SEC Number: 152-747
File Number: ________

AYALA LAND, INC.
____
(Company's Full Name)

31F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226
____
(Company Address)

(632) 7908-3111
____
(Telephone Number)

June 30, 2022
____
(Quarter Ending)

SEC Form 17-Q Quarterly Report
____
(Form Type)

____
(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2022**

2. Commission Identification Number **152747**

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

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

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

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

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

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

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

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

As of June 30, 2022

Title of each class	Number of shares issued and outstanding
Common shares	**14,782,711,001**
Preferred shares	**12,443,102,599**

Amount of Debt Outstanding
P87,250,000,000.00

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

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

12. Indicate by check mark whether the registrant:

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

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

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PART I – FINANCIAL INFOR MATION
Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30, 2022
(Amounts in Thousands)

	June 2022 Unaudited	December 2021 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱14,769,828**	₱13,971,437
Short-term investments (Note 5)	**335,150**	325,641
Financial assets at fair value through profit or loss (Note 6)	**400,799**	700,803
Accounts and notes receivable (Note 7)	**104,422,313**	100,097,451
Inventories (Note 8)	**150,541,812**	148,156,725
Other current assets (Note 9)	**69,607,211**	65,300,897
Total Current Assets	**340,077,113**	328,552,954
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 7)	**45,877,417**	43,663,620
Financial assets at fair value through other comprehensive income	**982,267**	981,270
Investments in associates and joint ventures (Note 10)	**30,120,233**	28,152,733
Right of use assets	**12,692,190**	12,156,240
Investment properties – net	**242,659,967**	243,397,632
Property and equipment – net	**41,015,553**	41,778,353
Deferred tax assets - net	**13,455,381**	12,890,122
Other noncurrent assets (Note 11)	**31,289,236**	33,891,439
Total Noncurrent Assets	**418,092,244**	416,911,409
Total Assets	**₱758,169,357**	₱745,464,363
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 12)	**₱35,028,223**	₱16,782,500
Accounts and other payables (Note 13)	**136,630,800**	136,690,396
Income tax payable	**615,592**	506,638
Current portion of lease liabilities	**662,396**	599,363
Current portion of long-term debt (Note 12)	**10,991,664**	26,173,997
Deposits and other current liabilities (Note 14)	**30,749,719**	27,471,315
Total Current Liabilities	**214,678,394**	208,224,209
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	**185,191,194**	180,140,242
Pension liabilities	**2,169,303**	2,103,735
Lease liabilities – net	**17,834,829**	17,237,991
Deferred tax liabilities - net	**5,771,831**	6,520,263
Deposits and other noncurrent liabilities (Note 15)	**51,048,653**	60,735,602
Total Noncurrent Liabilities	**262,015,810**	266,737,833
Total Liabilities	**476,694,204**	474,962,042

(Forward)

	June 2022 Unaudited	December 2021 Audited
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**80,149,584**	79,897,468
Retained earnings	**174,997,752**	168,980,632
Remeasurement loss on defined benefit plans	**(31,151)**	(33,279)
Fair value reserve of financial assets at FVOCI*	**(949,600)**	(880,895)
Cumulative translations adjustments	**313,501**	261,612
Equity reserves (Note 16)	**3,817,290**	1,289,611
Treasury Stock	**(18,139,502)**	(16,894,380)
	240,157,874	232,620,769
Non-controlling interests	**41,317,280**	37,881,552
Total Equity	**281,475,154**	270,502,321
Total Liabilities and Equity	**₱758,169,358**	₱745,464,363

**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)

	2022		2021	
	Apr to June	**Jan. to June**	Apr to June	Jan. to June
REVENUE				
Real estate	**₱26,988,346**	**₱49,549,315**	₱21,965,249	₱43,090,916
Interest income from real estate sales	**1,098,771**	**2,768,475**	1,756,683	3,599,239
Equity in net earnings of associates and joint ventures	**284,352**	**533,928**	311,986	530,948
	28,371,469	**52,851,718**	24,033,918	47,221,103
Interest and Investment Income	**89,117**	**127,919**	68,418	116,368
Other income	**260,812**	**358,652**	215,575	1,619,416
	349,929	**486,571**	283,993	1,735,784
	28,721,398	**53,338,289**	24,317,911	48,956,887
COSTS AND EXPENSES				
Real estate	**15,890,875**	**29,991,586**	14,686,501	28,613,589
General and administrative expenses	**1,843,391**	**3,329,632**	1,538,492	3,173,378
Interest and other financing charges	**2,872,166**	**5,687,768**	2,918,602	5,875,794
Other charges	**466,750**	**1,540,896**	765,736	1,558,332
	21,073,182	**40,549,882**	19,909,331	39,221,093
INCOME BEFORE INCOME TAX	**7,648,216**	**12,788,407**	4,408,580	9,735,794
PROVISION FOR INCOME TAX				
Current	**(302,029)**	**1,915,367**	1,016,494	2,338,257
Deferred	**1,856,783**	**718,803**	(303,999)	23,740
	1,554,754	**2,634,170**	712,495	2,361,997
NET INCOME	**₱6,093,462**	**₱10,154,237**	₱3,696,085	₱7,373,797
Net income attributable to:				
Equity holders of Ayala Land, Inc.	**₱4,911,296**	**₱8,079,522**	₱3,261,788	₱6,041,236
Non-controlling interests	**1,182,166**	**2,074,715**	434,297	1,332,561
	₱6,093,462	**₱10,154,237**	₱ 3,696,085	₱ 7,373,797
Earnings Per Share				
Basic	**₱0.33**	**₱0.54**	₱0.22	₱0.41
Diluted	**0.33**	**0.54**	0.22	0.41

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)

	2022		2021	
	Apr to June	**Jan. to June**	Apr to June	Jan. to June
NET INCOME	**₱6,093,460**	**₱10,154,237**	₱3,696,085	₱7,373,797
Item that may be reclassified to profit or loss in subsequent years:				
Cumulative translation adjustment	**(11,714)**	**51,889**	21,522	(36,518)
Items that will not be reclassified to profit or loss in subsequent years:				
Fair value reserve of financial assets at FVOCI	**35,939**	**(68,705)**	(45,162)	212,206
Remeasurement gain (loss) on pension liabilities	**(23,373)**	**2,838**	(34,081)	(31,364)
Income tax effect	**5,843**	**(710)**	8,520	7,841
	6,695	**(14,688)**	(49,201)	152,165
Total comprehensive income for the period	**₱6,100,155**	**₱10,139,549**	₱3,646,884	₱7,525,962
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	**₱4,917,990**	**₱8,064,834**	₱3,214,928	₱6,134,445
Non-controlling interests	**1,182,165**	**2,074,715**	431,956	1,391,517
	₱6,100,155	**₱10,139,549**	₱3,646,884	₱7,525,962

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

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.												
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Remeasurement Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Non-Controlling Interests	Total Equity
As of January 1, 2022	**₱16,687,845**	**₱65,494,263**	**(₱2,284,641)**	**₱25,000,000**	**₱143,980,632**	**(₱33,279)**	**(₱880,895)**	**₱261,612**	**₱1,289,611**	**(₱16,894,380)**	**232,620,768**	**₱37,881,552**	**270,502,320**
Net income	**–**	**–**	**–**	**–**	**8,079,522**	**–**	**–**	**–**	**–**	**–**	**8,079,522**	**2,074,715**	**10,154,237**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**2,128**	**(68,705)**	**51,889**	**–**	**–**	**(14,688)**	**–**	**(14,688)**
Total comprehensive income	**–**	**–**	**–**	**–**	**8,079,522**	**2,128**	**(68,705)**	**51,889**	**–**	**–**	**8,064,834**	**2,074,715**	**10,139,549**
Cost of stock options	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Collection of subscription receivable	**–**	**–**	**188,058**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**188,058**	**–**	**188,058**
Stock options exercised	**10,073**	**348,334**	**(294,348)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**64,059**	**–**	**64,059**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,245,122)**	**(1,245,122)**	**–**	**(1,245,122)**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,527,679**	**–**	**2,527,679**	**–**	**2,527,679**
Net change in non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,888,768**	**1,888,768**
Cash dividends declared	**–**	**–**	**–**	**–**	**(2,062,402)**	**–**	**–**	**–**	**–**	**–**	**(2,062,402)**	**(527,755)**	**(2,590,157)**
As of June 30, 2022	**₱16,697,918**	**₱65,842,597**	**(₱2,390,931)**	**₱25,000,000**	**₱149,997,752**	**(₱31,151)**	**(₱949,600)**	**₱313,501**	**₱3,817,290**	**(₱18,139,502)**	**₱240,157,874**	**₱41,317,280**	**₱281,475,154**
As of January 1, 2021	₱16,066,829	₱49,149,512	(₱2,262,756)	₱8,000,000	₱153,660,724	(₱818,101)	(₱748,220)	₱167,395	₱585,256	(₱1,260,780)	₱222,539,859	₱37,639,473	₱260,179,332
Net income	–	–	–	–	6,041,236	–	–	–	–	–	6,041,236	1,332,561	7,373,797
Other comprehensive loss	–	–	–	–	–	(23,523)	140,879	(24,147)	–	–	93,209	58,956	152,165
Total comprehensive income	–	–	–	–	6,041,236	(23,523)	140,879	(24,147)	–	–	6,134,445	1,391,517	7,525,962
Cost of stock options	–	70,104	–	–	–	–	–	–	–	–	70,104	–	70,104
Collection of subscription receivable	–	–	212,301	–	–	–	–	–	–	–	212,301	–	212,301
Stock options exercised	11,389	345,901	(357,290)	–	–	–	–	–	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(988,017)	(988,017)	–	(988,017)
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	976,560	–	976,560	–	976,560
Net change in non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	535,245	535,245
Cash dividends declared	–	–	–	–	(2,062,426)	–	–	–	–	–	(2,062,426)	(382,160)	(2,444,586)
As of June 30, 2021	₱16,078,218	₱49,565,517	(₱2,407,745)	₱8,000,000	₱157,639,534	(₱841,624)	(₱607,341)	₱143,248	₱1,561,816	(₱(2,248,797)	₱226,882,826	₱39,184,075	₱266,066,901

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 June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱12,788,407**	₱9,735,794
Adjustments for:		
Depreciation and amortization	**4,694,904**	4,432,880
Equity in net earnings of investees	**(533,928)**	(530,948)
Interest and other charges	**5,687,768**	5,875,795
Interest and other income	**(2,896,393)**	(3,715,607)
Provision for doubtful accounts	**14,591**	116,728
Operating income before changes in working capital	**19,755,349**	15,914,642
Decrease (increase) in:		
Accounts and notes receivable	**(1,402,944)**	(3,216,411)
Real estate inventories	**(2,318,306)**	(244,388)
Other current assets	**(4,289,757)**	(7,703,338)
Increase (decrease) in:		
Accounts and other payables	**1,650,090**	4,881,578
Pension liabilities	**67,696**	(96,018)
Other current liabilities	**(95,016)**	(3,355,292)
Cash generated from (used for) operations	**13,367,112**	6,180,773
Interest received	**2,754,235**	3,715,607
Income tax paid	**(1,806,413)**	(3,132,141)
Interest paid - net of amount capitalized	**(4,942,433)**	(5,875,795)
Net cash used in operating activities	**₱9,372,501**	₱888,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Investments	**(₱3,696,560)**	(₱7,256,103)
Property and equipment	**(77,400)**	(324,302)
Short term investments	**318,243**	(480,628)
Decrease (increase) in:		
Noncurrent accounts and notes receivable	**(4,963,493)**	(1,973,819)
Other assets	**1,311,426**	(31,957)
Net cash provided by (used in) investing activities	**(₱7,107,784)**	(₱10,066,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short-term / long-term loans	**₱85,465,722**	₱80,956,652
Payments of short-term / long-term loans	**(77,946,249)**	(78,439,833)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	**(9,248,888)**	4,927,012
Noncontrolling interest in consolidated subsidiaries	**1,888,716**	1,544,602
Equity reserves	**2,527,680**	976,561
Capital stock	**252,117**	282,406
Purchase of treasury shares	**(1,245,122)**	(988,018)
Dividends paid to non-controlling interest	**(527,755)**	(382,160)
Dividends paid to equity holders of Ayala Land, Inc.	**(2,720,076)**	(2,057,912)
Net cash provided by financing activities	**(₱1,553,855)**	₱6,819,310
NET DECREASE IN CASH AND CASH EQUIVALENTS	**₱710,862**	(₱2,359,055)
EFFECT OF CHANGES IN FOREIGN CURRENCY	**87,529**	(46,130)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13,971,437**	17,037,347
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱14,769,828**	₱14,632,162

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:

	June 30, 2022*	December 31, 2021*
Real Estate:		
Alveo Land Corporation (Alveo)	**100%**	100%
Serendra, Inc.	**39**	39
Solinea, Inc. (Solinea)	**65**	65
BGSouth Properties, Inc. (BGS)	**50**	50
Portico Land Corp. (Portico)	**60**	60
Serendra, Inc.	**28**	28
Amorsedia Development Corporation	**100**	100
OLC Development Corporation and Subsidiary	**100**	100
HLC Development Corporation	**100**	100
Allysonia International Ltd.	**100**	100
Avida Land Corporation (Avida)	**100**	100
Buklod Bahayan Realty and Development Corp.	**100**	100
Avida Sales Corp. and Subsidiaries	**100**	100
Amicassa Process Solutions, Inc.	**100**	100
Avencosouth Corp. (Avencosouth)	**70**	70
BGNorth Properties, Inc. (BGN)	**50**	50
Amaia Land Co. (Amaia)	**100**	100
Amaia Southern Properties, Inc. (ASPI)	**65**	65
AyalaLand Premier, Inc.	**100**	100
Ayala Land International Sales, Inc. (ALISI)	**100**	100
Ayalaland International Marketing, Inc. (AIMI)	**100**	100
Ayala Land International (Singapore) Pte. Ltd.	**100**	100
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**	100
Ayala Land International Marketing SRL (ALIM SRL)	**100**	100
Ayala Land International Marketing London	**100**	100
Ayala Land Sales, Inc.	**100**	100
Southportal Properties, Inc.	**100**	100
Buendia Landholdings, Inc.	**100**	100
Crans Montana Holdings, Inc.	**100**	100

Crimson Field Enterprises, Inc.	**100**	100
Ecoholdings Company, Inc. (ECI)	**100**	100
NorthBeacon Commercial Corporation NBCC)	**100**	100
Red Creek Properties, Inc.	**100**	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	100
North Eastern Commercial Corp. (NECC)	**100**	100
Westview Commercial Ventures Corp. (Westview)	**100**	100
North Ventures Commercial Corp. (NVCC)	**100**	100
Hillsford Property Corporation (HPC)	**100**	100
Primavera Towncentre, Inc. (PTI)	**100**	100
Summerhill E-Office Corporation (Summerhill)	**100**	100
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	100
Subic Bay Town Centre, Inc.	**100**	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**	100
AyalaLand Real Estate Investments Inc.	**100**	100
AyalaLand Advisory Broadway Inc.	**100**	100
AyalaLand Development (Canada) Inc.	**100**	100
AyalaLand OpenAsia Holdings PTE, Limited	**100**	100
Blue Horizons Holdings PTE, Limited	**100**	100
Modular Construction Technology (MCT) Bhd.	**66**	66
AREIT Fund Managers, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	**100**	100
Arvo Commercial Corporation (Arvo)	**100**	100
BellaVita Land Corporation (BellaVita)	**100**	100
Nuevo Centro, Inc. (Nuevo Centro)	**54**	54
Alviera Country Club, Inc.	**50**	50
Cavite Commercial Town Center, Inc.	**100**	100
AREIT, Inc.	**60**	66
AyalaLand Offices, Inc. (ALO)	**100**	100
First Gateway Real Estate Corp.	**100**	100
Glensworth Development, Inc. (Glensworth)	**100**	100
UP North Property Holdings, Inc.	**100**	100
ALO Prime Realty Corporation	**100**	100
Makati Cornerstone Leasing Corp.	**100**	100
Capitol Central Commercial Ventures Corp.	**100**	100
Bay City Commercial Ventures Corp.	**100**	100
Aurora Properties Incorporated	**81**	81
Soltea Commercial Corp.	**16**	16
Vesta Property Holdings, Inc.	**78**	78
Altaraza Prime Realty Corporation	**100**	100
Altaraza Development Corporation	**51**	51
Prow Holdings Inc	**55**	55
Station Square East Commercial Corporation (SSECC)	**69**	69
AREIT Property Managers, Inc	**100**	100
Accendo Commercial Corp. (Accendo)	**67**	67
Avencosouth Corp.	**20**	20
Aviana Development Corporation	**7**	7
Aviana Development Corporation	**50**	50
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	70
Ceci Realty, Inc. (Ceci)	**60**	60

Soltea Commercial Corp.	**12**	12
Soltea Commercial Corp.	**60**	60
CMPI Holdings, Inc.	**60**	60
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
Prima Gaedi Development Corp	**100**	-
REDHEAP HOLDINGS INC.	**100**	-
ROOKWOOD PROPERTIES, INC.	**100**	-
Ayalaland MetroNorth, Inc. (AMNI)	**100**	100
Verde Golf Development Corporation	**100**	100
North Triangle Depot Commercial Corporation (NTDCC)	**73**	73
Ayalaland-Tagle Properties, Inc.	**55**	55
BGWest Properties, Inc. (BGW)	**50**	50
Lagdigan Land Corporation	**60**	60
Central Bloc Hotel Ventures	**100**	100
Cebu Leisure Company, Inc.	**100**	100
CBP Theatre Management Inc.	**100**	100
Taft Punta Engaño Property Inc. (TPEPI)	**55**	55
Cebu Insular Hotel Company, Inc. (CIHCI)	**37**	37
Solinea, Inc.	**35**	35
Amaia Southern Properties, Inc. (ASPI)	**35**	35
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**	71
Unity Realty & Development Corp.	**71**	71
Ayalaland Malls Synergies, Inc.	**100**	100
Ayala Malls Zing (AMZING), Inc.	**100**	-
Ayala Land Malls, Inc.	**100**	100
AyalaLand Malls Vismin, Inc.	**100**	100
AyalaLand Malls NorthEast, Inc.	**100**	100
Construction:		
Makati Development Corporation (MDC)	**100**	100
MDC Subic, Inc.	**100**	100
MDC Build Plus, Inc.	**100**	100
MDC Conqrete, Inc. (MCI)	**100**	100
MDC Equipment Solutions, Inc. (MESI)	**100**	100
MDBI Construction Corp.	**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
Ayala Theatres Management, Inc. and Subsidiaries	**100**	**100**
DirectPower Services, Inc. (DirectPower)	**100**	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100
Entertainment:		
Five Star Cinema, Inc.	**100**	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	50

Others:		
ALInet.com, Inc. (ALInet)	**100**	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	**100**	100
Green Horizons Holdings Limited	**100**	100
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	100
AyalaLand Club Management, Inc.	**100**	100
ALI Capital Corp.	**100**	100
Airswift Transport, Inc.	**100**	100
Swift Aerodrome Services, Inc.	**100**	100
Arca South Integrated Terminal, Inc.	**100**	100
Whiteknight Holdings, Inc. (WHI)	**100**	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	**100**	100
Anvaya Cove Beach and Nature Club, Inc.	**73**	73
Anvaya Cove Golf and Sports Club, Inc.	**76**	76

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

AC owns the remaining 50.0% of AHI. The Company exercises control over AHI. Likewise, the Company, through its 50.0% effective ownership, 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.

<u>Changes in the group structure in 2022</u>

1. Ayala Malls Zing (AMZING), Inc. was incorporated on December 3, 2021. The Company is 100% owned by ALI. The primary puspose of the Company is to engage in online and/or digital businesses that support Ayala Malls and other businesses of Ayala Land Inc.

2. On March 9, 2022, the Executive Committee of Ayala Land, Inc. (ALI) approved ALI's subscription to 252,136,383 AREIT primary common shares, in exchange for six office buildings located in Cebu with an aggregate value of P11,257,889,535.91, under a property-for-share swap as validated by a third-party fairness opinion.

   The transaction was approved by AREIT shareholders at their annual meeting held last 21 April 2022, but is still subject to approval by pertinent regulatory bodies.

   On May 19, 2022, Ayala Land, Inc. (ALI) and AREIT, Inc. (AREIT) executed the Deed of Exchange on the property-for-share swap transaction involving the issuance of 252,136,383 primary common shares of AREIT (Shares) to ALI, at an issue price of Php44.65 per share in exchange for identified properties valued at Php11,257,889,535.91.

   Accordingly, ALI transfers, cedes, and assigns the properties in favor of AREIT, and the latter undertakes to issue the corresponding shares upon approval of the property-for-share swap of the Securities and Exchange Commission (SEC). The Shares will be issued out of the AREIT's unissued capital stock

3. On June 1, 2022, AyalaLand Estates, Inc. (ALEI) purchased 100% equity interest of the Redheap Holdings Inc, equivalent to 100,000 common shares, with a total value of P1 million.

4. On June 13, 2022, AyalaLand Estates, Inc. (ALEI) purchased 100% equity interest of Prima Gaedi Development Corp, equivalent to 100,000 common shares, with a total value of P1 million.

5. On June 22, 2022, AyalaLand Estates, Inc. (ALEI) purchased 100% equity interest of Rookwood Properties, Inc., equivalent to 125,000 common shares, with a total value of P1.25 million.

2. Basis of Financial Statement Preparation

Basis of Preparation

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

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

The interim consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the phase of recovery remains uncertain.

Statement of Compliance

The accompanying interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic.

The Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

SEC MC No. 4-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) and is not applicable to the group and is already in full compliance with the requirements of the IFRIC Agenda Decision.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 3.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC)

On May 11, 2022, 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 June 30, 2022 and December 31, 2021.

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.

<u>Changes in Accounting Policies</u>

- Adoption of PIC Q&A 2018-12-E

  In 2021, the Group adopted the provision of PFRS 15 covered by PIC Q&A 2018-12-E on the treatment of land in the calculation of POC by replacing the land cost with the pre-launch costs as one of the components of the blended POC. The Group applied the modified retrospective approach to recognize the impact with a reduction in the beginning retained earnings by ₱2,838 million and beginning NCI of ₱16.3 million.

- Capitalization of borrowing costs in property and equipment and investment properties

  In 2021, the Group started capitalizing borrowing costs from its property and equipment and investment properties under construction. The Group recognized the impact of the change against the beginning retained earnings in 2021 amounting to ₱1,993 million.

The changes above did not have any significant impact on the consolidated statement of cash flows of the Group.

<u>New Standards, Interpretations, and Amendments</u>

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

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

- Amendments to PFRS 3, *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 have no 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.

- *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 have no material impact on the Group.

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

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments have no 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 have no material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

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

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

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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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

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

Deferred Effectivity

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

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

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

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

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

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

  As discussed under Changes in Accounting Policies, the Group adopted the provision of PFRS 15 that covered its treatment of land in the determination of POC as discussed in PIC Q&A 2018-12-E. as allowed under SEC MC No. 34, the Group adopted the change under the modified retrospective approach.

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

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

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A NO. 2018-12. Had this provision been adopted, the Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax., deferred tax asset or liability for all years presented, and the opening of retained earnings. These would have impacted the cash flows from operation and cash flows from financing activities for all years presented. The group believes that mismatch for its contract to sell does not constitute a significant financing component that is material to the Group based on the examples provided in the PIC letter dated November 11, 2020.

4. Cash and Cash Equivalents

This account consists of the following:

(In Thousands)	**June 30, 2022 (Unaudited)**	December 31, 2021 (Audited)
Cash on Hand	**₱74,162**	₱66,575
Cash in Banks	**12,623,929**	11,745,823
Cash Equivalents	**2,071,737**	2,159,039
	₱14,769,828	₱13,971,437

Cash in banks earn interest based on the respective bank deposit rates. Cash equivalents are short term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest based on the respective short-term investment rates.

5. Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates.

The annual interest rates of the short-term investments are as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Malaysia Ringgit	**0.85% to 1.50%**	1.00% to 1.80%

6. Financial Assets at FVPL

This account consists of the following:

(In Thousands)	**June 30, 2022 (Unaudited)**	December 31, 2021 (Audited)
Investment in Arch Capital Fund	**₱289,388**	₱293,778
Investment in Unit Investment Trust Fund (UITF)	**111,411**	407,025
	₱400,799	₱700,803

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)	**June 30, 2022 (Unaudited)**	December 31, 2021 (Audited)
Trade:		
Residential	**₱101,766,978**	₱98,489,459
Shopping Centers	**6,221,344**	5,654,697
Construction Contracts	**2,598,481**	2,142,028
Corporate Business	**3,663,306**	3,041,826
Management fees	**190,800**	127,766
Others	**4,424,544**	4,736,218
Advances to other companies	**18,116,952**	16,940,104
Accrued receivables	**8,623,792**	8,208,571
Receivables from related parties (Note 18)	**6,233,628**	5,958,742
Receivables from employees	**782,368**	755,814
	152,622,193	146,055,225
Less allowance for impairment losses	**2,322,463**	2,294,154
	150,299,730	143,761,071
Less noncurrent portion	**45,877,417**	43,663,620
	₱104,422,313	₱100,097,451

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

- Residential and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments
- Construction contracts - pertain to receivables from third party construction projects
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Shopping centers - pertain to lease receivables from retail spaces
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Residential, commercial, and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 5.5% to 16%. Titles to real estate properties are transferred to the buyers only until the full payment has been made.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Receivables from hotel operations and other support services included under other trade receivables are normally due within 30 to 90 days upon billing.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group's employees which are collectible through salary deduction, are interest-bearing and payable on various maturity dates.

The Group sold residential receivables on a without recourse basis to partner mortgage banks, which include Bank of the Philippine Islands, a related party, amounting to ₱5,428.8 million and ₱ 21,884.5 million in the first half of 2022 and full year 2021. These were sold at a discount with total proceeds of ₱4,460.7 million and ₱19,794.7 million, respectively. The Group recognized loss on sale (under "Other expenses") amounting to ₱968.1 million and ₱2,089.8 million in the first half of 2022 and full year 2021, respectively.

As of June 30, 2022, (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 <30 days	30-60 days	61-90 days	91-120 days	>120 days	Total Past Due but not impaired	Impaired	**Total**
Trade:									
Residential	₱76,986,193	₱10,130,883	₱3,123,888	₱955,293	₱5,565,189	₱4,800,820	₱24,576,073	₱239,546	**₱101,801,812**
Shopping Centers	3,341,730	527,159	122,325	262,079	220,159	667,919	1,799,641	1,079,973	**6,221,344**
Construction Contracts	932,996	370,161	148,151	207,690	245,476	657,176	1,628,654	36,831	**2,598,481**
Corporate Business	2,031,663	7,359	330,519	34,138	217,356	389,603	978,975	617,834	**3,628,472**
Management Fees	64,718	-	38,368	20,504	24,008	26,572	109,452	16,630	**190,800**
Others	3,625,044	515,368	8,538	4,678	2,443	70,959	601,986	197,514	**4,424,544**
Advances to other companies	9,269,856	1,582,101	-	4,591	672,760	6,453,509	8,712,961	134,135	**18,116,952**
Accrued Receivables	7,070,899	222,122	164,682	39,503	26,122	1,100,464	1,552,893	-	**8,623,792**
Related Parties	6,233,628	-	-	-	-	-	-	-	**6,233,628**
Receivables from employees	654,506	15,040	7,360	3,916	14,374	87,172	127,862	-	**782,368**
	₱110,211,233	₱13,370193	₱3,943,831	₱1,532,392	₱6,987,887	₱14,254,194	₱40,088,497	₱2,322,463	**₱152,622,193**

8. Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.

9. Other Current Assets

This account consists of:

(In Thousands)	**June 30, 2022 (Unaudited)**	December 31, 2021 (Audited)
Value-added input tax	**₱12,638,859**	₱12,387,774
Prepaid expenses	**18,720,327**	19,174,874
Advances to contractors	**25,461,555**	23,641,576
Creditable withholding taxes	**9,065,025**	8,096,828
Materials, parts and supplies – at cost	**1,429,585**	810,731
Others	**2,291,860**	1,189,113
	₱69,607,211	₱65,300,897

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:

	Percentage of Ownership		**Carrying Amounts**	
(In Thousands)	**As of June 30 2022**	As of December 31 2021	**As of June 30 2022**	As of December 31 2021
Joint Ventures:				
Emerging City Holdings, Inc. (ECHI)	**50%**	50%	**₱3,884,314**	₱3,871,455
ALI-ETON Property Development Corporation (ALI ETON)	**50%**	50%	**6,355,373**	5,084,364
AKL Properties, Inc. (AKL)	**50%**	50%	**3,159,232**	3,108,096
Berkshires Holdings, Inc. (BHI)	**50%**	50%	**1,920,675**	1,915,164
Cebu District Property Enterprise, Inc. (CDPEI)	**50%**	50%	**1,741,656**	1,629,807
ALVEO-Federal Land Communities, Inc.	**50%**	50%	**1,150,434**	1,122,005
AyaGold Retailers, Inc. (AyaGold)	**50%**	50%	**143,802**	145,537
BYMCW, Inc.	**30%**	30%	**55,977**	54,717
SIAL Specialty Retailers, Inc. (SIAL Specialty)	**50%**	50%	**26,462**	26,462
			18,437,925	16,957,607
Associates:				
Ortigas Land Corporation (OLC)	**21%**	21%	**9,262,385**	9,016,865
Bonifacio Land Corp. (BLC)	**10%**	10%	**1,423,540**	1,401,225
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	**49%**	49%	**756,628**	541,604
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	**40%**	40%	**199,399**	199,259
Lagoon Development Corporation	**30%**	30%	**40,356**	36,173
			11,682,308	11,195,126
			₱ 30,120,233	₱28,152,733

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:

Ortigas Land Corporation (in Thousands)	**As of June 30, 2022**	As of December 31, 2021
Current assets	**30,790,661**	25,229,814
Noncurrent assets	**20,766,914**	19,702,848
Current liabilities	**(17,252,930)**	(14,584,974)
Noncurrent liabilities	**(21,469,633)**	(18,784,134)
Equity	**12,835,011**	11,563,554
The proportion of the Group's ownership	**21.1%**	21.1%
Group's share in identifiable net assets	**2,695,352**	2,439,910
Carrying amount of the investment	**9,262,385**	9,016,865
Fair value adjustments	**6,567,033**	6,602,256
Negative Goodwill	**148,046**	148,046
Dividends received	−	33,558
Revenue	**5,273,648**	8,418,096
Cost and expenses	**(4,001,503)**	(6,646,415)
Net income (continuing operations)	**1,272,146**	1,771,681
Group's share in net income for the year	**1,263,723**	373,825
Total comprehensive income	**570,126**	1,771,681
Group's share in total comprehensive income for the year	**265,382**	373,825

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:

Bonifacio Land Corporation (In Thousands)	**As of June 30, 2022**	As of December 31, 2021
Current assets	**9,532,669**	8,474,309
Noncurrent assets	**32,372,049**	32,866,620
Current liabilities	**(3,155,328)**	(2,204,975)
Noncurrent liabilities	**(7,263,609)**	(7,351,740)
Equity	**31,485,781**	31,784,214
Less: noncontrolling interest	**14,135,232**	14,054,976
Equity attributable to Parent Company	**17,350,549**	17,729,238
The proportion of the Group's ownership	**10.1%**	10.1%
Group's share in identifiable net assets	**1,752,405**	1,790,653
Carrying amount of the investment	**1,423,540**	1,401,225
Negative Goodwill	**(328,866)**	(389,428)
Dividends received	−	35,125

Revenue	**2,204,033**	3,685,650
Cost and expenses	**(1,357,527)**	(2,543,308)
Net income (continuing operations)	**846,505**	1,142,342
Net income attributable to minority interest	**(399,791)**	(526,941)
Net income attributable to parent	**446,715**	615,401
Group's share in net income for the year	**45,118**	62,156
Total comprehensive income attributable to parent	**446,715**	615,401
Group's share in total comprehensive income for the year	**45,118**	62,156

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

(In Thousands)	**As of June 30, 2022**	As of December 31, 2021
Carrying amount	**996,383**	777,036
Share in net income (loss) from continuing operations	**3,961**	(113,230)
Share in total comprehensive income (loss)	**3,961**	(113,230)
Dividend Received	**-**	9,000

Emerging City Holdings, Inc. (ECHI)

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

(In Thousands)	**As of June 30, 2022**	As of December 31, 2021
Current assets	**9,592,920**	8,532,495
Noncurrent assets	**32,372,059**	32,871,398
Current liabilities	**(3,484,507)**	(2,627,269)
Noncurrent liabilities	**(7,263,609)**	(7,351,740)
Equity	**31,216,863**	31,374,884
Less: minority interest	**23,020,638**	22,230,335
Equity	**8,196,225**	9,144,549
Proportion of Group's ownership	**50.0%**	50.0%
Group's share in identifiable net assets	**4,098,112**	4,572,275
Carrying amount of the investment	**3,884,314**	3,871,455
Dividends received	**93,800**	170,750

Revenue	**2,204,738**	3,872,498
Cost and expenses	**(1,361,505)**	(2,475,532)
Net income (continuing operations)	**843,232**	1,396,966
Net income attributable to minority interest	**(614,895)**	(980,460)
Net income attributable to parent	**228,337**	416,506
Group's share in net income for the period	**114,169**	208,253
Total comprehensive income attributable to parent	**228,851**	416,506
Group's share in total comprehensive income for the period	**114,169**	208,253

ALI-ETON Property Development Corporation (AEPDC)

ALI-ETON Property Development Corporation is a 50:50 joint venture between Ayala Land, Inc. and LT Group, Inc., and is organized primarily to develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

Below is the summarized financial information for AEPDC:

(In Thousands)	**As of June 30, 2022**	As of December 31, 2021
Current assets	**16,072,485**	13,811,748
Noncurrent assets	**4,301,536**	4,014,578
Current liabilities	**(5,820,143)**	(5,822,376)
Noncurrent liabilities	**(902,985)**	(928,951)
Equity	**13,650,892**	11,074,998
Proportion of Group's ownership	**50.0%**	50.0%
Group's share in identifiable net assets	**6,825,446**	5,537,499
Carrying amount of the investment	**6,355,373**	5,084,364
Fair value adjustments	**(470,073)**	453,135
Negative Goodwill	**–**	–
Dividends received	**–**	–
Revenue	**594,882**	825,159
Cost and expenses	**(552,865)**	(708,347)
Net income (continuing operations)	**42,017**	116,812
Group's share in net income for the period	**21,009**	58,406
Total comprehensive income attributable to parent	**42,017**	116,812
Group's share in total comprehensive income for the period	**21,009**	58,406

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

(In Thousands)	**As of June 30, 2022**	As of December 31, 2021
Carrying amount	**8,198,238**	8,001,788
Share in net income (loss) from continuing operations	**106,888**	305,223
Share in total comprehensive income (loss)	**106,888**	305,223

11. Other noncurrent assets

This account consists of:

(In Thousands)	**June 30, 2022 Unaudited**	December 31, 2021 Audited
Advances to contractors	**₱7,325,809**	₱8,453,875
Prepaid expenses	**14,497,189**	14,954,424
Leasehold rights	**3,517,009**	3,398,659
Deferred input VAT	**1,261,945**	1,515,092
Deposits - others	**2,059,502**	2,005,003
Investment in bonds	**2,309,440**	2,309,440
Net pension assets	**45,551**	10,961
Development rights	**37,678**	37,678
Others	**235,113**	1,206,307
	₱31,289,236	₱33,891,439

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

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

Leasehold rights consist of the following:

- Through the acquisition of ALLHC, ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR).
- TKPI's leasehold rights pertains to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.

- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.

Movements during the period are as follows:

(In Thousands)	**June 30, 2022 Unaudited**	December 31, 2021 Audited
Balance at the beginning of the year	**₱3,398,659**	₱3,506,816
Additions	**132,498**	-
Amortization	**(14,148)**	(108,157)
Balance at the end of the period	**₱3,517,009**	₱3,398,659

Deferred input VAT pertains to unamortized VAT portion from purchases of capital goods
Deposits - others pertain to various utility deposits and security deposits for leases.

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

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

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

12. Short-Term and Long-Term Debt

The short-term debt amounting to ₱35,028.2 million and ₱16,782.5 million as of June 30, 2022 and December 31, 2021, respectively, represents both peso and foreign currency-denominated bank loans. Peso-denominated short-term loans had a weighted average cost of 2.00% and 2.12% per annum for the first six months of 2022 and 2021, respectively.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain long-term debt with a carrying value of ₱6,080.0 million and ₱6,368.9 million as of June 30, 2022 and 2021 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,858.47 million as of June 30, 2022, which is accounted as part of the "Investment properties" account.

Long-term debt consists of:

	June 30, 2022 Unaudited	December 31, 2021 Audited
	(In Thousands)	
Parent Company:		
Bonds:		
Due 2022	**-**	₱22,650,000
Due 2023	**₱7,000,000**	7,000,000
Due 2024	**3,000,000**	3,000,000
Due 2025	**23,250,000**	23,250,000
Due 2026	**16,000,000**	16,000,000
Due 2027	**8,000,000**	8,000,000
Due 2028	**22,000,000**	10,000,000
Due 2031	**3,000,000**	3,000,000
Due 2033	**2,000,000**	2,000,000
Fixed rate corporate notes (FXCNs)	**4,625,000**	4,650,000
Php - denominated long-term loans	**76,467,148**	76,814,570
US Dollar - denominated long-term loans	**6,871,875**	6,374,875

	June 30, 2022 Unaudited	December 31, 2021 Audited
	(In Thousands)	
	172,214,023	182,739,445
Subsidiaries:		
Bank loans - Philippine Peso	**₱21,468,989**	₱21,719,292
Bonds	**3,000,000**	3,000,000
Bank loans - Malaysian Ringgit	**582,385**	1,246
	25,051,374	24,720,538
	197,265,397	207,459,983
Less unamortized transaction costs	**1,082,539**	1,145,744
	196,182,858	206,314,239
Less current portion	**10,991,664**	26,173,997
	₱185,191,194	₱180,140,242

ALI Parent

Below is the summary of the outstanding Peso bonds issued by the Parent Company:

Year Issued	Term (Years)	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands) June 30, 2022	2021	Features
2012	10	6.00%	5,650,000	**-**	₱5,650,000	Fixed rate bond due 2022
2013	20	6.00%	2,000,000	**₱1,979,375**	1,986,794	Fixed rate bond due 2033
2015	7	4.50%	7,000,000	**-**	6,987,688	Fixed rate bond due 2022
2016	9.5	4.75%	7,000,000	**6,972,965**	6,969,407	Fixed rate bond due 2025
2016	10	4.85%	8,000,000	**7,965,897**	7,961,918	Fixed rate bond due 2026
2016	7	3.89%	7,000,000	**6,985,726**	6,980,787	Fixed rate bond due 2023
2017	10	5.26%	7,000,000	**6,980,775**	6,979,065	Fixed rate bond due 2027
2018	10	5.92%	10,000,000	**9,922,035**	9,916,583	Fixed rate bond due 2028
2019	7	6.37%	8,000,000	**7,940,901**	7,934,304	Fixed rate bond due 2026
2019	5	4.76%	3,000,000	**2,982,122**	2,978,436	Fixed rate bond due 2024
2019	7.3	4.99%	1,000,000	**966,745**	963,622	Fixed rate bond due 2027
2020	2	3.00%	10,000,000	**-**	9,970,491	Fixed rate bond due 2022
2020	5	3.86%	6,250,000	**6,199,796**	6,192,684	Fixed rate bond due 2025
2021	4	3.63%	10,000,000	**9,917,389**	9,903,889	Fixed rate bond due 2025
2021	10	4.08%	3,000,000	**2,978,750**	2,977,789	Fixed rate bond due 2031
2022	6	5.81%	12,000,000	**11,911,916**	-	Fixed rate bond due 2028
Total				**₱83,704,391**	₱94,353,457	

Philippine Rating Services Corporation (PhilRatings) rated the Parent Company's 2022 and 2021 bond issuances "PRS Aaa" with a stable outlook, and maintained the "PRS Aaa" rating with a stable outlook for all other outstanding bonds. PRS Aaa is the highest credit rating possible on PhilRatings' rating scale for long-term issuances, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong and that it has the smallest degree of investment risk. A Stable Outlook indicates that the rating is likely to be maintained or to remain unchanged in the next twelve months.

Bonds:

Philippine Peso 10-year Bonds due 2022

In April 2012, the Parent Company issued its ₱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. The Parent Company fully paid the bonds in April 2022.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022

In April 2015, the Parent Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.50% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. The Parent Company fully paid the bonds in April 2022.

Philippine Peso 2-year Bonds due 2022

In June 2020, the Parent Company issued and listed on the PDEx its ₱10,000.0 million fixed rate bonds due 2022 at a rate equivalent to 3.0% p.a. The Bonds form part of the fourth tranche of debt securities issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on April 22, 2019 (the “2019 Program”). The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings. The Parent Company fully paid the bonds in June 2022.

Philippine Peso 7-year Bonds due 2023
In October 2016, the Parent Company issued and listed on the PDEx a total of ₱7,000.0 million fixed rate bonds due 2023 at a rate equivalent to 3.89% p.a. The Bonds represent the third tranche of the Parent Company's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on March 8, 2016 (the “2016 Program”). The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2024
In September 2019, the Parent Company issued and listed on the PDEx its ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.76% p.a. The Bonds represent the second tranche of debt securities issued under the Parent Company's 2019 Program, and were rated 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 and listed on the PDEx a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of debt securities issued under the Parent Company's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2025
In September 2020, the Parent Company issued and listed on the PDEx its ₱6,250.0 million fixed rate bonds due 2025 at a rate equivalent to 3.86% p.a. The Bonds represent the fifth tranche of debt securities issued under the Parent Company's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 4-year Bonds due 2025
In May 2021, the Parent Company issued and listed on the PDEx its ₱10,000.0 million fixed rate bonds due 2025 at a rate equivalent to 3.63% p.a. The Bonds represent the sixth tranche of debt securities issued under the Parent Company's 2019 Program. The Bonds were rated 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 and listed on the PDEx a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. This is the first tranche of the tranche of debt securities issued under the Parent Company's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. In May 2019, the Parent Company issued and listed on the PDEx ₱8,000.0 million fixed rate bonds due 2026 at a rate equivalent to 6.37% p.a. The Bonds, the first tranche of Parent Company's 2019 Program, were 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 its ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.26% p.a. The Bonds, the fourth tranche of the Parent Company's 2016 Program, were listed on the PDEx and were 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 4.99% p.a. The Bonds, the third tranche of bonds issued under the Parent Company’s 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028
In April 2018, the Parent Company issued and listed on the PDEx a total of ₱10,000.0 million fixed rate bonds due 2028 at a rate equivalent to 5.92% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.92% p.a. or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the of debt securities issued under the Parent Company's 2016 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 6-year Bonds due 2028
In May 2022, the Parent Company issued a total of ₱12,000.0 million bonds due 2028 at a fixed rate equivalent to 5.81% p.a. The offering is composed of ₱9,500.0 million as the second tranche of debt securities issued under the Parent Company's ₱50,000.0 million Debt Securities Program registered and rendered effective by the SEC on October 11, 2021 (the "2021 Program") while ₱ 2,500.0 million represent the eighth and final tranche of debt securities that were issued under the 2019 Program. The Bonds were listed on the PDEx and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2031
In October 2021, the Parent Company issued a total of ₱3,000.0 million bonds due 2031 at a fixed rate equivalent to 4.08% p.a. and subject to repricing on 26 October 2026, the fifth anniversary of the Issue Date, at the higher of 4.08% p.a. or the prevailing 5-year benchmark plus 70 bps. The offering which was listed on the PDEX is composed of ₱2,750.0 million issued as the first tranche of Parent Company's 2021 Program while ₱250.0 million representing the seventh tranche of debt securities were issued under the Company's 2019 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Parent Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bonds due 2020 at a fixed rate equivalent to 4.63% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Parent Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP. The Parent Company fully paid the ₱ 4,000.0 million bonds that matured in October 2020.

<u>Philippine-denominated Long-term Loans:</u>
Philippine Peso 10-year and 3-month Notes 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 4.50% p.a. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. As of June 30, 2022 and 2021, the remaining balance of the notes amounted to ₱4,625.0 million and ₱4,650.0 million, respectively.

Philippine Peso-denominated Long-term Loans
In August to September 2015, the Parent Company assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.50% to 4.70% p.a. and terms ranging from 4.4 years to 10.5 years. In March 2016, the Company additionally assumed from ALI Makati Hotel Property, Inc. US$30.0 million in long-term loans from the Bank of the Philippine Islands. The loan carried a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR) and is repriceable quarterly. The loan was prepaid in December 2018. As of June 30, 2022 and 2021, the remaining balance of the assumed long-term facilities amounted to ₱9,793.5 million and ₱9,820.9 million, respectively.

In March 2017, the Parent Company executed a ₱10,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn an initial ₱5,000.0 million. The balance of ₱5,000.0 million was drawn in April 2017. The loan carries a fixed interest rate of 4.95% p.a. and a term of 10 years. As of June 30, 2022 and 2021, the remaining balance of long-term facilities amounted to ₱9,325.0 million and ₱9,475.0 million, respectively.

In March 2018, the Parent Company executed a ₱5,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn the entire facility amount. As of June 30, 2022 and 2021, the remaining balance of long-term facility amounted to ₱4,787.5 million and ₱ 4,812.5 million, respectively.

In January 2020, the Parent Company executed and availed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.50% p.a. for the initial 5 years. In December 2020, the Parent Company also executed and availed a ₱10,000.0 million 10-

year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.0% p.a. for the first 7 years. Both loans will be repriced on the 5th and 7th anniversary with the remaining balance of ₱4,987.5 million and ₱9,688.0 million, respectively.

In July 2021, the Company executed a ₱10,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.88% p.a. for the initial 5 years. In August 2021, the Company executed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.88% p.a. for the initial 5 years. Another ₱4,900.0 million 6-year long-term facility was drawn in October 2021 at an interest rate of 3.78% p.a. for the initial 3 years. In October 2021, the Company executed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.75% p.a. for the initial 5 years. In November 2021, the Company also executed a ₱5,000.0 million 9-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.95% p.a. for the initial 5 years. In December 2021, the Company executed a ₱7,100.0 million 8-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 3.87% p.a. for the initial 3 years.

On December 16, 2021, the SEC approved and made effective the merger of CHI, AiO, ASCVC and CBDI with and into ALI, with ALI as the surviving entity (the “Merger”). ALI shall be the surviving entity in the Merger and shall possess all the rights, privileges and immunities of CHI, AiO, ASCVC and CDBI (the “Absorbed Corporations”), and all properties and liabilities, and all and every other interest of or belonging to the Absorbed Corporations shall be taken and deemed transferred to ALI without further act or deed. With that, the Parent Company assumed an aggregate of ₱914.1 million long-term facilities of AiO from a domestic bank. As of June 30, 2022 and 2021, the remaining balance of long-term facilities amounted to ₱885.6 million and ₱914.1 million, respectively.

As of June 30, 2022 and 2021, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱76,467.1 million and ₱76,814.6 million, respectively.

<u>US Dollar-denominated Long-term Loans:</u>
In November 2019, the Parent Company executed and had simultaneously drawn a US$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. All proceeds were onlent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of the initial drawdown date.

As of June 30, 2022 and 2021, the remaining aggregate balance of US Dollar-denominated long term loans amounted to ₱6,871.9 million and ₱6,374.9 million, respectively.

<u>Subsidiaries</u>
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 91-day PHP BVAL Reference Rate (previously PDST-R2) and/or fixed interest rates ranging from 2.17% to 4.83% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSPOvernightRate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. or (iii) the average of the Bangko Sentral ng Pilipinas Overnight Deposit Rate and Term Deposit Facility with a term closed to the 90-day interest period.

In 2021 and 2020, the subsidiaries made a total bank loan availment of ₱5,830.0 million and ₱9,600.0 million, respectively. In 2021, the subsidiaries paid a total bank loan of ₱7,349.83 million and another ₱5,000.0 million for the matured fixed rate bonds. In 2020, the subsidiaries made a total bank loan payment of ₱9,496.67 million and another ₱1,350.0 million for the matured fixed rate corporate notes. The total outstanding balance of the subsidiaries’ loans as of December 31, 2021 and 2020 amounted to ₱21,720.54 million and ₱24,154.45 million loans, respectively.

Philippine Peso 3.0 Billion Fixed Rate Bonds due 2023
In December 2021, AREIT, Inc. issued a total of ₱3,000.0 million bonds due 2023 at a fixed rate equivalent to 3.04% p.a. The Bonds represent the first tranche of debt securities issued under its

₱15,000.0 million Debt Securities Program registered with the SEC and listed on the PDEx. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result to non-compliance of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of June 30, 2022 and 2021.

Interest capitalized amounted to ₱151.4 million and nil for the first six months in 2022 and 2021, respectively. The average capitalization rates in 2022 is 4.24%.

Transaction costs capitalized amounted to ₱90.0 million and ₱113.6 million during the first six months of 2022 and 2021, respectively. Amortization amounted to ₱153.2 million and ₱127.01 million for the first six months of 2022 and 2021, respectively, and included under "Interest and other financing charges" (see Note 22).

13. Accounts and Other Payables

This account consists of:

(In Thousands)	**June 30, 2022** **Unaudited**	**December 31, 2021** Audited
Accounts payable	**₱74,956,654**	₱69,486,598
Taxes payable	**19,579,954**	19,413,474
Accrued project costs	**15,563,719**	17,765,659
Liability for purchased land	**10,461,212**	9,576,947
Accrued salaries & employee benefits	**4,437,319**	5,309,047
Retention payable	**3,308,491**	5,198,897
Accrued professional & management fees	**374,727**	2,034,248
Accrued repairs and maintenance	**2,757,237**	2,027,727
Interest payable	**1,623,114**	1,592,727
Accrued utilities	**597,460**	552,337
Accrued advertising and promotions	**925,683**	922,513
Accrued rentals	**50,477**	91,477
Payable to related parties (note 18)	**601,954**	923,241
Dividends payable	**29,309**	686,982
Other accrued expenses	**1,363,490**	1,108,607
	₱136,630,800	₱136,690,396

14. Deposits and other current liabilities

This account consists of:

(In Thousands)	**June 30, 2022** **Unaudited**	December 31, 2021 Audited
Security and customers' deposits	**₱29,186,487**	₱27,231,492
Other current liabilities	**1,563,232**	239,823
	₱30,749,719	₱27,471,315

Security deposits are equivalent to three (3) to six (6) months' rent of tenants with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts.

Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition. Other current liabilities mostly pertain to estimated liability on property development and unearned income.

15. Deposits and other noncurrent liabilities

This consists of:

(In Thousands)	June 30, 2022 **Unaudited**	December 31, 2021 Audited
Deposits	**₱25,556,467**	₱38,714,953
Contractors payable	**5,972,676**	3,167,215
Liability for purchased land	**12,444,420**	12,835,369
Retentions payable	**5,686,541**	4,174,016
Deferred Output VAT	**915,046**	1,048,615
Subscriptions payable	**256,068**	256,068
Other liabilities	**217,435**	539,366
	₱51,048,653	₱60,735,602

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties. Security deposits are equivalent to three (3) to six (6) months' rent of long-term tenants with non-cancellable leases. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Deferred credits pertain to advances from buyers of real estate properties to cover various processing fees including, but not limited to, fees related to transfer of title such as registration fees, documentary taxes and transfer taxes. Payments made by the Group for the processing of title are charged to this account.

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

Contractors' payable represents estimated liability on property development.

Retention payable pertains to the amount withheld by the Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in the project.

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired during the year. These are normally payable in quarterly or annual installment payments within three (3) or five (5) years.

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

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

16. Equity

Capital Stock

On January 20, 2022, the Board of Directors of Ayala Land, Inc. (ALI) approved a property-for-share swap with Ayala Corporation (AC) and Mermac, Inc. (Mermac). Under the transaction, AC and Mermac will transfer assets to ALI in exchange for its primary common shares.

Subject to regulatory approvals, AC will subscribe to 309, 597, 711 primary common shares for assets valued at PHP17,275,552,273.80, and Mermac will subscribe to 1,982,289 primary common shares for assets worth PHP110,611,726.20, totaling 311,580,000 primary common shares at a value of P55.80 per share, as validated by a third-party fairness opinion.

The primary common shares to be issued by ALI to AC and Mermac will come from the unissued shares in the 1-Billion Common Shares Carve Out approved by ALI shareholders in 2014. The said shares are not subject to pre-emptive rights and do not require stockholders' approval under the Seventh Article of the Articles of Incorporation of Ayala Land, Inc.

On June 24, 2022, 623,392,160 Voting Preferred Shares (VPS) has been redeemed. The remaining number of outstanding VPS is 12,443,102,599. All of the redeemed VPS will be retired.

Treasury Shares

On June 14, 16, 20, 23, 24, 27, 28, 29, 30, 2022, Ayala Land, Inc. (ALI) purchased a total of 22956,400 common shares at an average price of P28.31/share for a total consideration of P649.86 million under its share buyback program.

On January 5, 7 10, 11 and 13, 2022, Ayala Land, Inc. (ALI) purchased a total of 15,531,900 common shares at an average price of P34.31/share for a total consideration of P532.93 million under its share buyback program

Declaration of Cash Dividends

On May 31, 2022 the Board of Directors during its meeting approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of 4.74786% per annum or Php0.00474786 per share. The payment will be on June 24, 2022 to stockholders of said voting preferred shares on record as of June 9, 2022

On February 24, 2022 the Board of Directors during its meeting approved the declaration of cash dividends of P0.1352 per outstanding common share. The cash dividend was paid on March 25, 2022, to stockholders of common shares as of record date March 11, 2022.

Employee Stock Ownership Plan

On May 19, 2022, 223 grantees subscribed to a total of 14,170,576 common shares at Php30.29 per share. Of the 14,170,576 common shares subscribed, 10,072,622 shares are immediately available for issuance while the remainder will become available upon approval by the Securities and Exchange Commission of the Corporation's application for exemption from the registration requirements. The option price is the average price of the common shares at the Philippine Stock Exchange over the last 30-day trading as of February 14, 2022, less 15% discount. As a result of the subscriptions of the 223 stock option grantees, the number of our issued and outstanding common shares are now 15,391,268,583 and 14,805,667,401, respectively

On February 24, 2022, the Board of Directors at its regular meeting approved the Company's 2022 stock option program under our Employee Stock Ownership Plan (the "Plan") which authorizes the grant to qualified executives, in accordance with the terms of the Plan, of stock options covering up to a total of 17,250,890 common shares at a subscription price of Php30.29 per share, which is the average price of our common shares at the Philippine Stock Exchange over the last 30-day trading period as of February 14, 2022, less a 15% discount.

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.

Equity Reserve

On April 27, 2022, Ayala Land, Inc. sold 87,370,000 shares of AREIT, Inc. (AREIT) at a transaction price of P39.70 per share, equivalent to P3.47 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares aggregated to P2.53 billion out of the P3.40 net proceeds.

This transaction was executed in relation to the property-for-share swap transaction with AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 60.32% from 66.11%.

Cumulative Translation Adjustment

The cumulative translation adjustments represent exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

17. Business Combinations and Acquisition of Non-Controlling Interests

On March 9, 2022, the Executive Committee of Ayala Land, Inc. (ALI) approved ALI's subscription to 252,136,383 AREIT primary common shares, in exchange for six office buildings located in Cebu with an aggregate value of P11,257,889,535.91, under a property-for-share swap as validated by a third-party fairness opinion.

The transaction was approved by AREIT shareholders at their annual meeting held last 21 April 2022.

On May 19, 2022, Ayala Land, Inc. (ALI) and AREIT, Inc. (AREIT) executed the Deed of Exchange on the property-for-share swap transaction involving the issuance of 252,136,383 primary common shares of AREIT (Shares) to ALI, at an issue price of Php44.65 per share in exchange for identified properties valued at Php11,257,889,535.91.

Accordingly, ALI transfers, cedes, and assigns the properties in favor of AREIT, and the latter undertakes to issue the corresponding shares upon approval of the property-for-share swap of the Securities and Exchange Commission (SEC). The Shares will be issued out of the AREIT's unissued capital stock

The merger of the Parent Company and its subsidiaries

On December 16, 2021, the SEC has approved the merger of CHI, AiO, ASCVC and CBDI with and into ALI, with ALI as the surviving entity (the "Merger"). ALI shall be the surviving entity in the Merger and shall possess all the rights, privileges and immunities of CHI, AiO, ASCVC and CDBI (the "Absorbed Corporations"), and all properties and liabilities, and all and every other interest of or belonging to the Absorbed Corporations shall be taken and deemed transferred to ALI without further act or deed.

As a result of the above merger, ALI's ownership on the seven companies also increased namely Southportal Properties, Inc. (from 65% to 100%), Cebu Leisure Company, Inc. (from 71% to 100%), CBP Theatre Management Inc. (from 71% to 100%), Taft Punta Engaño Property Inc.(from 39% to 55%), Cebu Insular Hotel Company, Inc. (from 26% to 37%), Solinea, Inc (from 25% to 35%), Amaia Southern Properties, Inc (from 25% to 35%).

On April 17, 2019 ALI acquired additional 14,913,200 common shares of CHI through open market purchases using the trading facilities of the Philippine Stock Exchange totaling P88.7 million resulting sin ALI's ownership from 70.4% to 71.1%.

18. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

a. Transactions with BPI, an associate of AC

As of June 30, 2022, and December 31, 2021, the Group maintains current and savings account, money market placements, and short/long-term debt payable with BPI detailed as follows:

(In Thousands)	**June 30, 2022 Unaudited**	December 31, 2021 Audited
Cash in bank	**₱4,623,709**	₱3,302,304
Cash equivalents	**1,095,624**	29,181
Marketable Securities	**93,824**	197,432
Short-term debt	**2,182,000**	1,643,500
Long-term debt	**₱6,080,048**	₱6,366,922

b. Outstanding balances from/to related parties

	Receivables from Related Parties		**Payables to Related Parties**	
In Thousands	**June 2022 Unaudited**	December 2021 Audited	**June 2022 Unaudited**	December 2021 Audited
Ayala Corp.	**₱56,662**	₱85,968	**₱151,113**	151,145
Associates	**5,328,975**	4,903,412	**322,522**	308,758
Other Related Parties:				
Globe Telecom, Inc.	**197,458**	172,685	**10,754**	9,542
Bank of the Philippine Islands	**151,665**	149,912	**44,901**	45,537
Columbus	**42,922**	1	**-**	267,355
Manila Water Company, Inc.	**78,335**	357,441	**24,378**	13,825
Manila Water Philippine Ventures Inc.	**202,619**	144,930	**1,236**	8,381
Michigan Holdings, Inc.	**-**	3	**-**	-
Others	**174,992**	144,389	**47,337**	118,698
	847,991	969,361	**128,606**	463,338
	₱6,233,628	₱5,958,741	**₱602,241**	₱923,241

c. Revenues and expenses from/to related parties

In Thousands	Revenues from Related Parties **June 2022 Unaudited**	June 2021 Unaudited	Expenses from Related Parties **June 2022 Unaudited**	June 2021 Unaudited
Ayala Corp.	**₱5,799**	₱1,631	**₱7,301**	₱8,076
Associates	**721,355**	1,395,556	**88,827**	152,359
Other Related Parties:				
Bank of the Philippine Islands	**300,466**	274,975	**143,494**	144,702
AG Counselors Corp	**1**	1	**32,268**	15,422
Globe Telecom, Inc.	**47,481**	43,762	**19,949**	19,833
Innove Communications	**5,872**	4,404	**54,474**	33,434
Manila Water Company, Inc.	**290,465**	213,511	**120,217**	92,605
Manila Water Philippine Ventures, Inc.	**71,826**	86,741	**154,169**	73,916
Michigan Holdings, Inc.	**601**	601	**-**	-
Others	**47,023**	37,862	**365,932**	512,462
	763,735	661,857	**890,503**	892,374
	₱1,490,889	₱2,059,044	**₱986,631**	₱1,052,809

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 March 31, 2022.

<u>Liquidity risk</u>

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.

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 5.50% to 18.00% as of June 30, 2022 and December 31, 2021, 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 1.42% to 6.46% and 1.00% to 5.25% as of June 30, 2022 and December 31, 2021 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 June 30, 2022 and December 31, 2021.

	June 30, 2022 Unaudited		December 31, 2021 Audited	
(In Thousands)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial Assets at FVPL	**₱400,799**	**₱400,799**	₱700,803	₱700,803
Financial Assets at FVOCI				
Unquoted equity securities	**583,543**	583,543	583,543	583,543
Quoted equity securities	**398,724**	**398,724**	397,727	397,727
	₱1,383,066	**₱1,383,066**	₱1,682,073	₱2,476,614
Financial assets at amortized cost				
Noncurrent trade residential and office development	**₱45,611,051**	**₱47,850,401**	₱42,926,431	₱43,149,538
Receivable from employees	**782,368**	**782,368**	755,814	755,814
	₱ 46,393,419	**₱ 48,632,769**	₱43,682,245	₱43,682,245
Other financial liabilities				
Long-term debt	**₱196,182,858**	**₱196,089,757**	₱206,314,239	₱195,588,364
Deposits and other noncurrent liabilities	**51,048,653**	**50,751,442**	59,686,987	51,360,589
	₱ 247,231,511	**₱ 246,841,199**	₱266,001,226	₱246,948,953

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of June 30, 2022 and December 31, 2021:

2022

(In Thousands) June 30, 2022 (Unaudited)	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant observable inputs (Level 3)**
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	**Jun. 30, 2022**	**₱111,411**	**–**	**₱130,827**	**–**
Investment in Arch Capital Fund	**Jun. 30, 2022**	**289,388**	**–**	**–**	**289,388**
		₱400,799	**–**	**₱130,827**	**₱287,323**

Financial assets at fair value through other comprehensive income					
Quoted equity securities	**Jun. 30, 2022**	**₱398,724**	**₱398,724**	**–**	**–**
Unquoted equity securities	**Jun. 30, 2022**	**583,543**	**–**	**–**	**583,543**
		982,267	**398,724**	**₱–**	**583,543**
		₱ 1,402,482	**₱398,724**	**₱130,827**	**₱872,931**

December 31, 2021 (Audited)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	Dec. 31, 2021	₱407,025	₱–	₱407,025	₱–
Investment in Arch Capital Fund	Dec. 31, 2021	293,778	–	–	293,778
		₱700,803	₱-	₱407,025	₱293,778
Financial assets at fair value through other comprehensive income					
Quoted equity securities	Dec. 31, 2021	₱397,727	₱397,727	₱–	₱–
Unquoted equity securities	Dec. 31, 2021	583,543	–	–	583,543
		971 ,270	397,727	₱–	583,543
Total		₱1,682,073	₱397,727	₱407,025	₱877,312

21. Condensed Consolidated Statement of Cash Flows

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

(In Thousands)	**Dec. 31, 2021 Audited**	**Cash Flows**	**Acquisition**	**Non-Cash Changes**	**FOREX Movement**	**June 30, 2022 Unaudited**
Short-term debt	₱16,782,500	18,245,723	–	–	–	**35,028,223**
Current Portion of Long-term debt	26,173,997	(15,182,333)	–	–	–	**10,991,664**
Long-term debt-net of current portion	180,140,242	4,473,548	–	63,205	514,199	**185,191,194**
Dividends Payable	686,982	(2,720,076)	–	2,062,402	–	**29,308**
Lease liabilities	17,858,587	(76,311)	–	714,948	–	**18,497,224**
Deposits & Other noncurrent liabilities	60,735,601	(9,686,949)	–	–	–	**51,048,652**
Total liabilities from financing activities	**₱302,377,909**	**(4,946,398)**	**–**	**2,840,555**	**–**	**300,786,265**

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.

Management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Business segments

The following tables regarding business segments present assets and liabilities as of June 30 and revenue and profit information for each of the two quarters in the period ended June 30 (in millions):

2022

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱30,388	₱985	₱–	₱–	₱2,322	₱1,639	₱1,960	₱–	₱–	₱37,294
Interest income from real estate sales	2,768	–	–	–	–	–	–	–	–	2,768
Rental revenue	–	–	6,867	5,389	–	–	–	–	–	12,256
Intersegment sales	–	–	–	–	–	16,646	–	–	(16,646)	–
Equity in net earnings of associates and joint ventures	531	–	4	–	–	1	(2)	–	–	534
Total revenue	33,718	985	6,844	5,385	2,322	18,286	1,958	–	(16,646)	52,852
Real estate costs and expenses	22,084	864	3,551	1,282	2,586	16,947	3,045	96	(17,133)	33,322
Gross margin (loss)	11,634	121	3,293	4,103	(264)	1,339	(1,087)	(96)	487	19,530
Interest and investment income										128
Other charges										(1,541)
Interest and other financing charges										(5,688)
Other income										359
Provision for income tax										(2,634)
Net income										₱10,154
Net income attributable to:										
Equity holders of Ayala Land, Inc.										8,080
Non-controlling interests										2,075
										₱10,155
Other Information										
Segment assets	₱570,978	₱22,044	₱209,772	₱142,683	₱51,730	₱47,952	₱13,296	₱86,886	(₱430,747)	₱714,594
Investment in associates and joint ventures	29,854	–	40	–	–	56	170	–	–	30,120
	600,832	22,044	209,812	142,683	51,730	48,008	13,466	86,886	(430,747)	744,714
Deferred tax assets	2,069	198	1,938	341	462	127	183	1,479	6,658	13,455
Total assets	₱602,901	₱22,242	₱211,750	₱143,024	₱52,192	₱48,135	₱27,115	₱88,365	(₱424,089)	₱758,169
Segment liabilities	₱226,216	₱11,645	₱94,116	₱24,091	₱19,130	₱36,274	₱7,421	₱203,819	(₱151,790)	470,922
Deferred tax liabilities	1,754	–	90	257	–	3	–	(185)	3,853	5,772
Total liabilities	₱227,970	₱11,645	₱94,206	₱24,348	₱19,130	₱36,277	₱7,421	₱203,634	(₱147,937)	₱476,694
Segment additions to:										
Property and equipment	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Investment properties	₱749	₱127	₱929	₱–	₱–	₱–	₱1,142	₱–	₱–	₱2,947
Depreciation and amortization	₱270	₱96	₱2,172	₱1,178	₱441	₱164	₱249	₱124	₱–	₱4,694
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

2021

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	₱28,715	₱1,793	₱–	₱–	₱1,217	₱1,928	₱1,175	₱–	₱–	₱34,828
Interest income from real estate sales	3,599	–	–	–	–	–	–	–	–	3,599
Rental revenue	–	–	3,432	4,831	–	–	–	–	–	8,263
Intersegment sales	–	–	–	–	–	16,061	–	–	(16,061)	–
Equity in net earnings of associates and joint ventures	601	–	3	–	–	–	(6)	(67)	–	531
Total revenue	32,915	1,793	3,435	4,831	1,217	17,989	1,169	(67)	(16,061)	47,221
Real estate costs and expenses	21,558	1,249	3,863	1,409	1,856	16,750	1,441	39	(16,379)	31,786
Gross margin (loss)	11,357	544	(428)	3,422	(639)	1,239	(272)	(106)	318	15,435
Interest and investment income										116
Other charges										(1,558)
Interest and other financing charges										(5,876)
Other income										1,619
Provision for income tax										(2,362)
Net income										₱7,374
Net income attributable to:										
Equity holders of Ayala Land, Inc.										6,041
Non-controlling interests										1,333
										₱7,374
Other Information										
Segment assets	₱544,752	₱21,396	₱206,313	₱104,761	₱53,094	₱48,411	₱12,166	₱103,332	(₱404,449)	₱689,776
Investment in associates and joint ventures	27,808	–	41	–	–	52	182	–	–	28,083
	572,560	21,396	206,354	104,761	53,094	48,463	12,348	103,332	(404,449)	717,859
Deferred tax assets	1,806	95	1,400	329	401	147	195	1,400	6,264	12,037
Total assets	₱574,366	₱21,491	₱207,754	₱105,090	₱53,495	₱48,610	24,891	₱104,732	(₱398,185)	₱729,896
Segment liabilities	₱223,711	₱10,976	₱82,212	₱29,132	₱17,546	₱38,577	₱5,508	₱200,678	(₱151,387)	456,953
Deferred tax liabilities	2,775	–	139	112	35	–	14	(90)	3,891	6,876
Total liabilities	₱226,486	₱10,976	₱82,351	₱29,244	₱17,581	₱38,577	₱5,522	₱200,588	(₱147,496)	₱463,829
Segment additions to:										
Property and equipment	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Investment properties	₱382	₱–	₱3,117	₱–	₱–	₱–	₱–	₱–	₱–	₱3,499
Depreciation and amortization	₱267	₱90	₱2,209	₱943	₱441	₱142	₱234	₱107	₱–	₱4,433
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

23. Long-term Commitments and Contingencies

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business including a case related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. In the opinion of management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. Accordingly, no provision for any liability has been made in the consolidated financial statements.

Disclosures required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, were not provided as it may prejudice the Group's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

24. Events after the Reporting Date

On July 4, 2022, Ayala Land, Inc. (ALI) listed its P33 billion fixed-rate bonds due 2024, 2027 and 2029 on the Philippine Dealing and Exchange Corp. (PDEX). The Series A bonds due 2024 carry a coupon rate of 4.3969%, the Series B paper due 2027 has a coupon rate of 6.2110%, and ALI's Series C debt paper due 2029 has a coupon rate of 6.8045%. The 2-year, 5-year and 7-year bonds are ALI's largest issuance to date and its second for the year in the local capital debt market

25. Other Matters

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Group's business activities. While there are increased market activities in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

Starting March 1, 2022, NCR and most of the country was placed under the least strict Alert Level 1 with the marked improvement of the health situation and continued to be in place as of reporting date.

With the transition of the country to the least strict COVID-19 Alert Level 1, operations of commercial leasing assets such as shopping centers and hotels and resorts have normalized and are in line with the government prescribed health and safety protocols. Construction works of residential projects are also underway with over 90% of the labor force deployed onsite.

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

Review of 1H 2022 operations vs 1H 2021

Ayala Land registered consolidated revenues of P53.34 billion, 9% higher year-on-year, due to improved operations of the various business segments in the second quarter as local economic activity progressed under the alert Level 1 quarantine while net income totaled P8.08 billion, posting a 34% year-on-year improvement. In the second quarter, consolidated revenues reached P28.72 billion, 18% better than the second quarter of 2021 and 17% more than the first quarter of 2022 while net income amounted to P4.91 billion, 51% higher than the same quarter last year and 55% more than the first quarter of 2022.

Real estate revenues, composed of property development, commercial leasing, and services amounted to P49.55 billion, 15% higher year-on-year, driven by the strong recovery of the retail and tourism segments, and the solid demand for commercial lots. In the second quarter, real estate revenues reached P26.99 billion, up 23% from the same quarter last year, and 20% higher than the previous quarter.

Capital expenditures for the first six months of 2022 amounted to P30.19 billion for the buildup of residential and commercial projects.

The net gearing ratio stood at 0.77:1 as a result of the ongoing thrust to manage debt tightly and maintain the strength of the balance sheet.

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. Property development revenues totaled P31.37 billion, 3% higher than the first half of 2021. In the second quarter, it reached P17.18 billion, a 6% improvement from the same quarter last year but 21% higher than the first quarter of 2022.

Residential. Revenues from the sale of residential lots and units and MCT Bhd's operations declined by 7% to P24.97 billion, owing to a longer booking period from stretched payment terms. In the second quarter, the residential segment reached revenues of P13.61 billion, 8% lower than the same quarter last year but 20% higher than the first quarter of 2022.

AyalaLand Premier (ALP) recorded revenues of P7.81 billion, 26% lower than the P10.54 billion from last year, due to sold out inventory in Ayala Greenfield Estates in Calamba, Laguna and The Courtyards Phases 1 and 2 in Vermosa, Cavite.

Alveo posted revenues of P6.21 billion, a 22% growth from P5.08 billion, owing to higher bookings and incremental POC in Corvia Alviera in Porac, Pampanga and Parkford Suites Legazpi in Makati.

Avida totaled P7.58 billion in revenues, 15% higher from P6.58 billion, attributed to higher incremental POC of Averdeen Estates in Nuvali, Greendale Settings in Alviera, Pampanga, and Verra Settings in Vermosa, Cavite.

Amaia meanwhile posted P2.26 billion in revenues, a 2% decline from P2.30 billion due to lower bookings in Steps Alabang Helena and Esperanza in Las Pinas, and Steps Altaraza in Bulacan.

BellaVita recognized revenues of P131 million, a 76% decline from P540 million generated last year due to lower sales of its projects in Lian and Rosario, Batangas.

The average gross profit (GP) margin of horizontal residential projects was 43%, four percentage points lower than the first half of 2021 due to the lower contribution of high-margin projects from Ayalaland Premier and Alveo. Meanwhile, the average GP margin for vertical projects increased to 36% from 34%.

MCT Bhd contributed revenues of P985 million, a 45% decline from P1.79 billion, mainly due to sold-out inventory of nearly completed legacy projects and early-stage completion of newly launched projects.

Office for Sale. Revenues from the sale of office units dropped to P1.28 billion, posting a 27% shortfall from the previous period due to the full completion and sold-out inventory of Alveo's Park Triangle Tower at BGC. A total of P590 million in revenues were generated in the second quarter, 204% higher than the same period in 2021 but 14% lower than the first quarter of 2022. The average GP margin increased by six percentage points to 41% from higher selling prices of the limited inventory.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots more than doubled at a rate of 163% to P5.13 billion from the first half of 2021 on solid demand at Arca South, Nuvali, and Vermosa. Total revenues of P2.98 billion were posted in the second quarter which was 163% higher than the same period in 2021 and 38% more than the first quarter of 2022. The average GP margin declined by 2 percentage points to 73% from 75%.

Sales Reservations. Sales reservations amounted to P49.31 billion, 2% higher year-on-year. Local and overseas Filipinos accounted for 88% with the balance of 12% from other nationalities. Sales from local Filipinos which comprise 66% amounted to P32.77 billion, 12% lower year-on-year but sales from overseas Filipinos which represented 22%, amounted to P10.66 billion, a 52% growth year-on-year. Meanwhile, sales to other nationalities amounted to P5.90 billion, up 44% year-on-year. Sales to Chinese buyers decelerated by 39% to P500 million, which comprise 8% of the total as of end June, coming from 13% in the first quarter of 2022. Sales reservations amounted to P25.21 billion in the second quarter, 28% higher than the same period in 2021 and 5% more than the first quarter of 2022.

Project Launches. Ayala Land launched 12 projects worth P34.90 billion, of which, P17.93 billion composed of five projects were released to the market in the second quarter. These include: Alveo's Astela in Circuit, Makati; Cerule at Solinea in Cebu Business Park; Hillside Ridge Phase 3 in Silang, Cavite; Avida's Vermont Settings in Alviera, Pampanga; and Amaia Scapes Gen. Trias Series 5 in Cavite. The company has budgeted P100 billion-worth of launches in 2022.

Commercial Leasing. This involves the operation of shopping centers, office buildings, hotels and resorts, standard factory buildings and warehouses, and co-working spaces. As the local economic activity progressed under the alert Level 1 quarantine, commercial leasing revenues grew 54% to P14.58 billion in the first half of 2022. In the second quarter, revenues totaled P8.14 billion, an 87% jump from the same period in 2021 and 27% higher than the first quarter of 2022.

Shopping Centers. Revenues from shopping centers doubled to P6.87 billion due to higher basic rent and tenant sales. A total of P3.95 billion was generated in the second quarter, 169% higher than the same quarter in 2021 and 35% better than the first quarter of 2022. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margin significantly improved to 59% from 45% as operations improved due to higher foot traffic and tenant sales. The average occupancy rate for all malls is 79%. Total Malls gross leasable area (GLA) stands at 2.13 million square meters.

Offices. Revenues from office leasing increased by 12% to P5.39 billion owing to the contribution of newly completed offices. In the second quarter, revenues totaled P2.70 billion, 17% higher than the second quarter of 2021 but same in value to first quarter of 2022. Office leasing EBITDA margin remains healthy at 92%. The average occupancy rate for all offices is 84%. Total office leasing GLA is at 1.36 million square meters.

Hotels and Resorts. Revenues from hotels and resorts grew 91% to P2.32 billion from increased guest patronage and room rates as a result of domestic tourism resurgence. Hotels and resorts clocked in P1.50 billion in the second quarter, a significant improvement of 160% from the same period in 2021 and 82% better than the first quarter of 2022. As a result, the overall EBITDA margin of hotels and resorts significantly improved to 21% from 6% as mobility and domestic tourism increased. The average occupancy for all hotels was 53% and 27% for all resorts. The hotels and resorts segment ended the first half of 2022 with a total of 4,028 rooms.

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

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

El Nido Resorts operates 193 rooms from its four island resorts—Pangulasian, Lagen, Miniloc, and Apulit. The Lio Tourism Estate currently has 132 rooms under its Bed and Breakfast (B&B) and Dormitel offerings, while the Sicogon Tourism Estate in Iloilo currently has 76 B&B rooms.

Services. This is composed mainly of the Company's construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to P3.60 billion, 16% higher mainly due to increased AirSWIFT patronage and carparks usage. Service revenues in the second quarter totaled P1.67 billion, 14% higher than the same period in 2021 but 14% less than the first quarter of 2022.

Construction. Net construction revenues totaled P1.64 billion, 15% lower than the previous period as external contracts were completed. Second quarter revenues reached P928 million, 5% lower than the second quarter of 2021 but 31% higher than the first quarter of 2022.

Property Management and Others. APMC, power services companies and AirSWIFT combined revenues accelerated by 67% to P1.96 billion on higher AirSWIFT patronage due to more local flights and higher usage of carparks across developments. The property management and other businesses recorded P740 million in revenues in the second quarter, 52% higher than in the same period in 2021, but 39% lower than the first quarter of 2022.

Blended EBITDA margins of the Services segment remained at 10%.

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

Equity in net earnings of associates and JVs increased by 1% to P534 million as contributions from the joint venture with Royal Asia and Fort Bonifacio Development Corporation were offset by lower revenues from the ALVEO-Federal Land joint venture projects, Aveia and Venido due to sold out inventory.

Interest income from real estate sales declined 23% to P2.77 billion from P3.60 billion due to lower accretion income recognized. Meanwhile, interest and investment income increased by 10% to P128 million due to the interest earned from advances to joint ventures and yield from cash deposits.

Other income, mainly marketing and management fees from joint ventures, among others, amounted to P359 million, 78% lower than P1.62 billion in the first half of 2021, wherein Ayala Land sold its 39.2% economic interest in Qualimed and its hospital buildings to Ayala Corporation.

Expenses

Expenses totaled P40.55 billion, 3% more than the same period last year in line with reopening and expanding the business units' operations. Real estate expenses amounted to P29.99 billion while general and administrative expenses summed to P3.33 billion. Both items increased by 5% from the previous period. With higher revenues, the GAE ratio settled at 6.2%, better than 6.5% in the first half of 2021. EBIT margin stood at 33.9% from 29.7% in the earlier period.

Interest expense, financing, and other charges, which includes interest expense related to PFRS 16 (Leases) totaled P7.23 billion, 3% lower than P7.43 billion, as a result of debt refinancing into longer tenors. The average cost of debt improved to 4.2% from 4.4% at the end of 2021. Of the total debt, 84% is locked-in with fixed rates, while 85% is contracted on a long-term basis.

Capital Expenditures

Capital expenditures reached P30.19 billion in the first half of 2022, mainly for residential projects, the development of estates and commercial leasing assets. 54% was spent on residential projects, 15% on estate development, 10% for commercial projects and 15% for land acquisition The full year capex budget is P90 billion.

Financial Condition

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

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P15.51 billion resulting in a current ratio of 1.58:1.

Total borrowings registered at P231.21 billion which translated to a debt-to-equity ratio of 0.82:1 and a net debt-to-equity ratio of 0.77:1.

Return on equity was at 6.84% as of June 30, 2022.

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in the first half of 2022.

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

Income Statement items **– Period ending June 30, 2022 versus June 30, 2021**

Real estate and hotel revenues up by 7% driven by strong commercial and industrial lot sales and robust commercial leasing operations.

Interest income from real estate sales decreased by 23% due to lower accretion income from trade receivables.

Investment and interest income increased by 10% on account of higher yield and ADB of cash in bank.
Other Income decreased by 78% mainly from one-time gain from the sale of investment in stocks in Mercado General Hospital, Inc. (MGHI) and sale of QualiMed hospital buildings in 2021.

General administrative expenses rose by 9% due to higher manpower and overhead costs.

Provision for income tax-current dropped by 18% mainly from higher taxable income.

Provision for income tax-deferred climbed by 2,928% mainly from difference in tax and book base of real estate gross profit.

Balance Sheet items **– as of June 31, 2022 (Unaudited) versus December 31, 2021 (Audited)**

Financial assets at fair value through profit and loss decreased by 43% mainly from shifting of matured investments to interco lending.

Other current assets grew by 7% due to the increase of CWT and input vat and from reclassification of noncurrent advances to contractors .

Noncurrent accounts and notes receivable up by 5% from increased collection of deposits.

Investment in associates and jointly controlled entities increased by 7% due additional infusion to ALI-Eton and first half equity in net earnings from associates.

Other noncurrent assets went down by 8% on account of reclassification of current advances to contractors

Short-term debt rose by 109% from additional loan availments and matured bonds shifted to short term loan.

Income tax payable went up by 22% due to higher taxable income.

Lease liability increased by 11% from new contracts and accretion of interests.

The current portion of long-term debt down by 58% due to maturing loans in the next 12 months.

Deposit and other current liabilities decreased by 14% mainly from higher collections of deposits from AR sale and reclassification from noncurrent deposits.

Deferred tax liabilities dropped by 11% due to change in actuarial assumptions.

Deposits and other noncurrent liabilities decreased by 16% due decrease in deferred credits and reclassification to current deposits.

Remeasurement loss on defined benefit plans down by 6% due to change in actuarial assumptions.

The fair value reserve of financial assets at FVOCI increased by 8% coming from the unrealized gain from available for sale financial assets.

Cumulative translation adjustments rose by 20% mainly due to translation gain of financial statements of MCT Berhad.

Equity reserves up by 196% mainly from block sale of AREIT shares.

Treasury stock increased by 7% due to buy back shares during the first half.

Noncontrolling interest went up by 7% mainly due higher NIAT contribution of subsidiaries and the block sale of AREIT shares.

PART II - OTHER INFORMATION

Item 3. Developments as of June 30, 2022

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (As of April. 27, 2022)	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

P0.1352 cash dividend per outstanding common share
Declaration date: February 24, 2022
Record date: March 11, 2022
Payment date: March 25, 2022

P0.00474786 cash dividend per outstanding voting preferred share
Declaration date: May 31, 2022
Record date: June 9, 2022
Payment date: June 24, 2022

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 2Q 2022.

F. Offering of rights, granting of Stock Options and corresponding plans therefore

ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. On April 21, 2021, the stockholders approved to increase the covered shares to 3% of the company's total authorized capital stock.

As of June 30, 2022, stock options outstanding* are as follows:

ESOP None
ESOWN 126,922,413 shares

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

G. Acquisition of additional mining claims or other capital

None

assets or patents, formula, real estate	
H. Other information, material events, or happenings that may have affected or may affect the market price of the security	None
I. Transferring of assets, except in the normal course of business	None

Item 4. Other Notes to 2Q 2022 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Item 2: Management's Discussion on Results of Operations and Analysis.
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (note 12).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	**On July 4, 2022**, Ayala Land, Inc. (ALI) listed its P33 billion fixed-rate bonds due 2024, 2027 and 2029 on the Philippine Dealing and Exchange Corp. (PDEX). The Series A bonds due 2024 carry a coupon rate of 4.3969%, the Series B paper due 2027 has a coupon rate of 6.2110%, and ALI's Series C debt paper due 2029 has a coupon rate of 6.8045%. The 2-year, 5-year and 7-year bonds are ALI's largest issuance to date and its second for the year in the local capital debt market.
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 April 27, 2022**, Ayala Land, Inc. (ALI) sold 87,370,000 shares (Offer Shares) of AREIT, Inc. (AREIT) at a transaction price of Php39.70 per share, equivalent to Php3.47 billion (exclusive of fees and taxes), in relation to its property-for-share swap transaction with AREIT. The proceeds from the block sale was settled on May 2, 2022, under the Placement Agreement between the ALI and AREIT. On May 2, 2022, ALI submitted the required Reinvestment Plan detailing the use of proceeds obtained from the share sale transaction. **On May 19, 2022**, Ayala Land, Inc. (ALI) and AREIT, Inc. (AREIT) executed the Deed of Exchange on the property-for-share swap transaction involving the issuance of 252,136,383 primary common shares of AREIT (Shares) to ALI, at an issue price of Php44.65 per share in exchange for identified properties valued at Php11,257,889,535.91. Accordingly, ALI transfers, cedes, and assigns the properties in favor of AREIT, and the latter undertakes to issue the corresponding shares upon approval of the property-for-share swap of the Securities and Exchange Commission (SEC). The Shares will be issued out of the AREIT's unissued capital stock. **On June 24, 2022**, a total of 623,392,160 Voting Preferred Shares (VPS) has been redeemed The remaining number of outstanding VPS is 12,443,102,599. All of the redeemed VPS will be retired. Further to the disclosure on February 24, 2022 on the resetting of the dividend rate on the outstanding VPS, the dividend rate will be repriced from 4.74786% to 6.32862%, which is equal to 90% of the 10-year PHP BVAL Reference Rate as of June 29, 2022, and will be payable annually. The new dividend rate will be applicable until June 29, 2032, the next repricing date Commencing June 29, 2022, the VPS holders may convert their shares into common shares at a conversion ratio of 1 VPS to 1 common share at a price which shall be the higher of (i) the average closing price for the immediately preceding 30 trading days less the par value of the VPS of P0.10 per share or (ii) the closing price immediately preceding the conversion date less the par value of the VPS of P0.10 per share.
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 unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general-purpose and expected sources of funds	For the year 2022, Ayala Land is budgeting P90 billion in capital expenditures. Of the total amount, P30.2 billion has been disbursed as of June 30, 2022. The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.
T. Known trends, events, or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one, or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had a material effect on the financial condition or results of operations	The Company's development operations are dependent on Market conditions and the timing of project launches 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.
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

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

	End-June 2022	*End-December 2021*
Current ratio [1]	1.58:1	1.58:1
Debt-to-equity ratio [2]	0.82:1	0.82:1
Net debt-to-equity ratio [3]	0.77:1	0.77:1
Profitability Ratios:		
Return on assets [4]	2.70%	2.13%
Return on equity [5]	6.84%	5.37%
Asset to Equity ratio [6]	2.70:1	2.76:1
Interest Rate Coverage Ratio [7]	4.57	4.01

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

SIGNATURE

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

Issuer: **AYALA LAND, INC.**

By:

AUGUSTO D. BENGZON
Senior Vice-President
CFO and Treasurer

Date: August 5, 2022

July 14, 2022

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2022 Second Quarter Progress Report on the Disbursement of Proceeds from the Sale of 87.37 million AREIT Shares

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Second Quarter of 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 2, 2022, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 87.37 million AREIT Shares amounting to Three Billion Four Hundred Forty-Four Million Four Hundred Twelve Thousand Nine Hundred Thirty-Four Pesos and Sixty-Seven Centavos (Php3,444,412,934.67).

As of June 30, 2022, ALI already disbursed total net proceeds amounting to Two Billion Two Hundred Sixty-Eight Million Five Hundred Ninety-Seven Thousand Nine Hundred Thirty-Six and Sixty-Nine Centavos (Php 2,268,597,936.69) in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Net Proceeds from sale of 87.37 million AREIT Shares as of May 2, 2022	Php3,444,412,934.67
Less: Disbursements from May 2, 2022 to June 30, 2022 (Annex A)	2,268,597,936.69
Balance of Proceeds from sale of AREIT Shares as of June 30, 2022	1,175,814,997.98

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 JUL 14 2022 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. 33;
Page No. 8;
Book No. I;
Series of 2022;

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

VENUS B. AMBRONA NOTARY PUBLIC ROLL NO. 63025 MAKATI CITY, PHILIPPINES

VENUS B. AMBRONA
Notary Public – Makati City
Appt. No. M-150 until December 31, 2023
Roll of Attorneys No. 63025
IBP No. 178071; 02/14/2022; RSM
PTR No. MKT8865001; 01/12/2022; Makati City
MCLE Compliance No. VI-0025148; 04/08/19
2nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines

ANNEX A- Disbursements from May 2 to June 30, 2022

Disbursing Entity	Project Name	Amount (in PHP)
ALI Eton Property Development Corporation (a 50:50 JV between ALI and EPPI)	Quezon City Property	1,250,000,000.00
Laguna Technopark Inc.	Batangas Property	745,000,000.00
Ayala Land Inc.	Cavite Property	108,135,603.24
Ayala Land Inc.	One Vertis Plaza	99,274,245.45
Ayala Land Inc.	Andacillo	66,188,088.00
TOTAL		2,268,597,936.69

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1226 Makati City
Philippines

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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 **June 30, 2022** 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 2, 2022**. 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.

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We report our findings below:

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

2. We traced the disbursements to the subscription agreement. We have noted that the Company made capital infusion to the following company to be used in the project specified:

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱1,250,000,000	Quezon City Property

We have also noted that the Company issued intercompany loans to the following company to be used in the project specified:

Distributing Entity	Amount	Project Name
Laguna Technopark Inc.	₱745,000,000	Batangas Property

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

We also traced the amounts disbursed for the following projects amounting to ₱273.60 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Cavite Property	₱108,135,603
One Vertis Plaza	99,274,245
Andacillo	66,188,088
	₱273,597,936

3. We traced the net proceeds received in the Schedule amounting to ₱3,444.41 million to the bank statements and trading confirmation advice from BPI Securities. No exceptions noted.

4. We inquired into and identified the nature of the disbursements. We have noted the Reinvestment Plan dated May 2, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares 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 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. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

I certify that on JUL 14 2022, 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.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07-03-03
PTR - O.R. No. 8852510 / 01-03-22 / Makati City
MCLE No VI-0016565 / 01-14-19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

Doc. No. 488;
Page No. 98;
Book No. 4;
Series of 2022.