interest rate risk

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.

Foreign currency risk

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 are more than the amount of foreign currency-denominated debt.

Equity price risk

Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

Risks related to COVID-19

Two major risk events occurred in 2020 which greatly impacted the Philippines and Ayala Land's business operations. First was the eruption of the Taal volcano in January which affected the provinces of Batangas, Cavite and Laguna and neighboring provinces in the Southern Luzon area. This was followed by the spread of the COVID-19 pandemic globally which continues to affect the country up to this day.

Even prior to the onset of COVID-19, pandemic risk was already identified as a key risk during Ayala Land's 2019 risk review exercise. With its continuing impact to both global and local business operations in 2020, pandemic risk was elevated as one of the top risks of the Company moving forward.

Through its business continuity management (BCM) program and digitalization initiatives, Ayala Land was able to mitigate the business disruptions brought by the pandemic. Plans and exercises based on different loss scenarios helped the Company to prepare and conduct business operations and processes during the following BCM scenarios;

- loss of premises or office
- loss of critical people
- loss of critical service provider

To address the impact of the pandemic Ayala Land's management team pivoted its strategy and introduced the 5-point action plan to not only ensure the survival of the company but to extend assistance to its various stakeholders.

The key objective of this plan are as follows: Protecting the employees; Continuing to serve the customers; Helping the community; and Thinking ahead towards recovery. These were all underpinned with the goal of ensuring the financial sustainability of the Company.

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Groups financial assets and liabilities recognized as of March 31, 2021 and December 31, 2020. The methods and assumptions used by the Group is estimating the fair value of the financial instruments are as follows:

Cash & 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 relatively short-term maturities of these financial instruments.

Financial assets at FVPL- UITF - These are investments in fund. Fair value is based on the net asset value as of reporting dates.

Noncurrent accounts and notes receivables- The fair values of residential accounts and notes receivable from employees, are based on the discounted value of future cash flow using the applicable rates for similar types of instruments. The discount rates used ranged from 1.11% to 4.93% as of March 31, 2021 and 5.75% to 16.00% as of December 31, 2020.

AFS quoted equity securities- Fair values are based on the quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair values cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

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 from 0.66% to 5.25% and 1.84% to 7.50% as of March 31, 2021 and December 31, 2020 respectively. The fair value of noncurrent unquoted debt instruments with floating rates as estimated using the discounted cash flow- last pricing method.

20. 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 actives markets for identical assets and liabilities
Level 2. Other techniques for which all inputs which have significant effect of the recorded fair value are observable, either directly or indirectly.
Level 3. Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The company categorizes trade receivable, investment in bonds classified as loans and receivables, receivables 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 un-observable input and the effect of changes to this is that the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories in March 31, 2021 and December 31, 2020.

		March 31, 2021 Unaudited		December 31, 2020 Audited
(In Thousands)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial Assets at FVPL	**₱1,204,373**	**₱1,204,373**	₱965,171	₱965,171
Financial Assets at FVOCI				
Unquoted equity securities	**735,832**	**735,832**	666,988	666,988
Quoted equity securities	**770,689**	**770,689**	844,455	844,455
	₱1,506,521	**₱1,506,521**	₱2,476,614	₱2,476,614
Financial assets at amortized cost				
Noncurrent trade residential and office development	**₱42,447,349**	**₱42,780,064**	₱42,547,808	₱45,313,900
Receivable from employees	**830,188**	**830,188**	842,506	844,542
	₱43,277,537	**₱43,610,252**	₱43,390,314	₱46,158,442
Other financial liabilities				
Long-term debt	**₱201,869,033**	**₱202,245,882**	₱202,819,593	₱211,109,769
Deposits and other noncurrent liabilities	**53,998,613**	**53,998,613**	48,582,759	36,367,004
	₱255,867,646	**₱256,244,495**	₱251,402,352	₱247,476,773

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of March 31, 2021 and December 31, 2020:

2021

(In Thousands) March 31, 2021 (Unaudited)	Date of valuation	Total	Quoted prices in Active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	**Mar. 31, 2021**	**₱557,459**	**–**	**₱557,459**	**–**
Investment in Arch Capital Fund	**Mar. 31, 2021**	**382,770**	**–**	**–**	**382,770**
Investment in Treasury Bills	**Mar. 31, 2021**	**264,144**	**–**	**264,144**	**–**
		₱1,204,373	**–**	**₱821,603**	**₱382,770**
Financial assets at fair value through other comprehensive income					
Quoted equity securities	**Mar. 31, 2021**	**₱770,689**	**₱770,689**	**–**	**–**
Unquoted equity securities	**Mar. 31, 2021**	**735,832**	**–**	**–**	**735,832**
		1,506,521	**770,689**	**₱–**	**735,832**
		₱2,710,894	**₱770,689**	**₱821,603**	**₱1,118,602**

December 31, 2020 (Audited)	Date of valuation	Total	Quoted prices in Active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	Dec. 31, 2020	₱378,066	₱–	₱378,066	₱–
Investment in Arch Capital Fund	Dec. 31, 2020	327,953	–	–	327,953
Investment in Treasury Bills	Dec. 31, 2020	259,152	–	259,152	₱–
		₱965,171	₱-	₱637,218	₱327,953
Financial assets at fair value through other comprehensive income					
Quoted equity securities	Dec. 31, 2020	₱844,455	₱844,455	₱–	₱–
Unquoted equity securities	Dec. 31, 2020	666,988	–	–	666,988
		1,511,443	844,455	₱–	666,988
Total		₱2,476,614	₱844,455	₱637,218	₱994,941

21. Condensed Consolidated Statement of Cash Flows

Disclosed below is the roll-forward of liabilities under financing activities:

(In Thousands)	**December 31, 2020 Audited**	**Cash Flows**	**Acquisition**	**Non-Cash Changes**	**FOREX Movement**	**March 31, 2021 Unaudited**
Short-term debt	₱9,131,325	1,792,878	–	–	–	**10,924,203**
Current Portion of Long-term debt	18,732,401	(2,071,213)	–	–	–	**16,661,188**
Long-term debt-net of current portion	184,087,192	1,120,654	–	–	–	**185,207,845**
Dividends Payable	241,604	(2,061,465)	–	2,233,780	–	**364,529**
Lease liabilities	17,755,843	314,154	–	–	–	**18,069,999**
Deposits & Other noncurrent liabilities	50,040,170	4,321,376	–	(362,933)	–	**53,998,613**
Total liabilities from financing activities	**₱279,990,586**	**3,416,384**	**–**	**1,870,847**	**–**	**285,228,429**

22. Segment information

The industry segments where the Group and its associates and joint ventures operate are as follows:

- Property Development - 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 and the sale of office condominiums, and commercial and industrial lots

- International Business– operations of MCT Bhd, Ayala Land’s consolidated subsidiary in Malaysia; also included under Property Development revenues in the Management’s Discussion and Analysis Section.

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

- Offices - development and lease of office buildings and the development and lease of factory building

- Hotels and Resorts - development and management of hotels and resorts, lease of land to hotel tenants

- Construction - land development and construction of the Group and third-party projects

- Property management - facilities management of the Group and third-party projects including its power service companies Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc.

(EPMI), Philippine Integrated Energy Solutions, Inc. (PhilEnergy), and air transport company AirSWIFT which serves the requirements of ALI's resorts business

- Others - other income from investment activities and sale of noncore assets

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.

Business segments

The following tables regarding business segments present assets and liabilities as of March 31 and revenue and profit information for each of the two quarters in the period ended March 31 (in millions):

2021

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱13,352	₱1,012	₱–	₱–	₱640	₱952	₱687	₱–	₱–	₱16,643
Interest income from real estate sales	1,843	–	–	–	–	–	–	–	–	1,843
Rental revenue	–	–	1,964	2,518	–	–	–	–	–	4,482
Intersegment sales	–	–	–	–	–	7,611	–	–	(7,611)	–
Equity in net earnings of associates and joint ventures	288	–	1	–	–	–	(3)	(67)	–	219
Total revenue	15,483	1,012	1,965	2,518	640	8,563	684	(67)	(7,611)	23,187
Real estate costs and expenses	10,468	630	1,727	408	917	7,987	1,142	50	(7,768)	15,561
Gross margin (loss)	5,015	382	238	2,110	1557	16,550	(458)	(117)	157	7,626
Interest and investment income										48
Other charges										(793)
Interest and other financing charges										(2,957)
Other income										1,404
Provision for income tax										(1,650)
Net income										₱3,678
Net income attributable to:										
Equity holders of Ayala Land, Inc.										2,779
Non-controlling interests										899
										₱3,678
Other Information										
Segment assets	₱565,231	₱22,323	₱208,023	₱135,605	₱53,716	₱48,880	₱12,761	₱94,405	(₱458,603)	₱682,341
Investment in associates and joint ventures	26,787	–	40	–	–	52	186	–	–	27,065
	592,018	22,323	208,063	135,605	53,716	48,932	12,947	94,405	(458,603)	709,406
Deferred tax assets	1,874	94	1,284	336	369	127	210	1,614	6,282	12,190
Total assets	₱593,892	₱22,417	₱209,347	₱135,941	₱54,085	₱49,059	26,104	₱96,019	(₱452,321)	₱721,596
Segment liabilities	₱237,663	₱12,006	₱81,917	₱29,277	₱18,250	₱39,580	₱5,749	₱202,450	(₱174,511)	452,381
Deferred tax liabilities	3,027	–	192	108	10	–	20	(108)	3,921	7,170
Total liabilities	₱240,690	₱12,006	₱82,109	₱29,385	₱18,260	₱39,580	₱5,769	₱202,342	(₱170,590)	₱459,551
Segment additions to:										
Property and equipment	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Investment properties	₱–	₱–	₱1,267	₱–	₱–	₱–	₱–	₱–	₱–	₱1,267
Depreciation and amortization	₱141	₱54	₱1,114	₱431	₱221	₱237	₱116	₱23	₱–	₱2,337
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

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	₱ 14,619	₱939	₱–	₱–	₱ 1,590	₱ 645	₱ 1,284	₱–	₱–	₱19,077
Interest income from real estate sales	1,688	–	–	–	–	–	–	–	–	1,688
Rental revenue	–	–	4,649	2,474	–	–	–	–	–	7,123
Intersegment sales	–	–	–	–	–	11,645	–	–	(11,645)	–
Equity in net earnings of associates and joint ventures	294	–	4	–	–	–	(1)	(26)	–	271
Total revenue	16,601	939	4,653	2,474	1,590	12,290	1,283	(26)	(11,645)	28,159
Real estate costs and expenses	10,881	764	2,636	1,118	1,439	10,897	1,260	145	(11,010)	18,130
Gross margin (loss)	5,720	175	2,017	1,356	3,029	23,187	(23)	(171)	(635)	10,029
Interest and investment income										136
Other charges										(156)
Interest and other financing charges										(3,234)
Other income										108
Provision for income tax										(1,843)
Net income										₱5,040
Net income attributable to:										
Equity holders of Ayala Land, Inc.										4,321
Non-controlling interests										719
										₱5,040
Other Information										
Segment assets	₱532,330	₱22,215	₱208,330	₱110,224	₱83,659	₱53,635	₱6,876	₱68,907	(₱406,292)	₱679,884
Investment in associates and joint ventures	25,223	–	40	–	–	56	191	71	–	25,581
	557,553	22,215	208,370	110,224	83,659	53,691	7,067	68,978	(406,292)	705,465
Deferred tax assets	1,794	–	877	173	360	83	60	866	7,000	11,213
Total assets	₱559,347	₱22,215	₱209,247	₱110,397	₱84,019	₱53,774	14,194	₱69,844	(₱399,292)	₱716,678
Segment liabilities	₱220,106	₱11,327	₱138,761	₱61,764	₱69,505	₱43,889	₱3,285	₱60,126	(₱141,662)	467,101
Deferred tax liabilities	1,959	–	195	102	9	–	–	24	4,371	6,660
Total liabilities	₱222,065	₱11,327	₱138,956	₱61,866	₱69,514	₱43,889	₱3,285	₱60,150	(₱137,291)	₱473,761
Segment additions to:										
Property and equipment	₱39	₱–	₱52	₱2	₱566	₱179	₱36	₱1	₱–	₱875
Investment properties	₱2,652	₱–	₱3,765	₱134	₱247	₱72	₱–	₱–	₱–	₱6,870
Depreciation and amortization	₱132	₱–	₱898	₱412	₱304	₱260	₱44	₱310	₱–	₱2,360
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

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 until May 15, 2020.

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, Metro Manila and the provinces of Laguna, Cavite, Rizal and Bulacan were again placed under MECQ effective August 4 until August 18. These areas were transitioned back to GCQ after this period. In October 27, it was announced that NCR will remain under GCQ until November 30 while most of the country is already under the lighter MGCQ.

On March 27, 2021, with rising new COVID-19 cases, the government placed the NCR and the neighboring provinces of Cavite, Laguna, Bulacan and Rizal (NCR Plus) under ECQ starting March 29 until April 11, 2021. Thereafter, the NCR Plus was placed under MECQ from April 12 until May 14, pending the reevaluation of government of the current health situation.

These measures inevitably resulted in disruptions to economic activities. Up to this time, the impact to business activities continue to evolve.

The Group considers the events surrounding the pandemic as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019.

The lower 2021 financial performance is mainly attributed to the COVID-19 pandemic and the imposition of the community quarantine.

As of March 31, 2021, revenues dropped to P24.6 billion, 13% lower versus same period last year due to the impact of COVID 19 on the Group's business operations:

- Property development revenues ended only 8% as supported by higher bookings and construction progress.
- Shopping center revenues dropped 58% on the account of a limited operations, lower rent and low foot traffic.
- Hotels and resorts revenues dipped 60% as hotels continue to experience lower average occupancy and resort operations were restricted since end of March.
- Property Management and Others Services' revenues were 46% lower driven by lower power consumption of customers and limited AirSWIFT operations.

Ayala Land continues to revise its cash flow projections to take into account the slowdown in residential sales, the rent concessions provided to mall tenants, as well as the significantly lower occupancy of hotels and resorts. Moreover, cost of debt and gearing is carefully managed to maintain the strength of the balance sheet. The Group continues to monitor the situation.

23. Long-term Commitments and Contingencies

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.

24. Events after the Reporting Date

On April 21, 2021 the stockholders of Ayala Land, Inc. at its annual stockholders' meeting approved the following items:

1. The minutes of previous annual stockholders' meeting
2. Annual report for calendar year (CY) 2020 including the consolidated Audited Financial Statements for the CY December 31, 2020
3. The ratification of the acts and resolutions of the Board of Directors and Management during the preceding year
4. The merger of the Corporation and Cebu Holdings, Inc. and its other subsidiaries
5. The amendment of the Corporation's Employee Stock Ownership Plan
6. Election of the directors (including Independent Directors)
7. Election of SyCip Gorres Velayo & Co. as our external auditor for the year 2021 and fixing of its remuneration.

On April 29, 2021, an application for the approval of the merger of Ayala, Land, Inc. ("ALI"), Cebu Holdings, Inc., Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developers, Inc. (collectively the "Constituent Corporations") with ALI as the surviving entity was filed by the Constituent Corporations with the Securities and Exchange Commission.

On April 30, 2021, ALI sold 44,000,000 shares of AREIT at a transaction price of Php32.00 per share, equivalent to Php1.408 billion (exclusive of fees and taxes). This transaction was executed in relation to the property-for-share swap between ALI, and its subsidiaries, Westview Commercial Ventures Corp (Westview), and Glensworth Development, Inc. (Glensworth), and AREIT. ALI submitted a Reinvestment Plan detailing the use of proceeds obtained from the share sale transaction. Pursuant to the Placement Agreement between the aforementioned parties, proceeds from the block sale shall be settled on 05 May 2021.

Item 2. Management's Discussion and Analysis on the Results of Operation and Financial Condition

Review of 1Q 2021 operations vs 1Q 2020

Ayala Land posted consolidated revenues of P24.64 billion and net income of P2.78 billion, 13% and 36% lower, respectively, reflecting the ongoing impact of COVID-19 on its operations.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services revenues, registered at P21.13 billion, a 19% contraction from P26.20 billion mainly on account of higher bookings and construction progress from property development while commercial leasing operations remain restricted.

Capital expenditures amounted to P15.32 billion, equivalent to 17% of the P88 billion full year budget.

The balance sheet remains strong with a net gearing ratio of 0.75:1.

Business Segments

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

Property Development. This includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and operations of MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia. Revenues from Property Development registered at P14.36 billion, a close figure to the P15.56 billion posted in the first quarter of 2020 and only an 8% dip cushioned by higher bookings and construction progress.

Residential. Revenues from the sale of residential lots and units and MCT BHd's operations slightly changed year-on-year, closing the quarter at P11.99 billion, 1% lower than P12.12 billion, owing to higher bookings and completion of horizontal projects which offset lower bookings of vertical projects.

AyalaLand Premier (ALP) posted revenues of P4.23 billion, more than double the P2.06 billion in 2020, due to improved bookings of Ayala Greenfield Estates Phase 8B and C in Laguna and higher incremental POC of Park Central North and South Towers in Makati City.

ALVEO recorded revenues of P2.24 billion, a decline of 18% from P2.74 billion owing to lower incremental POC of High Park Tower 2 in Vertis North, Quezon City, Viento Tower One in Cerca Alabang, and lower bookings of Solinea Tower 3 in Cebu.

Avida meanwhile registered revenues of P3.05 billon, a 35% decrease from P4.71 billion, attributed to lower bookings of Avida Towers Sola in Vertis North, Quezon City, Avida Towers Asten and One Antonio in Makati City, and combined lower bookings and POC of Avida Towers Turf in BGC, Taguig and Avida Northdale Settings Alviera in Pampanga.

Amaia reached P1.18 billion in revenues, a 22% reduction from P1.51 billion relating to lower net bookings from Amaia Steps Alabang Delicia. **Bellavita** recorded revenues of P274.76 million, 66% higher than P165.20 million on account of its projects in Naga, Camarines Sur and Lipa, Batangas.

MCT Bhd recorded a contribution of P1.01 billion, 8% higher than P938.71 million, mainly driven by revenues from its middle-income brand Market Homes.

Office for Sale. Revenues from the sale of office units jumped 69% to P1.56 billion from P921.68 million as a result of bookings from ALVEO's Park Triangle at BGC and ALP's One Vertis Plaza at Vertis North.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial decelerated by 67% to P818.36 million from P2.52 billion on slower take up at Vermosa and Alviera estates.

Sales Reservations. It totaled P28.55 billion, an improved of 15% from P24.72 billion as local demand remained strong despite the quarantine. This translates to an average of P9.52 billion per month or 78% of the 2019 monthly average. This is also a growth of 35% from P21.08 billion in the fourth quarter of 2020, clearly showing signs that the property development business is gaining traction and is well-supported by the market's strong interest for Ayala Land's real estate products.

Local and overseas Filipinos accounted for 92% of total sales with the balance of 8% accounted for by other nationalities. Sales from local Filipinos which comprise 78% amounted to P22.28 billion, 31% higher than P17.01 billion in the same period last year while sales from overseas Filipinos which represented 14%, amounted to P3.96 billion, a tepid decline of 1% year-on-year. Meanwhile, sales to other nationalities amounted to P2.31 billion, a 38% drop, primarily as mainland Chinese buyers, which comprise 18% at P0.41 billion, decreased by 73%.

Project Launches. In the first quarter of 2021, Ayala Land was able to launch six (6) projects with a total value of P17.45 billion. ALP's Lanewood Hills Ph1 in Laguna, ALVEO's Corvia in Alviera, Pampanga and Hillside Ridge Ph2 in Cavite, Avida Towers Verge 2 in Mandaluyong City, Avida Towers Abreeza 2 in Davao

Del Sur, and Avida Village Iloilo Phase 2. The company has budgeted P100 billion-worth of launches in 2021.

Commercial Leasing. This includes the operations of Shopping Centers, Office Buildings and Hotels and Resorts. Total revenues from commercial leasing declined 41% to P5.12 billion from P8.71 billion as operations of malls, hotels and resorts remain restricted.

Shopping Centers. Revenues from shopping centers dropped 58% to P1.96 billion from P4.65 billion on the account of a limited operations, lower rent and low foot traffic. The average occupancy rate for all malls is 83% and 85% for stable malls. Total Malls GLA stands at 2.12 million square meters.

Offices. Revenues from office leasing increased 2% to P2.52 billion from P2.47 billion given the sustained operations of BPO and HQ buildings.The average occupancy rate for all offices is 88% and 91% for stable offices. Total office leasing GLA is at 1.23 million square meters.

Hotels and Resorts. Revenues from hotels and resorts ended 60% lower to P640.40 million from P1.59 billion as hotels continue to experience lower average occupancy and resort operations were restricted since end of March. The average occupancy for all hotels was 45% and 49% for stable hotels. Meanwhile, the average occupancy for all resorts stood at 21% and 19% for stable resorts. Occupancy remains low in the midst of quarantine and flight restrictions due to COVID-19. Hotels and resorts have a total of 4,030 rooms.

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

There are 11 Seda Hotels, operating 2,712 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (521); Centrio, Cagayan de Oro (150); Abreeza, Davao (186); Nuvali, Santa Rosa, Laguna (150); Vertis North, Quezon City (438); Capitol Central, Bacolod (154); Lio, Palawan (153); Ayala Center Cebu (301); Seda Residences Ayala North Exchange (293) and Seda Central Bloc (214); and Circuit Corporate Residences (255).

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

Services. This is composed mainly of the Company's construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to P1.64 billion, 15% lower than P1.93 billion due to lower power consumption of power subsidiary customers and very limited AirSWIFT operations which offset the construction activity ramp up of third-party projects.

Construction. Net construction revenues totaled P951.75 million, a hike of 48% from P644.57 million last year as construction activities of third-party projects ramped up in the first quarter of 2021.

Property Management and Others. APMC, power services companies and AirSWIFT registered combined revenues of P687.08 million, 46% less than P1.28 billion driven by lower power consumption of customers and limited AirSWIFT operations.

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

Equity in net earnings of associates and JVs totaled P218.96 million, 19% lower than P271.68 million reflecting the tempered earnings of unconsolidated associates.

Interest income from real estate sales increased 9% to P1.84 billion from P1.69 billion on increased sale of real estate receivables. Meanwhile, interest and investment income amounted to P47.95 million, a 65% drop from P135.95 million, owing to lower interest income from installment sales and lower yield on cash and short-term investments.

Other income (composed of marketing and management fees from joint ventures, among others) increased more than ten-fold to P1.40 billion, recording a P1.3 billion gain from the sale of Ayala Land's 39.2% economic interest in Qualimed and its hospital buildings. This was sold last February to Healthway Philippines, a subsidiary of Ayala Corporation.

Expenses

Total expenses dropped by 10%, amounting to P19.31 billion from P21.52 billion, on the account of real estate expenses which decreased by 13% to P13.93 billion from P16.03 billion as a result of limited operations.

General and administrative expenses declined 22% to P1.64 billion from P2.10 billion. This resulted to a GAE ratio of 6.6% and an EBIT margin of 31.6%.

Interest expense, financing and other charges, which includes interest expense related to PFRS 16 (Leases) totaled P3.75 billion, an 11% increase from P3.39 billion. While interest expense from external loans decreased due to a lower average interest rate and debt balance, higher discounting cost related to the sale of accounts receivables, transaction fees related to debt financing, and increased provision for doubtful accounts was incurred. The average cost of debt registered at 4.7%, unchanged since the end of 2020. Of the total debt, 94% is locked-in with fixed rates, while 95% is contracted on a long-term basis.

Capital Expenditures

Capital expenditures reached P15.32 billion in the first quarter of 2021, mainly for residential developments, followed by commercial leasing assets. 59% was spent on residential projects, 12% on commercial projects, 10% for land acquisition, 17% for the development of estates and 2% for other purposes. The full year capex budget is P88 billion.

Financial Condition

The Company's balance sheet remains strong to ensure financial sustainability during the crisis.

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P17.56 billion resulting in a current ratio of 1.68:1.

Total borrowings registered at P212.79 billion which translated to a debt-to-equity ratio of 0.81:1 and a net debt-to-equity ratio of 0.75:1.

Return on equity was at 4.98% as of March 31, 2021.

	End-March 2021	*End-December 2020*
Current ratio [1]	1.68:1	1.62:1
Debt-to-equity ratio [2]	0.81:1	0.81:1
Net debt-to-equity ratio [3]	0.75:1	0.74:1
Profitability Ratios:		
Return on assets [4]	2.04%	1.53%
Return on equity [5]	4.98%	4.03%
Asset to Equity ratio [6]	2.75:1	2.77:1
Interest Rate Coverage Ratio [7]	3.81	2.96

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

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 1Q 2021.

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

<u>Income Statement items</u> **– Period ending March 31, 2021 versus March 31, 2020**

Real estate and hotel revenues declined by 19% due to lower sales bookings and slower percentage of completion of property developments, and limited operations of leasing and resort businesses due to community quarantine.

Interest income from real estate sales higher by 9% resulting from sale of trade receivables versus NIL in the same period in 2020.

Equity in net earnings lower by 19% due to lower net income of associates and joint venture investees.

Interest and investment income decreased by 65% due to lower yield and lower average balance of cash and cash equivalents and short-term investments.

Other Income jumped by 1,197% as a result of recognition of one-time gain from the sale of investment in stocks in Mercado General Hospital, Inc. (MGHI) and sale of QualiMed hospital buildings.

Real estate costs declined by 13% driven by lower revenues from sales bookings and slower percentage of completion of property developments, and limited operations of leasing and resort businesses due to extended community quarantine.

General administrative expenses declined by 22% due to lower overhead cost, insurance and taxes and licenses.

Interest and other financing charges and other charges grew by 11% due to higher discounting cost from sale of trade receivables, financing charges, and provision for doubtful accounts; partially reduced by lower interest expense from loan payables as a result of lower interest rate and average debt level.

Provision for income tax declined by 11% caused of lower taxable income for the period.

<u>Balance Sheet items</u> – as of March 31, 2021 (Unaudited) versus December 31, 2020 (Audited)

Cash and cash equivalents decreased by 7% mainly due to payment for capital expenditures (CAPEX) and cash dividend to shares; partially offset by sales collections and loan availments.

Short-term investments increased by 40% due to temporary placements of excess USD cash deposits.

Financial asset at fair value through profit and loss increased by 25% resulting from additional investments in UITF and unrealized investment gains in ARCH fund.

Non-current Accounts and Notes Receivable decreased by 6% owing to sale of trade receivables.

Short-term debt grew by 20% additional loan availments.

Income tax payable declined by 18% due to lower taxable income and lower income tax rate due to implementation of CREATE law.

Lease liability – current decreased by 10% due to lease payments during the period.

Current portion of long-term debt decreased by 11% due to settlements of loans.

Deposit and other current liabilities decreased by 25% due to decrease in realized revenues from liability from customer deposits.

Deposit and other noncurrent liabilities increased by 8% owing to recognition of unrealized revenues from property development.

Unrealized gain on FVOCI decreased by 24% coming from the unrealized gain from interest rate swap contract of MCT Bhd.

Cumulative translation adjustments decreased by 23% mainly due to unrealized gain from translation of financial statements of Regent Wise.

Equity reserves increased by 6% as a result of posted gain from purchase of additional equity in LTI by ALLHC.

PART II - OTHER INFORMATION

Item 3. Developments as of March 31, 2020

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (as of Sept. 30, 2020)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala	Vice Chairman
	Bernard Vincent O. Dy	President & CEO
	Antonino T. Aquino	Non-Executive Director
	Arturo G. Corpuz	Non-Executive Director
	Rizalina G. Mantaring	Lead Independent Director
	Cesar V. Purisima	Independent Director
	Rex Ma. A. Mendoza	Independent Director
	Sherisa P. Nuesa	Independent Director
C. Performance of the corporation or result/progress of operations	Please see unaudited consolidated financial statements and management's discussion on results of operations.	
D. Declaration of dividends	<u>P0.1358 cash dividend per outstanding common share</u> Declaration date: February 23, 2021 Record date: March 10, 2021 Payment date: March 25, 2021	
E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	Please refer to the discussion in the changes in group structure in 2021.	
F. Offering of rights, granting of Stock Options and corresponding plans therefore	ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. On April 21, 2021, the stockholders approved to increase the covered shares to 3% of the company's total authorized capital stock. As of March 31, 2021, stock options outstanding* are as follows: ESOP None ESOWN 121,125,321 shares **outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*	
G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None	
H. Other information, material events or happenings that may have affected or may affect market price of security	None	
I. Transferring of assets, except in normal course of business	None	

Item 4. Other Notes to 1Q 2021 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Item 2: Management's Discussion on Results of Operations and Analysis.
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None

L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (note 10).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	**On April 21, 2021** the stockholders of Ayala Land, Inc. at its annual stockholders' meeting approved the following items: 1. The minutes of previous annual stockholders' meeting 2. Annual report for calendar year (CY) 2020 including the consolidated Audited Financial Statements for the CY December 31, 2020 3. The ratification of the acts and resolutions of the Board of Directors and Management during the preceding year 4. The merger of the Corporation and Cebu Holdings, Inc. and its other subsidiaries 5. The amendment of the Corporation's Employee Stock Ownership Plan 6. Election of the directors (including Independent Directors) 7. Election of SyCip Gorres Velayo & Co. as our external auditor for the year 2021 and fixing of its remuneration **On April 29, 2021,** an application for the approval of the merger of Ayala, Land, Inc. ("ALI"), Cebu Holdings, Inc., Asian I-Office Properties, Inc., Arca South Commercial Ventures Corp., and Central Block Developers, Inc. (collectively the "Constituent Corporations") with ALI as the surviving entity was filed by the Constituent Corporations with the Securities and Exchange Commission. **On April 30, 2021**, Ayala Land, Inc. (ALI) sold 44,000,000 shares (Offer Shares) of AREIT, Inc. (AREIT) at a transaction price of Php32.00 per share, equivalent to Php1.408 billion (exclusive of fees and taxes). This transaction was executed in relation to the property-for-share swap between ALI, and its subsidiaries, Westview Commercial Ventures Corp (Westview), and Glensworth Development, Inc. (Glensworth), and AREIT. As disclosed by AREIT last March 16, 2021, under the property-for-share swap, AREIT will issue 483,254,375 primary common shares of stock (swap shares) to ALI, Westview, and Glensworth, at an issue price of Php32.00 per share, in exchange for identified ALI properties valued at Php15,464,140,000.00, in accordance with the Fairness Opinion issued by PwC – Isla Lipana & Co. The swap shares will be issued from AREIT's increased authorized capital stock of Php29.5 billion. The property-for-share swap is intended to be completed by the end of the year. ALI submitted a Reinvestment Plan detailing the use of proceeds obtained from the share sale transaction. Pursuant to the Placement Agreement between the aforementioned parties, proceeds from the block sale shall be settled on 05 May 2021.
N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None

O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None
P. Other material events or transactions during the interim period	**On January 05, 2021** AREIT entered into a Deed of Absolute Sale with TLI, a subsidiary of Ayala Corporation (AC), to acquire 98,179 square meters (sqm) of land for Php1.1 billion (VAT inclusive). Located in Laguna Technopark, the land is composed of four (4) parcels occupied by IMI in two (2) sites currently under a long-term lease for its global manufacturing and technology solutions. **On January 15, 2021** Ayala Land, Inc. (ALI) entered into a Deed of Sale with AREIT, Inc. (AREIT) for the sale of The 30th Commercial Development for Php5.1 billion (VAT inclusive). Located along Meralco Avenue in Pasig City, it is a building with a total gross leasable area (GLA) of 75 thousand square meters (sqm) composed of an office tower and a retail podium. **On February 23, 2021** the Board of Directors, at its regular meeting, approved the following: 1.The amendment of our Employee Stock Ownership (ESOWN) Plan to increase the share allocation for ESOWN grants from 2.5% to 3% of our authorized capital stock. This will likewise be presented to our stockholders for their approval on April 21, 2021; 2, The filing with the Securities and Exchange Commission of a new 3-year shelf registration of up to Php50 billion of debt securities (the “Shelf Registration”); and 3. The raising of up to Php41 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. 4. The merger of our 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 our Company, Ayala Land Inc., as the surviving entity. 5. The declaration of cash dividends of Php0.1358 per outstanding common share payable on March 25, 2021 to our stockholders of common shares as of record date March 10, 2021 **On February 26, 2021** Ayala Land completed the sale of the shares of White Knight Holdings, Inc. in Mercado General Hospital, Inc. to Healthway Phillippines, Inc. **On March 16, 2021** the Executive Committee of Ayala Land, Inc., (ALI) approved the infusion of its identified key commercial properties into AREIT, Inc. (AREIT) valued at P15,464,140,000.00 under a property-for-share swap transaction wherein ALI will subscribe to 483,254,375 primary common shares of AREIT at a price of P32.00 per share, as validated by a third-party fairness opinion, subject to the approval of AREIT shareholders at their annual meeting on April 23, 2021 and pertinent regulatory bodies.
Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any	None

default or acceleration of an obligation	
R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general purpose and expected sources of funds	For the year 2021, Ayala Land is budgeting P88 billion in capital expenditures. Of the total amount, P15.3 billion has been disbursed as of March 31, 2021. The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land’s performance will remain parallel to the country’s overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one, or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management’s Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had material effect on the financial condition or results of operations	The Company's development operations are dependent on Market conditions and the timing of project launches depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

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

	End-March 2021	*End-December 2020*
Current ratio [1]	1.68:1	1.62:1
Debt-to-equity ratio [2]	0.81:1	0.81:1
Net debt-to-equity ratio [3]	0.75:1	0.74:1
Profitability Ratios:		
Return on assets [4]	2.04%	1.53%
Return on equity [5]	4.98%	4.03%
Asset to Equity ratio [6]	2.75:1	2.77:1
Interest Rate Coverage Ratio [7]	3.81	2.96

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

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **AYALA LAND, INC.**

By:

AUGUSTO D. BENGZON
Senior Vice-President
CFO, Treasurer and Chief Compliance Officer

Date: May 4, 2021