

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

**AYALA LAND, INC.**

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(Company's Full Name)

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

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(Company Address)

(632) 7908-3111

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(Telephone Number)

**September 30, 2023**

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(Quarter Ending)

**SEC Form 17-Q Quarterly Report**

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(Form Type)

Note 22: Segment Information

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(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2023**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **000-153-790-000**
4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**
5. Province, Country, or other jurisdiction of incorporation or organization:  
**Makati City, Philippines**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of issuer's principal office and postal code:  
**31F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226**
8. Issuer's telephone number, including area code: **(632) 7908-3111**
9. Former name, former address, former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

**As of September 30, 2023**

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
<b>Common shares</b>	<b>14,948,920,713</b>
<b>Preferred shares</b>	<b>12,442,495,031</b>

Amount of Debt Outstanding  
**P125,250,000,000.00** (Registered)

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

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

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes  No
- (b) has been subject to such filing requirements for the past 90 days:  
Yes  No

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

**AYALA LAND, INC. AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As of September 30, 2023**

(Amounts in Thousands)

	September 2023 Unaudited	December 2022 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱11,437,891	₱11,885,329
Short-term investments (Note 5)	333,412	330,500
Financial assets at fair value through profit or loss (Note 6)	409,772	291,989
Accounts and notes receivable (Note 7)	107,199,413	102,151,267
Inventories (Note 8)	185,062,054	180,348,474
Other current assets (Note 9)	72,264,142	64,849,846
Total Current Assets	376,706,684	359,857,405
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable (Note 7)	49,428,935	49,032,711
Financial assets at fair value through other comprehensive income	1,047,326	1,033,481
Investments in associates and joint ventures (Note 10)	33,678,059	31,917,095
Right of use assets	11,842,641	12,418,841
Investment properties – net	242,775,567	245,525,507
Property and equipment – net	42,606,055	36,153,839
Deferred tax assets - net	13,708,523	13,889,287
Other noncurrent assets (Note 11)	33,763,274	29,826,354
Total Noncurrent Assets	428,850,380	419,797,115
Total Assets	₱805,557,064	₱779,654,520
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt (Note 12)	16,880,266	₱6,547,272
Accounts and other payables (Note 13)	143,371,615	143,952,127
Income tax payable	666,080	845,073
Current portion of lease liabilities	803,994	710,160
Current portion of long-term debt (Note 12)	23,139,436	19,258,289
Deposits and other current liabilities (Note 14)	27,198,986	31,211,023
Total Current Liabilities	₱212,060,377	202,523,944
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 12)	208,888,162	210,233,290
Pension liabilities	1,822,198	1,871,186
Lease liabilities – net	17,654,235	17,992,406
Deferred tax liabilities - net	6,662,730	5,849,288
Deposits and other noncurrent liabilities (Note 15)	44,597,360	47,519,881
Total Noncurrent Liabilities	279,624,685	283,466,051
Total Liabilities	491,685,062	485,989,995

(Forward)

	September 2023 Unaudited	December 2022 Audited
<b>Equity</b>		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	P98,066,282	P97,636,864
Retained earnings	199,600,372	183,535,858
Remeasurement loss on defined benefit plans	240,519	106,942
Fair value reserve of financial assets at FVOCI*	(771,555)	(877,913)
Cumulative translations adjustments	(103,339)	437,996
Equity reserves	(2,457,437)	(6,506,845)
Treasury Stock	(22,583,511)	(19,080,714)
	<b>271,991,331</b>	<b>255,252,188</b>
Non-controlling interests	<b>41,880,671</b>	<b>38,412,337</b>
Total Equity	<b>313,872,002</b>	<b>293,664,525</b>
Total Liabilities and Equity	<b>P805,557,064</b>	<b>P779,654,520</b>

\*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)

	2023		2022	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
<b>REVENUE</b>				
Real estate	₱30,849,441	₱93,145,681	₱30,589,312	₱80,138,627
Interest income from real estate sales	907,344	3,130,824	1,295,710	4,064,185
Equity in net earnings of associates and joint ventures	531,647	1,402,182	377,952	911,880
	<b>32,288,432</b>	<b>97,678,687</b>	<b>32,262,974</b>	<b>85,114,692</b>
Interest and Investment Income	84,741	301,971	116,281	244,200
Other income	535,651	935,471	593,286	951,938
	<b>620,392</b>	<b>1,237,442</b>	<b>709,567</b>	<b>1,196,138</b>
	<b>32,908,824</b>	<b>98,916,129</b>	<b>32,972,541</b>	<b>86,310,830</b>
<b>COSTS AND EXPENSES</b>				
Real estate	16,951,829	55,461,676	20,843,353	50,834,939
General and administrative expenses	2,045,888	6,184,597	1,733,118	5,062,750
Interest and other financing charges	3,603,118	10,321,510	3,198,570	8,886,338
Other charges	(11,782)	874,009	(300,782)	1,240,114
	<b>22,589,053</b>	<b>72,841,792</b>	<b>25,474,259</b>	<b>66,024,141</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>10,319,771</b>	<b>26,074,337</b>	<b>7,498,282</b>	<b>20,286,689</b>
<b>PROVISION FOR INCOME TAX</b>				
Current	1,796,558	4,590,339	3,029,110	4,944,477
Deferred	644,345	539,497	(1,680,452)	(961,649)
	<b>2,440,903</b>	<b>5,129,836</b>	<b>1,348,658</b>	<b>3,982,828</b>
<b>NET INCOME</b>	<b>₱7,878,868</b>	<b>₱20,944,501</b>	<b>₱6,149,624</b>	<b>₱16,303,861</b>
Net income attributable to:				
Equity holders of Ayala Land, Inc.	₱7,000,139	₱18,392,262	₱5,262,644	₱13,342,166
Non-controlling interests	878,729	2,552,239	886,980	2,961,695
	<b>₱7,878,868</b>	<b>₱20,944,501</b>	<b>₱6,149,624</b>	<b>₱16,303,861</b>
<b>Earnings Per Share</b>				
Basic	₱0.88	₱1.22	₱0.35	₱0.89
Diluted	0.89	1.22	0.35	0.89

*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)

	2023		2022	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan. to Sep
<b>NET INCOME</b>	<b>₱7,878,868</b>	<b>₱ 20,944,501</b>	<b>₱6,149,624</b>	<b>₱16,303,861</b>
<i>Item that may be reclassified to profit or loss in subsequent years:</i>				
Cumulative translation adjustment	279,623	(528,685)	105,221	157,110
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>				
Fair value reserve of financial assets at FVOCI	47,012	120,394	16,887	(51,818)
Remeasurement gain (loss) on pension liabilities	49	178,103	60,786	63,624
Income tax effect	(12)	(44,526)	(15,196)	(15,906)
	326,672	(274,714)	167,698	153,010
<b>Total comprehensive income for the period</b>	<b>₱8,205,540</b>	<b>₱20,669,787</b>	<b>₱6,317,322</b>	<b>₱16,456,871</b>
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	₱7,273,468	₱ 18,090,862	₱5,374,232	₱13,439,066
Non-controlling interests	932,072	2,578,925	943,090	3,017,805
	<b>₱8,205,540</b>	<b>₱20,669,787</b>	<b>₱6,317,322</b>	<b>₱16,456,871</b>

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

**AYALA LAND, INC. AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.												
	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Subscriptions Receivable	Appropriated Retained Earnings	Unappropriated Retained Earnings	Remeasurement Gain (Loss) on Defined Benefit Plans	Fair value reserve of financial assets at FVOCI	Cumulative Translation Adjustments (Note 16)	Equity Reserves	Treasury Stocks (Note 16)	Total	Non-Controlling Interests	Total Equity
<b>As of January 1, 2023</b>	<b>₱17,013,596</b>	<b>₱83,099,536</b>	<b>(₱2,476,268)</b>	<b>₱25,000,000</b>	<b>₱158,535,858</b>	<b>₱106,942</b>	<b>(₱877,913)</b>	<b>₱437,996</b>	<b>(₱6,506,845)</b>	<b>(₱19,080,714)</b>	<b>₱255,252,188</b>	<b>₱38,412,337</b>	<b>₱293,664,525</b>
Net income	-	-	-	-	18,392,262	-	-	-	-	-	18,392,262	2,552,239	20,944,501
Other comprehensive income (loss)	-	-	-	-	-	133,577	106,358	(541,335)	-	-	(301,400)	26,686	(274,714)
Total comprehensive income	-	-	-	-	18,392,262	133,577	106,358	(541,335)	-	-	18,090,862	2,578,925	20,669,787
Cost of stock options	-	106,698	-	-	-	-	-	-	-	-	106,698	-	106,698
Collection of subscription receivable	-	-	245,425	-	-	-	-	-	-	-	245,425	-	245,425
Stock options exercised	14,579	319,203	(273,264)	-	-	-	-	-	-	-	60,518	-	60,518
Collection of VPS conversion	-	16,777	-	-	-	-	-	-	-	-	16,777	-	16,777
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(3,502,797)	-	(3,502,797)	-	(3,502,797)
Net change in non-controlling interest	-	-	-	-	-	-	-	-	4,049,408	-	4,049,408	2,926,086	6,975,494
Cash dividends declared	-	-	-	-	(2,327,748)	-	-	-	-	-	(2,327,748)	(2,036,677)	(4,364,425)
<b>As of September 30, 2023</b>	<b>₱17,028,175</b>	<b>₱83,542,214</b>	<b>(₱2,504,107)</b>	<b>₱25,000,000</b>	<b>₱174,600,372</b>	<b>₱240,519</b>	<b>(₱771,555)</b>	<b>(₱103,339)</b>	<b>(₱2,457,437)</b>	<b>(₱22,583,511)</b>	<b>₱271,991,331</b>	<b>₱41,880,671</b>	<b>₱313,872,002</b>
<b>As of January 1, 2022</b>	<b>₱16,687,844</b>	<b>₱65,494,263</b>	<b>(₱2,284,639)</b>	<b>₱25,000,000</b>	<b>₱143,980,632</b>	<b>(₱33,279)</b>	<b>(₱880,895)</b>	<b>₱261,612</b>	<b>₱1,289,611</b>	<b>(₱16,894,380)</b>	<b>232,620,769</b>	<b>₱37,881,552</b>	<b>270,502,321</b>
Net income	-	-	-	-	13,342,166	-	-	-	-	-	13,342,166	2,961,695	16,303,861
Other comprehensive income (loss)	-	-	-	-	-	47,718	(66,601)	115,783	-	-	96,900	56,110	153,010
Total comprehensive income	-	-	-	-	13,342,166	47,718	(66,601)	115,783	-	-	13,439,066	3,017,805	16,456,871
Cost of stock options	-	64,058	-	-	-	-	-	-	-	-	64,058	-	64,058
Collection of subscription receivable	-	-	200,365	-	-	-	-	-	-	-	200,365	-	200,365
Stock options exercised	14,172	448,708	(418,477)	-	-	-	-	-	-	-	44,403	-	44,403
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	(2,169,138)	(2,169,138)	-	(2,169,138)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	2,527,679	-	2,527,679	-	2,527,679
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,911,550	1,911,550
Cash dividends declared	-	-	-	-	(2,062,402)	-	-	-	-	-	(2,062,402)	(1,197,918)	(3,260,320)
<b>As of September 30, 2022</b>	<b>₱16,702,016</b>	<b>₱66,007,029</b>	<b>(₱2,502,753)</b>	<b>₱25,000,000</b>	<b>₱155,260,396</b>	<b>₱14,439</b>	<b>(₱947,496)</b>	<b>₱377,395</b>	<b>₱3,817,290</b>	<b>(₱19,063,518)</b>	<b>₱244,664,800</b>	<b>₱41,612,989</b>	<b>₱286,277,789</b>

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 period ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	P26,074,337	P20,286,689
Adjustments for:		
Depreciation and amortization	7,420,241	7,103,288
Dividends received from investees	461,218	277,030
Equity in net earnings of investees	(1,402,182)	(911,880)
Interest and other charges	10,321,510	8,886,338
Interest and other income	(3,432,795)	(2,918,860)
Unrealized gain (loss) on financial assets at FVPL	14,636	-
Cost of shared-based payments	106,698	-
Provision for impairment loss	240,324	17,704
Operating income before changes in working capital	P39,803,987	P32,740,309
Decrease (increase) in:		
Accounts and notes receivable	(5,402,969)	(2,097,961)
Real estate inventories	(4,194,481)	(9,778,416)
Other current assets	(7,550,730)	980,384
Increase (decrease) in:		
Accounts and other payables	402,375	7,542,435
Pension liabilities	84,589	145,412
Other current liabilities	(3,866,387)	(4,263,888)
Cash generated from (used for) operations	P19,276,384	P25,268,275
Interest received	3,372,548	4,019,139
Income tax paid	(4,314,623)	(4,930,769)
Interest paid - net of amount capitalized	(10,105,392)	(7,074,485)
Net cash provided by (used in) operating activities	P8,228,917	P17,282,160
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from:		
Short-term investment	P128,456	P-
Sale/redemption of financial assets at FVPL	2,436,586	-
Additions to:		
Short-term investment	-	(6,240)
Financial assets at FVPL	(2,569,005)	(260,612)
Financial assets at FVOCI	(13,845)	(13,051)
Investment in Associates and Joint Ventures	(820,000)	(1,520,918)
Investment properties	(7,522,229)	(8,176,221)
Property and equipment	(4,026,928)	(1,007,409)
Decrease (increase) in:		
Noncurrent accounts and notes receivable	(405,470)	(8,864,588)
Other assets	(3,809,079)	(246,871)
Net cash provided by (used in) investing activities	(P16,601,514)	(P20,095,910)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from availment of short-term/long-term loans	P73,217,573	P135,459,720
Payments of short-term / long-term loans	(60,332,719)	(123,529,443)
Principal payment of lease liability	(967,881)	(943,081)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	(3,248,927)	(3,675,797)
Noncontrolling interest in consolidated subsidiaries	2,952,894	1,967,569
Equity reserves	4,049,408	2,527,679
Capital stock	322,720	308,826
Purchase of treasury shares	(3,502,797)	(2,169,138)
Dividends paid to non-controlling interest	(2,036,677)	(1,197,918)
Dividends paid to equity holders of Ayala Land, Inc.	(2,274,276)	(2,722,170)
Net cash provided by financing activities	P8,179,318	P6,026,247
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(P193,279)	P3,212,497
<b>EFFECT OF CHANGES IN FOREIGN CURRENCY</b>	(254,159)	199,965
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	11,885,329	13,971,437
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	P11,437,891	P17,383,899

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

## AYALA LAND, INC. AND SUBSIDIARIES

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### 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, 47.86%-owned by Mermac, Inc., and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Company and its Subsidiaries (the Group) are incorporated to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent, or otherwise deal in and dispose of, for itself or others, residential including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property; to acquire, purchase, hold, manage, develop and sell subdivision lots, with or without buildings or improvements; to erect, construct, alter, manage, operate, lease, in whole or in part, buildings and tenements of the Group or other persons; and to engage or act as real estate broker. The Group is also involved in hotels and resort operations.

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

	September 30 2023*	December 31 2022*
Real Estate:		
Alveo Land Corporation (Alveo)	100%	100%
Serendra, Inc.	39	39
Solinea, Inc. (Solinea)	65	65
BGSouth Properties, Inc. (BGS)	50	50
Portico Land Corp. (Portico)	60	60
Serendra, Inc.	28	28
Amorsedia Development Corporation (ADC)	100	100
OLC Development Corporation and Subsidiary	100	100
HLC Development Corporation	100	100
Allysonia International Ltd.	100	100
Avida Land Corporation (Avida)	100	100
Buklod Bahayan Realty and Development Corp.	- **	100
Avida Sales Corp.	- **	100
Amicassa Process Solutions, Inc.	100	100
Avencosouth Corp. (Avencosouth)	70	70
BGNorth Properties, Inc. (BGN)	50	50
Amaia Land Co. (Amaia)	100	100
Amaia Southern Properties, Inc. (ASPI)	65	65
AyalaLand Premier, Inc.	100	100
Ayala Land International Sales, Inc. (ALISI)	100	100
Ayala Land International Marketing, Inc. (AIMI)	100	100
Ayala Land International (Singapore) Pte. Ltd	100	100
Ayala Land International Marketing (Hong Kong) Ltd	100	100
Ayala Land International Marketing, SRL (ALIM SRL)	100	100
Ayala Land International Marketing London	100	100
Ayala Land Sales, Inc.	100	100
Southportal Properties, Inc. (Southportal)	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

	<b>September 30</b> <b>2023*</b>	December 31 2022*
Regent Time International, Limited (Regent Time) (British Virgin Islands)	100%	100%
North Eastern Commercial Corp. (NECC)	100	100
Westview Commercial Ventures Corp. (Westview)	100	100
North Ventures Commercial Corporation	100	100
Hillsford Property Corporation (Hillsford)	100	100
Primavera Towncentre, Inc. (PTI)	100	100
Summerhill Commercial Ventures Corporation (Summerhill)	100	100
Sunnyfield E-Office Corporation (Sunnyfield)	100	100
Subic Bay Town Centre, Inc. (SBTCI)	100	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100	100
AyalaLand Real Estate Investments Inc. (Canada)	100	100
AyalaLand Advisory Broadway Inc. (Canada)	100	100
AyalaLand Development (Canada) Inc.	100	100
AyalaLand OpenAsia Holdings PTE, Ltd (Singapore)	100	100
Blue Horizons Holdings PTE, Ltd (Singapore)	100	100
Modular Construction Technology (MCT) Bhd. (Malaysia)	66	66
AREIT Fund Manager, Inc. (formerly AyalaLand Commercial REIT, Inc. (ALCRI))	100	100
Arvo Commercial Corporation (Arvo)	100	100
BellaVita Land Corporation (BellaVita)	100	100
Nuevo Centro, Inc. (Nuevo Centro)	54	54
Alviera Country Club, Inc. (Alviera)	50	50
Cavite Commercial Town Center, Inc. (CCTCI)	100	100
AREIT, Inc. (formerly One Dela Rosa Property Development, Inc.)	66	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. (MCLC)	100	100
Capitol Central Commercial Ventures Corp.	100	100
Bay City Commercial Venture Corp. (BCCVC)	100	100
Aurora Properties Incorporated	81	81
Soltea Commercial Corp.	16	16
Vesta Property Holdings, Inc. (VPHI)	88	84
Altaraza Prime Realty Corporation	100	100
Altaraza Development Corporation	51	51
Prow Holdings, Inc.	55	55
Station Square East Commercial Corporation (SSECC)	69	69
AREIT Property Managers, Inc. (formerly Next Urban Alliance Development Corp.)	100	100
Accendo Commercial Corp. (Accendo)	67	67
Avencosouth Corp.	20	20
Aviana Development Corporation	7	7
Aviana Development Corporation	50	50
Cagayan de Oro Gateway Corp. (CDOGC)	70	70
Ceci Realty, Inc. (Ceci)	60	60
Soltea Commercial Corp.	12	12
Soltea Commercial Corp.	60	60
CMPI Holdings, Inc.	60	60
ALI-CII Development Corporation (ALI-CII)	50	50
Roxas Land Corporation (RLC)	50	50
Adauga Commercial Corporation (Adauga)	60	60

	September 30 2023*	December 31 2022*
AyalaLand Estates, Inc	100%	100%
Prima Gaedi Development Corp	100	100
Redheap Holdings Inc.	100	100
Rookwood Properties, Inc.	100	100
Wedgemore Property Inc	100	100
Javantiger, Inc.	100	100
Ayalaland MetroNorth, Inc. (AMNI)	100	100
Verde Golf Development Corp.	100	100
North Triangle Depot Commercial Corporation (NTDCC)	73	73
Ayalaland-Tagle Properties, Inc.	55	55
BGWest Properties, Inc. (BGW)	50	50
Lagdigan Land Corp. (Lagdigan)	60	60
Central Bloc Hotel Ventures, Inc.	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. (CIHCl)	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
Ayala Land Malls Inc. (formerly ACCI)	100	100
AMC Japan Concepts, Inc.	75	75
AyalaLand Malls Vismin, Inc.	100	100
AyalaLand Logistics Holdings Corp. (ALLHC) (formerly Prime Orion Philippines, Inc.)	71	71
A-Flow Land I Corp.	60	60
Orion Solutions, Inc.	71	71
Orion I Holdings Philippines, Inc.	71	71
Orion Maxis, Inc.	71	71
Orion Land, Inc.	71	71
LCI Commercial Ventures, Inc.	71	71
Laguna Technopark, Inc. and Subsidiary	71	71
Unity Realty & Development Corp. (URDC)	71	71
FLT Prime Insurance Corporation	56	56
Ayalaland Malls Synergies, Inc.	100	100
Ayala Malls Zing (AMZING), 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)	100	100
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100	100
ALI Makati Hotel & Residences, Inc.	80	80
ALI Makati Hotel Property, Inc.	80	80
Regent Horizons Conservation Company, Inc.	100	100
Enjay Hotels, Inc. (Enjay)	100	100
Greenhaven Property Venture, Inc. (GPVI)	100	100
Cebu Insular Hotel Company, Inc. (CIHCl)	63	63
Bonifacio Hotel Ventures, Inc.	100	100
Southcrest Hotel Ventures, Inc.	67	67
Northgate Hotel Ventures, Inc.	70	70

	<b>September 30</b> <b>2023*</b>	December 31 2022*
North Triangle Hotel Ventures, Inc.	100%	100%
Ecosouth Hotel Ventures, Inc.	100	100
Sentera Hotel Ventures, Inc.	100	100
Econorth Resorts Ventures, Inc.	100	100
ALI Triangle Hotel Ventures, Inc.	100	100
Circuit Makati Hotel Ventures, Inc.	100	100
Capitol Central Hotel Ventures, Inc.	100	100
Arca South Hotel Ventures, Inc.	100	100
Sicogon Town Hotel, Inc.	100	100
Bay Area Hotel Ventures, Inc.	100	100
Makati North Hotel Ventures, Inc. (MNHVI)	100	100
One Makati Hotel Ventures, Inc. (OMHVI)	100	100
Sicogon Island Tourism Estate Corp. (SITE Corp.)	77	77
Asiatown Hotel Ventures, Inc.	100	100
Seda College, Inc. (formerly One Makati Residential Ventures, Inc.)	100	100
ALI Makati Hotels & Residences, Inc.	20	20
ALI Makati Hotel Property, Inc.	20	20
Ten Knots Phils., Inc. (TKPI)	60	60
Bacuit Bay Development Corporation	60	60
Lio Resort Ventures, Inc.	60	60
North Liberty Resort Ventures, Inc.	60	60
Turista.ph (formerly Paragua Eco-Resort Ventures Inc.)	60	60
Lio Tourism Estate Management Corporation	60	60
Ten Knots Development, Corp. (TKDC)	60	60
Chirica Resorts Corp.	60	60
Kingfisher Capital Resources Corp.	60	60
Pangulasian Island Resort Corporation	60	60
Integrated Eco-resort Inc.	100	100
Property Management:		
Ayala Property Management Corporation (APMC)	100	100
Prime Support Services, Inc.	100	100
Ayala Theatres Management, Inc. (ATMI) and Subsidiaries	100	100
DirectPower Services, Inc. (DirectPower)	100	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100	100
Entertainment:		
Five Star Cinema, Inc.	100	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50	50
Others:		
Darong Agricultural Development Corporation (DADC)	100	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100	100
Green Horizons Holdings Limited and Subsidiaries	100	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100	100
AyalaLand Club Management, Inc.	100	100
ALI Capital Corp. (formerly Varejo Corp.) (ALICap)	100	100
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.) (Airswift)	100	100
Swift Aerodrome Services, Inc. (SASI)	100	100
Arca South Integrated Terminal, Inc. (ASITI)	100	100
Whiteknight Holdings, Inc.	100	100

	<b>September 30</b> <b>2023*</b>	December 31 2022*
Ayalaland Medical Facilities Leasing, Inc.	100%	100%
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)	73	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)	76	76

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

\*\*Merged with the parent company, Avida, which is the surviving entity

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

#### Changes in the group structure in 2023

- a. On March 29, 2023, ALI sold 205,000,000 shares of AREIT, Inc. (AREIT) at a transaction price of ₱32.10 per share, equivalent to ₱6.58 billion with an impact to equity reserves amounting to ₱4.41 billion, in relation to its P22.5 billion property-for-share swap transaction with AREIT. As a result, ALI's holdings in AREIT was reduced from 66.0% to 54.4%.

On September 20, 2023, Ayala Land and AREIT received the Securities and Exchange Commission's (SEC) approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of P22.5 billion in exchange for 607,559,380 primary common shares of AREIT, pursuant to the Deed of Exchange executed last June 2, 2023. Consequently, ALI's holdings in AREIT increased to 66.0%.

- b. The merger of Avida and its subsidiaries such as Buklod Bahayan Realty and Development Corp. and Avida Sales Corp. was approved by the SEC on April 20, 2023. Avida is the surviving entity. Consequently, the companies' operations and its assets and liabilities have been absorbed by Avida effective May 1, 2023.
- c. The Parent Company acquired additional 175,778 common shares and 139,332 preferred shares of Vesta Property Holdings, Inc. for a value of ₱31.51 million in July 2023. As a result of the additional investments in common and preferred shares, the ownership interest in Vesta increased from 84% in 2022 to 88% as of July 2023. The acquisition is accounted as involving entities under control (Note 2). As a holder of preferred share, the parent Company has voting rights same as that attached to common shares. Impact to equity reserves, as a result of this transaction, amounted to ₱351.13 million in 2023.

## **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 August 1, 2023, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and its subsidiaries.

## **3. Summary of Significant Accounting Policies**

### Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of September 30, 2023 and December 31, 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvements with the investee and can affect the return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights, to variable return from the involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from the other contractual arrangements; and
- the Groups' voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains, and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that is not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest, and the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### New Standards, Interpretations, and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. 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 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. The amendments have no impact on the Group.

- *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 have no 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 have no material impact on the Group.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 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. The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	Deferral Period
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

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

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

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

The Group availed of the SEC 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 balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented. While there maybe instances that the performance obligation differs from the buyer's amortization schedule, initial calculation showed SFC but the consolidated impact is expected to be not material to the Group. Assumptions are still under assessment and evaluation, and the refinement to the calculation to determine the SFC is ongoing.

#### 4. Cash and Cash Equivalents

This account consists of the following:

(In Thousands)	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 (Audited)
Cash on Hand	<b>₱60,448</b>	₱67,273
Cash in Banks	<b>7,862,542</b>	10,227,350
Cash Equivalents	<b>3,514,901</b>	1,590,706
	<b>₱11,437,891</b>	₱11,885,329

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

#### 5. Short-term Investments

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

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

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
US Dollar	<b>2.0% to 5.3%</b>	4.50%
Malaysian Ringgit	<b>2.00% to 2.80%</b>	1.43% to 2.30%

## 6. Financial Assets at FVTPL

This account consists of the following:

(In Thousands)	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Investment in Unit Investment Trust Fund (UITF)	<b>₱213,529</b>	₱84,793
Investment in Arch Capital Fund	<b>196,243</b>	207,196
	<b>₱409,772</b>	₱291,989

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.

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.

## 7. Accounts and Notes Receivables

The account consists of:

(In Thousands)	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Trade:		
Residential	<b>₱105,550,770</b>	₱101,797,458
Shopping Centers	<b>5,753,669</b>	6,315,550
Corporate Business	<b>4,523,953</b>	3,676,026
Construction Contracts	<b>3,538,039</b>	2,826,924
Management fees	<b>227,263</b>	231,510
Others	<b>4,665,465</b>	5,791,638
Advances to other companies	<b>16,564,819</b>	15,858,263
Accrued receivables	<b>10,741,738</b>	9,370,342
Receivables from related parties (Note 18)	<b>6,625,868</b>	6,927,883
Receivables from employees	<b>1,014,600</b>	927,787
	<b>159,206,184</b>	153,723,381
Less allowance for impairment losses	<b>2,577,836</b>	2,539,403
	<b>156,716,272</b>	151,183,978
Less noncurrent portion	<b>49,428,935</b>	49,032,711
	<b>₱107,199,413</b>	₱102,151,267

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

- Residential and office development - pertain to receivables from the sale of high-end, upper-middle-income, and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments.
- Construction contracts - pertain to receivables from third-party construction projects.
- Corporate business - pertains to lease receivables from office and factory buildings and receivables from the sale of office buildings and industrial lots.
- Shopping centers - pertain to lease receivables from retail spaces.

- Management fees - pertain to receivables from facilities management services.
- Others - pertain to receivables from hotel operations and other support services.

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

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

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

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

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

Advances to other companies also include receivables from MRT Development Corporation (MRTDC) shareholders which pertain to interest-bearing advances to MRTDC equivalent to the pre-2006 Development Rights Payment (DRP) payables and the Residual Depot DRP which is due more than one year, concerning the funding and repayment agreement.

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

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

The Group sold residential receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, amounting to ₱5.42 billion and ₱15.27 billion in the first nine months of 2023 and full year 2022, respectively. These were sold at a discount with total proceeds of ₱4.84 billion and ₱12.37 billion in the first nine months of 2023 and full year 2022, respectively. Moreover, the Group recognized loss on sale (under "Other expenses") amounting ₱0.58 billion and ₱2.90 billion in the first nine months of 2023 and full year 2022.

As of September 30, 2023, (unaudited) aging analysis of past due but not impaired trade receivables presented per class are as follows:

(In Thousands)	Neither Past Due nor Impaired	Past Due but not impaired					Total Past Due but not impaired	Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days			
Trade:									
Residential	₱88,800,066	₱4,942,514	₱712,356	₱1,035,204	₱3,796,306	₱6,200,232	₱16,686,612	₱64,092	₱105,550,770
Shopping Centers	3,030,755	174,753	182,545	68,240	114,788	952,072	1,492,398	1,230,516	5,753,669
Corporate Business	2,161,446	72,810	98,830	19,986	229,620	1,236,898	1,658,144	704,363	4,523,953
Construction Contracts	676,401	1,283,009	316,466	174,400	191,093	780,409	2,745,377	116,261	3,538,039
Management Fees	72,620	-	27,234	17,727	27,686	66,450	139,097	15,546	227,263
Others	3,874,265	445,824	15,147	8,596	4,503	60,080	534,150	257,050	4,665,465
Advances to other companies	9,146,551	108,227	163,787	22,299	227,208	6,706,739	7,228,260	190,008	16,564,819
Accrued Receivables	9,043,345	247,972	12,340	-	152,739	1,285,342	1,698,393	-	10,741,738
Related Parties	6,625,868	-	-	-	-	-	-	-	6,625,868
Receivables from employees	689,845	197,431	7,088	4,256	3,394	112,586	324,755	-	1,014,600
	₱124,121,162	₱7,472,540	₱1,535,793	₱1,350,708	₱4,747,337	₱17,400,808	₱32,507,186	₱2,577,836	₱159,206,184

## 8. Inventories

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

## 9. Other Current Assets

This account consists of:

(In Thousands)	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Value-added input tax	P12,117,684	P12,413,545
Prepaid expenses	19,269,010	19,402,131
Advances to contractors	22,534,033	17,104,282
Creditable withholding taxes	12,313,855	9,528,091
Investment in bonds (Note 29)	2,309,440	2,309,440
Materials, parts and supplies – at cost	1,539,655	1,444,083
Others	2,180,465	2,648,274
	<b>P72,264,142</b>	<b>P64,849,846</b>

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

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

Advances to contractors represent prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

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

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

## 10. Investment in Associates and Joint Ventures

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

(In Thousands)	Percentage of Ownership		Carrying Amounts	
	As of September 30 2023	As of December 31 2022	As of September 30 2023	As of December 31 2022
<b>Joint Ventures:</b>				
Emerging City Holdings, Inc. (ECHI)	50%	50%	P 4,046,627	P3,999,608
ALI-ETON Property Development Corporation (ALI ETON)	50%	50%	8,503,771	7,616,202
AKL Properties, Inc. (AKL)	50%	50%	3,522,952	3,230,774
Berkshires Holdings, Inc. (BHI)	50%	50%	1,990,524	1,970,587
Cebu District Property Enterprise, Inc. (CDPEI)	50%	35%	1,713,079	1,735,065
ALVEO-Federal Land Communities, Inc.	50%	50%	975,956	947,037
AyaGold Retailers, Inc. (AyaGold)	50%	50%	137,634	141,605
BYMCW, Inc.	30%	30%	60,754	60,607
SIAL Specialty Retailers, Inc. (SIAL Specialty)	50%	50%	26,462	26,462

A-FLOW Properties I Corp	50%	50%	178,447	181,145
			<b>21,156,206</b>	19,909,092
<b>Associates:</b>				
Ortigas Land Corporation (OLC)	21%	21%	10,046,905	9,525,402
Bonifacio Land Corp. (BLC)	10%	10%	1,471,294	1,451,942
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	807,323	794,185
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	148,909	199,259
Lagoon Development Corporation	30%	30%	47,422	37,215
			<b>12,521,853</b>	12,008,003
			<b>₱ 33,678,059</b>	₱31,917,095

Financial information of the associates with material interest:

Ortigas Land Corporation (OLC) Formerly OCLP Holdings, Inc. (OHI)

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

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

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

Below is the summarized financial information for OLC:

<b>Ortigas Land Corporation</b> (in Thousands)	<b>As of September 30, 2023</b>	<b>As of December 31, 2022</b>
Current assets	₱28,844,158	₱25,207,970
Noncurrent assets	26,639,561	23,705,727
Current liabilities	(17,316,490)	(12,793,028)
Noncurrent liabilities	(21,554,173)	(22,068,593)
Equity	16,613,056	14,052,076
The proportion of the Group's ownership	21.0%	21.0%
Group's share in identifiable net assets	3,488,742	2,950,936
Carrying amount of the investment	10,046,905	9,525,402
Fair value adjustments	6,558,163	6,574,466
Negative Goodwill	-	-
Dividends received	-	-
Revenue	9,327,422	11,187,455
Cost and expenses	(6,773,897)	(8,498,323)
Net income (continuing operations)	2,553,524	2,689,132
Group's share in net income for the year	536,240	560,924
Total comprehensive income	2,553,524	2,671,067
Group's share in total comprehensive income for the year	₱536,240	₱560,936

Bonifacio Land Corporation (BLC)

The Group has 10% interest in BLC, which is involved in the purchase, subscription, or otherwise disposal of real and personal properties. Bonifacio Land Corp. is a private company incorporated on October 20, 1994, and there is no quoted market price available for its shares. Its registered office and principal place of business are located in Taguig, Philippines.

Below is the summarized financial information of BLC:

<b>Bonifacio Land Corporation</b> (In Thousands)	<b>As of September 30, 2023</b>	<b>As of December 31, 2022</b>
Current assets	₱15,650,277	₱10,493,988
Noncurrent assets	34,482,269	32,427,255
Current liabilities	(3,080,929)	(2,439,245)
Noncurrent liabilities	(13,493,440)	(7,723,742)

Equity	<b>33,558,176</b>	32,758,256
Less: noncontrolling interest	<b>15,083,271</b>	14,693,397
Equity attributable to Parent Company	<b>18,474,905</b>	18,064,859
The proportion of the Group's ownership	<b>10.1%</b>	10.1%
Group's share in identifiable net assets	<b>1,865,965</b>	1,824,551
Carrying amount of the investment	<b>1,471,294</b>	1,451,942
Negative Goodwill	<b>394,672</b>	372,608
Dividends received	<b>84,877</b>	66,689

Revenue	<b>5,030,821</b>	5,068,151
Cost and expenses	<b>(2,689,744)</b>	(2,875,984)
Net income (continuing operations)	<b>2,341,077</b>	2,192,167
Net income attributable to minority interest	<b>(1,105,723)</b>	(1,029,723)
Net income attributable to parent	<b>1,235,354</b>	1,162,444
Group's share in net income for the year	<b>124,771</b>	117,407
Total comprehensive income attributable to parent	<b>1,235,354</b>	1,162,444
Group's share in total comprehensive income for the year	<b>₱124,771</b>	₱117,407

Aggregate financial information on associates with immaterial interest:

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

(In Thousands)	<b>As of September 30, 2023</b>	As of December 31, 2022
Carrying amount	<b>₱1,003,654</b>	₱1,030,658,607
Share in net income (loss) from continuing operations	<b>24,515</b>	44,455
Share in total comprehensive income (loss)	<b>24,515</b>	44,455
Dividend Received	-	-

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)	<b>As of September 30, 2023</b>	As of December 31, 2022
Current assets	<b>₱15,695,826</b>	₱10,551,614
Noncurrent assets	<b>34,482,269</b>	32,427,265
Current liabilities	<b>(3,409,639)</b>	(2,767,955)
Noncurrent liabilities	<b>(13,493,440)</b>	(7,723,742)
Equity	<b>33,275,015</b>	32,487,183
Less: minority interest	<b>24,521,814</b>	23,923,304
Equity	<b>8,753,201</b>	8,563,880
Proportion of Group's ownership	<b>50.0%</b>	50.0%
Group's share in identifiable net assets	<b>4,376,600</b>	4,281,940
Carrying amount of the investment	<b>4,046,627</b>	3,999,608
Dividends received	<b>220,000</b>	170,750

Revenue	<b>5,032,483</b>	5,070,254
Cost and expenses	<b>(2,695,514)</b>	(2,883,590)
Net income (continuing operations)	<b>2,336,968</b>	2,186,664
Net income attributable to minority interest	<b>1,701,383</b>	1,590,007
Net income attributable to parent	<b>635,586</b>	596,658
Group's share in net income for the period	<b>317,793</b>	298,329
Total comprehensive income attributable to parent	<b>637,129</b>	597,171
Group's share in total comprehensive income for the period	<b>₱318,565</b>	₱298,586



ALI-ETON Property Development Corporation (AEPDC)

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

(In Thousands)	As of September 30, 2023	As of December 31, 2022
Current assets	P19,469,378	P20,526,458
Noncurrent assets	4,818,673	4,377,413
Current liabilities	(6,797,040)	(8,420,911)
Noncurrent liabilities	(323,725)	(922,411)
Equity	17,167,286	15,560,550
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	8,583,643	7,780,275
Carrying amount of the investment	8,503,771	7,616,202
Fair value adjustments	(79,873)	(164,073)
Negative Goodwill	-	-
Dividends received	-	-
Revenue	2,074,295	1,974,714
Cost and expenses	(1,837,820)	(1,721,039)
Net income (continuing operations)	236,476	253,675
Group's share in net income for the period	118,238	126,837
Total comprehensive income attributable to parent	236,476	253,675
Group's share in total comprehensive income for the period	P118,238	P126,837

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

(In Thousands)	As of September 30, 2023	As of December 31, 2022
Carrying amount	P8,605,809	P8,112,136,611
Share in net income (loss) from continuing operations	407,027	293,772
Share in total comprehensive income (loss)	407,027	293,772

**11. Other noncurrent assets**

This account consists of:

(In Thousands)	September 30, 2023 Unaudited	December 31, 2022 Audited
Advances to contractors	P8,133,786	P9,256,936
Prepaid expenses	17,637,585	13,478,639
Leasehold rights	3,243,238	3,293,472
Deferred input VAT	1,252,241	1,114,468
Deposits - others	2,300,429	2,142,815
Net pension assets	60,013	52,529
Development rights	37,678	37,678
Others	1,098,304	449,817
	<b>P33,763,274</b>	<b>P29,826,354</b>

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

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

Leasehold rights consist of the following:

- Through the acquisition of ALLHC, ALI acquired leasehold rights arising from their lease agreement with Philippine National Railways (PNR).
- TKPI's leasehold rights pertain to the right to use the property in Apulit Island located in Taytay, Palawan expiring on December 31, 2029.
- NTDCC's leasehold rights refer to development rights on an 8.3-hectare portion of the MRT Development Corporation, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center.

Movements during the period are as follows:

(In Thousands)	<b>September 30, 2023</b>	December 31, 2022
	<b>Unaudited</b>	Audited
Balance at the beginning of the year	<b>₱3,293,472</b>	₱3,398,659
Additions	-	1,179
Amortization	<b>(50,235)</b>	(106,365)
<b>Balance at the end of the period</b>	<b>₱3,243,237</b>	₱3,293,472

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

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

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

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

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

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

The short-term debt amounting to ₱16,880.3 million and ₱6,547.3 million as of September 30, 2023 and December 31, 2022, respectively, represents both peso and foreign currency-denominated bank loans. Peso-denominated short-term loans had a weighted average cost of 6.02% and 2.58% per annum for in the first nine months of 2023 and 2022, respectively.

In compliance with BSP rules on directors, officers, stockholders, and related interests, certain long-term debt with a carrying value of ₱2,267.0 million and ₱4,623.2 million as of September 30, 2023 and December 31, 2022 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 ₱2,990.9 million and ₱2,974.7 million as of September 30, 2023 and December 31, 2022, respectively, which is accounted as part of the "Investment properties" account.

Long-term debt consists of:

	<b>September 30, 2023</b>	December 31, 2022
	<b>Unaudited</b>	Audited
	<i>(In Thousands)</i>	
Parent Company:		
Bonds:		
Due 2023	<b>₱7,000,000</b>	₱7,000,000

	September 30, 2023	December 31, 2022
	Unaudited	Audited
	(In Thousands)	
Due 2024	15,000,000	15,000,000
Due 2025	23,250,000	23,250,000
Due 2026	16,000,000	16,000,000
Due 2027	15,000,000	15,000,000
Due 2028	22,075,000	22,000,000
Due 2029	14,000,000	14,000,000
Due 2031	3,000,000	3,000,000
Due 2033	6,925,000	2,000,000
Fixed rate corporate notes (FXCNs)	-	4,500,000
Php - denominated long-term loans	70,304,250	68,244,727
US Dollar - denominated long-term loans	3,111,625	3,066,525
	<b>195,665,875</b>	<b>193,061,252</b>
Subsidiaries:		
Bank loans - Philippine Peso	32,761,006	34,338,748
Bonds	3,000,000	3,000,000
Bank loans - Malaysian Ringgit	1,868,174	442,470
	<b>37,629,180</b>	<b>37,781,218</b>
	<b>233,295,055</b>	<b>230,842,470</b>
Less unamortized transaction costs	1,267,457	1,350,891
	<b>232,027,598</b>	<b>229,491,580</b>
Less current portion	23,139,436	19,258,289
	<b>₱208,888,162</b>	<b>₱210,233,291</b>

#### 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)		Features
				September 30, 2023	December 31, 2022	
2013	20	6.00%	2,000,000	₱1,988,223	₱1,987,589	Fixed rate bond due 2033
2016	9.5	4.75%	7,000,000	6,982,410	6,976,738	Fixed rate bond due 2025
2016	10	4.85%	8,000,000	7,976,427	7,970,112	Fixed rate bond due 2026
2016	7	3.89%	7,000,000	6,998,758	6,990,957	Fixed rate bond due 2023
2017	10	5.26%	7,000,000	6,985,282	6,982,556	Fixed rate bond due 2027
2018	10	5.92%	10,000,000	-	9,927,761	Fixed rate bond due 2028
2019	7	6.37%	8,000,000	7,958,485	7,947,809	Fixed rate bond due 2026
2019	5	4.76%	3,000,000	2,991,805	2,985,944	Fixed rate bond due 2024
2019	7.3	4.99%	1,000,000	974,933	969,971	Fixed rate bond due 2027
2020	5	3.86%	6,250,000	6,218,334	6,207,139	Fixed rate bond due 2025
2021	4	3.63%	10,000,000	9,952,558	9,931,347	Fixed rate bond due 2025
2021	10	4.08%	3,000,000	2,981,147	2,979,655	Fixed rate bond due 2031
2022	6	5.81%	12,000,000	11,928,274	11,918,358	Fixed rate bond due 2028
2022	2	4.40%	12,000,000	11,947,061	11,897,140	Fixed rate bond due 2024
2022	5	6.21%	7,000,000	6,938,477	6,927,960	Fixed rate bond due 2027
2022	7	6.80%	14,000,000	13,865,108	13,851,289	Fixed rate bond due 2029
2023	5	6.03%	10,075,000	9,955,818	-	Fixed rate bond due 2028
2023	10	6.29%	4,925,000	4,865,151	-	Fixed rate bond due 2033
<b>Total</b>				<b>₱121,508,251</b>	<b>₱116,452,325</b>	

Philippine Rating Services Corporation (PhilRatings) rated the Parent Company's 2023 and 2022 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 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. The Parent Company exercised the call option and the bonds were fully paid on April 2023.

*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 2-Year, 5-Year and 7-year Bonds due 2024, 2027 and 2029*

In July 2022, the Parent Company issued a total of ₱33,000.0 million fixed rate bonds, broken down into ₱12,000.0 million bonds due 2024 at a rate equivalent to 4.40% p.a., ₱7,000.0 million bonds due 2027 at a rate equivalent to 6.21% p.a. and a ₱14,000.0 million bond due 2029 at a rate equivalent to 6.81% p.a. The offering is the third tranche of debt securities issued under the Parent Company's 2021 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 5-Year and 10-year Bonds due 2028 and 2033*

In June 2023, the Parent Company issued a total of ₱15,000.0 million fixed rate bonds, broken down into ₱10,075.0 million bonds due 2028 at a rate equivalent to 6.03% p.a. and ₱4,925.0 million bond due 2033 at a rate equivalent to 6.29% p.a. The offering is composed of ₱4,750.0 million issued as the fourth and final tranche of Parent Company's 2021 Program while ₱10,250.0 million representing the first tranche of debt securities issued under the Company's 2023 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 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 while the ₱2,000.0 million bonds due 2033.

Philippine-denominated Long-term Loans:

*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 December 31, 2022 the remaining balance of the notes amounted to ₱4,500.0 million. The loan was fully paid upon its maturity on March 10, 2023.

*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 repricable quarterly. The loan was prepaid in December 2018. As of December 31, 2022 the remaining balance of the assumed long-term facilities amounted to ₱1,903.6 million and was fully paid upon its maturity in the first quarter of 2023.

In August 2022, coinciding with the repricing date of the Parent Company's ₱10,000.0 million 10.5-year long-term facility, the Company executed a Deed of Assignment with a domestic bank. The Parent Company assigned the remaining balance of the loan amounting to ₱7,872.0 million to Avida Land, Corp. (₱4,086.0 million), Alveo Land, Corp. (₱2,880.0 million) and Accendo Commercial, Corp. (₱906.0 million) (collectively the "Assigned Loan"). The Assigned Loan carries a floating rate applicable for the remaining term of the long-term facility.

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 September 30, 2023 and 2022, the remaining balance of long-term facilities amounted to ₱8,950.0 million and ₱9,175.0 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 September 30, 2023 and 2022, the remaining balance of long-term facility amounted to ₱4,725.0 million and ₱4,762.5 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 5<sup>th</sup> and 7<sup>th</sup> anniversary with the remaining balance as of September 30, 2023 and 2022, amounting to ₱14,353.0 million and ₱14,546.5 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.

In April 2023, the Parent Company executed and availed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a floating interest rate equivalent to the higher of (i) 3-month BVAL plus 45 bps, (ii) BSP Overnight Reverse Repurchase Agreement Rate, and (iii) floor rate of 2.75% p.a., with one time option to convert all or a portion of Fixed to Floating or vice versa.

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 CBDI (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, 2023 and 2022, the remaining balance of long-term facilities amounted to ₱828.6 million and ₱857.1 million, respectively.

As of September 30, 2023 and 2022, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱70,304.3 million and ₱68,244.7 million, respectively.

#### US Dollar-denominated Long-term Loans:

In November 2019, the Parent Company executed and had simultaneously drawn a US\$125.0 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriced quarterly. All proceeds were lent to MCT to refinance its existing loans. The loan will mature on the fifth anniversary of

the initial drawdown date. The Parent Company initiated a partial payment of US\$70.0 million in November 2022.

As of September 30, 2023 and 2022, the remaining aggregate balance of US Dollar-denominated long-term loans amounted to ₱3,111.6 million and ₱3,066.5 million, respectively.

### Subsidiaries

The subsidiaries' loans will mature on various dates up to 2032. Peso-denominated loans bear various floating interest rates at 50 bps to 90 bps spread over the benchmark 91-day PHP BVAL Reference Rate (previously PDST-R2) and/or fixed interest rates ranging from 3.27% 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 (BSP Overnight Rate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. or (iii) the average of the Bangko Sentral ng Pilipinas Overnight Deposit Rate and Term Deposit Facility with a term closed to the 90-day interest period.

In 2022 and 2021, the subsidiaries made a total bank loan availment of ₱15,455.0 million (including the Assigned Loan) and ₱5,830.0 million, respectively. As of December 31, 2022 and 2021, the subsidiaries paid a total bank loan of ₱2,835.5 million and ₱7,349.83 million, respectively. The total outstanding balance of the subsidiaries' loans as of September 30, 2023 and December 31, 2022 amounted to ₱34,629.2 million and ₱34,781.2 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 September 30, 2023 and 2022.

Interest capitalized amounted to ₱230.7 million and ₱459.8 million in the first nine months of 2023 and 2022, respectively. The capitalization rates range from 4.46% to 6.02% and 2.20% to 4.85% in 2023 and 2022, respectively.

Transaction cost capitalized amounted to ₱361.8 million and ₱461.2 million during the first nine months of 2023 and 2022, respectively. Amortization amounted to ₱278.38 million and ₱232.38 million in the first nine months of 2023 and 2022, respectively, and included under "Interest and other financing charges"

## 13. Accounts and Other Payables

This account consists of:

(In Thousands)	September 30, 2023	December 31, 2022
	Unaudited	Audited
Accounts payable	101,518,115	₱95,187,175
Taxes payable	21,723,192	20,536,540
Liability for purchased land	4,987,103	8,136,983
Accrued salaries and employee benefits	4,096,456	6,269,161
Retentions payable	4,556,896	4,937,454
Interest payable	2,320,301	2,104,183
Accrued professional and management fees	145,239	1,479,837
Accrued advertising and promotions	927,967	925,552

Accrued repairs and maintenance	<b>584,993</b>	689,554
Payable to related parties (Note 25)	<b>700,086</b>	630,525
Accrued utilities	<b>1,324,330</b>	465,642
Accrued rentals	<b>901</b>	88,639
Dividends payable	<b>134,502</b>	81,030
Other accrued expenses	<b>351,534</b>	2,419,852
	<b>₱143,371,615</b>	₱143,952,127

#### 14. Deposits and other current liabilities

This account consists of:

(In Thousands)	<b>September 30, 2023</b>	December 31, 2022
	<b>Unaudited</b>	Audited
Security and customers' deposits	<b>₱26,079,615</b>	₱29,886,370
Other current liabilities	<b>1,119,371</b>	1,324,653
	<b>₱27,198,986</b>	₱31,211,023

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

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

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

#### 15. Deposits and other noncurrent liabilities

This consists of:

(In Thousands)	<b>September 30, 2023</b>	December 31, 2022
	<b>Unaudited</b>	Audited
Deposits	<b>₱23,591,212</b>	₱26,721,918
Contractors payable	<b>4,901,932</b>	5,479,129
Liability for purchased land	<b>10,766,863</b>	10,185,888
Retentions payable	<b>4,015,032</b>	3,331,070
Deferred Output VAT	<b>595,089</b>	856,698
Subscriptions payable	<b>516,947</b>	728,633
Other liabilities	<b>210,285</b>	216,545
	<b>₱44,597,360</b>	₱47,519,881

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

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

Contractors' payable represents estimated liability on property development.

Retention payable pertains to the amount withheld by the Group on contractor's billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon



demand. The retention serves as a security from the contractor should there be defects in the project.

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

The Group's subscription payable pertains to ALLHC's investment in Cyber Bay. Other liabilities include non-trade payables, accrued payables, and warranty payables.

## 16. Equity

### Capital Stock

The Board of Directors, at its regular meeting held on Feb 21, 2023, approved the decrease in the Authorized Capital Stock (ACS) by P62.40 million, from P21,500.00 million to P21,437.60 million, through the retirement of the redeemed voting preferred shares as of January 31, 2023, and any additional redeemed voting preferred shares until April 25, 2023, as well as the corresponding amendment of the Seventh Article of our Articles of Incorporation.

The decrease in ACS and the amendment of the Seventh Article was approved by the stockholders during the annual stockholders meeting held on April 26, 2023.

On March 29, 2023, ALI sold 205,000,000 shares of AREIT at a transaction price of ₱32.10 per share, equivalent to ₱6.58 billion with an impact to equity reserves amounting to ₱4.41 billion, in relation to its ₱22.5 billion property-for-share swap transaction with AREIT.

On January 20, 2022, the Board of Directors of ALI approved a property-for-share swap with Ayala Corporation (AC) and Mermac, Inc. (Mermac). Under the transaction, AC will subscribe to 309,597,711 primary common shares for assets valued at ₱17,275.55 million, and Mermac will subscribe to 1,982,289 primary common shares for assets worth ₱110.61 million, totaling 311,580,000 primary common shares at a value of ₱55.80 per share, as validated by a third-party fairness opinion.

The primary common shares issued by ALI to AC and Mermac came 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 December 29, 2022, the property-for-share swap has been approved by the SEC. As a result, ALI received 258,023,645 common shares of Ayala Hotels Inc. (AHI) representing 50% ownership of the entity. This transaction was regarded as acquisition involving common control with an impact to equity reserves amounting to ₱9,800.78 million in 2022.

### Treasury Shares

During the first nine months of 2023, Ayala Land, Inc. (ALI) purchased a total of 130,350,300 common shares at an average price of ₱26.85/share for a total consideration of P3.50 billion under its share buyback program.

### Declaration of Cash Dividends

On February 21, 2023 the Board of Directors during its meeting approved the declaration of cash dividends of P0.1495 per outstanding common share. The cash dividend was paid on March 23, 2023, to stockholders of common shares as of record date March 7, 2023.

On May 30, 2023, the Board of Directors approved the declaration of cash dividends to all stockholders of unlisted voting preferred shares of ₱0.006 per share. The dividend was paid on June 27, 2023 to stockholders of voting preferred shares as of record date June 13, 2023.

### Employee Stock Ownership Plan

On February 21, 2023, the Board of Directors at its regular meeting approved the Company's 2023 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 20,200,407 common shares at a subscription price of Php24.68 per share, which is the average price of our common shares at the Philippine Stock Exchange over the last 5-day trading period as of February 13, 2023.

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.

### Equity Reserve

On March 29, 2023, ALI sold 205,000,000 shares of AREIT at a transaction price of ₱32.10 per share, equivalent to ₱6.58 billion with an impact to equity reserves amounting to ₱4.41 billion, in relation to its ₱22.5 billion property-for-share swap transaction with AREIT.

On September 20, 2023, Ayala Land and AREIT received the Securities and Exchange Commission's (SEC) approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of P22.5 billion in exchange for 607,559,380 primary common shares of AREIT, pursuant to the Deed of Exchange executed last June 2, 2023.

The Parent Company acquired additional 175,778 common shares and 139,332 preferred shares of Vesta Property Holdings, Inc. for a value of ₱31.51 million in July 2023. As a result of the additional investments in common and preferred shares, the ownership interest in Vesta increased from 84% in 2022 to 88% as of July 2023. The acquisition is accounted as involving entities under control (Note 2). As a holder of preferred share, the parent Company has voting rights same as that attached to common shares. Impact to equity reserves, as a result of this transaction, amounted to ₱351.13 million in 2023.

### 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**

The merger of Avida and its subsidiaries such as Buklod Bahayan Realty and Development Corp. and Avida Sales Corp. was approved by the SEC on April 20, 2023. Avida is the surviving entity. Consequently, the companies' operations and its assets and liabilities have been absorbed by Avida effective May 1, 2023.

On March 9, 2022, the Executive Committee of 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.

The Parent Company acquired additional 175,778 common shares and 139,332 preferred shares of Vesta Property Holdings, Inc. for a value of ₱31.51 million in July 2023. As a result of the additional investments in common and preferred shares, the ownership interest in Vesta increased from 84% in 2022 to 88% as of July 2023. The acquisition is accounted as involving entities under control (Note 2). As a holder of preferred share, the parent Company has voting rights same as that attached to common shares. Impact to equity reserves, as a result of this transaction, amounted to ₱351.13 million in 2023.

## 18. Related Party Transactions

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

### Terms and Conditions of Transactions with Related Parties

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

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

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

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

As of September 30, 2023, and December 31, 2022, the Group maintains current and savings account, money market placements, and short/long-term debt payable with BPI detailed as follows:

(In Thousands)	<b>September 30, 2023</b>	December 31, 2022
	<b>Unaudited</b>	Audited
Cash in bank	<b>₱3,936,609</b>	₱6,074,938
Cash equivalents	<b>1,450,369</b>	357,929
Marketable Securities	<b>194,827</b>	66,444
Short-term debt	<b>1,800,000</b>	1,636,000
Long-term debt	<b>2,267,020</b>	4,623,237

a. Outstanding balances from/to related parties

In Thousands	Receivables from Related Parties		Payables to Related Parties	
	September 2023 Unaudited	December 2022 Audited	September 2023 Unaudited	December 2022 Audited
Ayala Corp.	<b>₱89,774</b>	₱90,805	<b>₱151,239</b>	151,143
Associates	<b>5,211,828</b>	5,444,563	<b>391,431</b>	321,912
Other Related Parties:				
Globe Telecom, Inc.	<b>216,591</b>	213,324	10,016	10,800
Bank of the Philippine Islands	<b>351,204</b>	389,057	2,341	18,193
Columbus	<b>42,922</b>	42,922	-	-
Manila Water Company, Inc.	<b>217,413</b>	223,075	28,870	29,861
Manila Water Philippine Ventures Inc.	<b>205,370</b>	345,760	47,048	20,814
Michigan Holdings, Inc.	-	-	-	-
Others	<b>290,766</b>	178,377	69,141	78,057
	<b>1,324,266</b>	1,392,515	<b>157,416</b>	157,725
	<b>₱6,625,868</b>	₱6,927,883	<b>₱700,086</b>	₱630,780

b. Revenues and expenses from/to related parties

In Thousands	Revenues from Related Parties		Expenses from Related Parties	
	September 2023 Unaudited	September 2022 Unaudited	September 2023 Unaudited	September 2022 Unaudited
Ayala Corp.	<b>₱2,707</b>	₱6,699	<b>₱11,848</b>	<b>₱4,723</b>
Associates	<b>2,746,503</b>	1,437,027	<b>147,256</b>	<b>137,961</b>
Other Related Parties:				
Bank of the Philippine Islands	<b>808,262</b>	500,486	<b>147,986</b>	<b>142,771</b>
AG Counselors Corp	-	1	<b>17,198</b>	<b>49,703</b>
Globe Telecom, Inc.	<b>78,555</b>	75,461	<b>53,471</b>	<b>41,516</b>
Innove Communications	<b>7,422</b>	8,228	<b>85,466</b>	<b>73,128</b>
Manila Water Company, Inc.	<b>164,873</b>	541,648	<b>308,828</b>	<b>203,202</b>
Manila Water Philippine Ventures, Inc.	<b>104,364</b>	95,861	<b>276,149</b>	<b>220,278</b>
Laguna AAA Waterworks Corp.	<b>1,125</b>	1,125	<b>7,976</b>	<b>1,924</b>
Michigan Holdings, Inc.	<b>902</b>	902	-	-
Others	<b>197,895</b>	65,656	<b>409,358</b>	<b>494,973</b>
	<b>1,363,398</b>	1,289,368	<b>1,306,432</b>	<b>1,227,495</b>
	<b>₱4,112,608</b>	₱2,733,094	<b>₱1,465,536</b>	<b>₱1,370,179</b>

## 19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes, and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency, and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of derivative financial instruments, if any, is solely for the management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operate as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies as of September 30, 2023.

#### Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult for the Group to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where cash conversion is possible but at loss due to wider than normal bid-offer spreads.

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables, and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as a buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as backup liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

#### Credit risk

The Group's credit risks are primarily attributable to installments receivable, rental receivables, and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks continuously.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and the continuous analysis of receivables. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as the title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated based on payment track records and other credit information. Under the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed continuously to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL, and Financial assets at FVOCI. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established based on an internal rating system that principally covers the areas of liquidity, capital adequacy, and financial stability.

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

#### Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates as it can cause a change in the value of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio.

#### Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies are more than the amount of foreign currency-denominated debt.

#### Equity price risk

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

#### 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 5.6% to 6.5% and 2.70% to 7.40% as of September 30, 2023 and December 31, 2022, 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 5.6% to 6.5% and 2.70% to 7.40% as of September 30, 2023 and December 31, 2022 respectively. The fair value of noncurrent unquoted debt instruments with floating rates as estimated using the discounted cash flow- last pricing method.

## 20. Fair Value Hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1. Quoted (unadjusted prices) in active markets for identical assets and liabilities

Level 2. Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

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

The company categorizes trade receivables, investment in bonds classified as loans and receivables, receivables from employees, long-term debt and deposits, and other noncurrent liabilities under level 3.

The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories on September 30, 2023 and December 31, 2022.

(In Thousands)	September 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at FVPL	<b>P409,772</b>	<b>P409,772</b>	P291,989	P291,989
Financial Assets at FVOCI				
Unquoted equity securities	<b>440,811</b>	<b>440,811</b>	440,811	440,811
Quoted equity securities	<b>606,515</b>	<b>606,515</b>	522,807	522,807
	<b>1,457,097</b>	<b>1,457,097</b>	1,255,607	1,255,607
Investment in bonds	<b>2,309,440</b>	<b>2,309,440</b>	2,309,440	2,309,440
	<b>P3,766,537</b>	<b>P3,766,537</b>	P3,565,047	P3,565,047
Financial assets at amortized cost				
Noncurrent trade residential and office development	<b>P48,897,803</b>	<b>P48,554,879</b>	P48,400,251	P50,628,112
Receivable from employees	<b>1,014,600</b>	<b>1,014,600</b>	927,787	927,787
	<b>P 49,912,403</b>	<b>P 49,569,479</b>	P49,328,038	P51,555,899
Other financial liabilities				
Long-term debt	<b>P232,027,598</b>	<b>P231,686,369</b>	229,491,580	229,141,647
Deposits and other noncurrent liabilities	<b>44,002,271</b>	<b>42,671,848</b>	46,578,921	47,138,408
	<b>P 276,029,869</b>	<b>P 274,358,217</b>	P276,070,501	P276,280,055

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of September 30, 2023 and December 31, 2022:

## 2023

(In Thousands)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
<b>September 30, 2023 (Unaudited)</b>					
<b>Financial assets at fair value through profit and loss</b>					
<b>Investment in Unit Investment Trust Fund</b>					
Investment in Arch Capital Fund	Sep. 30, 2023	₱ 213,529	-	₱ 213,529	-
	Sep. 30, 2023	196,243	-	-	196,243
		₱ 409,772	-	₱ 213,529	₱ 196,243
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted equity securities	Sep. 30, 2023	₱ 606,515	₱ 606,515	-	-
Unquoted equity securities	Sep. 30, 2023	440,811	-	-	440,811
		1,047,326	606,515	₱-	440,811
		₱ 1,457,098	₱ 606,515	₱ 213,529	₱ 637,054

## 2022

December 31, 2022 (Audited)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
<b>Financial assets at fair value through profit and loss</b>					
Investment in Unit Investment Trust Fund	Dec. 31, 2022	₱84,793	₱-	₱84,793	₱-
Investment in Arch Capital Fund	Dec. 31, 2022	207,196	-	-	207,196
		₱291,989	₱-	₱84,793	₱207,196
<b>Financial assets at fair value through other comprehensive income</b>					
Quoted equity securities	Dec. 31, 2022	₱429,932	₱429,932	₱-	₱-
Unquoted equity securities	Dec. 31, 2022	603,549	-	-	603,549
		1,033,481	429,932	₱-	603,549
<b>Total</b>		<b>₱1,325,470</b>	<b>₱429,932</b>	<b>₱84,793</b>	<b>₱810,745</b>

## 21. Condensed Consolidated Statement of Cash Flows

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

(In Thousands)	Dec. 31, 2022 Audited	Cash Flows	Cash Acquisition	Non-Cash Changes	FOREX Movement	September 30, 2023 Unaudited
Short-term debt	₱6,547,271	₱10,332,995	₱-	₱-	₱-	₱16,880,266
Current Portion of Long-term debt	19,228,289	3,881,147	-	-	-	23,109,436
Long-term debt-net of current portion	210,263,290	(1,473,661)	-	83,433	45,100	208,888,162
Dividends Payable	81,030	(2,274,276)	-	2,327,748	-	134,502
Lease liabilities	18,702,566	(967,881)	-	723,544	-	18,458,229
Deposits & Other noncurrent liabilities	47,519,881	(2,922,521)	-	-	-	44,597,360
<b>Total liabilities from financing activities</b>	<b>₱302,342,327</b>	<b>₱6,575,803</b>	<b>₱-</b>	<b>₱3,134,725</b>	<b>₱45,100</b>	<b>₱312,067,955</b>



## 22. Segment information

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

- Property Development - sale of high-end and upper-middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture and the sale of office condominiums, and commercial and industrial lots
- International Business— operations of MCT Bhd., Ayala Land's consolidated subsidiary in Malaysia; also included under Property Development revenues in the Management's Discussion and Analysis Section.
- Shopping Centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities, and parking areas in these shopping centers; management and operation of malls which are co-owned with partners
- Offices - development and lease of office buildings and the development and lease of factory building
- Hotels and Resorts - development and management of hotels and resorts, lease of land to hotel tenants
- Construction - land development and construction of the Group and third-party projects
- Property management - facilities management of the Group and third-party projects including its power service companies Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), Philippine Integrated Energy Solutions, Inc. (PhilEnergy), and air transport company AirSWIFT which serves the requirements of ALI's resorts business
- Others - other income from investment activities and sale of non-core assets

Assets, liabilities, revenues, and expenses of the Strategic Landbank Management and Visayas-Mindanao segment were reallocated to other business segments namely, shopping centers, corporate businesses, and residential developments according to the nature of the products and services provided.

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

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

### Business segments

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

### 2023

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
<b>Revenue</b>										
Revenues from contracts with customers	P49,849	P4,263	P-	P-	P6,337	P4,333	P3,941	P-	P-	P68,723
Interest income from real estate sales	3,131	-	-	-	-	-	-	-	-	3,131
Rental revenue	-	-	15,666	8,757	-	-	-	-	-	24,423
Intersegment sales	-	-	-	-	-	28,690	-	-	(28,690)	-
Equity in net earnings of associates and joint ventures	1,398	-	10	-	-	1	(4)	(3)	-	1,402
<b>Total revenue</b>	<b>54,378</b>	<b>4,263</b>	<b>15,676</b>	<b>8,757</b>	<b>6,337</b>	<b>33,024</b>	<b>3,937</b>	<b>(3)</b>	<b>(28,690)</b>	<b>97,679</b>
Real estate costs and expenses	35,649	2,998	6,758	2,085	5,381	30,488	6,203	212	(28,128)	61,646
<b>Gross margin (loss)</b>	<b>18,729</b>	<b>1,265</b>	<b>8,918</b>	<b>6,672</b>	<b>956</b>	<b>2,536</b>	<b>(2,266)</b>	<b>(215)</b>	<b>(562)</b>	<b>36,033</b>
Interest and investment income										302
Other charges										(874)
Interest and other financing charges										(10,322)
Other income										935
Provision for income tax										(5,130)
<b>Net income</b>										<b>20,944</b>
Net income attributable to:										
Equity holders of Ayala Land, Inc.										18,392
Non-controlling interests										2,552
										<b>P20,944</b>
<b>Other information</b>										
Segment assets	P611,878	P19,576	P212,880	P198,922	P55,437	P44,033	P16,004	P98,684	(P499,244)	P758,170
Investment in associates and joint ventures	33,406	-	47	-	-	61	164	-	-	33,678
	645,284	19,576	212,927	198,922	55,437	44,094	16,168	98,684	(499,244)	791,848
Deferred tax assets	1,881	68	2,136	283	413	133	102	1,536	7,157	13,709
<b>Total assets</b>	<b>P647,165</b>	<b>P17,998</b>	<b>P215,063</b>	<b>P199,205</b>	<b>P55,850</b>	<b>P44,227</b>	<b>P16,270</b>	<b>P100,220</b>	<b>(P492,087)</b>	<b>P805,557</b>
Segment liabilities	P235,384	P8,812	P90,341	P31,439	P20,905	P31,497	P7,924	P202,530	(P143,810)	P485,022
Deferred tax liabilities	2,408	-	288	382	9	-	-	(259)	3,835	6,663
<b>Total liabilities</b>	<b>P237,792</b>	<b>P8,812</b>	<b>P90,629</b>	<b>P31,821</b>	<b>P20,914</b>	<b>P31,497</b>	<b>P7,924</b>	<b>P202,271</b>	<b>(P139,975)</b>	<b>P491,685</b>
Segment additions to:										
Property and equipment	P464	P-	P2,517	P48	P563	P675	P330	P31	P-	P4,628
Investment properties	P2,837	P-	P3,725	P23	P2	P76	P352	P-	P-	P7,015
Depreciation and amortization	P434	P133	P3,348	P1,828	P645	P494	P361	P177	P-	P7,420
Non-cash expenses other than depreciation and amortization	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Impairment losses	P-	P99	P6	P130	P5	P-	P-	P-	P-	P240

**2022**

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
<b>Revenue</b>										
Revenues from contracts with customers	P49,458	P1,727	P-	P-	P3,917	P2,712	P2,942	P-	P-	P60,756
Interest income from real estate sales	4,064	-	-	-	-	-	-	-	-	4,064
Rental revenue	-	-	11,188	8,195	-	-	-	-	-	19,383
Intersegment sales	-	-	-	-	-	26,393	-	-	(26,393)	-
Equity in net earnings of associates and joint ventures	904	-	7	-	-	6	(5)	-	-	912
<b>Total revenue</b>	<b>54,426</b>	<b>1,727</b>	<b>11,195</b>	<b>8,195</b>	<b>3,917</b>	<b>29,111</b>	<b>2,937</b>	<b>-</b>	<b>(26,393)</b>	<b>85,115</b>
Real estate costs and expenses	37,974	1,455	5,182	1,796	4,204	27,073	4,686	178	(26,650)	55,898
<b>Gross margin (loss)</b>	<b>16,452</b>	<b>272</b>	<b>6,013</b>	<b>6,399</b>	<b>(287)</b>	<b>2,038</b>	<b>(1,749)</b>	<b>(178)</b>	<b>257</b>	<b>29,217</b>
Interest and investment income										244
Other charges										(1,240)
Interest and other financing charges										(8,886)
Other income										952
Provision for income tax										(3,983)
<b>Net income</b>										<b>P16,304</b>
Net income attributable to:										
Equity holders of Ayala Land, Inc.										13,342
Non-controlling interests										2,962
										<b>P16,304</b>
<b>Other Information</b>										
Segment assets	P586,517	P22,526	P212,248	P147,213	P53,366	P46,943	P14,036	P77,497	(P432,948)	P727,398
Investment in associates and joint ventures	30,133	-	43	-	-	61	168	-	-	30,405
Deferred tax assets	616,650	22,526	212,291	147,213	53,366	47,004	14,204	77,497	(432,948)	757,803
	1,978	195	2,007	347	451	151	122	1,893	6,920	14,064
<b>Total assets</b>	<b>P618,628</b>	<b>P22,721</b>	<b>P214,298</b>	<b>P147,560</b>	<b>P53,817</b>	<b>P47,155</b>	<b>P28,530</b>	<b>P79,390</b>	<b>(P426,028)</b>	<b>P771,867</b>
Segment liabilities	P236,300	P12,061	P93,605	P25,208	P21,051	P34,660	P7,544	P198,824	(P149,434)	479,819
Deferred tax liabilities	1,611	-	179	304	10	4	-	(188)	3,850	5,770
<b>Total liabilities</b>	<b>P237,911</b>	<b>P12,061</b>	<b>P93,784</b>	<b>P25,512</b>	<b>P21,061</b>	<b>P34,664</b>	<b>P7,544</b>	<b>P198,636</b>	<b>(P145,584)</b>	<b>P485,589</b>
Segment additions to:										
Property and equipment	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Investment properties	P2,726	P221	P1,049	P1,281	P187	P-	P1,142	P-	P-	P6,606
Depreciation and amortization	P412	P132	P3,330	P1,757	P688	P232	P377	P175	P-	7,103
Non-cash expenses other than depreciation and amortization	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Impairment losses	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-

## **23. Long-term Commitments and Contingencies**

### Contingencies

The Group has various contingent liabilities arising from the ordinary conduct of business. The opinion of management and its legal counsel is that these will not have a material or adverse effect on the Group's financial position and results of operations in the eventual liability under these lawsuits or claims, if any. Accordingly, no provision for any liability has been made in the consolidated financial statements. Further, the Company has no off-balance sheet transactions, arrangements, or obligations for the first nine months of 2023.

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

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

On October 17, 2023, the Security and Exchange Commission approved the merger of Ayala Land Premiere, Inc. (ALP), Ayala Land Sales, Inc. and Ayala Club Management Inc. ALP is the surviving entity in the merger transaction.

The Board of Directors, during its regular meeting held on October 25 2023, approved the declaration of cash dividends of P0.2231 per outstanding common share. The cash dividend shall be paid on November 24, 2023, to stockholders of common shares as of record date November 13, 2023.

## **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.

As of reporting date, all shopping malls have reopened at adjusted operating hours and construction works for commercial and residential projects have resumed while following the safety protocols mandated by the national government. Hotels have opened and returned to their normal operations.

Considering the improving economy that was severely impacted in the previous years, the Group's hotels and resorts segment has shown positive growth. The hotel and resorts properties continued to post significant improvements in revenues and net income from higher occupancies due to easing of health and travel restrictions, surging leisure demand and increased guests spending. In addition, many restaurants and food outlets have reopened and operated, improving the food and beverage revenues of the segment. The segment has continued its recovery during the first nine months of 2023.

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

### Review of 9M 2023 operations vs. 9M 2022

Ayala Land, Inc. (ALI) maintained a strong growth trend in the first nine months of 2023, driven by the continuing resilience of the residential market and vibrant consumer activity despite ongoing macroeconomic challenges. The Company posted total revenues of P98.92 billion, 15% higher year-on-year. Meanwhile net income registered at P18.39 billion, up 38% from the same period last year.

Real estate revenues (composed of Property Development, Commercial Leasing, and Services) reached P93.15 billion, a 16% increase from last year fueled by steady residential bookings and vibrant commercial activity.

Capital expenditures from the Company's various residential and commercial projects totaled P57.64 billion.

ALI sustained a net gearing ratio of 0.75:1 with the support of higher operating cash flows as it remained prudent in managing its debt funding requirements.

### Business Segments

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

**Property Development.** This segment includes sales of residential lots and units, office spaces, commercial and industrial lots, and operations of Avaland Berhad (formerly MCT Bhd), Ayala Land's consolidated subsidiary based in Malaysia. The property development segment grew 6% to P54.11 billion, owing to higher residential completion, stable bookings, and office unit sales.

**Residential.** Revenues from sales of residential lots and units and Avaland Berhad's operations reached P44.92 billion, up 7% year-on-year.

**AyalaLand Premier (ALP)** recorded revenues of P12.28 billion, down 22% from the previous year, attributed to lower incremental percentage-of-completion (POC) of Andacillo in Nuvali, Laguna and lower bookings and incremental POC in Park Central North and South Towers in Makati CBD due to sold-out inventory.

**Alveo** posted revenues of P11.98 billion, a 28% improvement, owing to higher bookings and incremental POC from Orea Place Towers 1 and 2 in Vertis North, Quezon City and higher incremental POC in Viento, Cerca, Muntinlupa and Mondia expansion in Nuvali, Laguna.

**Avida** totaled P11.53 billion in revenues, an 8% increase from its revenues last year, due to higher bookings in Greendale Settings in Alviara, Pampanga; Southdale Settings in Nuvali, Laguna; and Serin East Tower 3 in Tagaytay City, Cavite.

**Amaia** posted P4.82 billion in revenues, a 16% uplift from last year driven by higher bookings and incremental POC in Series Nuvali Sectors 1 and 2 in Laguna and Skies Avenida Tower 2 in Manila and higher bookings from Series Vermosa Sector 1 in Cavite.

**BellaVita** recognized revenues of P45 million, a 90% decline from P131 million as a result of lower bookings from projects in Iloilo, Lian, Cabanatuan, Naga, and Tayabas.

**Avaland Berhad (formerly MCT Bhd)** contributed revenues of P4.26 billion, more than double the P1.73 billion from last year, driven by higher incremental POC of its projects namely Alira, Aetas, and Casa Bayu, among others.

**Office for Sale.** Revenues from sales of office units registered a 51% growth from last year to P2.69 billion on higher project completions.

**Commercial and Industrial Lots.** Revenues from commercial and industrial lot sales totaled P6.50 billion, 10% less than the last year due to the product sales mix during the period.

**Reservation Sales.** Despite the prevailing higher interest-rate environment, residential demand remained resilient. Sales reservations in the first nine months increased by 11% year-on-year to P85.88 billion. The Company recorded third-quarter sales of P27.62 billion, adding to the P58.26 billion sales it generated in the first half. The sales performance for the period translated to average monthly sales of P9.5 billion. 63% of the sales were from vertical projects and 37% from horizontal.

**Buyer Profiles:** 66% were sales to Local Filipinos, amounting to P56.52 billion, 12% higher than last year. Sales to overseas Filipinos were up 9% to P18.43 billion, while sales to other nationalities grew by 11% to P10.92 billion. They account for 21% and 13% of the total, respectively. On sales to other nationalities, 57% or P6.32 billion were sales to Americans--3% higher year-on-year. Meanwhile, sales to Chinese buyers continue to comprise 1% of total sales.

**Project Launches.** ALI launched five new projects with a combined value of P4.34 billion were launched to the market in the second quarter, namely, AyalaLand Premier's Ayala Greenfield Estates Parkside Terraces Tranche 2, Andacillo Tranche 5, and Lanewood Hills Phase 3 Batch 3, Avida's first mid-rise condominium offering in Nuvali, Solara Park Storeys, and Amaia's Scapes Cabuyao Sector 4. These developments bring Ayala Land's total launch to 11 projects valued at P36.26 billion in the first nine months of the year. 71% are vertical projects, and 29% are horizontal projects, wherein 64% are located in Metro Manila, and the balance of 36% is located in Southern Luzon.

**Commercial Leasing.** This segment involves the operation of shopping centers, office buildings, hotels and resorts, standard factory buildings and warehouses, and co-working spaces. Commercial leasing revenues were 32% higher year-on-year to P30.76 billion due to improving occupancy and rents.

**Shopping Centers.** Revenues from shopping centers were 40% better from a year ago to P15.67 billion on account of higher occupancy and rents due to healthy operations. The average occupancy rate for all malls is 84%. The total mall gross leasable area (GLA) is 2.1 million square meters.

**Offices.** Office revenues grew 7% to P8.76 billion due to stable occupancy and higher rents from the Company's BPO and corporate tenant base. The occupancy rate for all offices is 89%. The total office GLA is 1.4 million square meters.

**Hotels and Resorts.** Revenues from hotels and resorts jumped significantly by 62% from last year to P6.34 billion due to higher domestic business travel and local tourist activity, which pushed up occupancy and room rates. The occupancy rate for hotels and resorts are 67% and 42%, respectively. This segment has a total of 4,358 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 12 Seda Hotels, operating 3,122 rooms—Atria, Iloilo (152 rooms); BGC, Taguig (521); Centrio, Cagayan de Oro (150); Abreeza, Davao (186); Nuvali, Santa Rosa, Laguna (330); Vertis North, Quezon City (438); Capitol Central, Bacolod (154); Lio, Palawan (153); Ayala Center Cebu (301); Seda Residences Ayala North Exchange (293) Central Bloc (214) and Manila Bay (230); 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 50 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 segment is composed 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) and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to P8.27 billion, 46% higher than the previous period.

**Construction.** MDC posted net construction revenues of P4.33 billion, 60% higher than last year's level given the contribution of its external projects.

**Property Management, AirSWIFT, and Others.** APMC, AIRSWIFT, and retail electricity supply companies' combined revenues grew by 34% to P3.94 billion due to stable property management fees and higher AirSWIFT patronage.

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

Equity in net earnings from associates and joint ventures surged by 54%, reaching P1.40 billion, driven by our joint venture with Royal Asia, FBDC companies, and Ortigas Land.

Interest and investment income amounted to P302 million, marking 24% more than last year due to higher yields from short-term investments and cash deposits. Meanwhile, Interest income from real estate sales declined 23% to P3.13 billion from P4.06 billion due to lower accretion income.

Other income generated from marketing and management fees from joint ventures amounted to P935 million, 2% lower than last year owing to Circuit Makati's Samsung Performing Arts Theater's fewer event bookings and sponsorships during the period.

### **Expenses**

The Company managed to contain expenses to P72.84 billion, a 10% growth year-on-year. Real estate expenses reached P55.46 billion, up 7%, while general and administrative costs increased by 22% to P6.19 billion. Consequently, the GAE ratio settled at 6.3%, higher than 5.9% last year. EBIT margin stood at 35.4%, higher than the 33.8% recorded in the same quarter last year.

Interest expense, financing, and other charges, which include interest expense related to PFRS 16 (Leases), totaled P11.20 billion, 24% more than last year, to reflect the higher interest rates on our borrowings and average daily loan balance. The average cost of debt stood at 4.9%. Of the total debt, 84% is locked-in with fixed rates; 93% was contracted into long-term tenors.

### **Capital Expenditures**

Total capital expenditures in the first nine months of 2023 amounted to P57.64 billion. 54% was spent on residential projects, 9% on commercial leasing projects, 18% on land acquisition, 17% on estate development, and 2% on other general uses.

### **Financial Condition**

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P12.18 billion, resulting in a current ratio of 1.78:1. Borrowings totaled P248.91 billion, translating to a debt-to-equity ratio of 0.79:1 and a net debt-to-equity ratio of 0.75:1. Return on equity was 9.30% as of September 30, 2023.

The Group has various contingent liabilities arising from the ordinary conduct of business, including a case related to property restriction violation. The probable cost estimate for the resolution of the claim was determined in consultation with an external counsel based on the analysis of the potential results. The opinion of management and its legal counsel is that it will not have a material or adverse effect on the Group's financial position and results of operations in the eventual liability under these lawsuits or claims, if any. Accordingly, no provision for any liability has been made in the consolidated financial statements. Further, the Company has no off-balance sheet transactions, arrangements, or obligations in the first nine months of 2023.

No known trends, events, uncertainties, or seasonalities are expected to affect the Company's continuing operations apart from the impact of the ongoing COVID-19 pandemic. There are no material commitments for capital expenditures.

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

**Income Statement items – Period ending September 30, 2023 versus September 30, 2022**

**Real estate and hotel revenues** up by 16% mainly from strong commercial leasing operations driven by improving occupancy and rent and steady bookings and higher project completion for residential business.

**Interest income from real estate sales** decreased by 23% due to lower accretion from AR sale.

**Equity in net earnings** grew by 54% from high earnings of FBDC companies, Ortigas, AKL and ALI-Eton.

**Interest and investment income** increased by 24% mainly due to higher yield from short term investments and interest from cash in bank.

**Other Income** went down by 2% mainly from lower forfeitures of deposits and lower bookings for Circuit Performing Arts Theatre.

**Cost of real estate** grew by 9% mainly from improving operations across all business segments.

**General administrative expenses** up by 22% due to manpower and overhead expenses.

**Interest and other charges** increased by 11% mainly from higher interest rates and higher loan average daily balance partly offset by lower discounting cost on AR sale.

**Provision for income tax** up by 29% as taxable income increased.

**Balance Sheet items – as of September 30, 2023 (Unaudited) versus December 31, 2022 (Audited)**

**Cash and cash equivalents** decreased by 4% mainly from investing activities and payment of dividends.

**Financial asset at fair value through profit or loss** up by 40% due to additional investment in UITF.

**Accounts and notes receivables** grew by 5% mainly from higher bookings.

**Other current assets** increased by 11% due to higher advances to contractors from improved construction activities.

**Investment in associates and jointly controlled ventures** up by 6% from share in earnings of associates and JVs plus additional infusion to ALI-Eton.

**Right of use assets** down by 5% mainly from depreciation for the period.

**Property and equipment** escalated by 18% from additions during the year.

**Other noncurrent assets** went up by 13% mainly due to increase in prepaid expenses.

**Short-term debt** grew by 158% due to new loan availments.

**Income tax payable** shrunk by 21% due to tax payments.



**Lease liability - current** increased by 13% mainly from accretion of interest.

**The Current portion of long-term debt** up by 20% due to reclassification from current portion.

**Other current liabilities** decreased by 13% mainly from settlement of customer's deposits into bookings.

**Deferred tax liabilities** up by 14% mainly due to changes in the difference between tax and book basis of accounting for real estate transactions.

**Deposits and other noncurrent liabilities** went down by 6% due to the decrease in customer's deposits.

**Retained earnings** improved by 9% mainly from reported NIAT for the period net of dividends.

**Remeasurement loss on defined benefit plans** increased by 125% due to revaluation of defined benefit plan.

**Fair value reserve of financial assets at FVOCI** declined by 12% mainly from market revaluation.

**Cumulative translation adjustments** decreased by 124% mainly due to lower forex rate on the translation of financial statements of MCT Berhad.

**Equity reserves** down by 62% mainly due to block sale of AREIT shares plus acquisition of minority interest of Vesta Land.

**Treasury shares** went up by 18% mainly from buy back transactions in the first nine months of 2023.

**Non-controlling interests** increased by 9% from higher NIAT contributions of subsidiaries.

## PART II - OTHER INFORMATION

### Item 3. Developments as of Sep 30, 2023

- |  |  |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
|--|--|------------------------------|----------|------------------|--------------------|--------------------------|-----------------|------------------|------------------------|--------------------------------|------------------------|------------------------------|---------------------------|-------------------|----------------------|--------------------|----------------------|-------------------|----------------------|
| <b>A. New project or investments in another line of business or corporation</b>  | None   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>B. Composition of Board of Directors (As of October 01, 2023)</b>   | <table border="0"> <tr> <td>Jaime Augusto Zobel de Ayala</td> <td>Chairman</td> </tr> <tr> <td>Cezar P. Consing</td> <td>Vice Chairman</td> </tr> <tr> <td>Anna Ma. Margarita B. Dy</td> <td>President &amp; CEO</td> </tr> <tr> <td>Arturo G. Corpuz</td> <td>Non-Executive Director</td> </tr> <tr> <td>Mariana Beatriz Zobel de Ayala</td> <td>Non-Executive Director</td> </tr> <tr> <td>Daniel Gabriel M. Montecillo</td> <td>Lead Independent Director</td> </tr> <tr> <td>Cesar V. Purisima</td> <td>Independent Director</td> </tr> <tr> <td>Rex Ma. A. Mendoza</td> <td>Independent Director</td> </tr> <tr> <td>Surendra M. Menon</td> <td>Independent Director</td> </tr> </table>  | Jaime Augusto Zobel de Ayala | Chairman | Cezar P. Consing | Vice Chairman      | Anna Ma. Margarita B. Dy | President & CEO | Arturo G. Corpuz | Non-Executive Director | Mariana Beatriz Zobel de Ayala | Non-Executive Director | Daniel Gabriel M. Montecillo | Lead Independent Director | Cesar V. Purisima | Independent Director | Rex Ma. A. Mendoza | Independent Director | Surendra M. Menon | Independent Director |
| Jaime Augusto Zobel de Ayala   | Chairman   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Cezar P. Consing   | Vice Chairman  |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Anna Ma. Margarita B. Dy   | President & CEO  |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Arturo G. Corpuz   | Non-Executive Director   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Mariana Beatriz Zobel de Ayala   | Non-Executive Director   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Daniel Gabriel M. Montecillo   | Lead Independent Director  |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Cesar V. Purisima  | Independent Director   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Rex Ma. A. Mendoza   | Independent Director   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| Surendra M. Menon  | Independent Director   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>C. Performance of the corporation or result/progress of operations</b>  | Please see unaudited consolidated financial statements and management's discussion on the results of operations.   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>D. Declaration of dividends</b>   | <p><u>P0.1495 cash dividend per outstanding common share</u><br/> Declaration date: February 21, 2023<br/> Record date: March 07, 2023<br/> Payment date: March 23, 2023</p> <p><u>P0.00632862 cash dividend per outstanding voting preferred share</u><br/> Declaration date: May 30, 2023<br/> Record date: June 13, 2023<br/> Payment date: June 27, 2023</p>   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements</b> | Please refer to the discussion on the changes in group structure in 3Q 2023.   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>F. Offering of rights, granting of Stock Options and corresponding plans therefore</b>  | <p>ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. On April 21, 2021, the stockholders approved to increase the covered shares to 3% of the company's total authorized capital stock.</p> <p>As of September 30, 2023, stock options outstanding* are as follows:</p> <table border="0"> <tr> <td>ESOP</td> <td>None</td> </tr> <tr> <td>ESOWN</td> <td>123,566,062 shares</td> </tr> </table> <p><small>*Outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued</small></p> | ESOP                         | None     | ESOWN            | 123,566,062 shares |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| ESOP   | None   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| ESOWN  | 123,566,062 shares   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |
| <b>G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate</b>   | None   |                              |          |                  |                    |                          |                 |                  |                        |                                |                        |                              |                           |                   |                      |                    |                      |                   |                      |

- |  |      |
|--|------|
| 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 9M 2023 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   | <p><b>On October 25, 2023</b>, the Board of Director approved the declaration of regular cash dividends of P0.2231/share for the second half of 2023. The record date is November 13, 2023, and the payment date is November 24, 2023.</p>  |
| 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   | <p><b>On September 4, 2023</b>, with the approval of the Board of Directors, Mr. Bernard Vincent O. Dy retired from his post as Director, President and CEO of the Company, effective September 30, 2023.</p> <p>The Board elected Ms. Anna Ma. Margarita Bautista-Dy as Director, President and CEO, and member of the Executive Committee and Sustainability Committee effective October 1, 2023, for the unexpired term of Mr. Dy, as endorsed by our Corporate Governance and Nomination Committee.</p> <p><b>On September 20, 2023</b>, Ayala Land and AREIT received the Securities and Exchange Commission's</p> |

(SEC) approval of its property-for-share swap involving identified prime flagship offices and malls with an aggregate value of P22.5 billion in exchange for 607,559,380 primary common shares of AREIT, pursuant to the Deed of Exchange executed last June 2, 2023.

**On September 26, 2023**, the Board of Directors approved the following appointments and promotions upon the endorsement of the Corporate Governance and Nomination Committee:

Appointments of the following officers:

- Ms. Mariana Beatriz Zobel de Ayala as Senior Vice President and a member of the Management Committee
- Ms. Pauline Clarisse K. Feria as Vice President, concurrent to her role as Head of Strategy at Ayala Corporation
- Mr. Roscoe M. Pineda as Chief Information Officer
- Ms. Isabel D. Sagun as Chief Human Resources Officer
- Mr. Jeremy U. Sy, as Vice President

Promotions of the following officer:

- Raquel S. Cruz to Senior Vice President
- Joseph Carmichael Z. Jugo to Senior Vice President
- Christopher B. Maglanoc to Senior Vice President
- Enrique B. Manuel, Jr. to Vice President

**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 2023, Ayala Land is budgeting P85 billion in capital expenditures. Of the total amount, P57.6 billion has been disbursed as of September 30, 2023.

The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.

- |  |   |
|--|---|
| <b>T. Known trends, events, or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/income from continuing operations</b> | 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.   |
| <b>U. Significant elements of income or loss that did not arise from continuing operations</b>   | None  |
| <b>V. Causes for any material change/s from period to period, in one, or more line items of the financial statements</b>   | Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).   |
| <b>W. Seasonal aspects that had a material effect on the financial condition or results of operations</b>  | 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. |
| <b>X. Disclosures not made under SEC Form 17-C</b>   | None.   |

## Item 5. Performance Indicators

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

	<i>End-September 2023</i>	<i>End-December 2022</i>
Current ratio <sup>1</sup>	1.78:1	1.78:1
Debt-to-equity ratio <sup>2</sup>	0.79:1	0.80:1
Net debt-to-equity ratio <sup>3</sup>	0.75:1	0.76:1
Profitability Ratios:		
Return on assets <sup>4</sup>	3.52%	2.95%
Return on equity <sup>5</sup>	9.30%	7.63%
Asset to Equity ratio <sup>6</sup>	2.57:1	2.65:1
Interest Rate Coverage Ratio <sup>7</sup>	4.59	4.83

*1 Current asset / current liabilities*

*2 Total debt/ consolidated stockholders' equity (Total debt includes short-term debt, long-term debt, and current portion of long-term debt)*

*3 Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments, and financial assets through fvpl)*

*4 Annualized Net income / average total assets*

*5 Annualized Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI*

*6 Total Assets /Total stockholders' equity*

*7 EBITDA/Interest expense*

**SIGNATURE**

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

Issuer: **AYALA LAND, INC.**

By:



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

Date: November 10, 2023

October 10, 2023

**THE PHILIPPINE STOCK EXCHANGE**

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

Attention: Alexandra D. Tom Wong  
Officer-in-Charge, Disclosure Department

Subject: 2023 Third Quarter Progress Report on the Disbursement of Proceeds from the Sale of  
205 million AREIT Shares

Dear Ms. Tom Wong,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2023, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On April 3, 2023, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 205 million AREIT Shares amounting to Six Billion Five Hundred Thirty-Six Million One Hundred Sixty-Seven Thousand Pesos (Php6,536,167,000).

As of September 30, 2023, the remaining balance of the net proceeds from the sale of 205 million AREIT Shares, amounts to Three Billion Five Hundred Fifty Two Million Nine Hundred Ninety Eight Thousand Six Hundred Seventy Seven Pesos (Php3,552,998,677).

The details of the disbursement for the Third Quarter of 2023 are as follows:

Balance of Proceeds from sale of AREIT Shares as of June 30, 2023	Php4,456,556,520
Less: Disbursements from July 1 to Sept 30, 2023 (Annex A)	<u>903,557,843</u>
Balance of Proceeds from sale of AREIT Shares as of September 30, 2023	<u>Php3,552,998,677</u>

Thank you.

Very truly yours,



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



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




SUBSCRIBED AND SWORN to before me this OCT 10 2023 at Makati City, affiants exhibiting to me their identification documents as follows:

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

Doc. No. 426 ;  
Page. No. 87 ;  
Book No. V ;  
Series of 2023.

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



  
MA. FELORA A. MANGAWANG  
Notary Public - Makati City  
Appt. No. M-257 until December 31, 2023  
Roll of Attorneys No. 64804  
Lifetime IBP No. 013749 - Makati City  
PTR No. MKT9569473 - 01/09/2023 - Makati City  
MCLE Compliance No. VII -0006702 - 11/18/2021  
28th Floor, Tower One and Exchange Plaza, Ayala Triangle,  
Ayala Avenue, Makati City, Philippines

**ANNEX A- Disbursements from July 1 to September 30, 2023**

<b>Project Name</b>	<b>Disbursing Entity</b>	<b>Amount (in PHP)</b>
One Vertis Plaza	Ayala Land, Inc.	258,785,867
Park Cascades	Ayala Land, Inc.	164,963,058
Arbor Lanes	Ayala Land, Inc.	158,763,445
Orean Place T1	Ayala Land, Inc.	161,272,831
Tryne Enterprise Plaza	Ayala Land, Inc.	93,369,577
Gardencourt Residences	Ayala Land, Inc.	66,403,065
<b>TOTAL</b>		<b>903,557,843</b>



## **Agreed-Upon Procedures Report**

To the Management of  
Ayala Land, Inc.  
31<sup>st</sup> Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

### **Purpose of this Agreed-Upon Procedures Report**

Our report is solely for the purpose of assisting Ayala Land, Inc. (the "Company") in connection with the Company's compliance with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company on the Quarterly Progress Report for the period from July 1 to September 30, 2023 relating to the use of proceeds received by the Company from the block sale of its shares in AREIT, Inc. ("AREIT") on April 3, 2023 and may not be suitable for another purpose.

### **Responsibilities of the Engaging Party**

The management of the Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

### **Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### **Professional Ethics and Quality Control**

We have complied with the ethical requirements in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We have also complied with the independence requirements in accordance with Part 4A of the International Ethics Standards Board for Accountants (IESBA) Code.

Isla Lipana & Co., 29th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.





Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Procedures and Findings**

We have performed the procedures described below, which were agreed upon with the Company in the letter of engagement dated July 10, 2023, on the use of proceeds received by the Company from the block sale of its shares in AREIT:

Procedures	Findings
Obtained the Quarterly Progress Report on use of proceeds from the block sale of AREIT Shares (the "schedule") for the period from July 1 to September 30, 2023 and performed the following:	
a. Checked the mathematical accuracy of the schedule.	No exceptions were noted.
b. Checked whether there were additions and disbursements in the schedule and compared with the schedule of application of proceeds.	No exceptions were noted.
c. On a sample basis, traced additions and disbursements listed in the schedule for the period from July 1 to September 30, 2023 to the supporting documents such as progress billings, statement of account, invoices and official receipts, as applicable, and agreed the amount to the schedule.	No exceptions were noted.  We present in Appendix A the schedule for the period from July 1 to September 30, 2023 based on the information we obtained from the Company.
d. On a sample basis, inquired into and identified the nature of additions and disbursements. Checked 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.	No exceptions were noted.  We have noted that the Sponsor Reinvestment Plan dated April 3, 2023 included the proceeds from the block sale of AREIT shares amounting to P6,536,167,000. Out of the total proceeds, P903,557,843 has been disbursed from July 1 to September 30, 2023 based on the information we obtained from the Company as presented in Appendix A.



**Restriction on Distribution and Use**

Our report is solely for the purpose set forth in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

A handwritten signature in black ink that reads "Ruth F. Blasco".

Ruth F. Blasco

Partner

CPA Cert No. 112595

P.T.R. No. 0018519, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 112595-SEC, Category A; valid to audit 2020 to 2024  
financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024  
financial statements

TIN 235-725-236

BIR A.N. 08-000745-133-2023, issued on May 9, 2023; effective until May 8, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

October 10, 2023



**Appendix A**

Summary of Quarterly Progress Report from July 1 to September 30, 2023

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<b>Distributing Entity</b>	<b>Project Name</b>	<b>Amount (in Php)</b>
Ayala Land, Inc.	Gardencourt Residences	66,403,065
	Arbor Lanes	158,763,445
	One Vertis Plaza	258,785,867
	Orean Place T1	161,272,831
	Tryne Enterprise Plaza	93,369,577
	Park Cascades	164,963,058
		<b>903,557,843</b>


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

**ACKNOWLEDGEMENT**

10<sup>th</sup> SUBSCRIBED AND SWORN to before me, a Notary Public, for and in behalf of the City of Makati this day of October 2023, by RUTH F. BLASCO who presented to me her CPA License ID No. 112595 issued by the Professional Regulation Commission in the City of Manila and valid until October 8, 2026, that she is the same person who personally signed before me the foregoing document and acknowledged that she executed the same.

Doc. No. 13 :  
Page No. 04 :  
Book No. 03 :  
Series of 2023.

  
**Atty. Valerie S. Buluran-Reyes**  
Notary Public for Makati City  
Until December 31, 2023  
Appointment no. M-304  
Roll no. 78742  
PTR no. 9574296/12 Jan 2023/Makati  
IBP no. 181214/03 Jan 2023/Makati  
MCLE Compliance no. VIII-0000490  
29/F AIA tower, 8767 Paseo de Roxas Makati City