

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

---

(Company Address)

(632) 7908-3111

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(Telephone Number)

**September 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 **September 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 September 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  
**P108,900,000,000.00**

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 of September 30, 2021**

(Amounts in Thousands)

	September 2021 Unaudited	December 2020 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱14,867,556	₱17,037,347
Short-term investments (Note 5)	467,874	358,120
Financial assets at fair value through profit or loss (Note 6)	714,506	965,171
Accounts and notes receivable (Note 7)	95,503,779	101,145,909
Inventories (Note 8)	151,220,915	146,743,592
Other current assets (Note 9)	65,735,860	58,020,962
Total Current Assets	328,510,490	324,271,101
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable (Note 7)	51,595,641	46,021,255
Financial assets at fair value through other comprehensive income	1,427,415	1,511,443
Investments in associates and joint ventures (Note 10)	28,307,829	26,601,254
Right of use assets	12,549,894	13,008,175
Investment properties – net	230,041,145	222,684,850
Property and equipment – net	42,767,380	43,446,968
Deferred tax assets - net	11,836,032	12,121,515
Other noncurrent assets (Note 11)	30,318,362	31,827,813
Total Noncurrent Assets	408,843,698	397,223,273
Total Assets	₱737,354,188	₱721,494,374
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt (Note 12)	₱17,792,000	₱9,131,325
Accounts and other payables (Note 13)	148,312,959	144,625,922
Income tax payable	684,235	1,455,612
Current portion of lease liabilities	473,114	466,801
Current portion of long-term debt (Note 12)	34,145,335	18,732,401
Deposits and other current liabilities (Note 14)	23,594,189	25,317,246
Total Current Liabilities	₱225,001,832	199,729,307
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 12)	164,481,250	184,087,192
Pension liabilities	3,028,503	3,020,797
Lease liabilities – net	17,177,778	17,289,042
Deferred tax liabilities - net	6,662,249	7,148,534
Deposits and other noncurrent liabilities (Note 15)	50,812,434	50,040,170
Total Noncurrent Liabilities	242,162,214	261,585,735
Total Liabilities	467,164,046	461,315,042

(Forward)

	September 2021 Unaudited	December 2020 Audited
<b>Equity</b>		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	63,342,017	62,953,585
Retained earnings	169,283,490	161,660,724
Remeasurement loss on defined benefit plans	(860,313)	(818,101)
Fair value reserve of financial assets at FVOCI*	(593,328)	(748,220)
Cumulative translations adjustments	250,253	167,395
Equity reserves (Note 16)	1,563,245	585,256
Treasury Stock	(2,248,797)	(1,260,780)
	230,736,567	222,539,859
Non-controlling interests	39,453,575	37,639,473
Total Equity	270,190,142	260,179,332
Total Liabilities and Equity	₱737,354,188	₱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	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
<b>REVENUE</b>				
Real estate	₱21,696,629	₱ 64,787,545	₱19,435,408	₱55,575,578
Interest income from real estate sales	1,752,791	5,352,030	2,133,786	6,361,069
Equity in net earnings of associates and joint ventures	207,749	738,697	181,311	527,674
	23,657,169	70,878,272	₱21,750,505	₱62,464,321
Interest and Investment Income	52,999	169,367	69,528	289,861
Other income	(63,347)	1,556,069	301,949	566,689
	(10,348)	1,725,436	371,477	856,550
	23,646,821	72,603,708	₱22,121,982	₱63,320,871
<b>COSTS AND EXPENSES</b>				
Real estate	15,172,535	43,786,124	13,511,523	35,594,395
General and administrative expenses	1,502,873	4,676,251	1,785,914	5,650,826
Interest and other financing charges	2,307,308	8,183,102	3,646,203	10,502,940
Other charges	1,019,406	2,577,738	310,849	1,119,209
	20,002,122	59,223,215	19,254,489	52,867,370
<b>INCOME BEFORE INCOME TAX</b>	<b>3,644,699</b>	<b>13,380,493</b>	<b>2,867,493</b>	<b>10,453,501</b>
<b>PROVISION FOR INCOME TAX</b>				
Current	581,619	2,919,876	867,866	2,882,780
Deferred	(76,521)	(52,781)	(46,419)	58,791
	505,098	2,867,095	821,447	2,941,571
<b>NET INCOME</b>	<b>₱3,139,601</b>	<b>₱10,513,398</b>	<b>₱2,046,046</b>	<b>₱7,511,930</b>
Net income attributable to:				
Equity holders of Ayala Land, Inc.	₱2,547,407	₱8,588,643	₱1,848,500	6,366,751
Non-controlling interests	592,194	1,924,755	197,545	1,145,180
	3,139,601	10,513,398	₱2,046,045	₱7,511,931
<b>Earnings Per Share</b>				
Basic	₱0.17	₱0.58	₱0.12	₱0.43
Diluted	0.17	0.58	0.12	0.43

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	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
<b>NET INCOME</b>	<b>₱3,139,601</b>	<b>₱10,513,398</b>	<b>₱2,046,046</b>	<b>₱7,511,930</b>
<i>Item that may be reclassified to profit or loss in subsequent years:</i>				
Cumulative translation adjustment	202,174	165,656	(130,247)	(856,472)
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>				
Fair value reserve of financial assets at FVOCI	57,406	269,612	(71,174)	(299,430)
Remeasurement gain (loss) on pension liabilities	(24,919)	(56,283)	1,469	(450,261)
Income tax effect	6,230	14,071	(441)	136,206
	240,891	393,056	(200,393)	(1,469,957)
<b>Total comprehensive income for the period</b>	<b>₱3,380,492</b>	<b>₱10,906,454</b>	<b>₱1,845,653</b>	<b>₱6,041,973</b>
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	₱2,649,736	₱8,784,181	₱1,648,108	₱4,896,793
Non-controlling interests	730,756	2,122,273	197,545	1,145,180
	<b>₱3,380,492</b>	<b>₱10,906,454</b>	<b>₱1,845,653</b>	<b>₱6,041,973</b>

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

(Amounts in Thousands)

*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)

	For the Periods Ended September 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱13,380,493	₱10,453,502
Adjustments for:		
Depreciation and amortization	6,622,487	7,348,994
Equity in net earnings of investees	(738,697)	(527,674)
Interest and other charges	8,183,103	11,580,947
Interest and other income	(5,521,397)	(6,650,931)
Provision for doubtful accounts	167,593	140,856
Operating income before changes in working capital	₱22,093,582	₱22,345,694
Decrease (increase) in:		
Accounts and notes receivable	5,508,207	(8,967,013)
Real estate inventories	(4,374,301)	(1,928,455)
Other current assets	(7,695,774)	(11,011,955)
Increase (decrease) in:		
Accounts and other payables	3,512,134	(11,884,005)
Pension liabilities	(34,506)	65,293
Other current liabilities	(1,723,059)	(7,262,946)
Cash generated from (used for) operations	₱17,286,283	(₱18,643,387)
Interest received	5,521,397	6,613,482
Income tax paid	(3,691,253)	(2,527,213)
Interest paid - net of amount capitalized	(8,183,103)	(13,444,229)
Net cash provided by (used in) operating activities	₱10,933,324	(₱28,001,347)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of (additions to):		
Investments	(₱12,338,931)	(₱4,113,918)
Property and equipment	(448,522)	(4,130,269)
Short term investments	(109,754)	(224,889)
Financial asset at FVPL	250,665	-
Decrease (increase) in:		
Noncurrent accounts and notes receivable	(5,566,197)	3,761,637
Other assets	830,946	9,575,143
Net cash provided by (used in) investing activities	(₱17,381,793)	₱4,867,704
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from availment of short-term/long-term loans	₱123,335,300	₱172,821,519
Payments of short-term / long-term loans	(119,229,150)	(173,630,898)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	661,000	12,782,770
Noncontrolling interest in consolidated subsidiaries	1,814,103	5,088,380
Equity reserves	39,797	(44,978)
Gain on sale of noncontrolling interest in AREIT, Inc.	938,193	7,661,283
Capital stock	388,433	77,079
Purchase of treasury shares	(988,018)	(156,427)
Dividends paid to non-controlling interest	(771,405)	(380,934)
Dividends paid to equity holders of Ayala Land, Inc.	(2,059,058)	(4,006,666)
Net cash provided by financing activities	₱4,129,195	₱20,211,128
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(₱2,319,274)	(₱2,922,515)
<b>EFFECT OF CHANGES IN FOREIGN CURRENCY</b>	149,483	(307,573)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	17,037,347	20,413,041
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	₱14,867,556	₱17,182,953

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 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 other persons; and to engage or act as real estate broker. The Group is also involved in hotels and resort operations.

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

	September 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. AREIT, Inc.	<b>100</b>	100
AyalaLand Offices, Inc. (ALO)	<b>50</b>	54
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, under 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 into 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 concerning 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 will remain and recovery is going to be gradual.

#### Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared following Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the following reporting reliefs issued and approved by SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

- a. Assessing if the transaction price includes a significant financing component discussed in PIC Q&A No. 2018-12-D
- b. Treatment of land in the determination of the percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E.
- c. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

The interim condensed 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 of December 31, 2020, which have been prepared following Philippine Financial Reporting Standards (PFRS), which include the availment of reliefs granted by the above SEC MC in addition to those under MC Nos. 3-2019 and 14-2018 to defer the implementation of the following accounting pronouncements until December 31, 2020, which were adopted by the Group starting January 1, 2021.

- a. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and,
- b. Accounting for Common Usage Service Area (CUSA) charges
- c. Deferral of the adoption of PIC Q&A 2018-14: *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

SEC MC No. 34-2020 further extended the deferral of application of the provisions of PIC Q&A No. 2018-12 for the accounting for the significant financing component and the exclusion of land in the calculation of the percentage of completion and IFRIC Agenda Decision on Overtime Transfers of Constructed Goods under PAS 23-Borrowing Cost, for another three (3) years or until 2023. To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Philippine SEC issued SEC Memorandum 8- 2021 to provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the section below under New Standards, Interpretations, and Amendments.

On November 3, 2021, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and its 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 September 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 can 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 is 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 of 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 an RFR instrument is designated as



a hedge of a risk component.

The Group shall also disclose information about:

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

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

- 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 guiding accounting for the 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 the 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 assets do not qualify for recognition at the acquisition date.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant, and equipment made available

for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

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

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

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

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

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

- Amendments to PFRS 9, *Financial Instruments, Fees in the “10 percent” 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 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 does not apply 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 do 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 guides 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 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:

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

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

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component.
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or a modified retrospective approach as provided under SEC MC 8-2021.

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:

- The mismatch between the POC of the real estate projects and the 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.
- 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 with 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)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on Hand	₱67,284	₱64,303
Cash in Banks	11,821,128	13,678,488
Cash Equivalents	2,979,144	3,294,556
	<b>₱14,867,556</b>	<b>₱17,037,347</b>

Cash in banks earns 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:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Philippine Peso	--	0.75%
US Dollar	0.10%	0.05% to 0.10%

#### 6. Financial Assets at FVPL

This account consists of the following:

(In Thousands)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investment in Arch Capital Fund	₱315,524	₱327,953
Investment in Unit Investment Trust Fund (UITF)	354,707	378,066
Investment in Treasury Bills	44,275	259,152
	<b>₱714,506</b>	<b>₱965,171</b>

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

The Group invests in money market Unit Investment Trust Funds (UITF) which aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments and with no minimum holding period requirement.

## 7. Accounts and Notes Receivables

The account consists of:

(In Thousands)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade:		
Residential	<b>₱101,468,432</b>	₱101,328,095
Shopping Centers	<b>6,015,416</b>	5,414,606
Construction Contracts	<b>2,107,787</b>	1,774,741
Corporate Business	<b>2,446,474</b>	3,948,672
Management fees	<b>142,063</b>	124,553
Others	<b>4,949,691</b>	4,717,601
Advances to other companies	<b>18,012,944</b>	17,686,292
Accrued receivables	<b>7,564,049</b>	7,786,399
Receivables from related parties (Note 18)	<b>5,618,298</b>	5,489,159
Receivables from employees	<b>817,770</b>	842,506
	<b>149,142,924</b>	149,112,624
Less allowance for impairment losses	<b>2,043,504</b>	1,945,460
	<b>147,099,420</b>	147,167,164
Less noncurrent portion	<b>51,595,641</b>	46,021,255
	<b>₱95,503,779</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 for 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 include 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 the consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on-demand to allow for repayment when closing does not occur.

Advances to other companies also include receivables from MRT Development Corporation (MRTDC) shareholders which pertain 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, concerning 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 in 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 ₱16,393.0 million as of September 30, 2021, and ₱20,458.00 in the full year of 2020. These were sold at discount with total proceeds of ₱14,897.1 million as of September 30, 2021, and ₱18,431.9 million in the full year of 2020. The Group recognized a loss on sale, under "Other Charges" amounting to ₱1,495.9 million as of September 30, 2021, and ₱2,064.0 million in the full year of 2020.

As of September 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	₱86,982,933	₱7,748,542	₱976,906	₱1,532,911	₱1,238,703	₱2,936,820	₱14,433,882	₱51,617	₱101,468,432
Shopping Centers	2,644,212	270,250	305,578	219,505	135,086	1,442,609	2,373,028	998,176	6,015,416
Construction Contracts	1,624,657	331,399	-	-	-	-	331,399	151,731	2,107,787
Corporate Business	1,293,443	14,226	49,152	-	2,489	600,315	666,182	486,849	2,446,474
Management Fees	53,475	-	31,173	13,920	9,235	20,406	74,734	13,854	142,063
Others	3,670,732	474,867	56,871	107,355	70,180	403,193	1,112,466	166,493	4,949,691
Advances to other companies	13,647,891	36,336	7,164	27,937	12,687	4,127,208	4,211,332	153,721	18,012,944
Accrued Receivables	5,934,799	262,068	24,303	-	194,998	1,147,742	1,629,111	139	7,564,049
Related Parties	5,597,599	-	-	-	-	-	-	20,699	5,618,298
Receivables from employees	600,691	94,438	75,976	4,731	918	40,791	216,854	225	817,770
	₱122,050,432	₱9,232,126	₱1,527,123	₱1,906,359	₱1,664,296	₱10,719,084	₱25,048,988	₱2,043,504	₱149,142,924

## 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 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)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Value-added input tax	₱13,321,559	₱12,575,713
Prepaid expenses	19,003,145	16,756,037
Advances to contractors	21,737,638	18,139,411
Creditable withholding taxes	9,163,863	8,321,770
Buildings classified as held for sale	-	952,142
Materials, parts and supplies – at cost	826,176	732,881
Others	1,683,479	543,008
	₱65,735,860	₱58,020,962

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

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

Advances to contractors represent prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

Materials, parts, and supplies form part of 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 September 30 2021	As of December 31 2020	As of September 30 2021	As of December 31 2020
<b>Joint Ventures:</b>				
Emerging City Holdings, Inc. (ECHI)	50%	50%	<b>P4,022,779</b>	P3,886,019
ALI-ETON Property Development Corporation (ALI ETON)	50%	50%	<b>5,074,421</b>	4,498,958
AKL Properties, Inc. (AKL)	50%	50%	<b>3,044,737</b>	3,034,209
Berkshires Holdings, Inc. (BHI)	50%	50%	<b>1,980,023</b>	1,920,659
Cebu District Property Enterprise, Inc. (CDPEI)	35%	35%	<b>1,633,360</b>	1,426,339
ALVEO-Federal Land Communities, Inc.	50%	50%	<b>1,087,731</b>	928,621
AyaGold Retailers, Inc. (AyaGold)	50%	50%	<b>149,336</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>17,070,753</b>	15,934,405
<b>Associates:</b>				
Ortigas Land Corporation (OLC)	21%	21%	<b>9,014,327</b>	8,676,598
Bonifacio Land Corp. (BLC)	10%	10%	<b>1,460,332</b>	1,405,759
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	<b>432,805</b>	401,194
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	<b>286,493</b>	153,982
Lagoon Development Corporation	30%	30%	<b>43,119</b>	29,316
			<b>11,237,076</b>	10,666,849
			<b>P28,307,830</b>	P26,601,254

### 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 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 the “Investments in associates and joint ventures” account.

Below is the summarized financial information for OLC:

<b>Ortigas Land Corporation</b> (in Thousands)	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
Current assets	24,588,103	17,440,519
Noncurrent assets	18,691,830	22,507,390
Current liabilities	(15,372,477)	(11,410,775)
Noncurrent liabilities	(16,305,911)	(18,597,214)
Equity	11,601,545	9,939,920
The proportion of the Group's ownership	21.1%	21.1%
Group's share in identifiable net assets	2,436,324	2,097,323
Carrying amount of the investment	9,014,327	8,676,598
Fair value adjustments	6,578,003	6,589,215
Negative Goodwill	–	148,046
Dividends received	–	33,558
Revenue	7,119,677	7,204,436
Cost and expenses	(5,539,994)	(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	1,650,890	805,689
Group's share in total comprehensive income for the year	346,687	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 are located in Taguig, Philippines.

Below is the summarized financial information of BLC:

<b>Bonifacio Land Corporation</b> (In Thousands)	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
Current assets	9,882,398	3,261,099
Noncurrent assets	32,559,031	38,420,664
Current liabilities	(2,342,851)	(2,534,735)
Noncurrent liabilities	(7,290,458)	(7,285,960)
Equity	32,808,120	31,861,068
Less: noncontrolling interest	14,730,130	14,292,676
Equity attributable to Parent Company	18,077,990	17,568,392
The proportion of the Group's ownership	10.1%	10.1%
Group's share in identifiable net assets	1,825,887	1,774,408
Carrying amount of the investment	1,460,332	1,405,759
Negative Goodwill	365,545	(368,649)
Dividends received	–	155,508
Revenue	2,710,064	3,869,359
Cost and expenses	(1,807,919)	(2,466,924)
Net income (continuing operations)	902,144	1,402,435
Net income attributable to minority interest	(421,317)	(590,732)
Net income attributable to parent	480,828	811,703
Group's share in net income for the year	48,564	81,982
Total comprehensive income attributable to parent	480,828	811,703
Group's share in total comprehensive income for the year	48,564	81,982

Aggregate financial information on associates with immaterial interest:  
Rize-Ayalaland, Tianjin Eco-City, LDC, and others

(In Thousands)	As of September 30, 2021	As of December 31, 2020
Carrying amount	762,418	584,492
Share in net income (loss) from continuing operations	(61,723)	(89,529)
Share in total comprehensive income (loss)	(61,723)	(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 September 30, 2021	As of December 31, 2020
Current assets	9,948,942	11,741,302
Noncurrent assets	32,559,084	30,017,735
Current liabilities	(2,671,667)	(2,863,497)
Noncurrent liabilities	(7,290,458)	(7,285,960)
Equity	32,545,901	31,609,580
Less: minority interest	23,968,468	23,307,423
Equity	8,577,433	8,302,157
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,288,716	4,151,079
Carrying amount of the investment	4,022,779	3,886,019
Fair value adjustments	265,937	
Dividends received	–	397,854

Revenue	2,729,812	3,872,498
Cost and expenses	(1,838,398)	(2,475,532)
Net income (continuing operations)	891,414	1,396,966
Net income attributable to minority interest	(651,745)	(980,460)
Net income attributable to parent	239,669	416,506
Group's share in net income for the period	119,835	208,253
Total comprehensive income attributable to parent	240,730	416,506
Group's share in total comprehensive income for the period	120,365	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 September 30, 2021	As of December 31, 2020
Current assets	12,616,885	12,838,898
Noncurrent assets	3,986,000	3,985,368
Current liabilities	(6,357,496)	(8,394,044)
Noncurrent liabilities	(515,020)	(3,390,318)
Equity	9,730,370	5,039,904
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,865,185	2,519,952
Carrying amount of the investment	5,074,421	4,498,958
Fair value adjustments	(209,236)	1,979,006
Negative Goodwill	–	–

Dividends received	–	–
Revenue	533,369	975,701
Cost and expenses	(404,413)	(734,502)
Net income (continuing operations)	128,956	241,199
Group's share in net income for the period	64,478	120,599
Total comprehensive income attributable to parent	128,956	241,199
Group's share in total comprehensive income for the period	64,478	120,599

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

(In Thousands)	As of September 30, 2021	As of September 30, 2020
Carrying amount	7,973,553	7,343,520
Share in net income (loss) from continuing operations	214,637	84,919
Share in total comprehensive income (loss)	214,637	84,919

## 11. Other noncurrent assets

This account consists of:

(In Thousands)	September 30, 2021 Unaudited	December 31, 2020 Audited
Advances to contractors	₱8,346,112	₱9,387,018
Prepaid expenses	11,426,348	10,544,253
Leasehold rights	3,550,600	3,506,816
Deferred input VAT	2,404,636	2,918,601
Deposits - others	1,993,759	2,339,575
Investment in bonds	2,309,440	2,309,440
Net pension assets	10,961	12,220
Development rights	37,678	49,791
Others	238,828	760,099
	<b>₱30,318,362</b>	<b>₱31,827,813</b>

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

Prepaid expenses consist of project costs incurred for deferred 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 pertain 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)	September 30, 2021 Unaudited	December 31, 2020 Audited
Balance at the beginning of the year	₱3,506,816	₱3,684,840
Additions	41,007	8,736
Amortization	(90,155)	(186,760)
<b>Balance at the end of the period</b>	<b>₱3,550,600</b>	<b>₱3,506,816</b>

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 costs of the structure once the development commences.

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

## 12. Short-Term and Long-Term Debt

The short-term debt of the Company ended at ₱5,742 million and ₱9,131 million as of September 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 ₱11,262 million and ₱13,231 million as of September 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 2.17% and 4.01% per annum as of September 30, 2021 and for the year ending December 31, 2020, respectively

Long-term debt consists of:

(in Thousands)	September 30, 2021 Unaudited	December 31, 2020 Audited
<b>Parent Company:</b>		
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	3,000,000	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)	4,662,500	5,650,000
Php - denominated long-term loan	54,135,656	41,230,039
US Dollar - denominated long-term loan	6,375,000	6,002,875
	<b>174,073,156</b>	<b>174,782,914</b>
<b>Subsidiaries:</b>		
Bonds	-	5,000,000
Bank loans - Philippine Peso	25,542,818	24,152,697
Bank loans - Malaysian Ringgit	1,340	1,749
	<b>25,544,158</b>	<b>29,154,447</b>
<b>Subtotal</b>	<b>199,617,315</b>	<b>203,937,361</b>
Less unamortized transaction costs	990,730	1,117,768
	<b>198,626,585</b>	<b>202,819,593</b>
Less current portion	34,145,335	18,732,401
<b>Long-term debt – net of current portion</b>	<b>₱164,481,250</b>	<b>₱184,087,192</b>

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

In April 2012, the Parent Company issued the ₱5,650.0 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 the principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS Aaa is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

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

In July 2013, the Parent Company issued a total of ₱15,000.0 million 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 ₱3,000.0 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. The Parent company exercised the call option to fully redeem the ₱15,000.0 million bonds last July 30, 2021.

*Philippine Peso 20-year Bonds due 2033*

In October 2013, the Parent Company issued ₱2,000.0 million bonds 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 7.0 Billion Fixed Rate Bonds due 2022*

In April 2015, the Parent Company issued a total of ₱7,000.0 million in bonds due in 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

*Philippine Peso 9-year and 6-month Bonds due 2025*

In April 2016, the Parent Company issued a total of ₱7,000.0 million 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 ₱50,000.0 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings.

*Philippine Peso 7-year and 10-year Bonds due 2026*

In March 2016, the Parent Company issued a total of ₱8,000.0 million in bonds due in 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds is the first tranche of the Fixed-rate Bonds Series under the Parent Company's ₱50,000 million Debt Securities Program registered in the SEC. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook, by PhilRatings. In May 2019, the Parent Company issued an ₱8,000.0 million fixed-rate bond due 2026 at a rate equivalent to 6.369% p.a. The Bonds represent the first tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 7-year Bonds due 2023*

In October 2016, the Parent Company issued ₱7,000.0 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 ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

*Philippine Peso 7-year and 3-month and 10-year Bonds due 2027*

In May 2017, the Parent Company issued a ₱7,000.0 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 ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, the Parent Company issued a ₱1,000.0 million fixed-rate bond due 2027 at a rate equivalent to 4.9899 % p.a. This was the third tranche of bonds issued under the new ₱50,000.0 million shelf registration of the Parent Company. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

#### *Philippine Peso 10-year Bonds due 2028*

In April 2018, the Parent Company issued a ₱10,000.0 million fixed-rate bond due 2028 at a rate equivalent to 5.9203% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.9203% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

#### *Philippine Peso 5-year Bonds due 2023*

In October 2018, the Parent Company issued an ₱8,000.0 million fixed-rate bond due 2023 at a rate equivalent to 7.0239% p.a. The Bonds represent the sixth and final tranche of the Fixed-rate Bonds Series issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings.

#### *Philippine Peso 2-year Bonds due 2021 and 2022*

In November 2019, the Parent Company issued a ₱9,000.0 million fixed-rate bond due 2021 at a rate equivalent to 4.2463% p.a. The Bonds form part of the third tranche of debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In June 2020, the Parent Company issued a ₱10,000.0 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 ₱50,000.0 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 ₱6,250.0 million fixed-rate bond due 2025 at a rate equivalent to 3.862% p.a. The Bonds represent the fifth tranche of 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 ₱10,000.0 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 ₱50,000.0 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 ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.5%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, ₱50.0 million was prepaid by the Company. In 2016, another ₱50.0 million worth of amortization was paid by the Parent Company. In 2017, the Parent Company paid another amortization for ₱50.0 million. In 2018, 2019, and 2020, a total of ₱150.0 million worth of amortizations were paid by the Company. In March, June, and September 2021, the Parent Company paid a total of ₱37.5 million worth of amortizations. As of September 30, 2021, and end-2020, the remaining balance of the note amounted to ₱4,662.5 million and ₱4,687.5 million, respectively.

#### *Peso-denominated Long-term Loans*

From August to September 2015, the Company assumed an aggregate of ₱15,526.9 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 repriced quarterly. The loan was prepaid in December 2018. As of September 30, 2021, and December 31, 2020, the remaining balance of the assumed long-term facilities amounted to ₱9,916.7 million and ₱11,592.5 million respectively.

In March 2017, the Company executed a ₱10,000.0 million long-term facility and had an initial drawdown of ₱5,000.0 billion. The loan has a fixed interest rate of 4.949% p.a. for 10 years inclusive of GRT. The balance of ₱5,000.0 billion was drawn in April 2017. As of September 30, 2021, and December 31, 2020, the remaining balance of the loan amounted to ₱9,550.0 million and ₱9,775.0 million respectively.

In March 2018, the Company executed and drew in one lump sum a ₱5,000.0 million long-term facility. The loan has a fixed interest rate of 6.9062% p.a. 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% p.a. As of September 30, 2021, and December 31, 2020, the remaining balance of the loan amounted to ₱4,825.0 million and ₱4,862.5 million respectively.

In January 2020, the Company executed and availed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.500% p.a. for the initial 5 years. In December 2020, the Company also executed and availed a ₱10,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.000% p.a. for the first 7 years. Both loans will be repriced on the 5<sup>th</sup> and 7<sup>th</sup> anniversary, respectively. As of September 30, 2021, and December 31, 2020, the remaining balance of the loan amounted to ₱14,844.0 million and ₱15,000.0 million respectively.

In July and August 2021, the Company executed a ₱10,000.0 and ₱5,000.0 million 10-year long-term facility with two domestic banks. Both loans carry a fixed interest rate of 3.875% p.a. for the initial 5 years.

As of September 30, 2021, and December 31, 2020, the remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱54,135.7 million and ₱41,230.0 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 September 30, 2021, and December 31, 2020, the remaining aggregate balance of US Dollar-denominated long-term loans amounted to ₱6,375.0 million and ₱6,002.9 million, respectively.

#### Subsidiaries

The subsidiaries' loans will mature on various dates up to 2031. 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 3.875% 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 close to the 90-day interest period. On the other hand, some of the fixed-rated loans are repriced 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 September 30, 2021, and December 31, 2020 amounted to ₱25,542.8 million and ₱24,152.7 million, respectively.

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 September 30, 2021 and December 31, 2020.

### 13. Accounts and Other Payables

This account consists of:

(In Thousands)	September 30, 2021 Unaudited	December 31, 2020 Audited
Accounts payable	₱82,042,650	₱77,332,265
Taxes payable	19,998,031	19,215,550
Accrued project costs	17,136,265	18,220,433
Liability for purchased land	8,118,565	9,316,978
Accrued salaries & employee benefits	4,755,593	5,669,563
Retention payable	3,784,124	4,131,302
Accrued professional & management fees	3,146,510	2,448,396
Accrued repairs and maintenance	2,901,539	1,634,398
Interest payable	2,003,817	1,775,627
Accrued utilities	616,330	697,231
Accrued advertising and promotions	896,874	968,291
Accrued rentals	103,310	369,960
Payable to related parties (note 18)	912,588	1,128,192
Dividends payable	344,623	241,604
Other accrued expenses	1,552,140	1,476,132
	<b>₱148,312,959</b>	<b>₱144,625,922</b>

### 14. Deposits and other current liabilities

This account consists of:

(In Thousands)	September 30, 2021 Unaudited	December 31, 2020 Audited
Security and customers' deposits	₱22,414,511	₱25,072,090
Other current liabilities	1,179,678	245,156
	<b>₱23,594,189</b>	<b>₱25,317,246</b>

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 who 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)	September 30, 2021 Unaudited	December 31, 2020 Audited
Deposits	₱32,790,682	₱33,420,872
Contractors payable	6,267,384	5,711,140
Liability for purchased land	4,063,700	2,111,165
Retentions payable	6,067,864	6,058,579
Deferred Output VAT	1,274,224	1,457,411
Subscriptions payable	327,145	498,175
Other liabilities	21,435	782,828
	<b>₱50,812,434</b>	<b>₱50,040,170</b>

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from the 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 title transfers 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 collections over the recognized receivables based on the 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 non-trade 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 for 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 the 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 under 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, under 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 October 19, 2021, the Board of Directors during its meeting approved the declaration of cash dividends of P0.1360 per outstanding common share. The cash dividend will be paid on November 18, 2021, to stockholders of common shares as of record date November 3, 2021.

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 the 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, the outstanding common shares of Ayala Land 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 Company's 2020 stock option program according 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**

### **The merger of the 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.

## 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 receivables from related parties. This assessment is undertaken each financial year by examining the financial position of the related parties and the markets in which the related parties operate.

The following provides the total amount of transactions that have been entered into with the related party for the relevant financial year:

#### a. Transactions with BPI, an associate of AC

As of September 30, 2021, and December 31, 2020, the Group maintains current and savings account, money market placements, and short/long-term debt payable with BPI detailed as follows:

	September 30, 2021	December 31, 2020
(In Thousands)	Unaudited	Audited
Cash in bank	₱3,380,121	₱3,510,108
Cash equivalents	5,720	47,486
Marketable Securities	248,162	305,136
Short-term debt	981,500	2,600,500
Long-term debt	₱11,057,421	₱13,231,337

#### b. Outstanding balances from/to related parties

	Receivables from Related Parties		Payables to Related Parties	
In Thousands	September 2021 Unaudited	December 2020 Audited	September 2021 Unaudited	December 2020 Audited
Ayala Corp.	₱54,371	₱55,316	₱151,148	₱236,815
Associates	4,632,646	4,753,392	217,060	446,885

Other Related Parties:				
Globe Telecom, Inc.	196,829	148,435	5,565	7,164
Bank of the Philippine Islands	131,688	84,064	45,005	44,811
Columbus	1	-	267,355	267,355
Manila Water Company, Inc.	329,453	9,280	3,270	10,288
Manila Water Philippine Ventures Inc.	100,423	160,115	149,594	67,242
Michigan Holdings, Inc.	3	330	-	-
Others	172,884	278,227	73,591	47,631
	931,281	680,451	544,380	444,491
	<b>P5,618,298</b>	<b>P5,489,159</b>	<b>P912,588</b>	<b>P1,128,192</b>

c. Revenues and expenses from/to related parties

	Revenues from Related Parties		Expenses from Related Parties	
In Thousands	September 2021 Unaudited	September 2020 Unaudited	September 2021 Unaudited	September 2020 Unaudited
Ayala Corp.	P2,616	P2,664	P9,317	P8,625
Associates	1,847,169	982,836	226,803	157,796
Other Related Parties:				
Bank of the Philippine Islands	377,482	274,982	182,654	318,952
AG Counselors Corp	1	-	24,447	123,887
Globe Telecom, Inc.	73,734	68,159	47,008	54,245
Innove Communications	6,571	5,919	72,693	43,131
Manila Water Company, Inc.	317,488	1,172	140,660	166,530
Manila Water Philippine Ventures, Inc.	100,597	152,311	124,523	92,755
Michigan Holdings, Inc.	902	902	-	-
Others	56,792	36,359	772,906	736,638
	933,567	539,804	1,364,891	1,536,138
	<b>P2,783,352</b>	<b>P1,525,304</b>	<b>P1,601,011</b>	<b>P1,702,559</b>

## 19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise 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 the 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 operate 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 September 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 cash conversion 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 a 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 backup 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 continuously.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and the continuous analysis of receivables. 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 the 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 based on payment track records and other credit information. Under 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 continuously 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 based on 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 rates as it can cause a change in the value 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 before the onset of COVID-19, the pandemic risk was already identified as a key risk during Ayala Land's 2019 risk review exercise. With its continuing impact on both global and local business operations in 2020, the 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 to ensure the financial sustainability of the Company.

## Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of September 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 fund investments. 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 September 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 the 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 September 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 a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3. Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The company categorizes trade receivables, 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 the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories on September 30, 2021 and December 31, 2020.

(In Thousands)	September 30, 2021 Unaudited		December 31, 2020 Audited	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at FVPL	<b>₱670,231</b>	<b>₱670,231</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>1,027,709</b>	<b>1,071,089</b>	844,455	844,455
	<b>₱2,097,646</b>	<b>₱2,141,026</b>	₱2,476,614	₱2,476,614
Financial assets at amortized cost				
Noncurrent trade residential and office development	<b>₱50,789,927</b>	<b>₱51,442,864</b>	₱42,547,808	₱45,313,900
Receivable from employees	<b>817,770</b>	<b>817,770</b>	842,506	844,542
	<b>₱51,607,697</b>	<b>₱52,260,634</b>	₱43,390,314	₱46,158,442
Other financial liabilities				
Long-term debt	<b>₱198,626,586</b>	<b>₱199,227,984</b>	₱202,819,593	₱211,109,769
Deposits and other noncurrent liabilities	<b>50,812,434</b>	<b>50,812,434</b>	48,582,759	36,367,004
	<b>₱249,439,020</b>	<b>₱250,040,418</b>	₱251,402,352	₱247,476,773

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

## 2021

(In Thousands)			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
<b>September 30, 2021 (Unaudited)</b>	<b>Date of valuation</b>	<b>Total</b>			
<b>Financial assets at fair value through profit and loss</b>					
Investment in Unit Investment Trust Fund	Sep. 30, 2021	₱354,707	-	₱354,707	-
Investment in Arch Capital Fund	Sep. 30, 2021	315,524	-	-	315,524
Investment in Treasury Bills	Sep. 30, 2021	44,275	-	44,275	-
		<b>₱714,506</b>	-	<b>₱398,982</b>	<b>₱315,524</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted equity securities	Sep. 30, 2021	₱1,027,709	₱1,027,709	-	-
Unquoted equity securities	Sep. 30, 2021	399,706	-	-	399,706
		<b>1,427,415</b>	<b>1,027,709</b>	<b>₱-</b>	<b>399,706</b>
		<b>₱2,141,921</b>	<b>₱1,027,709</b>	<b>₱398,982</b>	<b>₱715,230</b>
<b>December 31, 2020 (Audited)</b>	<b>Date of valuation</b>	<b>Total</b>			
<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	₱-
		<b>₱965,171</b>	<b>₱-</b>	<b>₱637,218</b>	<b>₱327,953</b>
<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
		<b>1,511,443</b>	<b>844,455</b>	<b>₱-</b>	<b>666,988</b>
<b>Total</b>		<b>₱2,476,614</b>	<b>₱844,455</b>	<b>₱637,218</b>	<b>₱994,941</b>



## 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	Acquisition	Non-Cash Changes	FOREX Movement	Sep 30, 2021 Unaudited
Short-term debt	₱9,131,325	8,660,675	-	-	-	17,792,000
Current Portion of Long-term debt	18,732,401	15,412,934	-	-	-	34,145,335
Long-term debt-net of current portion	184,087,192	(19,967,460)	-	127,302	234,216	164,481,250
Dividends Payable	241,606	(2,830,463)	-	2,933,479	-	344,622
Lease liabilities	17,755,843	(104,951)	-	-	-	17,650,892
Deposits & Other noncurrent liabilities	50,040,170	772,264	-	-	-	50,812,434
<b>Total liabilities from financing activities</b>	<b>₱279,988,537</b>	<b>1,942,999</b>	<b>-</b>	<b>3,060,781</b>	<b>234,216</b>	<b>285,226,533</b>

## 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 parking areas in these shopping centers; management and operation of malls which are co-owned with partners
- Offices - development and lease of office buildings and the development and lease of factory building
- Hotels and Resorts - development and management of hotels and resorts, lease of land to hotel tenants
- Construction - land development and construction of the Group and third-party projects
- Property management - facilities management of the Group and third-party projects including its power service companies Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), Philippine Integrated Energy Solutions, Inc. (PhilEnergy), and air transport company AirSWIFT which serves the requirements of ALI's resorts business
- Others - other income from investment activities and sale of non-core 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.

The management committee monitors the operating results of its business units separately to make decisions about resource allocation and performance assessment.

### Business segments

The following tables regarding business segments present assets and liabilities as of September 30 and revenue and profit information for each of the three quarters in the period ended September 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	P43,578	P2,568	P–	P–	P1,852	P2,660	P1,732	P–	P–	P52,390
Interest income from real estate sales	5,352	–	–	–	–	–	–	–	–	5,352
Rental revenue	–	–	4,926	7,471	–	–	–	–	–	12,397
Intersegment sales	–	–	–	–	–	24,935	–	–	(24,935)	–
Equity in net earnings of associates and joint ventures	813	–	5	–	–	–	(12)	(67)	–	739
<b>Total revenue</b>	<b>49,743</b>	<b>2,568</b>	<b>4,931</b>	<b>7,471</b>	<b>1,852</b>	<b>27,595</b>	<b>1,720</b>	<b>(67)</b>	<b>(24,935)</b>	<b>70,878</b>
Real estate costs and expenses	34,665	1,923	5,214	1,785	2,856	25,515	2,033	181	(25,710)	48,462
<b>Gross margin (loss)</b>	<b>15,078</b>	<b>645</b>	<b>(283)</b>	<b>5,686</b>	<b>(1,004)</b>	<b>2,080</b>	<b>(313)</b>	<b>(248)</b>	<b>775</b>	<b>22,416</b>
Interest and investment income										169
Other charges										(2,578)
Interest and other financing charges										(8,183)
Other income										1,556
Provision for income tax										(2,867)
<b>Net income</b>										<b>P10,513</b>
Net income attributable to:										
Equity holders of Ayala Land, Inc.										8,589
Non-controlling interests										1,924
										<b>P10,513</b>
<b>Other Information</b>										
Segment assets	P553,513	P20,980	P207,019	P116,731	P52,952	P48,304	P12,188	P99,969	(P414,446)	P697,210
Investment in associates and joint ventures	28,037	–	43	–	–	52	176	–	–	28,308
	581,550	20,980	207,062	116,731	52,952	48,356	12,364	99,969	(414,446)	725,518
Deferred tax assets	1,710	98	1,582	329	425	166	190	1,128	6,208	11,836
<b>Total assets</b>	<b>P583,260</b>	<b>P21,078</b>	<b>P208,644</b>	<b>P117,060</b>	<b>P53,377</b>	<b>P48,522</b>	<b>P24,918</b>	<b>P101,097</b>	<b>(P408,238)</b>	<b>P737,354</b>
Segment liabilities	P238,889	P1,134	P82,615	P28,768	P18,157	P37,752	P5,741	P198,844	(P151,398)	460,502
Deferred tax liabilities	2,574	–	163	164	16	–	–	(138)	3,883	6,662
<b>Total liabilities</b>	<b>P241,463</b>	<b>P1,134</b>	<b>P82,778</b>	<b>P28,932</b>	<b>P18,173</b>	<b>P37,752</b>	<b>P5,741</b>	<b>P198,706</b>	<b>(P147,515)</b>	<b>P467,164</b>
Segment additions to:										
Property and equipment	P–	P–	P–	P–	P–	P–	P–	P–	P–	P–
Investment properties	P4,247	P–	P2,863	P–	P247	P–	P–	P–	P–	P7,357
Depreciation and amortization	P544	P–	P3,249	P1,449	P661	P199	P352	P168	P–	P6,622
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	P31,416	P2,839	P–	P–	P2,601	P1,624	P2,373	P–	P–	P40,853
Interest income from real estate sales	6,361	–	–	–	–	–	–	–	–	6,361
Rental revenue	–	–	7,608	7,115	–	–	–	–	–	14,723
Intersegment sales	–	–	–	–	–	21,101	–	–	(21,101)	–
Equity in net earnings of associates and joint ventures	385	–	5	–	–	(2)	–	139	–	527
Total revenue	38,162	2,839	7,613	7,115	2,601	22,723	2,373	139	(21,101)	62,464
Real estate costs and expenses	24,301	2,182	6,290	2,046	2,991	20,632	2,606	708	(20,511)	41,245
Gross margin (loss)	13,861	657	1,323	5,069	(390)	2,091	(233)	(569)	(590)	21,219
Interest and investment income										290
Other charges										(1,119)
Interest and other financing charges										(10,503)
Other income										567
Provision for income tax										(2,942)
Net income										P7,512
Net income attributable to:										
Equity holders of Ayala Land, Inc.										6,367
Non-controlling interests										1,145
										P7,512
Other Information										
Segment assets	P553,472	P23,247	P204,878	P120,989	P81,572	P47,491	P4,715	P60,776	P(415,133)	P682,007
Investment in associates and joint ventures	26,175	–	41	–	–	54	191	75	–	26,536
	579,647	23,247	204,919	120,989	81,572	47,545	4,906	60,851	(415,133)	708,543
Deferred tax assets	1,499	114	1,001	194	394	95	53	859	7,098	11,307
Total assets	P581,146	23,361	P205,920	P121,183	P81,966	P47,640	4,959	P61,710	P(408,035)	P719,850
Segment liabilities	P228,761	P12,950	P134,887	P54,893	P67,210	P37,526	P2,522	P69,990	P(152,875)	455,864
Deferred tax liabilities	2,400	–	202	23	(6)	–	–	19	4,364	7,002
Total liabilities	P231,161	P12,950	P135,089	P54,916	P67,204	P37,526	P2,522	P70,009	P(148,511)	P462,866
Segment additions to:										
Property and equipment	P217	P–	P74	P1	P715	P473	P107	P11	P–	P1,598
Investment properties	P567	P–	P7,308	P7,122	P316	P24	P138	P130	P–	P15,605
Depreciation and amortization	P505	P38	P2,747	P1,276	P920	P762	P135	P966	P–	P7,349
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 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). On June 1, 2020, Metro Manila was placed under GCQ status. On 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. On 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. From August 6 to 20, the NCR was placed under ECQ due to rising cases as a result of the COVID-19 Delta variant. This was lowered to MECQ from August 21 to September 15 as conditions started to improve. Starting September 16, NCR piloted the implementation of granular lockdowns starting with a Level 4 category from September 16 to October 15. This was eventually transitioned to the less strict Level 3 from October 16 until October 31.

These measures inevitably resulted in disruptions to economic activities. Up to this time, the impact on business activities continues 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 2020 financial performance is mainly attributed to the COVID-19 pandemic and the imposition of the community quarantine. With the economy starting to reopen, the Company's financial performance has seen a steady improvement in some of its business lines compared to the start of the pandemic.

As of September 30, 2021, revenues improved 15% to P72.60 billion from the same period last year, as business operations continued to improve despite the reimposition of stricter quarantines in early August until mid-September:

- Continuing construction progress and higher bookings drove property development revenues to P46.15 billion, a 35% growth from last year.
- Revenues from shopping centers declined 35% to P4.93 billion from P7.61 billion reflecting limited operations, ongoing rent discounts to support tenants, and low foot traffic.
- Hotels and resorts revenues ended 29% lower to P1.85 billion from P2.60 billion as resort operations were further restricted from August until mid-September due to the reimposition of ECQ and as hotels continue to experience low occupancy.
- Property Management and Others Services' revenues registered combined revenues of P1.73 billion, a 27% decline from the 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, the 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 they may prejudice the Group's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

## **24. Events after the Reporting Date**

**On October 8, 2021**, Ayala Land, Inc. and AREIT, Inc. received the approval of the Securities and Exchange Commission (SEC) of the property-for-share swap, specifically the subscription of ALI and its subsidiaries, Westview Commercial Ventures Corp. and Glensworth Development, Inc. (collectively referred to as Subsidiaries) to 483,254,375 shares of AREIT in exchange for identified properties owned by ALI and the Subsidiaries, under the Deed of Exchange dated 08 June 2021.

In line with this, the parties have executed an Amendment to Section 4.2 of the Deed of Exchange on 07 October 2021 so that the recognition of income from the new assets will accrue to AREIT beginning 01 October 2021, instead of 01 November 2021.

**On October 19, 2021**, the Board of Directors of Ayala Land, Inc. at its regular meeting approved the following items:

1. The declaration of cash dividends of Php0.1360 per outstanding common share payable on November 18, 2021, to stockholders of common shares as of record date November 3, 2021.
2. The amendments to the Related Party Transactions (RPT) Policy to include provisions on: (i) transactions deemed entered into in the ordinary course of business as part of related party transactions, the approval of which has been delegated to management; (ii) the annual reporting requirement of all RPTs executed for the year to ensure proper monitoring of RPTs; and (iii) the compliance with applicable transfer pricing of the Bureau of Internal Revenue.

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

### Review of 9M 2021 operations vs 9M 2020

Ayala Land posted consolidated revenues of P72.60 billion and net income of P8.59 billion, a year-on-year growth of 15% and 35%, respectively, as business operations continued to improve despite the reimposition of stricter quarantines in early August until mid-September. Third-quarter revenues and net income registered at P23.65 billion and P2.55 billion, an improvement of 7% and 38%, respectively.

Real estate revenues, composed of property development, commercial leasing, and services reached P64.79 billion, a 17% increase from P55.58 billion in the same period in 2020, driven by continuing construction progress and higher bookings from property development while commercial leasing operations were restricted with the reimposition of the ECQ in August.

Capital expenditures for the first six months of 2021 amounted to P44.65 billion.

The balance sheet remains strong with a net gearing 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. Continuing construction progress and higher bookings drove property development revenues to P46.15 billion, a 35% growth from last year.

**Residential.** Revenues from the sale of residential lots and units and MCT Bhd's totaled P39.16 billion, 38% higher than P28.40 billion owing to higher bookings and project completion.

**AyalaLand Premier (ALP)** recorded revenues of P14.43 billion, more than double compared to P6.03 billion, driven by higher bookings in Ayala Greenfield Estates in Laguna, Cerilo and Andacillo in Nuvali, Laguna, Anvaya in Bataan, and the Enclaves in Cebu and incremental percentage-of-completion (POC) of The Courtyards in Vermosa, Cavite, West Gallery Place in BGC and Park Central North and South Towers in Makati City.

**ALVEO** posted revenues of P8.59 billion, a 57% growth from P5.48 billion, on higher bookings from Hillside Ridge in Cavite and Corvia in Alvia, Pampanga, and incremental POC of Venido in Laguna, Ardia Phase 3 in Vermosa, Cavite, The Greenways in Alvia, Pampanga, and The Residences at Evo City Phase 2 in Cavite.

**Avida** totaled P9.57 billion in revenues, 6% lower from P10.13 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 P3.18 billion in revenues, an 8% decrease from P3.46 billion as a result of lower bookings from projects with high POC such as Steps Alabang Delecia in Las Pinas, Series Bulacan S3A, and Series Nova in Quezon City.

**BellaVita** recognized revenues of P834.31 million, an 80% jump from P463.71 million generated last year propelled by higher bookings from projects in Tayabas Quezon; Porac, Pampanga; and Alaminos, Laguna coupled with incremental POC.

**MCT Bhd** recorded revenues of P2.57 billion, a 10% decline from P2.84 billion, as lower contributions from completed and sold-out older projects offset higher sales and completion from its middle-income brand Market Homes and new launches.

**Office for Sale.** Revenues from the sale of office units rose 44% to P2.90 billion from P2.01 billion as a result of higher bookings from ALVEO's Park Triangle and ALP's One Vertis Plaza projects.

**Commercial and Industrial Lots.** Revenues from the sale of commercial and industrial increased by 6% to P4.09 billion from P3.85 billion on take-up of commercial lots in Evo City, Nuvali, and Broadfield and industrial lots in Laguna Technopark.

**Sales Reservations.** Sales reservations in the first nine amounted to P70.07 billion, 15% higher year on year, largely on account of the healthy sales performance that the selling teams were able to deliver in the 1<sup>st</sup> half, under the lighter quarantine environment. In the third quarter, P21.83 billion in sales was generated, only a 3% drop, showing that demand remains strong despite the ECQ. This is also 11% higher compared to the 2<sup>nd</sup> quarter of 2021. Local and overseas Filipinos accounted for 91% of the total sales with a balance of 9% from other nationalities. Sales from local Filipinos which comprise 76%, amounted to P52.82 billion, 21% higher than the same period last year while sales from overseas Filipinos which represented 15%, amounted to P10.72 billion, 8% higher year-on-year. Meanwhile, sales to other nationalities amounted to P6.5 billion, a 12% drop, primarily as sales to mainland Chinese buyers, which comprise 12%, decreased by 68% to only P0.77 billion.

**Project Launches.** Despite mobility restrictions during the third quarter, four (4) new projects worth P13.00 billion were launched. These are ALP's Ayala Greenfield Estates 4C Tranche 1 in Calamba, Laguna and Lanewood Hills Phase 2 in Silang, Cavite; Avida's Centralis Towers in Pasay City; and Amaia's Steps Pasig Clara. This brings the total to 18 projects launched in the first nine months, worth P59.10 billion. The company has budgeted P100 billion worth of launches in 2021.

**Commercial Leasing.** This includes the operation of shopping centers, offices, and hotels, and resorts. Total revenues from commercial leasing dipped 18% to P14.23 billion from P17.32 billion in the same period last year as operations were restricted with the reimposition of the ECQ in August.

**Shopping Centers.** Revenues from shopping centers declined 35% to P4.93 billion from P7.61 billion reflecting limited operations, ongoing rent discounts to support tenants, and low foot traffic. The average occupancy rate for all malls is 80% and 85% for stable malls. Total mall gross leasable area (GLA) stands at 2.12 million square meters.

**Offices.** Revenues from office leasing grew 5% to P7.47 billion from P7.12 billion, as business process outsourcing (BPO) and headquarter (HQ) operations remained stable throughout the period. Total office leasing GLA is at 1.30 million square meters.

**Hotels and Resorts.** Revenues from hotels and resorts ended 29% lower to P1.85 billion from P2.60 billion as resort operations were further restricted from August until mid-September due to the reimposition of ECQ and as hotels continue to experience low occupancy. The average occupancy for all hotels was 50% and 51% for stable hotels. Meanwhile, the average occupancy for all resorts stood at 12% and 13% for stable resorts. The hotels and resorts segment ended the first nine months 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 construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and power services companies such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy), and the airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to P4.39 billion, 10% higher than P4.00 billion last year mainly due to MDC's completion progress of projects with unconsolidated JVs and external clients. This compensated for the lower power consumption of customers and limited operations of AirSWIFT.

**Construction.** Net construction revenues rose 64% to P2.66 billion from P1.62 billion last year as construction activities continued despite the lockdowns.

**Property Management and Others.** APMC, power services companies, and AirSWIFT registered combined revenues of P1.73 billion, a 27% decline from P2.37 billion.

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

Equity in net earnings of associates and JVs rose 40% to P738.70 million from P527.67 million on account of 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 16% to P5.35 billion from P6.36 billion due to lower accretion income recognized. Meanwhile, interest and investment income declined by 42% to P169.37 million from P289.86 million, owing to lower interest income, yield, and average daily balance on cash and short-term investments.

Other income, composed mainly of marketing and management fees from joint ventures, among others, increased more than doubled to P1.57 billion from P0.57 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 registered at P59.22 billion, 12% higher than P52.87 billion last year. This was driven by real estate expenses which increased 23% to P43.79 billion as operations continued to ramp up this year. General and administrative expenses declined 17% to P4.68 billion from P5.65 billion owing to reduced corporate operations and cost-saving initiatives. This resulted in a GAE ratio of 6.4% and an EBIT margin of 27.8%.

Interest expense, financing, and other charges, which include interest expense related to PFRS 16 (Leases) totaled P10.76 billion, 7% less than last year due to the lower average interest rate of borrowings and debt balance. The average cost of debt further improved to 4.5% from 4.7% at the end of 2020. Of the total debt, 91% is locked in fixed rates, while 92% is contracted on a long-term basis.

### **Capital Expenditures**

Capital expenditures reached P44.65 billion in the first nine months of 2021, mainly for residential projects, the development of estates, and commercial leasing assets. 54% was spent on residential projects, 16% on estate development, 14% on commercial projects, and 13% on land acquisition. The full-year Capex budget is P88 billion.

### **Financial Condition**

The Company's balance sheet stands strong with a net gearing ratio of 0.74:1.



Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P16.05 billion resulting in a current ratio of 1.46:1.

Total borrowings registered at P216.42 billion which translated to a debt-to-equity ratio of 0.80:1 and a net debt-to-equity ratio of 0.74:1.

Return on equity was at 5.05% as of September 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 nine months of 2021.

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

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

**Real estate and hotel revenues** up by 17% driven by higher sales bookings and incremental project completion, and construction service.

**Interest income from real estate sales** decreased by 16% due to lower accretion income from trade receivables.

**Equity in net earnings** increased by 40% coming from the higher net income contribution of associates and joint ventures.

**Interest and investment income** decreased by 42% due to lower yield and lower average cash and cash equivalents and short-term investments balance.

**Other Income** increased by 175% as a result of the recognition of one-time gain from the sale of investment in stocks in Mercado General Hospital, Inc. (MGHI), sale of QualiMed hospital buildings, and project management fees partially offset by unrealized forex loss for the period.

**Real estate costs** increased by 23% driven by sales bookings and incremental project completion, construction revenues, and other service costs.

**General administrative expenses** declined by 17% due to lower overhead expenses and cost savings initiatives.

**Interest expense and other financing charges** declined by 7% due to lower interest expense from borrowings and lower average debt balance, and taxes on financing activities.

**Other Charges** increased by 130% due to higher discounting costs on the sale of trade receivables, bank charges for prepayment of loans, other financing costs, and allowance for double accounts.

**Provision for income tax-deferred** decreased by 190% due to the retrospective net effect of CREATE law on deferred tax assets and liabilities.

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

**Cash and cash equivalents** decreased by 13% mainly due to payment for capital expenditures (CAPEX), interest expense and other financing charges, buy-back of shares, and cash dividends. This is partially offset by net operating cash flow and net borrowings.

**Short-term investments** increased by 31% due to temporary placements of excess USD cash deposits.

**Financial assets at fair value through profit and loss** increased by 26% resulting from additional investments in UITF and unrealized investment gains in the ARCH fund.

**Other current assets** increased by 13% coming from additional advances to contractors and suppliers, and taxes and licenses.

**Noncurrent accounts and notes receivables** increased by 12% mainly from new sales bookings due more than one year.

**Financial assets at fair value through other comprehensive income** decreased by 6% due to unrealized loss from the fair value of the investment in stocks.

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

**Other noncurrent assets** decreased by 5% due to recognition of commission expense, reclassification to inventories, recoupment of advances to contractors, and allowance for write-offs of deposits.

**Short-term debt** grew by 95% due to an increase in loan availments.

**Income tax payable** declined by 53% due to the lower income tax rate in the current year and the retroactive adjustment effect of CREATE law.

**The current portion of long-term debt** increased by 82% due to maturing loans in the next 12 months.

**Deposit and other current liabilities** decreased by 7% 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 maturing loans to current liabilities.

**Deferred tax liabilities** decreased by 7% mainly from realizations of taxable items and write-downs due to the retrospective effect of CREATE law.

**Retained Earnings** increased by 5% as a result of net income for the period, retrospective adjustment for capitalized borrowing costs; partially offset by the payment of cash dividends and retrospective adjustment of PFRS 15.

**Remeasurement loss on defined benefit plans** increased by 5% as a result of additional provisions during the period.

**The fair value reserve of financial assets at FVOCI** increased by 21% coming from the unrealized gain from the interest rate swap contract of MCT Berhad.

**Cumulative translation adjustments** increased by 49% mainly due to translation gain of financial statements of MCT Berhad.

**Equity reserves** increased by 167% as a result of the gain on sale of shares in AREIT and gain on purchase of additional equity in Laguna Technopark, Inc. (LTI) by ALLHC.

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

## PART II - OTHER INFORMATION

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

- A. New project or investments in another line of business or corporation**      None
- B. Composition of Board of Directors (As of Sep. 30, 2021)**
- |  |                              |                           |
|--|------------------------------|---------------------------|
|  | Fernando Zobel de Ayala      | Chairman                  |
|  | Jaime Augusto Zobel de Ayala | Vice Chairman             |
|  | Bernard Vincent O. Dy        | President & CEO           |
|  | Antonino T. Aquino           | Non-Executive Director    |
|  | Arturo G. Corpuz             | Non-Executive Director    |
|  | Rizalina G. Mantaring        | Lead Independent Director |
|  | Cesar V. Purisima            | Independent Director      |
|  | Rex Ma. A. Mendoza           | Independent Director      |
|  | Sherisa P. Nuesa             | Independent Director      |
- C. Performance of the corporation or result/progress of operations**      Please see unaudited consolidated financial statements and management's discussion on the results of operations.
- D. Declaration of dividends**
- P0.1360 cash dividend per outstanding common share  
Declaration date: October 19, 2021  
Record date: November 3, 2021  
Payment date: November 18, 2021
- P0.1358 cash dividend per outstanding common share  
Declaration date: February 23, 2021  
Record date: March 10, 2021  
Payment date: March 25, 2021
- P0.00474786 cash dividend per outstanding preferred share  
Declaration date: May 27, 2021  
Record date: June 10, 2021  
Payment date: June 25, 2021
- E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements**      Please refer to the discussion on the changes in group structure in 2021.
- F. Offering of rights, granting of Stock Options and corresponding plans therefore**      ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. On April 21, 2021, the stockholders approved to increase the covered shares to 3% of the company's total authorized capital stock.
- 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, the outstanding common shares of Ayala Land increased to 14,711,784,864.

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

ESOP	None
ESOWN	122,254,096 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 the market price of the security</b> | None |
| <b>I. Transferring of assets, except in the normal course of business</b>   | None |

#### **Item 4. Other Notes to 9M 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>  | <p><b>On October 8, 2021</b>, Ayala Land, Inc. and AREIT, Inc. received the approval of the Securities and Exchange Commission (SEC) of the property-for-share swap, specifically the subscription of ALI and its subsidiaries, Westview Commercial Ventures Corp. and Glensworth Development, Inc. (collectively referred to as Subsidiaries) to 483,254,375 shares of AREIT in exchange for identified properties owned by ALI and the Subsidiaries, under the Deed of Exchange dated 08 June 2021.</p> |

In line with this, the parties have executed an Amendment to Section 4.2 of the Deed of Exchange on 07 October 2021 so that the recognition of income from

the new assets will accrue to AREIT beginning 01 October 2021, instead of 01 November 2021.

**On October 19, 2021**, the Board of Directors of Ayala Land, Inc. at its regular meeting approved the following items:

1. The declaration of cash dividends of Php0.1360 per outstanding common share payable on November 18, 2021, to stockholders of common shares as of record date November 3, 2021.
2. The amendments to the Related Party Transactions (RPT) Policy to include provisions on: (i) transactions deemed entered into in the ordinary course of business as part of related party transactions, the approval of which has been delegated to management; (ii) the annual reporting requirement of all RPTs executed for the year to ensure proper monitoring of RPTs; and (iii) the compliance with applicable transfer pricing of the Bureau of Internal Revenue.

**N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations**

None

**O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date**

None

**P. Other material events or transactions during the interim period**

**On August 17, 2021**, the Board of Directors of Ayala Land, Inc. approved the raising of an additional P9 billion in debt capital through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation, and/or bilateral term loans. This will bring Ayala Land's total approval to P50 billion primarily to refinance outstanding loans and partially finance general corporate requirements.

**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, obligations (including contingent obligations), and other relationships of the company with**

None

**unconsolidated entities or other persons created during the reporting period**

- |  |  |
|--|--|
| <p><b>S. Material commitments for capital expenditures, general-purpose and expected sources of funds</b></p>  | <p>For the year 2021, Ayala Land is budgeting P88 billion in capital expenditures. Of the total amount, P44.7 billion has been disbursed as of September 30, 2021.</p> <p>The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.</p>               |
| <p><b>T. Known trends, events, or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations</b></p> | <p>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.</p>   |
| <p><b>U. Significant elements of income or loss that did not arise from continuing operations</b></p>  | <p>None</p>  |
| <p><b>V. Causes for any material change/s from period to period, in one, or more line items of the financial statements</b></p>  | <p>Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).</p>   |
| <p><b>W. Seasonal aspects that had a material effect on the financial condition or results of operations</b></p>   | <p>The Company's development operations are dependent on Market conditions and the timing of project launches depend 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.</p> |
| <p><b>X. Disclosures not made under SEC Form 17-C</b></p>  | <p>None.</p>   |

## Item 5. Performance Indicators

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

	<i>End-September 2021</i>	<i>End-December 2020</i>
Current ratio <sup>1</sup>	1.46:1	1.62:1
Debt-to-equity ratio <sup>2</sup>	0.80:1	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>	1.92%	1.53%
Return on equity <sup>5</sup>	5.05%	4.03%
Asset to Equity ratio <sup>6</sup>	2.73:1	2.77:1
Interest Rate Coverage Ratio <sup>7</sup>	3.70	2.96

*1 Current asset / 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**

According 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:

A handwritten signature in blue ink, appearing to read 'ASB', followed by a long horizontal flourish.

**AUGUSTO D. BENGZON**

Senior Vice-President

CFO, Treasurer, and Chief Compliance Officer

Date: November 3, 2021



September 23, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: Final Report on the Disbursement of Proceeds from the Sale of Teleperformance  
Cebu ("TP Cebu") to AREIT, Inc. ("AREIT")

Dear Ms. Encarnacion,

We are pleased to submit our first tranche of the Final Report on the Application of Proceeds from the Sale of TP Cebu to AREIT, Inc., duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On September 24, 2020, Ayala Land, Inc. ("ALI") received net proceeds from Sale of TP Cebu amounting to Two Hundred Ninety Million Pesos Only (Php290,000,000.00).

As of September 23, 2021, ALI already disbursed the total net proceeds amounting to Two Hundred Ninety Million Pesos Only (Php290,000,000.00), in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Proceeds from Sale of TP Cebu, Sept 24, 2020	Php290,000,000.00
Less: Disbursements from July 1 to September 23, 2021	290,000,000.00
Balance of Proceeds from Sale of TP Cebu as of September 23, 2021	0

Thank you.

Very truly yours,



**Augusto D. Bengzon**  
Ayala Land, Inc.  
Treasurer and Chief Finance Officer



**Ma. Teresa R. Famy**  
AREIT, Inc.  
Chief Finance and Compliance Officer


SUBSCRIBED AND SWORN to before me this SEP 23 2021 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. Represented by: Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc. Represented by: Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc No. 152 ;  
Page No. 32 ;  
Book No. XV ;  
Series of 204 ;

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



  
MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ  
Notary Public - Makati City  
Appt. No. M-154 until December 31, 2021  
Roll of Attorneys No. 60896  
BP No. 136246 - 12/21/2020 - Makati City  
TLE No. 8533969ME - 01/04/2021 - Makati City  
SLE Compliance No. VI-0009482 - 06/20/2018  
28th Floor, Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

---

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached first tranche of the Final Report as at **September 23, 2021** on the use of the proceeds from the sale of Teleperformance Cebu ("TP Cebu") to AREIT, Inc. ("AREIT") on **September 15, 2020**. The net proceeds from the sale amounted to P1.45 billion and out of this amount, P290.00 million was received on **September 24, 2020**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the first tranche of the Final Report on Use of Proceeds from the sale of Teleperformance Cebu to AREIT, Inc. (the "Schedule") and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of sale of TP Cebu.



We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We traced the amounts disbursed by the Company during the period for the following projects amounting to P290.00 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

<b>Project Name</b>	<b>Amount</b>
Andacillo	P84,400,000.00
The Courtyards	60,470,000.00
Arbor Lanes	18,300,000.00
Garden Court Residences	37,100,000.00
Cerilo	21,800,000.00
Ardia	11,208,000.00
Park Cascades 1&2	55,120,805.31
Tryne Enterprise Plaza	1,601,194.69
	<b>P290,000,000.00</b>

3. There were no additions during the period. Further, we inquired into and identified the nature of the disbursements. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of TP Cebu proceeds as documented in the Amended Reinvestment Plan dated August 31, 2021. We have noted that the abovementioned projects were included in the Amended Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Michael C. Sabado

Partner

CPA Certificate No. 89336

SEC Accreditation No. 0664-AR-4 (Group A),

November 11, 2019, valid until November 10, 2022

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City

## ACKNOWLEDGMENT

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

I certify that on SEP 23 2021 before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	P1178919B	March 25, 2019/DFA

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 428 ;  
Page No. 8 ;  
Book No. 108 ;  
Series of 2021.

**ATTY. JOSHUA P. LAPUZ**  
Notary Public for and in Makati City  
Appointment No. 11-66 until 12/31/2021  
FIP No. 631632, Jan. 4, 2021 Until Dec. 31, 2021 Makati City  
Roll No. 45790, IBP, Lifetime N. 04897  
MCLE No VI-0016565 / Jan. 14, 2019  
C/F Fedman Suites, 199 Salcedo Street,  
Legarpi Village, Makati City



October 06, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: Final Report on the Disbursement of Proceeds from the Sale of Teleperformance  
Cebu ("TP Cebu") to AREIT, Inc. ("AREIT")

Dear Ms. Encarnacion,

We are pleased to submit our final tranche of the Final Report on the Application of Proceeds from the Sale of TP Cebu to AREIT, Inc., duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On October 07, 2020, Ayala Land, Inc. ("ALI") received final net proceeds from the Sale of TP Cebu amounting to One Billion One Hundred Sixty Million Pesos Only (Php1,160,000,000.00).

As of October 06, 2021, ALI already disbursed the total net proceeds amounting to One Billion One Hundred Sixty Million Pesos Only (Php1,160,000,000.00), in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Final Proceeds from Sale of TP Cebu, October 07, 2020	Php1,160,000,000.00
Less: Disbursements from July 1 to October 06, 2021	<u>1,160,000,000.00</u>
Balance of Final Proceeds from Sale of TP Cebu as of October 06, 2021	0

Thank you.

Very truly yours,



**Augusto D. Bengzon**  
Ayala Land, Inc.  
Treasurer and Chief Finance Officer



**Ma. Teresa R. Famy**  
AREIT, Inc.  
Chief Finance and Compliance Officer

SUBSCRIBED AND SWORN to before me this OCT 06 2021 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
Represented by:		
Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
Represented by:		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc. No.: 351  
Page No.: 72  
Book No.: XXXVIII  
Series of 2021

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



**ROBERTO T. ONGSIAKO**  
Notary Public - Makati City  
Appl. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 - RSM Chapter  
PTR No. 8533973ME - 01/04/2021 - Makati Cir  
MCLE Compliance No. VII - 0000267 - 07/30/21  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines



**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

---

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached final tranche of the Final Report as at **October 6, 2021** on the use of the proceeds from the sale of Teleperformance Cebu ("TP Cebu") to AREIT, Inc. ("AREIT") on **September 15, 2020**. The net proceeds from the sale amounted to ₱1.45 billion and out of this amount, ₱1.16 billion was received on **October 7, 2020**. The procedures were performed solely to enable Ayala Land, Inc. (the Company) to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the final tranche of the Final Report on Use of Proceeds from the sale of Teleperformance Cebu to AREIT, Inc. (the "Schedule") and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of sale of TP Cebu.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We traced the disbursement to the supporting documents. We have noted that the Company issued intercompany loans to the following companies to be used in the projects specified:

Distributing Entity	Start Date	Amount	Project Name
Avida Land Corp.	9/28/2021	₱163,000,000	Avida Towers
Amaia Land Corp.	9/24/2021	28,000,000	Amaia Skies
Avida Land Corp.	9/24/2021	58,000,000	Avida Towers
Avida Land Corp.	10/4/2021	809,700,000	Avida Towers
		₱1,058,700,000	

We have traced these amounts to the promissory notes and the bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed by the Company during the period for the following projects amounting to ₱101.30 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Tryne Enterprise Plaza	₱52,488,805.31
Avida Towers Sola T1-T3	24,580,000.00
Avida Towers Vireo T1-T3	23,800,000.00
Ayala Triangle Garden 2 (Office)	431,194.69
	₱101,300,000.00

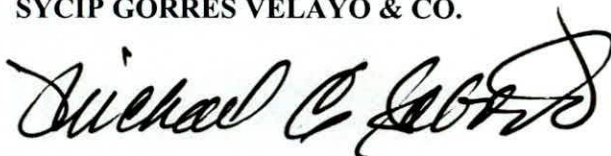
3. There were no additions during the period. Further, we inquired into and identified the nature of the disbursements. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of TP Cebu proceeds as documented in the Amended Reinvestment Plan dated August 31, 2021. We have noted that the abovementioned projects were included in the Amended Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0664-AR-4 (Group A),

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City



## ACKNOWLEDGMENT

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

I certify that on **OCT 06 2021** before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	P1178919B	March 25, 2019/DFA

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 07 ;  
Page No. 02 ;  
Book No. 200 ;  
Series of 2021.

**ATTY. JOSHUA P. LAPUZ**  
Notary Public for and in Makati City  
Appointment No. M-66 until 12/31/2021  
PTR No. 8531012, Jan. 4, 2021 Until Dec. 31, 2021 Makati City  
Roll No. 45790, IBP, Lifetime N. 04897  
MCLE No VI-0016565 / Jan. 14, 2019  
G/F Fedman Suites, 199 Salcedo Street,  
Legaspi Village, Makati City

October 15, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: 2021 Third Quarter Progress Report on the Disbursement of Proceeds from the  
Initial Public Offering ("IPO") of AREIT, Inc. ("AREIT") and Sale of Teleperformance  
Cebu Building ("TP Cebu")

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2021, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of September 30, 2021, the remaining balance of the proceeds from the AREIT IPO and Sale of Teleperformance Cebu amounts to Eight Hundred Nine Million Seven Hundred Thousand Pesos Only (Php809,700,000.00).

The details of the disbursement for the Third Quarter of 2021 are as follows:

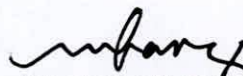
Balance of Proceeds from IPO and Sale of TP Cebu as of June 30, 2021,	Php	8,703,370,205.21
Less: Disbursements from July 1 to Sept 30 (Annex A)		6,415,189,038.52
Additional disbursements from Jan 1 to June 31 (Annex B)		<u>1,478,481,166.69</u>
Balance of Proceeds from IPO and Sale of TP Cebu as of Sept 30, 2021	Php	<u>809,700,000.00</u>

Thank you.

Very truly yours,



**Augusto D. Bengzon**  
Ayala Land, Inc.  
Treasurer and Chief Finance Officer



**Ma. Teresa R. Fanny**  
AREIT, Inc.  
Chief Finance and Compliance Officer

# ANNEX A- Disbursements from July 1 to September 30, 2021

Project Name	Disbursing Entity	Amount
Ayala Triangle Garden 2 (Office)	Ayala Land Inc	696,001,355.13
One Ayala Office and Malls	ALI Commercial Center, Inc.	949,000,000.00
Ayala Malls Veramosa	Cavite Commercial Town Center, Inc.	160,000,000.00
Flats Cebu I.T. Park	Cebu Holdings Inc.	42,000,000.00
Flats Cebu Business Park	Cebu Holdings Inc	68,000,000.00
West Gallery Place	BGWest Properties Inc	250,000,000.00
Trinoma Common Station Connections	North Triangle Depot Commercial Corp	49,000,000.00
Mandarin Oriental	ALI Triangle Hotel Ventures Inc.	211,000,000.00
Flats Circuit	Crans Montana Property Holdings Inc	33,000,000.00
Alogis Binan 4	AyalaLand Logistics Holdings Corp	86,000,000.00
Alogis Artico Binan	AyalaLand Logistics Holdings Corp	377,000,000.00
Alogis Naic 2	AyalaLand Logistics Holdings Corp	103,000,000.00
Alogis Porac Expansion	AyalaLand Logistics Holdings Corp	25,000,000.00
Lepanto Redevelopment	AyalaLand Logistics Holdings Corp	105,000,000.00
Industrial Park	AyalaLand Logistics Holdings Corp	740,000,000.00
East Gallery Place	BGWest Properties Inc	150,000,000.00
AT Verge Tower 1	Avida Land Corp	240,000,000.00
Laguna Development- Avida	Avida Land Corp	135,000,000.00
Land Acquisition- Avida	Avida Land Corp	338,000,000.00
Cavite Development	Alveo Land Corp	220,000,000.00
Land Acquisition- Alveo	Alveo Land Corp	610,000,000.00
Seda One Ayala	Ayala Land, Inc./ One Makati Hotel Ventures, Inc	40,000,000.00
Seda Manila Bay	Bay Area Hotel Ventures Inc.	148,363,008.77
Andacillo	Ayala Land Inc.	84,400,000.00
The Courtyards	Ayala Land Inc.	60,470,000.00
Arbor Lanes	Ayala Land Inc.	18,300,000.00
Garden Court Residences	Ayala Land Inc.	37,100,000.00
Cerilo	Ayala Land Inc.	21,800,000.00
Ardia	Ayala Land Inc.	11,208,000.00
Park Cascades 1&2	Ayala Land Inc.	55,120,805.31
Tryne Enterprise Plaza	Ayala Land Inc.	54,090,000.00
Avida Towers Sola T1-T3	Ayala Land Inc.	24,580,000.00
Avida Towers Vireo Tower 1-3	Ayala Land Inc.	23,800,000.00
Avida Towers Asten T3	Avida Land Corp.	20,800,000.00
Avida Atria S1 & T1-T4	Avida Land Corp.	114,500,000.00
Avida Towers Makati Southpoint T1	Avida Land Corp.	85,655,869.31
Amaia Skies Shaw T2	Amaia Land Corp.	28,000,000.00
<b>TOTAL</b>		<b>6,415,189,038.52</b>



**ANNEX B- Additional Disbursements from Jan 1 to June 30, 2021**

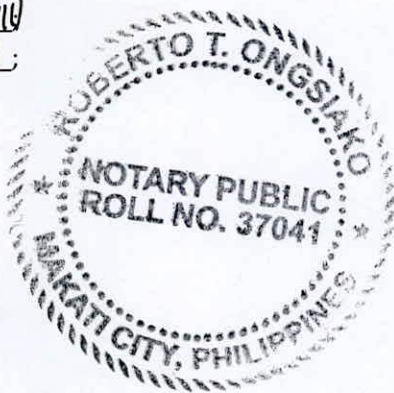
<b>Project Name</b>	<b>Disbursing Entity</b>	<b>Amount</b>
Arca South Office	Ayala Land Inc	12,000,000.00
Veranda Tower 1	Ayala Land Inc	150,000,000.00
Glorietta and Greenbelt Refresh	ALI Commercial Center Inc	616,000,000.00
Land Acquisition- ALI	Ayala Land Inc	700,481,166.69
<b>TOTAL</b>		<b>1,478,481,166.69</b>

SUBSCRIBED AND SWORN to before me this OCT 15 2021 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i>		
Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i>		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc No. 434 ;  
Page No. 88 ;  
Book No. XXXVII ;  
Series of 201 ;

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



**ROBERTO T. ONGSIAKO**  
Notary Public – Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 – RSM Chapter  
PTR No. 8533973ME – 01/04/2021 - Makati City  
MCLE Compliance No. VII – 0000267 – 07/30/20  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines



**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

---

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **September 30, 2021** on the use of proceeds from the secondary offer received by **Ayala Land, Inc.** (the "Company") from the Initial Public Offering (IPO) of **AREIT, Inc.** ("AREIT") on **August 13, 2020** and use of proceeds from the Sale of Teleperformance Cebu ("TP Cebu") to AREIT on **September 15, 2020**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Quarterly Progress Summary Report on Use of Proceeds from the Initial Public Offering (IPO) and proceeds from Sale of Teleperformance Cebu (the "Schedule") and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of IPO proceeds.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We traced the disbursements to the supporting documents. We have noted that the Company issued intercompany loans to the following companies to be used in the projects specified:

Distributing Entity	Start Date	Amount	Project Name
ALI Commercial Center, Inc.	7/26/2021	₱107,000,000.00	One Ayala
Cavite Commercial Town Center, Inc.	7/27/2021	129,000,000.00	Vermosa
Cavite Commercial Town Center, Inc.	8/5/2021	31,000,000.00	Vermosa
Cebu Holdings Inc.	8/5/2021	42,000,000.00	Flats Cebu I.T. Park
Cebu Holdings Inc	8/5/2021	68,000,000.00	Flats Cebu Business Park
BGWest Properties Inc	8/5/2021	100,000,000.00	West Gallery Place
ALI Commercial Center, Inc.	8/6/2021	842,000,000.00	One Ayala
AyalaLand Logistics Holdings Corp	8/6/2021	740,000,000.00	Industrial Park
AyalaLand Logistics Holdings Corp	8/6/2021	377,000,000.00	Alogis Artico Binan
Avida Land Corp	8/6/2021	338,000,000.00	Land Acquisition
Avida Land Corp	8/6/2021	240,000,000.00	AT Verge Tower 1
ALI Triangle Hotel Ventures Inc.	8/6/2021	211,000,000.00	Mandarin Oriental
BGWest Properties Inc	8/6/2021	150,000,000.00	West Gallery Place
BGWest Properties Inc	8/6/2021	150,000,000.00	East Gallery Place
Avida Land Corp	8/6/2021	135,000,000.00	Laguna Development
AyalaLand Logistics Holdings Corp	8/6/2021	105,000,000.00	Lepanto Redevelopment
AyalaLand Logistics Holdings Corp	8/6/2021	103,000,000.00	Alogis Naic 2
AyalaLand Logistics Holdings Corp	8/6/2021	86,000,000.00	Alogis Binan 4
North Triangle Depot Commercial Corp	8/6/2021	49,000,000.00	Trinoma Common Station Connections
Crans Montana Property Holdings Inc	8/6/2021	33,000,000.00	Flats Circuit
AyalaLand Logistics Holdings Corp	8/6/2021	25,000,000.00	Alogis Porac Expansion
Alveo Land Corp	8/9/2021	610,000,000.00	Land Acquisition
Alveo Land Corp	8/9/2021	120,000,000.00	Cavite Development
Alveo Land Corp	8/10/2021	100,000,000.00	Cavite Development
One Makati Hotel Ventures, Inc	8/10/2021	40,000,000.00	Seda One Ayala
Avida Land Corp.	9/24/2021	114,500,000.00	Avida Atria
Avida Land Corp.	9/24/2021	85,655,869.31	Avida Towers
Amaia Land Corp.	9/24/2021	28,000,000.00	Amaia Skies
Avida Land Corp.	9/24/2021	20,800,000.00	Avida Towers
		<b>₱5,179,955,869.31</b>	

We have traced these amounts to the promissory notes and the bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed by the Company during the period for the following projects amounting to ₱1.24 billion to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Ayala Triangle Garden 2 (Office)	₱696,001,355.13
Seda Manila Bay	148,363,008.77
Andacillo	84,400,000.00
(Forward)	



<b>Project Name</b>	<b>Amount</b>
The Courtyards	₱60,470,000.00
Park Cascades 1&2	55,120,805.31
Tryne Enterprise Plaza	54,090,000.00
Garden Court Residences	37,100,000.00
Avida Towers Sola T1-T3	24,580,000.00
Avida Towers Vireo Tower 1-3	23,800,000.00
Cerilo	21,800,000.00
Arbor Lanes	18,300,000.00
Ardia	11,208,000.00
	<b>₱1,235,233,169.21</b>

We also traced the amounts of additional disbursements by the Company from January 1 to June 30, 2021 for the following projects amounting to ₱1.48 billion to the progress billings, invoices and bank statements and agreed the amount to the accounting records. No exceptions noted.

<b>Project Name</b>	<b>Amount</b>
Arca South Office	₱12,000,000.00
Veranda Tower 1	150,000,000.00
Glorietta and Greenbelt Refresh	616,000,000.00
Land Acquisition	700,481,166.69
	<b>₱1,478,481,166.69</b>

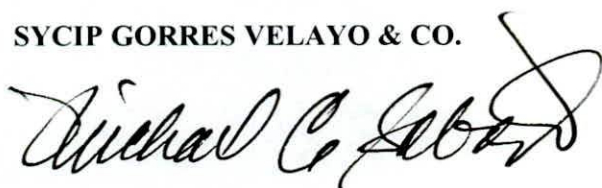
3. There were no additions during the 3<sup>rd</sup> quarter (July to September). Further, we inquired into and identified the nature of the disbursements. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of TP Cebu proceeds as documented in the Amended Reinvestment Plan dated August 31, 2021. We have noted that the abovementioned projects were included in the Amended Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0664-AR-4 (Group A)

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 1561-AR-1 (Group A)

January 31, 2019 valid until January 30, 2022

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City

# ACKNOWLEDGMENT

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

I certify that on OCT 15 2021 before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	P1178919B	March 25, 2019/DFA

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

SUBSCRIBED AND SWORN TO BEFORE ME THIS  
DAY OF OCT 15 2021 AT MAKATI CITY

Doc. No. 127 ;  
Page No. 27 ;  
Book No. 9 ;  
Series of 2021 9

ATTY. MELODY C. MALABANAN  
Notary Public for Makati City  
Appointment No. M-363  
Until December 30, 2021 (BM-3795)  
298 Emilia Bautista, Palanan Makati City  
PTR No. 851236/ Jan. 04, 2021  
IBP No. 133855, IBP Batangas, Dec. 02, 2020  
MCLE VI 00224556, April 24, 2019  
PPLM Roll No. 58312  
Tin No. 278608760000



October 15, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: 2021 Third Quarter Progress Report on the Disbursement of Proceeds from the sale  
of The 30th Commercial Development to AREIT, Inc.

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2021, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of September 30, 2021 the remaining balance of the proceeds from the sale of The 30th Commercial Development to AREIT, Inc., amounts to Four Billion One Hundred Fifty-Five Million Nine Hundred Seventy Eight Thousand One Hundred Fifty Nine Pesos and Nineteen Centavos (Php4,155,978,159.19).

The details of the disbursement for the Third Quarter of 2021 are as follows:

Balance of Proceeds from the sale of The 30th as of June 30, 2021,	Php	4,385,787,970.39
Less: Disbursements from July 1 to Sept 30, 2021 (Annex A)		<u>229,809,811.20</u>
Balance of Proceeds from the sale of The 30th as of Sept 30, 2021,	Php	<u>4,155,978,159.19</u>

Thank you.

Very truly yours,



**Augusto D. Bengzon**  
Ayala Land, Inc.  
Treasurer and Chief Finance Officer



**Ma. Teresa R. Fajay**  
AREIT, Inc.  
Chief Finance and Compliance Officer

**ANNEX A- Disbursements from July 1 to September 30, 2021**

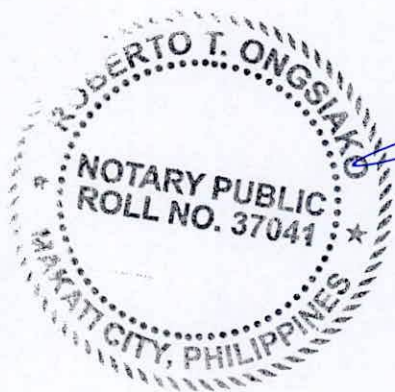
<b>Disbursing Entity</b>	<b>Project Name</b>	<b>Amount</b>
ALI Eton Property Development Corporation	Parklinks	103,825,928.97
Unity Realty & Dev't Corp.	Pampanga Property	22,369,603.33
Cebu District Property Enterprise, Inc.	Gatewalk Central	103,614,278.90
<b>TOTAL</b>		<b>229,809,811.20</b>

SUBSCRIBED AND SWORN to before me this OCT 15 2021 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i>		
Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i>		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc No. 436;  
Page No. 89;  
Book No. XXXVII;  
Series of 204;

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



**ROBERTO T. ONGSIAKO**  
Notary Public – Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 – RSM Chapter  
PTR No. 8533973ME – 01/04/2021 - Makati City  
MCLE Compliance No. VII – 0000267 – 07/30/20  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines



**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

---

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **September 30, 2021** on the use of the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. on **January 15, 2021**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Quarterly Progress Summary Report on Use of Proceeds from the sale of The 30th Commercial Development to AREIT, Inc. (the "Schedule") and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of sale of The 30<sup>th</sup> proceeds.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.

2. We traced the disbursements to the supporting documents. We have noted that the Company issued intercompany loans to the following companies to be used in the projects specified:

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱103,825,928.97	Parklinks
Cebu District Property Enterprise, Inc.	103,614,278.90	Gatewalk Central
Unity Realty & Dev't Corp.	22,369,603.33	Pampanga Property
	₱229,809,811.20	

We have traced these amounts to the bank statements, request for payments and request for check preparations and agreed the amounts to the accounting records. No exceptions noted.

3. There were no additions during the 3<sup>rd</sup> quarter (July to September). Further, we inquired into and identified the nature of the disbursement. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of The 30<sup>th</sup> proceeds as documented in the Reinvestment Plan. We have noted that the abovementioned entities and the related projects were included in the Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the sale and items specified above and do not extend to any financial statements of the Company taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0664-AR-4 (Group A)

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 1561-AR-1 (Group A)

January 31, 2019 valid until January 30, 2022

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City



## ACKNOWLEDGMENT

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

I certify that on 15 July 2021, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	P1178919B	March 25, 2019/DFA

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

SUBSCRIBED AND SWORN TO BEFORE ME THIS  
DAY OF OCT 15 2021 MAKATI CITY

Doc. No. 126 ;  
Page No. 37 ;  
Book No. 44 ;  
Series of 2021 21

ATTY. MARIO MALABANAN  
Notary Public for Makati City  
Appointment No. M-363  
Until December 30, 2021 (BM-3795)  
298 Emilia Bautista, Palanan Makati City  
PTR No. 851236/ Jan. 04, 2021  
IBP No. 133855, IBP Batangas, Dec. 02, 2020  
MCLE VI 00224556, April 24, 2019  
PPLM Roll No. 58312  
Tin No. 278608760000

October 15, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: 2021 Third Quarter Progress Report on the Disbursement of Proceeds from the sale  
of 44 million AREIT Shares

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2021, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of September 30, 2021, the remaining balance of the proceeds from the sale of 44 million AREIT Shares, amounts to One Billion Three Hundred Ninety-Eight Million One Hundred Eighty-Six Thousand Two Hundred Forty Pesos (Php1,398,186,240.00).

No disbursement was made during the Third Quarter of 2021.

Gross Proceeds from sale of 44 million AREIT Shares as of May 5, 2021, Php	1, 408,000,000.00
Less: Transaction costs	<u>9,813,760.00</u>
Net Proceeds from sale of 44 million AREIT shares	1,398,186,240.00
Less: Disbursement May 5 to Sept 30, 2021	<u>0.00</u>
Balance of Proceeds from sale of AREIT Share as of September 30, 2021 Php	<u>1,398,186,240.00</u>

Thank you.

Very truly yours,



**Augusto D. Bengzon**  
Ayala Land, Inc.  
Treasurer and Chief Finance Officer



**Ma. Teresa R. Famy**  
AREIT, Inc.  
Chief Finance and Compliance Officer

OCT 15 2021

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i>		
Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i>		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc No. 475  
Page No. 88  
Book No. XXXVI  
Series of 204

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



**ROBERTO T. ONGSIAKO**  
Notary Public – Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 – RSM Chapter  
PTR No. 8533973ME – 01/04/2021 - Makati City  
MCLE Compliance No. VII – 0000267 – 07/30/20  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines



**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

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Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **September 30, 2021** on the use of the proceeds received by **Ayala Land, Inc.** (the "Company") from the block sale of its shares in **AREIT, Inc.** ("AREIT") on **May 5, 2021**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Quarterly Progress Summary Report on Use of Proceeds from the Block Sale of AREIT Shares (the "Schedule") and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records;
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.

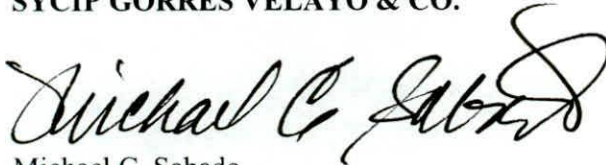
2. We checked whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds. There were no transactions during the 3<sup>rd</sup> quarter (July to September).

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**SYCIP GORRES VELAYO & CO.**



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0664-AR-4 (Group A)

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 1561-AR-1 (Group A)

January 31, 2019 valid until January 30, 2022

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City

## ACKNOWLEDGMENT

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


I certify that on **OCT 15 2021** before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	P1178919B	March 25, 2019/DFA

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

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Book No. 64 ;  
Series of 2021 21

  
**ATTY. MELVIN C. MALABANAN**  
Notary Public for Makati City  
Appointment No. M-363  
Until December 31, 2021 (PM-3795)  
298 Emilia Bautista Building, Makati City  
PTR No. 8-02-00000-04-2021  
IBP No. 133853-159 dated Jan. Dec. 02, 2020  
MCLE VI 0022-ATC, April 24, 2019  
PPLM Roll No. 58312  
Tin No. 278600760000