

SEC Number: 152-747  
File Number: \_\_\_\_\_

**AYALA LAND, INC.**

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(Company's Full Name)

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

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(Company Address)

(632) 7908-3111

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(Telephone Number)

**June 30, 2021**

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(Quarter Ending)

**SEC Form 17-Q Quarterly Report**

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(Form Type)

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(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 **June 30, 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 June 30, 2021**

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
<b>Common shares</b>	<b>14,771,569,610</b>
<b>Preferred shares</b>	<b>13,066,494,759</b>

Amount of Debt Outstanding  
**P123,900,000,000.00**

11. Are any or all of the securities listed on a Stock Exchange?  
Yes ☒ 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 ☒ No ☐
- (b) has been subject to such filing requirements for the past 90 days:  
Yes ☒ No ☐

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**PART I – FINANCIAL INFORMATION**  
**Item 1. Financial Statements**

**AYALA LAND, INC. AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As at June 30, 2021**

(Amounts in Thousands)

	June 2021 Unaudited	December 2020 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P14,632,162	P17,037,347
Short-term investments (Note 5)	452,544	358,120
Financial assets at fair value through profit or loss (Note 6)	1,348,600	965,171
Accounts and notes receivable (Note 7)	98,035,031	101,145,909
Inventories (Note 8)	146,957,156	146,743,592
Other current assets (Note 9)	65,718,419	58,020,962
Total Current Assets	327,143,912	324,271,101
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable (Note 7)	47,991,993	46,021,255
Financial assets at fair value through other comprehensive income	1,440,802	1,511,443
Investments in associates and joint ventures (Note 10)	28,082,846	26,601,254
Right of use assets	12,696,967	13,008,175
Investment properties – net	226,184,149	222,684,850
Property and equipment – net	42,928,002	43,446,968
Deferred tax assets - net	12,036,948	12,121,515
Other noncurrent assets (Note 11)	31,390,633	31,827,813
Total Noncurrent Assets	402,752,340	397,223,273
Total Assets	P729,896,252	P721,494,374
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt (Note 12)	P17,067,727	P9,131,325
Accounts and other payables (Note 13)	144,264,252	144,625,922
Income tax payable	661,727	1,455,612
Current portion of lease liabilities	393,132	466,801
Current portion of long-term debt (Note 12)	33,172,968	18,732,401
Deposits and other current liabilities (Note 14)	21,961,956	25,317,246
Total Current Liabilities	217,521,762	199,729,307
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 12)	164,227,040	184,087,192
Pension liabilities	2,948,302	3,020,797
Lease liabilities – net	17,275,562	17,289,042
Deferred tax liabilities - net	6,876,022	7,148,534
Deposits and other noncurrent liabilities (Note 15)	54,980,663	50,040,170
Total Noncurrent Liabilities	246,307,589	261,585,735
Total Liabilities	463,829,351	461,315,042

(Forward)

	June 2021 Unaudited	December 2020 Audited
<b>Equity</b>		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	63,235,990	62,953,585
Retained earnings	165,639,534	161,660,724
Remeasurement loss on defined benefit plans	(841,624)	(818,101)
Fair value reserve of financial assets at FVOCI*	(607,341)	(748,220)
Cumulative translations adjustments	143,248	167,395
Equity reserves (Note 16)	1,561,816	585,256
Treasury Stock	(2,248,797)	(1,260,780)
	226,882,826	222,539,859
Non-controlling interests	39,184,075	37,639,473
Total Equity	266,066,901	260,179,332
Total Liabilities and Equity	₱729,896,252	₱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		2020	
	Apr to June	Jan to June	Apr to June	Jan to June
<b>REVENUE</b>				
Real estate	₱21,965,249	₱43,090,916	₱9,941,336	₱36,140,170
Interest income from real estate sales	1,756,683	3,599,239	2,539,200	4,227,283
Equity in net earnings of associates and joint ventures	311,986	530,948	74,679	346,362
	<b>24,033,918</b>	<b>47,221,103</b>	<b>12,555,215</b>	<b>40,713,815</b>
Interest and Investment Income	68,418	116,368	84,386	220,334
Other income	215,575	1,619,416	156,518	264,741
	<b>283,993</b>	<b>1,735,784</b>	<b>240,904</b>	<b>485,075</b>
	<b>24,317,911</b>	<b>48,956,887</b>	<b>12,796,119</b>	<b>41,198,890</b>
<b>COSTS AND EXPENSES</b>				
Real estate	14,686,501	28,613,589	6,052,517	22,082,873
General and administrative expenses	1,538,492	3,173,378	1,768,794	3,864,912
Interest and other financing charges	2,918,602	5,875,794	3,622,848	6,856,737
Other charges	765,736	1,558,332	648,865	808,359
	<b>19,909,331</b>	<b>39,221,093</b>	<b>12,093,023</b>	<b>33,612,881</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>4,408,580</b>	<b>9,735,794</b>	<b>703,096</b>	<b>7,586,009</b>
<b>PROVISION FOR INCOME TAX</b>				
Current	1,016,494	2,338,257	536,843	2,014,913
Deferred	(303,999)	23,740	(260,105)	105,210
	<b>712,495</b>	<b>2,361,997</b>	<b>276,738</b>	<b>2,120,123</b>
<b>NET INCOME</b>	<b>₱3,696,085</b>	<b>₱7,373,797</b>	<b>₱426,358</b>	<b>₱5,465,886</b>
Net income attributable to:				
Equity holders of Ayala Land, Inc.	₱ 3,261,788	₱ 6,041,236	₱196,771	₱4,518,250
Non-controlling interests	434,297	1,332,561	229,587	947,636
	<b>₱ 3,696,085</b>	<b>₱ 7,373,797</b>	<b>₱426,358</b>	<b>₱5,465,886</b>
<b>Earnings Per Share</b>				
Basic	₱0.22	₱0.41	₱0.01	₱0.30
Diluted	0.22	0.41	0.01	0.30

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		2020	
	Apr to June	Jan to June	Apr to June	Jan to June
<b>NET INCOME</b>	<b>P3,696,085</b>	<b>P7,373,797</b>	<b>P426,358</b>	<b>P5,465,886</b>
<i>Item that may be reclassified to profit or loss in subsequent years:</i>				
Cumulative translation adjustment	21,522	(36,518)	(254,607)	(726,224)
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>				
Fair value reserve of financial assets at FVOCI	(45,162)	212,206	19,268	(228,255)
Remeasurement gain (loss) on pension liabilities	(34,081)	(31,364)	(10,697)	(450,122)
Income tax effect	8,520	7,841	3,209	135,037
	(49,201)	152,165	(242,827)	(1,269,565)
<b>Total comprehensive income for the period</b>	<b>P3,646,884</b>	<b>P7,525,962</b>	<b>P183,531</b>	<b>P4,196,321</b>
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	P3,214,928	P6,134,445	(P46,056)	P3,248,685
Non-controlling interests	431,956	1,391,517	229,587	947,635
	<b>P3,646,884</b>	<b>P7,525,962</b>	<b>P183,531</b>	<b>P4,196,321</b>

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.												Non-Controlling Interests	Total Equity
	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		
As of January 1, 2021	P16,066,829	P49,149,512	(P2,262,756)	P8,000,000	P153,660,724	P–	(P818,101)	(P748,220)	P167,395	P585,256	(P1,260,780)	P222,539,859	P37,639,473	P260,179,332
Net income	–	–	–	–	6,041,236	–	–	–	–	–	–	6,041,236	1,332,561	7,373,797
Other comprehensive income (loss)	–	–	–	–	–	–	(23,523)	140,879	(24,147)	–	–	93,209	58,956	152,165
Total comprehensive income	–	–	–	–	6,041,236	–	(23,523)	140,879	(24,147)	–	–	6,134,445	1,391,517	7,525,962
Cost of stock options	–	70,104	–	–	–	–	–	–	–	–	–	70,104	–	70,104
Collection of subscription receivable	–	–	212,301	–	–	–	–	–	–	–	–	212,301	–	212,301
Stock options exercised	11,389	345,901	(357,290)	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	(988,017)	(988,017)	–	(988,017)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	976,560	–	976,560	–	976,560
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	535,245	535,245
Cash dividends declared	–	–	–	–	(2,062,426)	–	–	–	–	–	–	(2,062,426)	(382,160)	(2,444,586)
As of June 30, 2021	P16,078,218	P49,565,517	(P2,407,745)	P8,000,000	P157,639,534	P–	(P841,624)	(P607,341)	P143,248	P1,561,816	(P2,248,797)	P226,882,826	P39,184,075	P266,066,901
As of January 1, 2020	P16,051,984	P48,598,641	(P1,878,179)	P8,000,000	P148,940,236	P42,279	(P337,210)	(P457,358)	P250,440	(P7,056,459)	(P1,104,353)	P211,050,021	P31,655,447	P242,705,468
Net income	–	–	–	–	4,518,250	–	–	–	–	–	–	4,518,250	947,635	5,465,885
Other comprehensive loss	–	–	–	–	–	–	(315,085)	(228,255)	(726,224)	–	–	(1,269,564)	–	(1,269,564)
Total comprehensive income	–	–	–	–	4,518,250	–	(315,085)	(228,255)	(726,224)	–	–	3,248,686	947,635	4,196,321
Cost of stock options	–	48,702	–	–	–	–	–	–	–	–	–	48,702	–	48,702
Collection of subscription receivable	–	–	2,019	–	–	–	–	–	–	–	–	2,019	–	2,019
Stock options exercised	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	(156,427)	(156,427)	–	(156,427)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	–	(46,682)	–	(46,682)	–	(46,682)
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	262,666	262,666
Cash dividends declared	–	–	–	–	(4,006,666)	–	–	–	–	–	–	(4,006,666)	–	(4,006,666)
As of June 30, 2020	P16,051,984	P48,647,343	(P1,876,160)	P8,000,000	149,451,820	P42,279	(P652,295)	(P685,613)	P(475,784)	(P7,103,141)	(P1,260,780)	P210,139,653	P32,865,748	P243,005,401

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)

	<b>For the Periods Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱9,735,794</b>	<b>₱7,586,009</b>
Adjustments for:		
Depreciation and amortization	<b>4,432,880</b>	<b>4,830,528</b>
Equity in net earnings of investees	<b>(530,948)</b>	<b>(346,362)</b>
Interest and other charges	<b>5,875,795</b>	<b>6,856,737</b>
Interest and other income	<b>(3,715,607)</b>	<b>(4,447,617)</b>
Provision for doubtful accounts	<b>116,728</b>	<b>129,953</b>
Operating income before changes in working capital	<b>15,914,642</b>	<b>14,609,248</b>
Decrease (increase) in:		
Accounts and notes receivable	<b>(3,216,411)</b>	<b>(5,730,418)</b>
Real estate inventories	<b>(244,388)</b>	<b>1,676,271</b>
Other current assets	<b>(7,703,338)</b>	<b>(4,723,957)</b>
Increase (decrease) in:		
Accounts and other payables	<b>4,881,578</b>	<b>(17,504,817)</b>
Pension liabilities	<b>(96,018)</b>	<b>57,323</b>
Other current liabilities	<b>(3,355,292)</b>	<b>(10,296,452)</b>
Cash generated from (used for) operations	<b>6,180,773</b>	<b>(21,912,802)</b>
Interest received	<b>3,715,607</b>	<b>4,448,083</b>
Income tax paid	<b>(3,132,141)</b>	<b>(4,177,907)</b>
Interest paid - net of amount capitalized	<b>(5,875,795)</b>	<b>(7,221,920)</b>
Net cash used in operating activities	<b>₱888,444</b>	<b>(₱28,864,546)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of (additions to):		
Investments	<b>(₱7,256,103)</b>	<b>(₱915,134)</b>
Property and equipment	<b>(324,302)</b>	<b>(3,006,066)</b>
Short term investments	<b>(97,198)</b>	<b>42,185</b>
Financial asset at FVPL	<b>(383,430)</b>	<b>8,821</b>
Decrease (increase) in:		
Noncurrent accounts and notes receivable	<b>(1,973,819)</b>	<b>2,067,551</b>
Other assets	<b>(31,957)</b>	<b>4,036,800</b>
Net cash provided by (used in) investing activities	<b>(₱10,066,809)</b>	<b>₱2,234,157</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from availment of short-term/long-term loans	<b>₱ 80,956,652</b>	<b>₱ 105,436,071</b>
Payments of short-term / long-term loans	<b>(78,439,833)</b>	<b>(88,484,687)</b>
Increase (decrease) in:		
Deposits and other noncurrent liabilities	<b>4,927,012</b>	<b>10,072,315</b>
Noncontrolling interest in consolidated subsidiaries	<b>1,544,602</b>	<b>263,170</b>
Equity reserves	<b>976,561</b>	<b>–</b>
Capital stock	<b>282,406</b>	<b>50,721</b>
Purchase of treasury shares	<b>(988,018)</b>	<b>(156,427)</b>
Dividends paid to non-controlling interest	<b>(382,160)</b>	<b>–</b>
Dividends paid to equity holders of Ayala Land, Inc.	<b>(2,057,912)</b>	<b>(4,290,666)</b>
Net cash provided by financing activities	<b>₱6,819,310</b>	<b>₱22,890,497</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(₱2,359,055)</b>	<b>(₱3,739,892)</b>
<b>EFFECT OF CHANGES IN FOREIGN CURRENCY</b>	<b>(46,130)</b>	<b>(257,350)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>17,037,347</b>	<b>20,413,041</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱14,632,162</b>	<b>₱16,415,799</b>

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

# AYALA LAND, INC. AND SUBSIDIARIES

## NOTES TO INTERIM 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, 47.87%-owned by Mermac, Inc., 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:

	June 30, 2021*	December 31, 2020*
<b>Real Estate:</b>		
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.	<b>100</b>	100
Ecoholdings Company, Inc. (ECI)	<b>100</b>	100
NorthBeacon Commercial Corporation NBCC)	<b>100</b>	100
Red Creek Properties, Inc.	<b>100</b>	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	<b>100</b>	100
North Eastern Commercial Corp. (NECC)	<b>100</b>	100
Westview Commercial Ventures Corp. (Westview)	<b>100</b>	100
North Ventures Commercial Corp. (NVCC)	<b>100</b>	100
Hillsford Property Corporation (HPC)	<b>100</b>	100
Primavera Towncentre, Inc. (PTI)	<b>100</b>	100
Summerhill E-Office Corporation (Summerhill)	<b>100</b>	100
Sunnyfield E-Office Corporation (Sunnyfield)	<b>100</b>	100
Subic Bay Town Centre, Inc.	<b>100</b>	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	<b>100</b>	100
AyalaLand Real Estate Investments Inc.	<b>100</b>	100
AyalaLand Advisory Broadway Inc.	<b>100</b>	100
AyalaLand Development (Canada) Inc.	<b>100</b>	100
AyalaLand OpenAsia Holdings PTE, Limited	<b>100</b>	100
Blue Horizons Holdings PTE, Limited	<b>100</b>	100
Modular Construction Technology (MCT) Bhd.	<b>66</b>	66
AREIT Fund Managers, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	<b>100</b>	100
Arvo Commercial Corporation (Arvo)	<b>100</b>	100
BellaVita Land Corporation (BellaVita)	<b>100</b>	100
Nuevo Centro, Inc. (Nuevo Centro)	<b>54</b>	54
Alviera Country Club, Inc.	<b>50</b>	50
Cavite Commercial Town Center, Inc.	<b>100</b>	100
AREIT, Inc.	<b>50</b>	54
AyalaLand Offices, Inc. (ALO)	<b>100</b>	100
First Gateway Real Estate Corp.	<b>100</b>	100
Glensworth Development, Inc. (Glensworth)	<b>100</b>	100
UP North Property Holdings, Inc.	<b>100</b>	100
ALO Prime Realty Corporation	<b>100</b>	100
Makati Cornerstone Leasing Corp.	<b>100</b>	100
Arca South Commercial Ventures Corp.	<b>100</b>	100
Capitol Central Commercial Ventures Corp.	<b>100</b>	100
Bay City Commercial Ventures Corp.	<b>100</b>	100
Aurora Properties Incorporated	<b>81</b>	81
Soltea Commercial Corp.	<b>16</b>	16
Vesta Property Holdings, Inc.	<b>78</b>	78
Altaraza Prime Realty Corporation	<b>100</b>	100
Altaraza Development Corporation	<b>51</b>	51
Prow Holdings Inc	<b>55</b>	55
Station Square East Commercial Corporation (SSECC)	<b>69</b>	69
AREIT Property Managers, Inc	<b>100</b>	100
Accendo Commercial Corp. (Accendo)	<b>67</b>	67
Avencosouth Corp.	<b>20</b>	20
Aviana Development Corporation	<b>7</b>	7
Aviana Development Corporation	<b>50</b>	50
Cagayan de Oro Gateway Corp. (CDOGC)	<b>70</b>	70

Ceci Realty, Inc. (Ceci)	60	60
Soltea Commercial Corp.	12	12
Soltea Commercial Corp.	60	60
CMPI Holdings, Inc.	60	60
CMPI Land, Inc.	36	36
ALI-CII Development Corporation (ALI-CII)	50	50
Roxas Land Corporation (RLC)	50	50
Adauge Commercial Corporation (Adauge)	60	60
Ayalaland Estates, Inc.	100	100
Ayalaland MetroNorth, Inc. (AMNI)	100	100
Verde Golf Development 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
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
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.	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
Unity Realty & Development Corp.	71	71
Ayalaland Malls Synergies, Inc.	100	100
Ayala Land Malls, Inc.	100	100
AyalaLand Malls Vismin, Inc.	100	100
AyalaLand Malls NorthEast, Inc.	100	100
<b>Construction:</b>		
Makati Development Corporation (MDC)	100	100
MDC Subic, Inc.	100	100
MDC Build Plus, Inc.	100	100
MDC Concrete, Inc. (MCI)	100	100
MDC Equipment Solutions, Inc. (MESI)	100	100
MDBI Construction Corp.	67	67

**Hotels and Resorts:**

Ayala Hotels, Inc. (AHI)	50	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100	100
ALI Makati Hotel & Residences, Inc.	80	80
ALI Makati Hotel Property, Inc.	80	80
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
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.	20	20
ALI Makati Hotel Property, Inc.	20	20
Ten Knots Phils., Inc. (TKPI)	60	60
Bacuit Bay Development Corporation	60	60
Lio Resort Ventures Inc.	60	60
North Liberty Resort Ventures Inc.	60	60
Paragua Eco-Resort Ventures Inc.	60	60
Lio Tourism Estate Management 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
<b>Ayala Theatres Management, Inc. and Subsidiaries</b>	<b>100</b>	<b>100</b>
DirectPower Services, Inc. (DirectPower)	100	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100	100

**Entertainment:**

Five Star Cinema, Inc.	<b>100</b>	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	<b>50</b>	50

**Others:**

ALLnet.com, Inc. (ALLnet)	<b>100</b>	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	<b>100</b>	100
Green Horizons Holdings Limited	<b>100</b>	100
Aprisa Business Process Solutions, Inc. (Aprisa)	<b>100</b>	100
AyalaLand Club Management, Inc.	<b>100</b>	100
ALI Capital Corp.	<b>100</b>	100
Airswift Transport, Inc.	<b>100</b>	100
Swift Aerodrome Services, Inc.	<b>100</b>	100
Arca South Integrated Terminal, Inc.	<b>100</b>	100
Whiteknight Holdings, Inc. (WHI)	<b>100</b>	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	<b>100</b>	100
Anvaya Cove Beach and Nature Club, Inc.	<b>73</b>	73
Anvaya Cove Golf and Sports Club, Inc.	<b>76</b>	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. 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 50.14% from 54.43%.
2. On March 19, 2021, AyalaLand Logistics Holdings, Corp. (ALLHC) purchased the 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, ALI's effective ownership in LTI has increased to 71% from 68%.

**2. Basis of Financial Statement Preparation****Basis of Preparation**

The accompanying unaudited, condensed, and consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency and all values are rounded to the nearest Philippine peso except when otherwise indicated

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 interim consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of

quarantine measures in key areas in the Philippines, management believes that the impact of COVID 19 situation will remain and recovery is going to be gradual.

#### Statement of Compliance

The unaudited, condensed, and consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The unaudited, condensed, and consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), and include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019. PFRSs include PAS and Interpretations issued by Philippine Interpretations Committee (PIC).

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.

On August 3, 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 June 30, 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.

#### New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as at January 1, 2021. 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 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform;
- relief from discontinuing hedging relationships; and
- relief from the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:

- the about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

- PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.



On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020. The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020.

Currently, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

*Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*  
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent asset do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*  
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*  
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

#### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*  
The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - the meaning of a right to defer settlement;
  - that a right to defer must exist at the end of the reporting period;
  - that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*  
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless

of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

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

#### *Deferred Effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

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

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. the accounting policies applied;
- b. discussion of the deferral of the subject implementation issues in the PIC Q&A;
- c. qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted; and
- d. should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- o PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component.

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of the significant financing component, the guidance should have been applied retrospectively and would have resulted in a restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group believes that the mismatch for its contract to sell does not constitute a significant financing component based on the examples provided in the PIC letter dated November 11, 2020.
- b. The exclusion of land in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings. The group believes that impact is not significant after excluding the land component and replacing it by other pre-construction activities allowed by the standard.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

#### 4. Cash and Cash Equivalents

This account consists of the following:

(In Thousands)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on Hand	<b>₱65,966</b>	₱64,303
Cash in Banks	<b>11,602,800</b>	13,678,488
Cash Equivalents	<b>2,963,396</b>	3,294,556
	<b>₱14,632,162</b>	<b>₱17,037,347</b>

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:

	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Philippine Peso	--	0.75%
US Dollar	<b>0.1% to 0.3%</b>	0.05% to 0.10%

## 6. Financial Assets at FVPL

This account consists of the following:

<b>(In Thousands)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Investment in Arch Capital Fund	<b>₱384,782</b>	₱327,953
Investment in Unit Investment Trust Fund (UITF)	<b>710,167</b>	378,066
Investment in Treasury Bills	<b>253,651</b>	259,152
	<b>₱1,348,600</b>	₱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:

<b>(In Thousands)</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Trade:		
Residential	<b>₱101,700,202</b>	₱101,328,095
Shopping Centers	<b>6,118,491</b>	5,414,606
Construction Contracts	<b>2,140,263</b>	1,774,741
Corporate Business	<b>2,327,544</b>	3,948,672
Management fees	<b>128,183</b>	124,553
Others	<b>5,927,642</b>	4,717,601
Advances to other companies	<b>15,621,564</b>	17,686,292
Accrued receivables	<b>7,815,483</b>	7,786,399
Receivables from related parties (Note 18)	<b>5,469,211</b>	5,489,159
Receivables from employees	<b>794,369</b>	842,506
	<b>148,042,952</b>	149,112,624
Less allowance for impairment losses	<b>2,015,928</b>	1,945,460
	<b>146,027,024</b>	147,167,164
Less noncurrent portion	<b>47,991,993</b>	46,021,255
	<b>₱98,035,031</b>	₱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 - pertains 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 those 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 for these advances to be repaid, instead, these will 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 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 ₱108.9 million (nil in 2020). 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 ₱11,091.2 million in the first half of 2021 and ₱20,458.00 in the full-year of 2020. These were sold at discount with total proceeds of ₱10,119.6 million for first half of 2021 and ₱18,431.9 million in the full-year of 2020. The Group recognized loss on sale, under "Other Charges" amounting to ₱972 million in the first half of 2021 and ₱2,064.0 million in the full-year of 2020

As of June 30, 2021, (unaudited) aging analysis of past due but not impaired trade receivables presented per class are as follows:

(In Thousands)	Neither Past Due nor Impaired	Past Due but not impaired					Total Past Due but not impaired	Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days			
Trade:									
Residential	P87,779,724	P5,138,477	P448,953	P3,898,799	P926,377	P3,466,358	P13,878,964	P41,514	P101,700,202
Shopping Centers	2,970,897	272,836	194,506	193,311	231,862	1,238,208	2,130,723	1,016,871	6,118,491
Construction Contracts	1,564,586	-	238,801	189,130	-	-	427,931	147,746	2,140,263
Corporate Business	1,238,907	42,936	39,810	35,956	126,083	418,033	662,818	425,819	2,327,544
Management Fees	48,881	-	12,881	17,627	7,379	27,561	65,448	13,854	128,183
Others	4,261,996	479,447	413,924	63,151	70,217	463,257	1,489,996	175,650	5,927,642
Advances to other companies	9,890,505	1,210,048	-	53,403	68,735	4,225,461	5,557,647	173,412	15,621,564
Accrued Receivables	6,103,561	351,259	56,460	83,597	223,628	996,840	1,711,784	138	7,815,483
Related Parties	3,721,582	377,303	233,261	84,608	125,250	906,508	1,726,930	20,699	5,469,211
Receivables from employees	725,764	12,563	9,736	2,429	3,427	40,225	68,380	225	794,369
	P118,306,403	P7,884,869	P1,648,332	P4,622,011	P1,782,958	P11,782,451	P27,720,621	P2,015,928	P148,042,952

## 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)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Value-added input tax	P12,987,025	P12,575,713
Prepaid expenses	19,278,967	16,756,037
Advances to contractors	22,278,166	18,139,411
Creditable withholding taxes	8,614,244	8,321,770
Buildings classified as held for sale	-	952,142
Materials, parts and supplies – at cost	822,859	732,881
Others	1,737,158	543,008
	P65,718,419	P58,020,962

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

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

(In Thousands)	Percentage of Ownership		Carrying Amounts	
	As of June 30 2021	As of December 31 2020	As of June 30 2021	As of December 31 2020
<b>Joint Ventures:</b>				
Emerging City Holdings, Inc. (ECHI)	50%	50%	<b>₱3,975,795</b>	₱3,886,019
ALI-ETON Property Development Corporation (ALI ETON)	50%	50%	<b>5,055,181</b>	4,498,958
AKL Properties, Inc. (AKL)	50%	50%	<b>3,047,019</b>	3,034,209
Berkshires Holdings, Inc. (BHI)	50%	50%	<b>1,959,500</b>	1,920,659
Cebu District Property Enterprise, Inc. (CDPEI)	35%	35%	<b>1,635,716</b>	1,426,339
ALVEO-Federal Land Communities, Inc.	50%	50%	<b>1,070,790</b>	928,621
AyaGold Retailers, Inc. (AyaGold)	50%	50%	<b>155,126</b>	161,407
BYMCW, Inc.	30%	30%	<b>51,904</b>	51,732
SIAL Specialty Retailers, Inc. (SIAL Specialty)	50%	50%	<b>26,462</b>	26,461
			<b>16,977,493</b>	15,934,405
<b>Associates:</b>				
Ortigas Land Corporation (OLC)	21%	21%	<b>8,938,036</b>	8,676,598
Bonifacio Land Corp. (BLC)	10%	10%	<b>1,441,105</b>	1,405,759
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	<b>401,194</b>	401,194
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	<b>283,526</b>	153,982
Lagoon Development Corporation	30%	30%	<b>41,491</b>	29,316
			<b>11,105,352</b>	10,666,849
			<b>₱28,082,845</b>	₱26,601,254

### Financial information of the associates with material interest:

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.

### 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 June 30, 2021	As of December 31, 2020
Current assets	<b>24,548,715</b>	17,440,519
Noncurrent assets	<b>18,485,879</b>	22,507,390
Current liabilities	<b>(15,474,520)</b>	(11,410,775)
Noncurrent liabilities	<b>(16,324,350)</b>	(18,597,214)
Equity	<b>11,235,724</b>	9,939,920
Proportion of Group's ownership	<b>21.1%</b>	21.1%
Group's share in identifiable net assets	<b>2,359,502</b>	2,097,323
Carrying amount of the investment	<b>8,938,036</b>	8,676,598
Fair value adjustments	<b>6,578,534</b>	6,589,215
Negative Goodwill	–	148,046
Dividends received	–	33,558



Revenue	5,479,428	7,204,436
Cost and expenses	(4,185,565)	(6,398,747)
Net income (continuing operations)	1,293,863	805,689
Group's share in net income for the year	271,711	170,000
Total comprehensive income	1,284,263	805,689
Group's share in total comprehensive income for the year	269,695	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:

<b>Bonifacio Land Corporation</b> (In Thousands)	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
Current assets	3,983,289	3,261,099
Noncurrent assets	38,365,461	38,420,664
Current liabilities	(2,558,885)	(2,534,735)
Noncurrent liabilities	(7,213,770)	(7,285,960)
Equity	32,576,096	31,861,068
Less: noncontrolling interest	14,620,049	14,292,676
Equity attributable to Parent Company	17,956,047	17,568,392
Proportion of Group's ownership	10.1%	10.1%
Group's share in identifiable net assets	1,813,561	1,774,408
Carrying amount of the investment	1,441,105	1,405,759
Negative Goodwill	372,455	(368,649)
Dividends received	–	155,508

Revenue	1,831,756	3,869,359
Cost and expenses	(1,161,636)	(2,466,924)
Net income (continuing operations)	670,120	1,402,435
Net income attributable to minority interest	(311,236)	(590,732)
Net income attributable to parent	358,884	811,703
Group's share in net income for the year	36,247	81,982
Total comprehensive income attributable to parent	358,884	811,703
Group's share in total comprehensive income for the year	36,247	81,982

#### Aggregate financial information on associates with immaterial interest:

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

(In Thousands)	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
Carrying amount	726,211	584,492
Share in net income (loss) from continuing operations	(63,377)	(89,529)
Share in total comprehensive income (loss)	(63,377)	(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 June 30, 2021	As of December 31, 2020
Current assets	4,043,480	11,741,302
Noncurrent assets	38,375,444	30,017,735
Current liabilities	(2,887,702)	(2,863,497)
Noncurrent liabilities	(7,213,770)	(7,285,960)
Equity	32,317,453	31,609,580
Less: minority interest	23,800,109	23,307,423
Equity	8,517,343	8,302,157
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,258,672	4,151,079
Carrying amount of the investment	3,975,795	3,886,019
Fair value adjustments	282,877	
Dividends received	–	397,854
Revenue	1,832,512	3,872,498
Cost and expenses	(1,162,392)	(2,475,532)
Net income (continuing operations)	670,120	1,396,966
Net income attributable to minority interest	(311,236)	(980,460)
Net income attributable to parent	358,884	416,506
Group's share in net income for the period	179,442	208,253
Total comprehensive income attributable to parent	358,884	416,506
Group's share in total comprehensive income for the period	179,442	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 June 30, 2021	As of December 31, 2020
Current assets	15,064,254	12,838,898
Noncurrent assets	3,986,000	3,985,368
Current liabilities	(8,711,588)	(8,394,044)
Noncurrent liabilities	(194,535)	(3,390,318)
Equity	10,144,131	5,039,904
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	5,072,065	2,519,952
Carrying amount of the investment	5,055,181	4,498,958
Fair value adjustments	(16,884)	1,979,006
Negative Goodwill	–	–
Dividends received	–	–
Revenue	288,608	975,701
Cost and expenses	(230,161)	(734,502)

Net income (continuing operations)	<b>58,447</b>	241,199
Group's share in net income for the period	<b>29,223</b>	120,599
Total comprehensive income attributable to parent	<b>58,447</b>	241,199
Group's share in total comprehensive income for the period	<b>29,223</b>	120,599

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

(In Thousands)	<b>As of June 30, 2021</b>	As of June 30, 2020
Carrying amount	<b>7,946,517</b>	7,549,428
Share in net income (loss) from continuing operations	<b>170,284</b>	95,197
Share in total comprehensive income (loss)	<b>170,284</b>	95,197

#### 11. Other noncurrent assets

This account consists of:

(In Thousands)	<b>June 30, 2021 Unaudited</b>	December 31, 2020 Audited
Advances to contractors	<b>P9,256,080</b>	P9,387,018
Prepaid expenses	<b>12,512,845</b>	10,544,253
Leasehold rights	<b>3,469,334</b>	3,506,816
Deferred input VAT	<b>1,219,182</b>	2,918,601
Deposits - others	<b>2,241,636</b>	2,339,575
Investment in bonds	<b>2,309,440</b>	2,309,440
Net pension assets	<b>12,676</b>	12,220
Development rights	<b>37,678</b>	49,791
Others	<b>331,762</b>	760,099
	<b>P31,390,633</b>	P31,827,813

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)	<b>June 30, 2021 Unaudited</b>	December 31, 2020 Audited
Balance at the beginning of the year	<b>P3,506,816</b>	P3,684,840
Additions	<b>43,037</b>	8,736
Amortization	<b>(80,519)</b>	(186,760)
<b>Balance at the end of the period</b>	<b>P3,469,334</b>	P3,506,816

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 P17,068 million and P9,131 million as of June 30, 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 P11,469 million and P13,231 million as of June 30, 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 2.25% and 4.01% per annum for the first half ending June 30, 2021 and for the year ending December 31, 2020, respectively.

Long-term debt consists of:

(In Thousands)	June 30, 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	23,250,000	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)	4,675,000	5,650,000
Php - denominated long-term loan	39,288,867	41,230,039
US Dollar - denominated long-term loan	6,100,000	6,002,875
	<b>173,963,867</b>	<b>174,782,914</b>
Subsidiaries:		
Bonds	-	5,000,000
Bank loans - Philippine Peso	24,544,720	24,152,697
Bank loans - Malaysian Ringgit	1,340	1,749
	<b>24,546,060</b>	<b>29,154,447</b>
Subtotal	<b>198,509,927</b>	<b>203,937,361</b>
Less unamortized transaction costs	<b>1,109,918</b>	<b>1,117,768</b>
	<b>197,400,008</b>	<b>202,819,593</b>
Less current portion	<b>33,172,968</b>	<b>18,732,401</b>
Long-term debt – net of current portion	<b>₱ 164,227,040</b>	<b>₱184,087,192</b>

### *Philippine Peso 10-year Bonds due 2022*

In April 2012, the Parent Company issued the P5,650.0 million bonds due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds indicating that it has

the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

*Philippine Peso 5-year and 10-year and 6-month Bonds due 2024*

In July 2013, the Parent Company issued a total of 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 P2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Parent Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

*Philippine Peso 11-year Bonds due 2025*

In April 2014, the Parent Company issued a total of 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. The Parent Company exercised the call option for the early redemption of the Bonds on April 26, 2021.

*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 7-year Bonds due 2023*

In October 2016, the Parent Company issued P7,000.0 million fixed rate bonds due 2023 at a rate equivalent to 3.8915% p.a. The Bonds represent the third tranche of the Fixed-rate Bonds Series issued under the Parent Company's 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 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 4-year Bonds due 2025*

In May 2021, the Parent Company issued a P10,000.0 million fixed rate bond due 2025 at a rate equivalent to 3.6262% p.a. The Bonds represent the sixth tranche of the Parent Company's new P50,000.0 million 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 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 P150.0 million worth of amortizations were paid by the Company. In March and June 2021, the Parent Company paid a total of P25.0 million worth of amortizations. As of June 30, 2021 and end-2020, the remaining balance of the note amounted to P4,662.5 million and P4,687.5 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 a fixed interest rate of 4.50% 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 June 30, 2021 and December 31, 2020, the remaining balance of the assumed long-term facilities amounted to P9,930.4 million and 11,592.5 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 June 30, 2021 and December 31, 2020, the remaining balance of the loan amounted to P9,625 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 June 30, 2021 and December 31, 2020, the remaining balance of the loan amounted to P4,837.5 million and P4,862.5 million respectively.

In January 2020, the Company executed and availed a P5,000.0 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 P10,000.0 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 5<sup>th</sup> and 7<sup>th</sup> anniversary, respectively. As of June 30, 2021 and end-2020, the remaining balance of the loan amounted to P9,896.0 million and P10,000.0 million respectively.

As of June 30, 2021, and end-2020, remaining aggregate balance of the Peso-denominated long-term loans amounted to P39,288.9 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), repriced 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 June 30, 2021 and December 31, 2020, the remaining aggregate balance of US Dollar denominated long term loans amounted to P6,100.0 million and P6,002.9 million, respectively.

#### Subsidiaries

The subsidiaries' loans will mature on various dates up to 2030. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 90-day PDST-R2/PHP BVAL Reference Rates and fixed interest rates ranging from 4.25% to 4.826% 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-rate loans are repricedable on the 5<sup>th</sup> and 7<sup>th</sup> anniversary of the initial drawdown date. The total outstanding balance of the subsidiaries' term loans as of June 30, 2021 and December 31, 2020 amounted to P24,544.7 million and P24,152.7 million, respectively.

#### *Philippine Peso 5.0 billion Fixed Rate Bonds due 2021*

In September 2014, Cebu Holdings, Inc. issued a total of P5,000.0 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 Bonds were fully paid upon its maturity on June 7, 2021.

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 June 30, 2021 and December 31, 2020.

### 13. Accounts and Other Payables

This account consists of:

	June 30, 2021	December 31, 2020
(In Thousands)	Unaudited	Audited
Accounts payable	<b>₱81,503,862</b>	₱77,332,265
Taxes payable	<b>18,435,539</b>	19,215,550
Accrued project costs	<b>16,389,402</b>	18,220,433
Liability for purchased land	<b>8,633,858</b>	9,316,978
Accrued salaries & employee benefits	<b>4,553,581</b>	5,669,563
Retention payable	<b>3,726,888</b>	4,131,302
Accrued professional & management fees	<b>3,178,724</b>	2,448,396
Accrued repairs and maintenance	<b>2,909,636</b>	1,634,398
Interest payable	<b>1,822,499</b>	1,775,627
Accrued utilities	<b>265,315</b>	697,231
Accrued advertising and promotions	<b>907,881</b>	968,291
Accrued rentals	<b>111,413</b>	369,960
Payable to related parties (note 18)	<b>895,768</b>	1,128,192
Dividends payable	<b>363,568</b>	241,604
Other accrued expenses	<b>566,318</b>	1,476,132
	<b>₱144,264,252</b>	₱144,625,922

### 14. Deposits and other current liabilities

This account consists of:

	June 30, 2021	December 31, 2020
(In Thousands)	Unaudited	Audited
Security and customers' deposits	<b>₱20,594,529</b>	₱25,072,090
Other current liabilities	<b>1,367,427</b>	245,156
	<b>₱21,961,956</b>	₱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)	June 30, 2021 Unaudited	December 31, 2020 Audited
Deposits	<b>₱36,467,813</b>	₱33,420,872
Contractors payable	<b>6,372,790</b>	5,711,140
Liability for purchased land	<b>4,063,700</b>	2,111,165
Retentions payable	<b>6,375,138</b>	6,058,579
Deferred Output VAT	<b>1,267,584</b>	1,457,411
Subscriptions payable	<b>412,203</b>	498,175
Other liabilities	<b>21,435</b>	782,828
	<b>₱54,980,663</b>	₱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 April 30, 2021, Ayala Land, Inc. sold 44,000,000 shares of AREIT, Inc. (AREIT) at a transaction price of P32.00 per share, equivalent to P1.408 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares aggregated to P0.94 billion out of the P1.38 net proceeds. 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 50.14% from 54.43%.

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 April 14, 15, 16, 20, 21, 22 and 23, 2021, Ayala Land, Inc. (ALI) purchased a total of 30,000,000 common shares at an average price of P32.94/share for a total consideration of P988.0 million pursuant to its share buyback program.

On February 28, March 11, March 12, and March 16, 2020, ALI 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.

#### Declaration of Cash Dividends

On May 27, 2021, 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, 2021 to stockholders of preferred shares as of record date June 10, 2021.

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 June 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.

#### Employee Stock Ownership Plan

On May 3, 2021, 156 ESOWN grantees subscribed to a total of 11,389,265 common shares at P33.29 per share with the subscriptions becoming effective on the same day. The option price is the average price of common shares at the Philippine Stock Exchange over the last five trading days as of February 22, 2021, less a 15% discount. As a result of the subscriptions, ALI outstanding common shares increased to 14,711,784,864.

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.

## **17. Business Combinations and Acquisition of Non-Controlling Interests**

### **Merger of Parent Company and its subsidiaries**

On April 29, 2021, an application for the approval of the merger between 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 has been filed by the Constituent Corporations with the Securities and Exchange Commission.

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.

<b>ASSETS</b>	<b>In Thousands</b>
Cash	P1,078,224
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
<b>Total Assets</b>	<b>P27,913,937</b>
<b>LIABILITIES</b>	
Accounts and other payables	P5,506,336
Borrowings	2,752,114
Tax liabilities	128,551
Other payables	2,287,772
<b>Total Liabilities</b>	<b>P10,674,773</b>
Net Assets	17,239,175
Total net assets acquired to date	12,465,640
Carrying cost	(10,611,567)
Net negative goodwill	P1,854,073

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 June 30, 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)	June 30, 2021 Unaudited	December 31, 2020 Audited
Cash in bank	₱3,152,377	₱3,510,108
Cash equivalents	68,598	47,486
Marketable Securities	542,115	305,136
Short-term debt	4,314,600	2,600,500
Long-term debt	₱11,468,587	₱13,231,337

b. Outstanding balances from/to related parties

In Thousands	Receivables from Related Parties		Payables to Related Parties	
	June 2021 Unaudited	December 2020 Audited	June 2021 Unaudited	December 2020 Audited
Ayala Corp.	₱58,023	₱55,316	₱151,489	₱236,815
Associates	3,876,657	4,753,392	328,260	446,885
Other Related Parties:				
Globe Telecom, Inc.	172,054	148,435	6,123	7,164
Bank of the Philippine Islands	130,675	84,064	44,998	44,811
Columbus	1	-	267,355	267,355
Manila Water Company, Inc.	232,377	9,280	3,854	10,288
Manila Water Philippine Ventures Inc.	106,757	160,115	16,470	67,242
Michigan Holdings, Inc.	330	330	-	-
Others	892,337	278,227	77,219	47,631
	1,534,531	680,451	416,019	444,491
	₱5,469,211	₱5,489,159	₱895,768	₱1,128,192

c. Revenues and expenses from/to related parties

In Thousands	Revenues from Related Parties		Expenses from Related Parties	
	June 2021 Unaudited	June 2020 Unaudited	June 2021 Unaudited	June 2020 Unaudited
Ayala Corp.	₱1,631	₱1,847	₱8,076	₱7,141
Associates	1,395,556	682,157	152,359	105,531
Other Related Parties:				
Bank of the Philippine Islands	274,975	182,938	144,702	261,877
AG Counselors Corp	1	-	15,422	68,227
Globe Telecom, Inc.	43,762	45,760	33,434	40,842
Innovate Communications	4,404	3,946	45,871	25,148
Manila Water Company, Inc.	213,511	756	92,605	108,593
Manila Water Philippine Ventures, Inc.	86,741	71,171	73,916	60,182
Michigan Holdings, Inc.	601	601	-	-
Others	37,862	17,714	486,424	217,501
	661,857	322,886	892,374	782,370

## 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 June 30, 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 Financial assets at FVOCI. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability.

The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

#### 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 Financial assets at FVOCI are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's

economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

### 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; and
- 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 in 2020 to ensure the survival of the company and extend assistance to its various stakeholders.

The key objectives of this plan are to protect the employees, continue to serve customers, help the community and think 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 June 30, 2021 and December 31, 2020. The methods and assumptions used by the Group in 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 5.75% to 16.00% as of June 30, 2021 and December 31, 2020, respectively.

Financial assets at FVOCI quoted equity securities- Fair values are based on the quoted prices published in markets.

Financial assets at FVOCI 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 June 30, 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 active 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 unobservable 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 June 30, 2021 and December 31, 2020.

(In Thousands)	June 30, 2021 Unaudited		December 31, 2020 Audited	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at FVPL	<b>₱1,094,949</b>	<b>₱1,094,949</b>	₱965,171	₱965,171
Financial Assets at FVOCI				
Unquoted equity securities	<b>399,706</b>	<b>399,706</b>	666,988	666,988
Quoted equity securities	<b>1,041,096</b>	<b>1,075,926</b>	844,455	844,455
	<b>₱2,535,752</b>	<b>₱2,570,582</b>	<b>₱2,476,614</b>	<b>₱2,476,614</b>
Financial assets at amortized cost				
Noncurrent trade residential and office development	<b>₱42,736,872</b>	<b>₱48,096,994</b>	₱42,547,808	₱45,313,900
Receivable from employees	<b>794,369</b>	<b>794,369</b>	842,506	844,542
	<b>₱48,531,241</b>	<b>₱48,891,363</b>	<b>₱43,390,314</b>	<b>₱46,158,442</b>
Other financial liabilities				
Long-term debt	<b>₱197,400,008</b>	<b>₱197,776,857</b>	₱202,819,593	₱211,109,769
Deposits and other noncurrent liabilities	<b>54,980,662</b>	<b>54,980,662</b>	48,582,759	36,367,004
	<b>₱252,380,671</b>	<b>₱252,757,519</b>	<b>₱251,402,352</b>	<b>₱247,476,773</b>

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of June 30, 2021 and December 31, 2020:

## 2021

(In Thousands)			Quoted prices in Active markets	Significant observable inputs	Significant observable inputs
June 30, 2021 (Unaudited)	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
<b>Financial assets at fair value through profit and loss</b>					
Investment in Unit Investment Trust					
Fund	Jun. 30, 2021	₱710,167	-	₱710,167	-
Investment in Arch Capital Fund	Jun. 30, 2021	384,782	-	-	384,782
Investment in Treasury Bills	Jun. 30, 2021	253,651	-	253,651	-
		₱1,348,600	-	₱963,818	₱384,782
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted equity securities	Jun. 30, 2021	₱1,041,096	₱1,041,096	-	-
Unquoted equity securities	Jun. 30, 2021	399,706	-	-	399,706
		1,440,802	1,041,096	₱-	399,706
		₱2,789,402	₱1,041,096	₱963,818	₱784,488

(In Thousands)			Quoted prices in Active markets	Significant observable inputs	Significant observable inputs
December 31, 2020 (Audited)	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
<b>Financial assets at fair value through profit and loss</b>					
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
<b>Financial assets at fair value through other comprehensive income</b>					
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)	Dec. 31, 2020 Audited	Cash Flows	Non-Cash Acquisition	Non-Cash Changes	FOREX Movement	June 30, 2021 Unaudited
Short-term debt	₱9,131,325	7,936,403	-	-	-	17,067,728
Current Portion of Long-term debt	18,732,401	14,440,567	-	-	-	33,172,968
Long-term debt-net of current portion	184,087,192	(19,860,152)	-	-	-	164,227,040
Dividends Payable	241,606	(2,440,071)	-	2,562,033	-	363,568
Lease liabilities	17,755,843	(87,149)	-	-	-	17,668,694
Deposits & Other noncurrent liabilities	50,040,170	4,927,012	-	13,480	-	54,980,662
Total liabilities from financing activities	₱279,988,537	4,916,610	-	2,575,513	-	287,480,661

## 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 ALL'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 June 30 and revenue and profit information for each of the two quarters in the period ended June 30 (in millions):

### 2021

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
<b>Revenue</b>										
Revenues from contracts with customers	P28,715	P1,793	P-	P-	P1,217	P1,928	P1,175	P-	P-	P34,828
Interest income from real estate sales	3,599	-	-	-	-	-	-	-	-	3,599
Rental revenue	-	-	3,432	4,831	-	-	-	-	-	8,263
Intersegment sales	-	-	-	-	-	16,061	-	-	(16,061)	-
Equity in net earnings of associates and joint ventures	601	-	3	-	-	-	(6)	(67)	-	531
<b>Total revenue</b>	<b>32,915</b>	<b>1,793</b>	<b>3,435</b>	<b>4,831</b>	<b>1,217</b>	<b>17,989</b>	<b>1,169</b>	<b>(67)</b>	<b>(16,061)</b>	<b>47,221</b>
Real estate costs and expenses	21,558	1,249	3,863	1,409	1,856	16,750	1,441	39	(16,379)	31,786
<b>Gross margin (loss)</b>	<b>11,357</b>	<b>544</b>	<b>(428)</b>	<b>3,422</b>	<b>(639)</b>	<b>1,239</b>	<b>(272)</b>	<b>(106)</b>	<b>318</b>	<b>15,435</b>
Interest and investment income										116
Other charges										(1,558)
Interest and other financing charges										(5,876)
Other income										1,619
Provision for income tax										(2,362)
<b>Net income</b>										<b>P7,374</b>
Net income attributable to:										
Equity holders of Ayala Land, Inc.										6,041
Non-controlling interests										1,333
										<b>P7,374</b>
<b>Other Information</b>										
Segment assets	P544,752	P21,396	P206,313	P104,761	P53,094	P48,411	P12,166	P103,332	(P404,449)	P689,776
Investment in associates and joint ventures	27,808	-	41	-	-	52	182	-	-	28,083
	572,560	21,396	206,354	104,761	53,094	48,463	12,348	103,332	(404,449)	717,859
Deferred tax assets	1,806	95	1,400	329	401	147	195	1,400	6,264	12,037
<b>Total assets</b>	<b>P574,366</b>	<b>P21,491</b>	<b>P207,754</b>	<b>P105,090</b>	<b>P53,495</b>	<b>P48,610</b>	<b>24,891</b>	<b>P104,732</b>	<b>(P398,185)</b>	<b>P729,896</b>
Segment liabilities	P223,711	P10,976	P82,212	P29,132	P17,546	P38,577	P5,508	P200,678	(P151,387)	456,953
Deferred tax liabilities	2,775	-	139	112	35	-	14	(90)	3,891	6,876
<b>Total liabilities</b>	<b>P241,721</b>	<b>P10,976</b>	<b>P82,109</b>	<b>P29,385</b>	<b>P18,260</b>	<b>P39,580</b>	<b>P5,769</b>	<b>P202,342</b>	<b>(P147,496)</b>	<b>P463,829</b>
Segment additions to:										
Property and equipment	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Investment properties	P382	P-	P3,117	P-	P-	P-	P-	P-	P-	P3,499
Depreciation and amortization	P267	P90	P2,209	P943	P441	P142	P234	P107	P-	P4,433
Non-cash expenses other than depreciation and amortization	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Impairment losses	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-

**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	P 19,361	P 1,283	P–	P–	P2,085	P 883	P 1,751	P–	P–	P25,363
Interest income from real estate sales	4,227	–	–	–	–	–	–	–	–	4,227
Rental revenue	–	–	5,980	4,798	–	–	–	–	–	10,778
Intersegment sales	–	–	–	–	–	15,047	–	–	(15,047)	–
Equity in net earnings of associates and joint ventures	285	–	3	–	–	–	–	58	–	346
Total revenue	23,873	1,283	5,983	4,798	2,085	15,930	1,751	58	(15,047)	40,714
Real estate costs and expenses	14,750	1,015	4,569	1,744	2,245	14,488	1,785	73	(14,721)	25,948
Gross margin (loss)	9,123	268	1,414	3,054	4,330	30,418	(34)	(15)	(323)	14,766
Interest and investment income										220
Other charges										(808)
Interest and other financing charges										(6,857)
Other income										265
Provision for income tax										(2,120)
Net income										P5,466
Net income attributable to:										
Equity holders of Ayala Land, Inc.										4,518
Non-controlling interests										948
										P5,466
Other Information										
Segment assets	P523,487	P34,391	P207,006	P113,649	P83,728	P48,475	P6,432	P64,457	(P407,042)	P674,583
Investment in associates and joint ventures	24,582	–	39	–	–	55	192	33	–	24,902
	548,069	34,391	207,045	113,649	83,728	48,531	6,624	64,490	(407,042)	699,485
Deferred tax assets	1,805	–	949	188	354	89	53	908	7,064	11,410
Total assets	P549,874	549,874	P207,994	P113,837	P84,082	P48,620	13,301	P65,399	(P399,978)	P710,895
Segment liabilities	P220,732	P11,456	P138,664	P63,026	P69,971	P38,678	P2,761	P57,544	(P141,917)	460,915
Deferred tax liabilities	2,326	–	176	93	7	–	–	19	4,354	6,975
Total liabilities	P223,058	P11,456	P138,840	P63,119	P69,978	P38,678	P2,761	P57,563	(P137,563)	P467,890
Segment additions to:										
Property and equipment	P111	P261	P796	P3	P94	P621	P58	P1	P–	P1945
Investment properties	P2,956	P–	P3,107	P134	P36	P29	P–	P–	P–	P6,262
Depreciation and amortization	P309	P–	P1,828	P833	P617	P515	P90	P638	P–	P4,830
Non-cash expenses other than depreciation and amortization	P–	P–	P–	P–	P–	P–	P–	P–	P–	P–
Impairment losses	P–	P–	P–	P–	P–	P–	P–	P–	P–	P–

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. From May 15 until June 14, 2021 the NCR was transitioned to GCQ with heightened restrictions. This was further eased to GCQ with some restrictions from June 14 until July 15.

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 June 30, 2021, revenues improved 34% to P48.96 billion from the same period last year, showing significant improvements in performance compared to the onset of the pandemic:

- Property development revenues registered a 48% jump to P30.5 billion propelled by construction progress and higher bookings.
- Shopping center revenues meanwhile dipped 43% P3.4 billion reflecting limited operations, ongoing rent discounts to support tenants and low foot traffic.
- Hotels and resorts revenues ended 42% lower as resort operations were restricted from the end of March until April due to the reimposition of the ECQ and hotels continue to experience lower average occupancy.
- Property Management and Others Services’ revenues registered 33% less at P1.2 billion from lower power consumption of customers and limited operations of AirSWIFT.

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**

None

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

### Review of 1H 2021 operations vs 1H 2020

Ayala Land registered consolidated revenues of P48.96 billion and a net income of P6.04 billion, an improvement of 34% and 19%, respectively, showing significant improvements in performance compared to the first half of 2020 during the onset of the pandemic. In the second quarter alone, revenues and net income reached P24.32 billion and P3.26 billion, a 90% and 16.6x growth, respectively, from the same period last year, coming from the strictest quarantine restriction in 2020.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services reached P43.09 billion, a 19% increase from P36.14 billion in the same period in 2020 propelled by continued construction progress and higher bookings from property development while commercial leasing operations were weighed down by renewed restrictions.

Capital expenditures for the first six months of 2021 amounted to P32.11 billion.

The balance sheet remains strong with a net debt to equity ratio of 0.74:1.

### **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 a 48% jump to P30.51 billion from P20.64 billion, propelled by construction progress and higher bookings.

**Residential.** Revenues from the sale of residential lots and units and MCT Bhd's operations recorded a 62% uplift to P26.81 billion from P16.55 billion owing to higher bookings and completion of projects.

**AyalaLand Premier (ALP)** recorded revenues of P10.54 billion, more than triple the P2.80 billion from last year, due to higher incremental POC of Park Central North and South Towers in Makati City, Andacillo in Nuvali, Laguna and Lanewood Hills in Cavite, and higher bookings from Ayala Greenfield Estates in Laguna.

**ALVEO** posted revenues of P5.08 billion, a 62% growth from P3.13 billion, owing to higher bookings from Hillside Ridge in Cavite and higher incremental POC of Venido in Laguna, The Greenways in Alvia, Pampanga, and Ardia Phase 3 in Veramosa, Cavite.

**Avida** totaled P6.58 billion in revenues, slightly lower by 3% from P6.81 billion, attributed to lower bookings from Avida Towers Sola in Vertis North Quezon City, Vireo in Arca South, Taguig, and Riala in Cebu IT Park, Cebu City.

**Amaia** meanwhile posted P2.30 billion in revenues, a 2% increase from P2.25 billion due to higher bookings from Steps Alabang Helena in Las Pinas, Series Veramosa S1 in Cavite, Skies Shaw Tower 2 in Mandaluyong City, Steps Pasig Blanca and Scapes Rizal S1. **BellaVita** recognized revenues of P540.49 million, double the P271.47 million generated last year driven by higher bookings from projects in Naga, Camarines Sur; Tayabas Quezon; Alaminos, Laguna and Lipa, Batangas.

The average gross profit (GP) margin of horizontal residential projects was 46%. Meanwhile, the average GP margin for vertical projects declined to 35% from 42% mainly a result of a one-time recognition of COVID-19 related costs due to extended project timelines given the limited manpower allowed onsite, compliance with IATF requirements for manpower health and safety, and additional costs related to new Fire Code compliance and regulatory requirements.



**MCT Bhd** contributed revenues of P1.79 billion, a 40% growth from P1.28 billion, driven by higher sales and completion from its middle-income brand Market Homes.

**Office for Sale.** Revenues from the sale of office units rose 53% to P1.75 billion from P1.14 billion as a result of higher bookings from ALVEO's Park Triangle and ALP's One Vertis Plaza projects. The average GP margin ended lower at 35% from 40% attributed to the same factors that affected vertical residential projects.

**Commercial and Industrial Lots.** Revenues from the sale of commercial and industrial decelerated by 34% to P1.95 billion from P2.95 billion on slower take-up at Vermosa, Nuvali and Alvia estates. The average GP margin improved by 60 basis points to 75% from 69%, due to higher industrial lot prices at Pampanga Technopark and commercial lot prices at Evo City and Altaraza.

**Sales Reservations.** Sales reservations in the second quarter totaled P19.69 billion, a substantial growth of 45% from the same period last year as local demand remained strong despite the reimposition of an enhanced community quarantine (ECQ) from March until April. This brought first half sales reservations to P48.24 billion, up 26% from last year. Local and overseas Filipinos accounted for 92% of the total sales with the balance of 8% from other nationalities. Sales from local Filipinos which comprise 77% amounted to P37.14 billion, 42% higher than the same period last year while sales from overseas Filipinos which represented 15%, amounted to P7.02 billion, 4% higher year-on-year. Meanwhile, sales to other nationalities amounted to P4.08 billion, a 24% drop, primarily as sales to mainland Chinese buyers, which comprise 18%, decreased by 63% to only P0.74 billion.

**Project Launches.** In the second quarter, Ayala Land launched eight (8) projects worth P25.25 billion, bringing the total to 14 projects launched in the first half, worth P44.27 billion. These include: ALP's Anvaya Cove S3 in Morong, Bataan; ALVEO's Bayview Heights in Cagayan de Oro, Misamis Oriental; Avida's Averdeen Estates Phase 1 and Southdale Settings both in Nuvali, Laguna, Makati Southpoint Tower 2, and Astrea Tower 2 in Quezon City; and Amaia's Steps The Junction Place Clara and Skies Cubao Tower 2 both in Quezon City. The company has budgeted P100 billion-worth of launches in 2021.

**Commercial Leasing.** This includes the operation of Shopping Centers, Office Buildings and Hotels and Resorts. Total revenues from commercial leasing declined 26% to P9.48 billion from P12.86 billion in the same period last year as operations were weighed down by renewed restrictions from ECQ in the second quarter.

**Shopping Centers.** Revenues from shopping centers dipped 43% to P3.43 billion from P5.98 billion reflecting limited operations, ongoing rent discounts to support tenants and low foot traffic. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin declined to 39% from 45% due to limited operations and the rental discounts granted to tenants. The average occupancy rate for all malls is 81% and 86% for stable malls. Total Malls gross leasable area (GLA) stands at 2.12 million square meters.

**Offices.** Revenues from office leasing totaled P4.83 billion, a very slight improvement from P4.80 billion last year as Business Process Outsourcing (BPO) and Headquarter (HQ) operations cushioned the impact of cancellations of Philippine Offshore Gaming Operators (POGO). Office leasing EBITDA margin remains healthy at 93%. The average occupancy rate for all offices is 82% and 87% for stable offices. Total office leasing GLA is at 1.30 million square meters.

**Hotels and Resorts.** Revenues from hotels and resorts ended 42% lower to P1.22 billion from P2.09 billion as resort operations were restricted from the end of March until April due to the reimposition of the ECQ and hotels continue to experience lower average occupancy. As a result, the overall EBITDA margin of hotels and resorts declined to 6% from 14%. The average occupancy for all hotels was 45% and 48% for stable hotels. Meanwhile, the average occupancy for all resorts stood at 15% and 16% for stable resorts. The hotels and resorts segment ended the first half of 2021 with a total of 4,030 rooms.

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

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

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

**Services.** This is composed mainly of the Company's construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and 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 P3.10 billion, 18% higher than P2.63 billion due to completion progress of projects with unconsolidated JVs and third parties. This compensated for the lower power consumption of customers and limited operations of AirSWIFT.

**Construction.** Net construction revenues totaled P1.93 billion, more than double the P0.88 billion last year.

**Property Management and Others.** APMC, power services companies and AirSWIFT registered revenues of P1.18 billion, 33% less than P1.75 billion.

Blended EBITDA margins of the Services segment improved to 10% from 9%.

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

Equity in net earnings of associates and JVs rose 53% to P530.95 million from P346.36 million on higher contributions from Ortigas Land's projects The Galleon and Empress, and the ALVEO-Federal Land joint venture projects, Aveia and Venido.

Interest income from real estate sales declined 15% to P3.60 billion from P4.23 billion due to lower accretion income recognized. Meanwhile, interest and investment income amounted to P116.37 million, a 47% drop from P220.34 million, owing to lower interest income and lower yields on cash and short-term investments.

Other income, composed mainly of marketing and management fees from joint ventures, among others, increased more than six-fold to P1.62 billion from P0.26 billion, recording a P1.32 billion gain from the sale of Ayala Land's 39.2% economic interest in Qualimed and its hospital buildings last February.

### **Expenses**

Total expenses stood at P39.22 billion, 17% higher than P33.61 billion last year, driven by a hike in real estate expenses which rose 30% to P28.61 billion as operations ramped up this year. General and administrative expenses declined 18% to P3.17 billion from P3.87 billion owing to reduced corporate operations and cost saving initiatives. This resulted to a GAE ratio of 6.5% and an EBIT margin of 29.7%.

Interest expense, financing and other charges, which includes interest expense related to PFRS 16 (Leases) totaled P7.43 billion, 3% lower from P7.66 billion due to a lower average interest rate and

average debt balance. The average cost of debt improved to 4.6% from 4.7% at the end of 2020. Of the total debt, 91% is locked-in with fixed rates, while 92% is contracted on a long-term basis.

## **Capital Expenditures**

Capital expenditures reached P32.13 billion in the first half of 2021, mainly for residential projects, the development of estates and commercial leasing assets. 50% was spent on residential projects, 21% on estate development, 14% for commercial projects and 12% for land acquisition. 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 P16.43 billion resulting in a current ratio of 1.50:1.

Total borrowings registered at P214.47 billion which translated to a debt-to-equity ratio of 0.81:1 and a net debt-to-equity ratio of 0.74:1.

Return on equity was at 5.38% as of June 30, 2021.

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 the first half of 2021.

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

### **Income Statement items – Period ending June 30, 2021 versus June 30, 2020**

**Real estate and hotel revenues** improved by 19% driven by higher sales bookings and incremental project completion, and construction service revenues.

**Interest income from real estate sales** decreased by 15% due to lower accretion income from trade receivables.

**Equity in net earnings** increased by 53% coming from higher net income contribution of associates and joint ventures.

**Interest and investment income** decreased by 47% due to lower yield and lower short-term investments and cash in bank, and lower other income from interest and penalties.

**Other Income** increased by 512% 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, and project management fees.

**Real estate costs** increased by 30% driven by sales bookings and incremental project completion, construction revenues, and other service costs.

**General administrative expenses** declined by 18% due to lower overhead cost, and taxes and licenses.

**Provision for income tax** increased by 11% due to higher income before tax.

**Balance Sheet items – as of June 30, 2021 (Unaudited) versus December 31, 2020 (Audited)**

**Cash and cash equivalents** decreased by 14% mainly due to payment for capital expenditures (CAPEX), interest expense and other financing charges, and cash dividends; partially offset by sales collections and loan availments.

**Short-term investments** increased by 26% due to temporary placements of excess USD cash deposits.

**Financial asset at fair value through profit and loss** increased by 40% resulting from additional investments in UITF and unrealized investment gains in ARCH fund.

**Other current assets** increased by 13% due to increase in advances to contractors, creditable withholding taxes, and deferred expenses from real estate sales.

**Financial assets at fair value through other comprehensive income** decreased by 5% due to unrealized loss from fair value of investment in stocks.

**Investment in associates and joint ventures** increased by 6% as result of additional investment and equity in net earnings for the current period.

**Short-term debt** grew by 87% due to additional loan availments.

**Income tax payable** declined by 55% due to lower income tax rate in the current year and retroactive adjustment effect of CREATE law.

**Lease liability – current** decreased by 16% due to lease payments during the period.

**Current portion of long-term debt** decreased by 77% due to maturing loans in the next 12 months.

**Deposit and other current liabilities** decreased by 13% mainly due to realized revenues from incremental project completion.

**Long-term debt – net of current portion** decreased by 11% as a result of payments and reclassification of current portion to current liabilities.

**Deposit and other noncurrent liabilities** increased by 10% increase in unrealized revenues and deferred credits from property sales, and security deposits from office leasing.

**Fair value reserve of financial assets at FVOCI** increased by 19% coming from the unrealized gain from interest rate swap contract of MCT Berhad.

**Cumulative translation adjustments** decreased by 14% mainly due to unrealized loss from translation of financial statements of MCT Berhad.

**Equity reserves** increased by 167% as a result of gain on sale of shares in AREIT and gain on purchase of additional equity in LTI by ALLHC.

**Treasury shares** increased by 78% as result of buy-back of shares.

## PART II - OTHER INFORMATION

### Item 3. Developments as of June 30, 2021

- |  |  |                           |
|--|--|---------------------------|
| <b>A. New project or investments in another line of business or corporation</b>  | None   |                           |
| <b>B. Composition of Board of Directors<br/>(As of Jun. 30, 2021)</b>  | 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      |
| <b>C. Performance of the corporation or result/progress of operations</b>  | Please see unaudited consolidated financial statements and management's discussion on results of operations.   |                           |
| <b>D. Declaration of dividends</b>   | <p><u>P0.1358 cash dividend per outstanding common share</u><br/> Declaration date: February 23, 2021<br/> Record date: March 10, 2021<br/> Payment date: March 25, 2021</p> <p><u>P0.00474786 cash dividend per outstanding preferred share</u><br/> Declaration date: May 27, 2021<br/> Record date: June 10, 2021<br/> Payment date: June 25, 2021</p>  |                           |
| <b>E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements</b> | Please refer to the discussion in the changes in group structure in 2021.  |                           |
| <b>F. Offering of rights, granting of Stock Options and corresponding plans therefore</b>  | <p>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.</p> <p>On May 3, 2021, 156 ESOWN grantees subscribed to a total of 11,389,265 common shares at P33.29 per share with the subscriptions becoming effective on the same day. The option price is the average price of common shares at the Philippine Stock Exchange over the last five trading days as of February 22, 2021, less a 15% discount. As a result of the subscriptions, ALI outstanding common shares increased to 14,711,784,864.</p> |                           |

As of June 30, 2021, stock options outstanding\* are as follows:

ESOP	None
ESOWN	122,358,095 shares

*\*Outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*

- |  |      |
|--|------|
| <b>G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate</b>               | None |
| <b>H. Other information, material events or happenings that may have affected or may affect market price of security</b> | None |
| <b>I. Transferring of assets, except in normal course of business</b>  | None |

#### **Item 4. Other Notes to 1H 2021 Operations and Financials**

- |   |   |
|---|---|
| <b>J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents</b>  | Please see Item 2: Management's Discussion on Results of Operations and Analysis. |
| <b>K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period</b>  | None  |
| <b>L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities</b>  | Please see Notes to Financial Statements (note 10).                               |
| <b>M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</b>   | None  |
| <b>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</b> | None  |
| <b>O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date</b>   | None  |

**P. Other material events or transactions during 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.

**On May 3, 2021**, 156 ESOWN grantees subscribed to a total of 11,389,265 common shares at P33.29 per share with the subscriptions becoming effective on the same day. The option price is the average price of common shares at the Philippine Stock Exchange over the last five trading days as of February 22, 2021, less a 15% discount. As a result of the subscriptions, ALI outstanding common shares increased to 14,711,784,864.

**On May 4, 2021**, Ayala Land, Inc. (ALI) listed its P10 billion fixed rate bonds due 2025 on the Philippine Dealing and Exchange Corporation (PDEX), with a coupon rate of 3.6262% p.a. The 6<sup>th</sup> tranche of its P50 billion securities program, the issuance pioneered the utilization of the e-Securities Issue Portal (e-SIP).

**On June 8, 2021**, Ayala Land, Inc. (ALI) and its subsidiaries, Westview Commercial Ventures Corp. (WCVC) and Glensworth Development, Inc. (GDI), executed the Deed of Exchange with AREIT, Inc. (AREIT) on the property-for-share swap transaction.

Following the execution of the Deed of Exchange, the involved parties will submit the application for the increase in authorized capital stock, and the property-for-share swap, specifically the request for confirmation of valuation, and exemption from registration, to the SEC. Once approved, the parties shall apply for the Certificate Authorizing Registration with the Bureau of Internal Revenue, and the listing of the additional shares with the Philippine Stock Exchange, within the year.

**On June 25, 2021**, Ayala Land, Inc. (ALI) submitted an amendment to the Reinvestment Plan (Plan) for the proceeds of AREIT, Inc.'s initial public offering. From the original plan of 16 projects, the revised Plan now covers 31 income-generating projects.

Disbursements to 11 of the original projects were reduced by P6.8 billion due to changes in development schedules as a result of market conditions. The amount will now instead be disbursed to 17 new identified projects.

**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 default or acceleration of an obligation**

None

**R. Material off-balance sheet transactions, arrangements,**

None



obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

**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, P32.1 billion has been disbursed as of June 30, 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:

	<i>End-June 2021</i>	<i>End-December 2020</i>
Current ratio <sup>1</sup>	1.50:1	1.62:1
Debt-to-equity ratio <sup>2</sup>	0.81:1	0.81:1
Net debt-to-equity ratio <sup>3</sup>	0.74:1	0.74:1
Profitability Ratios:		
Return on assets <sup>4</sup>	2.03%	1.53%
Return on equity <sup>5</sup>	5.38%	4.03%
Asset to Equity ratio <sup>6</sup>	2.74:1	2.77:1
Interest Rate Coverage Ratio <sup>7</sup>	3.60	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: August 3, 2021