



2020 INTEGRATED REPORT

BUILDING A STRONG PLATFORM FOR RECOVERY, RENEWED GROWTH, AND RESILIENCE

Ayala Land's various initiatives on stakeholder support, investment, and reinvention pave the way for recovery



PAVING THE WAY FOR RECOVERY AND SUSTAINABLE GROWTH



The ongoing COVID-19 pandemic and the natural calamities that struck the Philippines in 2020 are still being felt by Filipinos to this day. Ayala Land's swift response to face these challenges showed the resilience of both the company and its people.

In a strategic pivot, *ALizens* executed a five-point action plan—protecting the workforce, financial sustainability, serving customers, helping the community, and thinking ahead towards recovery. This action plan enabled Ayala Land, its employees, and its communities to withstand the challenges and position for recovery.

With the continued trust and confidence of its shareholders and stakeholders, Ayala Land will count on *bayanihan* (community spirit) to move forward and pave the way for recovery and sustainable growth.

Protecting the Workforce

Ayala Land immediately moved to secure the safety of its people. A task force was created to implement health and safety protocols across the organization. Employees were given access to healthcare services and working from home was enabled through digital platforms. Frontliners were provided the required resources to safely serve customers and communities.

Financial Sustainability

To ensure financial sustainability, Ayala Land focused on preserving the value of the company by maintaining adequate liquidity, keeping its businesses operating while ensuring that cash inflows supported expenses, and strengthening its balance sheet for added margin of safety given the uncertain duration of this health crisis.

Serving the Customers

Following health and safety protocols, offices and other commercial leasing properties remained operational to cater to tenants and locators. Malls ensured continued access to essential goods and services. Meanwhile, residential brands maximized use

of digital platforms to reach and engage buyers. Staff of APMC, the company's property management firm, stayed-in its managed properties and communities while the enhanced community quarantine was enforced.

Helping the Community

Ayala Land employees raised PHP82.6 million under the Ayala Land *Pays It Forward* campaign to provide medical supplies and personal protective equipment to three COVID-19 designated treatment hospitals. The company helped raise PHP425 million for Project *Ugnayan* and allocated PHP600 million in financial assistance to more than 70 thousand "no work-no pay" contingent personnel during the critical first weeks of the quarantine. Recognizing the difficulties of its mall merchants, Ayala Land waived PHP6.15 billion in rent and adjusted its rental scheme to assist in their economic viability.

MDC, Ayala Land's construction arm, established several COVID-19 facilities — World Trade Center Metro Manila, Philippine Red Cross Biosafety Laboratory, Sta. Ana Hospital Manila Molecular Testing Laboratory, and 296 swabbing booths in several key locations, among others. AirSWIFT conducted 75 flights for stranded tourists in various local destinations to Manila and Clark in cooperation with the Department of Tourism (DOT) and foreign embassies. Free shuttle services were also provided to medical frontliners in Bonifacio Global City (BGC).

Thinking Ahead to Recovery

In the midst of the pandemic, Ayala Land remains hopeful that the economy will continue to improve as the vaccine rollout continues to gain traction in 2021. The company's business units are carefully adjusting their strategies and practices to strengthen their market position and adapt to the new environment. With its institutional capability and strong balance sheet, Ayala Land is working towards a V-shaped recovery.

PROTECT-SERVE-PIVOT

AYALA GROUP'S RESPONSE TO COVID-19

The Ayala Group's commitment to nation-building became the focus, as COVID-19 brought the company's years of history, diversity, and experience to the fore.

"It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges," said Fernando Zobel de Ayala, Ayala Corporation President and COO. "A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us," added Jaime Augusto Zobel de Ayala, Ayala Corporation Chairman and CEO.

The initiatives we led as a group were guided by our drive to protect our employees, serve the larger community, and pivot our businesses toward a new normal resilient to the impact of the pandemic.

1 AC Health opens COVID-19 referral centers
AC Health converted two QualiMed hospitals in Sta. Rosa and San Jose Del Monte into COVID-19 referral centers. To date, these hospitals have performed over 80,000 tests.

2 Manila and Quezon cities get a boost in COVID-19 testing from Ayala
Donated by the Ayala Group, the City of Manila opened a new molecular laboratory inside Sta. Ana Hospital, with serology testing being offered in various barangays for free. Ayala also donated two GeneXpert PCR machines.

Likewise, Quezon City received a Bio Rad PCR machine for its newly constructed Quezon City Bio-Molecular Laboratory. An additional P4.5million worth of supplies for PCR pooled testing were also donated by Ayala and the LGU's partners.

3 Ayala donates testing facilities for Davao
Ayala donated an automated RNA Extraction machine and two RT-PCR machines to Davao City's Southern Philippines Medical Center, allowing the hospital to test as many as 1,000 more patients a day.

4 Swabbing booths are donated
Ayala donated booths for the government's four main swabbing centers: Palacio de Maynila Tent along Roxas Boulevard, the Mall of Asia Arena in Pasay City, Enderun Colleges in Taguig City, and the Philippine Arena in Bulacan.

Photo by: KrizJohn Rosales of Philippine Star

5 Ayala group donates to Red Cross
With Bank of the Philippine Islands and Globe Telecom, Ayala helped the Philippine Red Cross address critical needs in public health protection.

6 A 502-bed mega isolation facility is created in seven days

The World Trade Center (WTC) We Heal as One Center was made possible through the collective efforts of Ayala, Ayala Land, Globe Telecom, Manila Water, Integrated Micro- Electronics, and AC Energy, with the ICCP Group and Manila Exhibition Center Inc. (MEC) and in partnership with the Bases Conversion Development Authority (BCDA) and the National Government. The Ayala Group of Companies pooled P46.4 million for this project.

7 Project Ugnayan reaches out to Metro Manila's most vulnerable

With the Philippine Disaster Relief Foundation and Caritas Manila, Ayala convened 270 private corporations and raised PhP1.7 billion for food vouchers and donations, benefitting around 14 million individuals in the Greater Manila Area. Visit www.projectugnayan.org

Photo by: Xyza Bacani





“A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us.”

*Jaime Augusto Zobel de Ayala
Ayala Corporation
Chairman and CEO*

“It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges.”

*Fernando Zobel de Ayala
Ayala Corporation
President and COO*

- 8** **IMI creates an affordable alternative for ventilators**
The University College London's (UCL) Ventura Flow Generator is the first breathing aid to be manufactured in the Philippines, localized by Integrated Micro-Electronics Inc.'s (IMI) UK subsidiary's technology. It received FDA approval in July 2020.
- 9** **MWF pushes for hygiene awareness and creates facilities**
Manila Water Foundation (MWF) continues to build new and rehabilitate existing handwashing facilities and distribute hygiene packages under MWF's banner program, "WASH in Pandemic."
- 10** **Ayala looks after employees through testing**
The Ayala Group's immediate response to COVID-19 was to protect its employees, both financially and physically. Visit <https://chronicle2020.ayala.com>
- 11** **Ayala Land (ALI) converts Red Cross Laboratory for COVID testing**
ALI's Makati Development Corporation (MDC) converted an area inside the Philippine Red Cross headquarters in Mandaluyong City into a biosafety laboratory class 2 facility. MDC has since built six other COVID-19 facilities nationwide.
- 12** **High-speed Internet access for Pasig**
Globe Telecom and the local government of Pasig City partner up to deliver high-speed and affordable Internet access through GoWiFi and KonekTayo WiFi.
- 13** **Internet access for students of Manila**
Globe Telecom's KonekTayo School Bus WiFi was launched in Manila, helping students avail of the KonekTayo WiFi service for as low as PhP15 a day.
Photo Credit: Marianne Bermudez of Philippine Daily Inquirer
- 14** **AC Health and Qualimed launch a vaccination drive**
Dr. Edwin Mercado, Vice-Chairman of QualiMed's founding group Mercado General Hospital, Inc. (MGHI), was the first healthcare worker outside of Metro Manila to be vaccinated with the AstraZeneca vaccine.

ABOUT THIS REPORT

AYALA LAND'S INTEGRATED REPORT is released to the public on the same day as the Annual Stockholders' Meeting.

This report, released on April 21, 2021, was prepared in accordance with the International Integrated Reporting <IR> framework, developed by the International Integrated Reporting Council, referencing the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The financial and non-financial information cover Ayala Land's operations for the calendar period ending December 31, 2020.

Except for employee data, the sustainability information on the operations of MCT Bhd., QualiMed, and Merkado Supermarket is not included in this report. The specific boundary and business units to which certain performance indicators are most material and applicable are specified in the Sustainability Reporting Index on page 162 of this report, consistent with the topic boundaries reported in previous periods.

Corporate governance practices cited in this report are based on metrics defined by the ASEAN Corporate Governance Scorecard.

This report is externally assured by independent assurance provider DNV. Economic, environmental, social, and governance indicators were assured using the DNV Report Verification Protocol (VeriSustain). Except for the external assurance statement, DNV was not involved in the preparation of any statement or datum in this report.

This report may be downloaded at <https://ir.ayalaland.com.ph>. In case of questions or clarifications on its contents, you may contact Ayala Land Investor Communications and Compliance Division at investorrelations@ayalaland.com.ph.

The Environmental Stewardship and Social Engagement sections of this Integrated Report may be read in conjunction with the environmental and social data packs at <https://ir.ayalaland.com.ph/sustainability/sustainability-data-and-performance>.

For more information on Ayala Land's sustainability strategy, management approach and targets, please visit <https://ir.ayalaland.com.ph/sustainability>.

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ABOUT THE COMPANY

Ayala Land Inc. is the largest property developer in the Philippines with a solid track record in developing large-scale, integrated, mixed-use, and sustainable estates that are now thriving economic centers.

Following the success of the Makati Central Business District (Makati CBD), Ayala Alabang, Cebu Park District, Bonifacio Global City (BGC), and NUVALI, we continue to increase our footprint by building estates that reach and benefit more people.

With 12,483 hectares in our land bank, 30 estates, and presence in 57 growth centers across the country, we offer a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and strategic investments. Construction and property management services are led by our subsidiaries Makati Development Corporation and Ayala Property Management Corporation, respectively.

We pioneer standards and practices that reflect the value we place on sustainability in all our developments. As a responsible corporate citizen, we act with integrity, foresight, and prudence.

Focused on our vision of “enhancing land and enriching lives for more people,” we empower our employees to deliver quality products and services and build long-term value for our shareholders.

OUR VISION

Enhancing land, enriching lives for more people

OUR VALUES

Leadership

We allow people to make decisions within their limits of authority and to be accountable for their actions.

Integrity

We do the right thing.

Vision

We build with the future in mind.

Excellence

We give our best in all that we do.

Malasakit (Compassion)

We care enough to go the extra mile.

OUR OPERATING PRINCIPLES

We Build a Strong Brand.

There is an Ayala Land in each of us. We represent the brand. The brand exemplifies integrity, professionalism and excellence. We design, build, and operate quality products, and create enriching experiences for our customers.

We Empower Our People.

We develop and support our people, while holding them accountable and building a strong sense of ownership for delivering our products and services.

We Make Things Simple and Easy.

We do things in a straightforward manner and put more value in efficiently delivering quality products and effective solutions.

We Create Value for the Community.

Beyond delivering fair returns, we create value over time for our communities so they can enjoy a well-lived life for generations to come.

We are Stewards of the Business.

We invest and use company resources prudently. We take care of what is entrusted to us.

BUSINESS LINES

ESTATE DEVELOPMENT

Established Estates

Makati CBD (950 ha), Makati City, Metro Manila, 1948;
Ayala Alabang (670 ha), Muntinlupa City, Metro Manila, 1970;
Cebu Park District (78 ha), Cebu City, Cebu, 1990;
Bonifacio Global City (240 ha), Taguig City, Metro Manila, 2003;
NUVALI (2,290 ha), Santa Rosa City, Laguna, 2009

Emerging and New Estates

Metro Manila

Circuit Makati (21 ha), Makati City, 2012;
South Park District (6.6 ha), Muntinlupa City, 2012;
Vertis North (29 ha), Quezon City, 2012;
Arca South (74 ha), Taguig City, 2014;
Cloverleaf (11 ha), Quezon City, 2015;
Parklinks (35 ha), Quezon City and Pasig City, 2018;
The Junction Place (11 ha), Quezon City, 2019

Luzon

Altaraza (109 ha), San Jose del Monte City, Bulacan, 2014;
Alviera (1,800 ha), Porac, Pampanga, 2014;
Vermosa (700 ha), Imus City and Dasmariñas City, Cavite, 2015;
Evo City (236 ha), Kawit, Cavite, 2017;
Broadfield (120 ha), Binan, Laguna, 2019;
Cresendo (290 ha), Tarlac City, Tarlac, 2019

Visayas and Mindanao

Abreeza (10.1 ha), Davao City, Davao del Sur, 2011;
North Point (215 ha), Talisay City, Negros Occidental, 2011;
Atria Park District (20 ha), Mandurriao, Iloilo City, 2014;
Capitol Central (9 ha), Bacolod City, Negros Occidental, 2015;
Centrio (3.7 ha), Cagayan de Oro City, Misamis Oriental, 2016;
Gateway Central (17.5 ha), Mandaue City, Cebu, 2016;
Azuela Cove (25 ha), Lanang, Davao City, 2017;
Seagrove (13.6 ha), Mactan, Cebu, 2017;
Habini Bay (526 ha), Laguindingan, Misamis Oriental, 2018;
South Coast City (26.3 ha), Cebu City, Cebu, 2020

Tourism Estates

Lio (325 ha), El Nido, Palawan, 2014;
Sicogon Island (1,100 ha), Carles, Iloilo, 2016

Industrial Estates

Laguna Technopark (471 ha), Sta. Rosa City and Biñan City, Laguna, 1989;
Cavite Technopark (166 ha), Naic, Cavite, 2015;
Alviera Industrial Park (62 ha), Porac Pampanga, 2015;
Laguindingan Technopark (105 ha), Habini Bay, Laguindingan, Misamis Oriental, 2019;
Pampanga Technopark (192 ha), Mabalacat Pampanga, 2019

SERVICE BUSINESSES

Construction and Property Management
Makati Development Corporation
Ayala Property Management Corporation

Power Services

Direct Power Services, Inc.
Ecozone Power Management, Inc.
Philippine Integrated Energy Solutions, Inc.

Airline Services

AirSWIFT

PROPERTY DEVELOPMENT

Residential Brands

AyalaLand Premier (Luxury)
ALVEO (Upscale)
Avida (Middle Income)
Amaia (Entry Level)
BellaVita (Socialized)

Office for Sale

AyalaLand Premier, ALVEO, Avida

Commercial Lots for Sale

ALVEO Broadfield, Biñan, Laguna
Alviera, Porac, Pampanga
Arca South, Taguig City, Metro Manila
Evo City, Kawit, Cavite
NUVALI, Sta. Rosa City, Laguna
Westborough Town Center and Park Square, Silang, Cavite

Industrial Lots for Sale

Alviera, Porac, Pampanga
Cavite Technopark, Naic, Cavite
Laguna Technopark, Sta. Rosa City and Biñan City, Laguna
Laguindingan Technopark, Misamis Oriental
Pampanga Technopark, Mabalacat, Pampanga

COMMERCIAL LEASING

Shopping Centers

2.12M sqm GLA | 32 malls, 63 amenity retail

Offices

1.23M sqm GLA | 63 BPO, 7 HQ-type

Hotels

Branded, 660 rooms: Holiday Inn, Fairmont, Raffles
Seda hotels, 2,712 rooms: Abreeza, Atria Park, Bonifacio Global City, Capitol Central, Centrio, NUVALI, Vertis North
AyalaCenter Cebu, Lio, Seda Residences Ayala North Exchange
Makati, Seda Central Bloc Cebu
Circuit Residences; 255 rooms

Resorts

403 rooms; El Nido, Lio B&B's, Sicogon B&B's

New Leasing Formats

Clock In (co-working space)

Makati Stock Exchange, 107 seats; BGC Technology Center, 227 seats; Bonifacio High Street, 189 seats; Vertis North, 185 seats; The 30th, 262 seats; Ayala North Exchange, 358 seats; Lio, 16 seats; Alabang Town Center, 69 seats

The Flats (co-living space)

Amorsolo, Makati, 728 beds; 5th Avenue, BGC, 1,316 beds

Factory Buildings and Warehouses

Laguna Technopark, 77,739 sqm GLA
ALogis Calamba, 85,000 sqm GLA,
Cavite Technopark, 12,604 sqm GLA,
Alviera Industrial Park, 31,412 sqm GLA
Tutuban, 1,098 sqm GLA

STRATEGIC INVESTMENTS

AREIT, Inc., 54.4% owned
AyalaLand Logistics Holdings Corp., 71.7% owned
Cebu Holdings, Inc., 71.1% owned
MCT Berhad, 66.3% owned
Merkado, 50.0% owned
QualiMed, 40.0% owned
Ortigas Land Corp., 21.0% owned



PERFORMANCE HIGHLIGHTS

	2020	2019	2018
Statement of Income (in thousand pesos)			
Total Revenues	96,272,960	168,793,712	166,245,771
EBITDA*	32,162,798	64,911,706	54,383,928
Net Income (attributable to equity holders of Ayala Land, Inc.)	8,727,150	33,188,399	29,240,880
Statement of Financial Position (in thousand pesos)			
Cash and Cash Equivalents**	18,360,638	21,515,627	27,588,188
Total Assets	721,494,374	713,923,278	668,820,482
Total Borrowings	211,950,918	211,096,881	187,098,839
Stockholders' Equity	260,179,332	242,705,568	220,221,197
Statement of Cashflows (in thousand pesos)			
Net Cashflow provided by Operating Activities	(12,507,497)	36,012,239	11,767,917
Net Cash used in Investing Activities	(3,215,397)	(42,572,063)	(2,978,246)
Net Cash provided by Financing Activities	12,673,776	3,753,175	(6,264,296)
Capital Expenditures (in billion pesos)	63.67	108.72	110.14
Financial Ratios			
Current Ratio	1.62	1.30	1.26
Debt-to-equity ratio***	0.81	0.87	0.85
Net debt-to-equity ratio****	0.74	0.78	0.72
Return on Equity (Average Equity)	4.0%	16.7%	16.5%
Return on Assets (Average Assets)	1.5%	5.4%	5.3%
Stock Information			
Market Capitalization (in billion pesos)	603	670	598
Stock Price (in pesos)	40.90	45.50	40.60
Earnings per Share (in pesos)	0.59	2.25	1.98
Operational Highlights			
Sales Reservations (in billion pesos)	81.90	145.87	141.90
Malls GLA (in thousand sq. meters)	2,119	2,119	1,906
Offices GLA (in thousand sq. meters)	1,231	1,165	1,112
Hotels and Resorts (number of rooms)	4,030	3,705	2,973
Sustainability Highlights			
ECONOMIC VALUE DISTRIBUTION (in million pesos) <GRI 201; 204>			
Economic Value Generated (Total Revenues)	96,273	168,794	166,246
Economic Value Distributed	74,056	128,291	133,116
Payments to Suppliers/contractors	41,921	83,453	93,798
Payments to Employees	6,092	6,767	6,486
Payments to Providers of capital	16,752	19,921	17,080
Payments to Governments	9,233	18,096	15,676
Payments to communities	58	54	76
Economic Value Retained	22,216	40,503	33,130
ENVIRONMENTAL AND SOCIAL INDICATORS			
Net GHG Emissions - Commercial Properties	23,292	77,976	101,087
Renewable Energy Share in Commercial Properties'			
Total Energy Consumption	47%	33%	28%
Total ALI Employees (Direct and Indirectly Hired)	33,040	50,564	59,727
UN SDG CONTRIBUTION *****			
Affordable Units Launched	1,619	5,787	2,927

* Earnings before Interest, Taxes, Depreciation and Amortization

** Includes short-term investments and investments in Unit Investment Trust Funds (UITF)

*** Total Borrowings/Total Equity (includes non-controlling interest)

**** Total Borrowings less Cash and Cash Equivalents/Total Equity (includes non-controlling interest)

***** Ayala Land's Contribution on UNSDG 11 and the Ayala Sustainability Blueprint

CHAIRMAN'S MESSAGE



FERNANDO ZOBEL DE AYALA

THROUGH THE BAYANIHAN SPIRIT, WE HAVE SHOWN OUR RESILIENCY AS A NATION AND PROVEN THAT NO CRISIS IS INSURMOUNTABLE.

2020 was certainly an unprecedented year for the country and for the broader global community. These disasters continue to be largely unparalleled in scale and impact to both the country and Ayala Land. While the Philippines is no stranger to calamities, no one could have foreseen the successive emergencies that we had to collectively face last year.

COVID-19 Impact

Early in January 2020, we first had to deal with the eruption of Taal Volcano and a few weeks later, COVID-19 started to spread in our country, resulting in strict quarantines and one of the longest lockdowns faced by any country. In the latter part of the year, Typhoons Rolly and Ulysses battered Luzon, which caused huge damage and suffering.

The material impact of all these to our stakeholders, including the loss of lives and livelihood, have been documented. However, perhaps equally significant is the effect these emergencies had on our people's overall wellness, and emotional and mental health, which is difficult to fully measure.

For the Philippines at a macroeconomic level, the varying stages of quarantine we had to undergo caused the economy to contract by 9.6%, which was worse than the contractions we experienced during the 1980s. With limited mobility and business operations, unemployment likewise increased to 8.7%. A point of resilience, however, were Overseas Filipino remittances which remained solid despite lockdowns in other countries—down only 0.8% to US\$29.9 billion.

Due to these developments, Ayala Land's revenues and net income significantly dropped 43% lower to PHP96.3 billion and 74% lower to PHP8.7 billion, respectively. Several plans and projects were indefinitely postponed, some were cancelled altogether, or significantly changed. We reduced capital expenditures by 59% to PHP63.7 billion from PHP108.7 billion in 2019 as we prioritized liquidity. Our estates, malls, offices and hotels had to quickly institute extraordinary safety measures to protect our employees, tenants, and customers.

CHAIRMAN'S MESSAGE

Indeed, we have shown that no challenge is insurmountable when we have a shared commitment and when we combine it with the strengths of a community. I believe that we have the critical elements to sustain this momentum.

A strong sense of *malasakit*

Despite this period of difficulty, Ayala Land remained committed to support our stakeholders. I am encouraged that a strong sense of *malasakit* drove our leadership teams and associates to adapt and meaningfully assist our employees, partners, government, and the public-at-large in any and every way that we could.

Just to give a snapshot of our ongoing support efforts: the Ayala Group has deployed a total of PHP13.1 billion so far in the campaign against COVID-19. I am proud that Ayala Land continues to be a significant part of this initiative, contributing close to PHP7.2 billion across several projects.

We provided very significant and timely assistance to our merchants through major rent condonations, and marketing and sales support through the many digital platforms by our Ayala Malls Group. We are also very grateful that Ayala Land employees, through their Ayala Land *Pays It Forward* campaign generated PHP82.6-million worth of employee donations.

Ayala Land, through its wholly-owned construction business, Makati Development Corporation, was also instrumental in the conversion of the World Trade Center Metro Manila into one of the country's largest quarantine centers. We also helped construct and upgrade testing and treatment facilities for the Philippine Red Cross and the whole Ayala Group through QualiMed, the Ayala Group Employee Care Center in NUVALI, and the Vertis North swabbing center. It is our hope that these and the many other ongoing support initiatives will be vital pieces of a holistic all-of-country drive to beat back the virus and place ourselves on a path towards full recovery.

Achievements amidst challenges

Stepping back and reflecting on what has been a tumultuous 2020, it is inspiring that Ayala Land has progressed in several areas, despite the many challenges. Without downplaying the adverse impact of last year's calamities, Ayala Land reached high levels of agility, boldness, digitalization, and innovation that we otherwise would not have achieved as quickly. For instance, our successful launching of AREIT expressed our continuing confidence in the economy and helped strengthen our capital markets. Our digitalization efforts through Z!ng, and the Ayala Malls Neighborhood Assistant are laying the groundwork for a transformation of our commercial spaces. Through these and many other projects, I believe that we are steadily building a strong platform for recovery and, ultimately, sustainable growth, guided by creativity, innovation, and a genuine concern for our stakeholders.

A positive contributor to recovery

As we move forward in 2021, there remains much uncertainty on when the pandemic and its effects will significantly subside. Ayala Land remains dedicated to be a positive contributor to our recovery efforts through continuing stakeholder support, transformation of our properties into meaningful, safe, and healthy spaces for all, and significant and impactful investments into the local economy.

I am hopeful that we can accelerate our recovery and growth through the strong bonds of trust we have developed between different institutions over the past year, which all found life in the many collaborative efforts the public and private sector launched last year. Indeed, we have shown that no challenge is insurmountable when we have a shared commitment and when we combine it with the strengths of a community. I believe that we have the critical elements to sustain this momentum.

To our management team and employees, I would like to thank each and every one of you for everything that you have done and continue to do during this very challenging period. Your professionalism, empathy for our fellow Filipinos, and willingness to go over and beyond the call of duty has become the distinguishing mark of Ayala.

With the steady rollout of our ambitious national vaccination program, of which the Ayala Group—and especially Ayala Land—will play a critical role, I believe that we can start to show signs of recovery by the second half of this year. Let us continue to steer Ayala Land towards greater resilience during this time, while keeping in mind our commitment to our stakeholders.

To my fellow Board members, I am grateful for your wisdom and deep insights. You have all served as valuable guides to our organization as we continue to navigate these uncertain times.

To our shareholders, I thank you for your continued trust in Ayala Land. Rest assured that your company is and will remain resilient throughout this challenge. Together, I am confident that our organization will continue to evolve and chart a clear path towards greater stability and growth.



Fernando Zobel de Ayala
Chairman

PRESIDENT'S REPORT



BERNARD VINCENT O. DY

RECOGNIZING THE IMPACT OF THE PANDEMIC ON OUR BUSINESS AND OUR COMMUNITIES, WE SHIFTED OUR MINDSET FROM ONE OF GROWTH TO ONE OF STABILITY, STRENGTH, AND SOLIDARITY.

As I write this report, many of us in the Philippines and around the world are still coping with the COVID-19 pandemic – the most profound global crisis our generation has ever faced. Our resilience as individuals and as a company continues to be tested, and our values, character, and culture as an organization have become even more crucial at this time as we face disruption and uncertainty.

Indeed, the year 2020 was unlike any other. When our country went into enhanced community quarantine (ECQ) on March 17, 2020, overnight, majority of our businesses were forced to scale back operations. We quickly shifted our mindset from one of growth – a plan we have been executing since the aftermath of the 2008 Global Financial Crisis – to one of stability, strength, and solidarity.

People First

The first order of business was to secure the safety of our people and reassure them of their welfare. We minimized as best we could any interruption in employment and provided our front liners with the required resources to safely serve our customers and communities.

Our digital platforms enabled work-from-home arrangements and shuttle services were arranged for those who were affected by the suspension of public transportation.

Our employees were provided access to PCR testing and were given the proper endorsement to clinics and hospitals when needed. We supplemented our employee health insurance to fully cover COVID-related expenses. We created a task force to implement health and safety protocols, address reported cases, and mitigate the spread of the virus across the Ayala Land Group. We converted the Nuvali Visitor Center into a temporary quarantine facility for Ayala group employees in partnership with Ayala Corporation, Makati Development Corporation (MDC) and Qualimed.

Together as One

We firmly believe that our company can only be successful if our country moves forward and is able to address this health pandemic. We, therefore, brought together the entire organization to help during this crisis.

PRESIDENT'S REPORT

With the economy contracting at an unprecedented rate, we focused on preserving the value of our company by keeping our assets, mainly prime real estate and commercial properties, intact.

Through our employees' generosity in the Ayala Land *Pays it Forward* Campaign, we raised PHP82.6 million, to provide medical supplies and personal protective equipment to three COVID-19 designated treatment hospitals - the University of the Philippines-Philippine General Hospital, Lung Center of the Philippines, and Dr. Jose N. Rodriguez Memorial Hospital.

We helped raise PHP425 million for Project *Ugnayan*, a fund-raising initiative by the business community focused on food distribution to marginalized communities, spearheaded by Ayala Corporation in cooperation with the Philippine Disaster Resilience Foundation (PDRF).

As a company, we allocated PHP600 million in financial assistance to more than 70 thousand "no work-no pay" contingent personnel during the critical first weeks of the quarantine.

Recognizing the difficulties experienced by our mall merchants, particularly MSMEs, we waived PHP6.15 billion in rent, shifted to a variable rental scheme, and granted significant discounts for fixed-paying merchants to assist in their economic viability.

In addition, MDC constructed COVID-19 facilities: World Trade Center Metro Manila, Philippine Red Cross Biosafety Laboratory, Sta. Ana Hospital Manila Molecular Testing Laboratory, and 296 swabbing booths in several key locations. MDC was also instrumental in setting up the Qualimed Sta. Rosa Triage and PCR Testing Facility; testing laboratories of Qualimed in San Jose Del Monte, Iloilo, and Tanauan.

Meanwhile, AirSwift conducted 75 flights for stranded tourists in various local destinations to Manila and Clark in cooperation with the Department of Tourism (DOT) and foreign embassies. Free shuttle services were also provided to medical front liners in Bonifacio Global City (BGC).

Preservation of Value

With the economy contracting at an unprecedented rate, we focused on preserving the value of our company by keeping our assets, mainly prime real estate and commercial properties, intact. To achieve this objective, we implemented a three-pillar strategy of maintaining adequate liquidity to service all our obligations, keeping our businesses operating while ensuring that cash inflows support our expenses, and lastly, strengthening our balance sheet for added margin of safety given the uncertain duration of this health crisis.

As a result, we deferred plans to acquire new land, tempered project launches and rationalized spending. Capital expenditures were reduced to PHP63.7 billion from the initial budget of PHP100 billion and projects launched were only at PHP10.6 billion. Direct operating expenses were scaled back by PHP11.9 billion, amounting to a 42% reduction from previous year. We tightened our general and administrative expenses that led to a 14% decrease from a year ago, equivalent to PHP1.4 billion in savings. Furthermore, we refinanced some of our loans to take advantage of record-low interest rates.

Overall, these efforts enabled Ayala Land to maintain its financial strength. We ended the year with a net

debt- to-equity ratio of 0.74:1 and an average borrowing cost of 4.7%, an improvement from 0.78:1 and 5.2%, respectively, in 2019. Moreover, we had the capacity to disburse dividends amounting to PHP4.0 billion. The market rewarded our efforts as our share price bounced back to PHP40.90 by year-end from a low of PHP22.95 at the early stages of the pandemic in March.

Business Results

The most challenging period of 2020 began in the second half of March and lasted until the end of May when the strictest lockdown (ECQ) was enforced. The limited economic and consumer activity caused our property development business, malls, hotels and resorts to contract. Only our real estate logistics and office leasing businesses remained relatively resilient.

Beginning in June, as the economy gradually reopened, with the less restrictive general community quarantine (GCQ), that allowed public transport, construction, and mall and hotel operations to resume within prescribed government guidelines, we saw continuous improvement in our performance for the remainder of the year.

Reservation sales reached a low point of PHP13.6 billion in the second quarter but grew by 66% to PHP22.5 billion in the third quarter and generated another PHP21.1 billion in the fourth quarter. This brought full-year sales to PHP81.9 billion or 56% of 2019 levels. The foot traffic across our 31 shopping centers averaged 8% of pre-COVID levels in May but accelerated to 45% by December. We redeployed more than 32 thousand construction workers, representing 48% of the workforce, across 174 sites.

The reopening fostered sequential growth in the succeeding quarters. From PHP12.8 billion in the second quarter, revenues grew 73% in the third quarter to PHP22.1 billion and another 49% to PHP32.9 billion in the fourth quarter. Net income, on the other hand, registered at PHP197 million in the second quarter and increased to PHP1.8 billion and PHP2.4 billion in the last two quarters. Summing up our performance, we closed the year with

total revenues of PHP96.3 billion and a net income of PHP8.7 billion, a decline of 43% and 74%, respectively, compared to 2019.

Business and Service Continuity

I am proud of how our people acted quickly to adapt to the new normal. Our residential brands maximized digital assets to reach out to buyers. This resulted in 17% of reservation sales originating from online channels. A total of 36% of our completed units were turned over to buyers in virtual format, providing a comprehensive, 360-degree view of the finished products. Despite construction difficulties, we handed over 6,635 residential units wherein 98% were accepted without rework.

Our malls were kept open to make essential goods and services available to consumers. To facilitate contactless purchases, AyalaMalls updated its Z!ng app, introduced a personal shopper service – AyalaMalls Neighborhood Assistant, and a curbside pick-up option – DriveBuy.

Our offices, industrial parks and warehouses likewise remained open to allow uninterrupted operations for Business Process Outsourcing (BPO) companies, corporates, manufacturers and trading businesses. Meanwhile, our hotels served as quarantine facilities for returning overseas Filipinos. With the support of DOT and the local government of Palawan, our resorts hosted 41 “tourism bubbles” serving more than 2,000 guests, ensuring safe and sustainable travels with no single positive COVID-19 case recorded. When we piloted the program in the third quarter, the DOT recognized it as a model for the safe reopening of the tourism sector.

During the ECQ, our property management business, Ayala Property Management Corporation (APMC), ensured that all 253 managed properties remained safe and were provided essential services. More than 5,000 personnel stayed-in on-site, supervised by a Safety Council assigned to each property. We received many commendations and letters of appreciation from residents of our communities for APMC’s unwavering commitment to ensuring their welfare during this challenging period.

PRESIDENT'S REPORT

Given the imperative for contactless interaction, we completed 41 digital initiatives in 2020 involving automation and process improvements to enhance customer engagement and efficiency. We also accelerated the industrialization initiatives of MDC by expanding its prefab, prefinished and volumetric construction to increase productivity and augment limited on-site manpower deployment. Currently, approximately 30% of our construction work is completed in MDC's offsite manufacturing facilities.

Notwithstanding the pandemic, we continued to introduce products into the market. We launched our 30th estate, South Coast City, a 26-hectare mixed-use development located in South Road Properties, Cebu City. The project, in partnership with the SM Group, is envisioned to be the entertainment capital of the Visayas region.

We introduced 13 residential projects across our different brands. Moreover, we completed commercial leasing projects. We added two office buildings with a total of 66 thousand sq. meters of gross leasable area (GLA) in BGC and Cebu. We made available additional 345 hotel rooms with the completion of Seda Central Bloc in Cebu and opening of new rooms in Seda Residences Ayala North Exchange and Seda BGC. We expanded the GLA of our standard factory buildings and warehouses under the ALogis brand with 32 thousand sq. meters of new space.

More than a decade after the passage of the real estate investment trust (REIT) law, we embarked on the landmark public listing of AREIT, the first REIT in the country and a new asset class that aims to provide stable dividend income and build confidence in the Philippine capital markets amidst the challenging environment. The proceeds of PHP12.3 billion from the initial public offering provided additional funding for our local projects.

We remained steadfast in advancing our carbon neutrality target by 2022. With still two years remaining, we have

offset 91% of our carbon emissions, with 57 properties utilizing renewable energy, 586 hectares of forests protected, and more than 100,000 native trees planted since 2018. In addition, through our circular waste management system, we diverted from landfills 28 metric tons of plastic, equivalent to 2.8 million PET bottles, and converted these into eco-friendly construction products for our residential and estate developments in Luzon.

Recognitions

We are honored to be recognized for significant milestones in 2020.

The AREIT IPO was recognized as Deal of the Year for South East Asia by FinanceAsia, Best IPO in the Philippines at The Asset 2020 Country Awards and Equity Deal of the Year at the Annual International Finance Law Review (IFLR) Awards.

We are encouraged by the recognition we received from the ASEAN Capital Markets Forum, the Securities and Exchange Commission, and the Institute of Corporate Directors for our unwavering adherence to strict corporate governance practices. Ayala Land is now one of the top three publicly listed companies in the Philippines and one of the top 20 in the ASEAN region, based on the ASEAN Corporate Governance Scorecard.

Ayala Land remains to be the only Philippine company included in the SAM Sustainability Yearbook by S&P Global since 2017. Together with Ayala Corporation, it is one of only two Philippine companies on the S&P Dow Jones Index. We also received an A- leadership rating on Climate Change and recognition as one of the Most Improved Companies in Southeast Asia in 2020 by the Carbon Disclosure Project (CDP) for our commitment to climate action and carbon neutrality.

I am grateful to our various business units whose enduring dedication to excellence garnered us these achievements on top of other recognitions we received

We are working towards a V-shaped recovery and I am confident that we have the institutional capability, required resources, and a strong balance sheet to achieve this objective.

during the year. The full list of the recognitions is detailed on pages 136-137 of this report.

Looking Forward, Reinvention, V-Shaped Recovery

Although we are still in the middle of the pandemic, we are hopeful that the economy would continue to improve as the vaccine rollout gains traction in 2021.

We believe this health crisis has inevitably caused temporary and permanent shifts in consumer behavior, affecting our business lines in numerous ways. Each business unit is carefully adjusting their strategies and practices to strengthen our market position and reinvent some of our business models to adapt to the new environment.

We are working towards a V-shaped recovery and I am confident that we have the institutional capability, required resources, and a strong balance sheet to achieve this objective. Our view is that it will take two to three years to revert to our 2019 performance. To set this recovery in motion, we allocated PHP88.0 billion in capital expenditures and PHP100-billion worth of residential

products for launch in 2021. With 30 estates across the country and more than 12 thousand hectares in our land bank, we face the year confident in our ability to seize new opportunities in an evolving business climate.

One Ayala Land

In the midst of this pandemic and period of uncertainty, I have never been prouder and more privileged to be working with each and every one of you.

To our board of directors, I am grateful for your engagement, wisdom and guidance. Your collective experience and knowledge provided our management team with insights that helped navigate our company during this pivotal year.

To our shareholders, thank you for your continued trust as we carve new paths for Ayala Land to build communities, enrich more lives and remain a catalyst for growth in our country.

To all my colleagues at Ayala Land, thank you for keeping our businesses operating, our properties secure, our people safe, and for helping our various stakeholders during this difficult period. Your dedication and commitment showed our ability, as a team and as one family, to adapt and overcome the challenges brought about by this health crisis.

As ONE Ayala Land, we remain united in our efforts to create a more empowering and prosperous future for generations to come.



BERNARD VINCENT O. DY
President and CEO

CFO'S REPORT

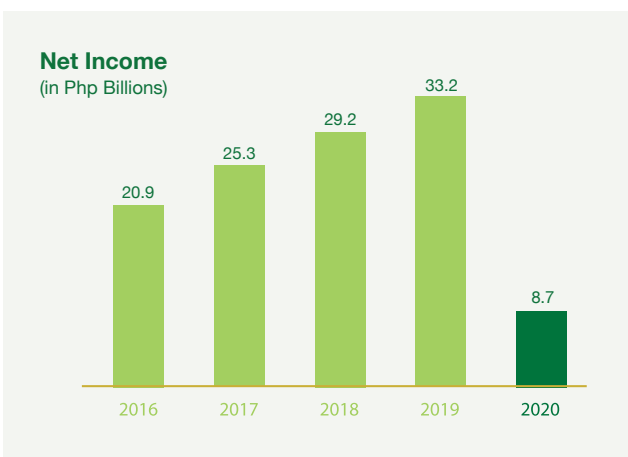
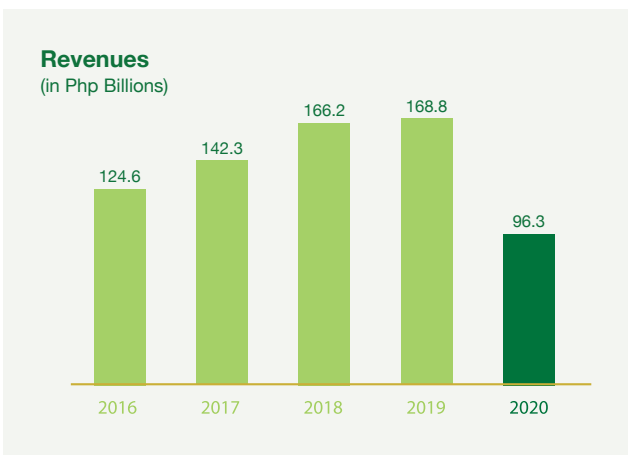


AUGUSTO D. BENGZON

WE PRIORITIZED FINANCIAL SUSTAINABILITY TO ENSURE OUR ABILITY TO WEATHER THE CHALLENGES OF THE PANDEMIC, PRESERVE VALUE FOR OUR STAKEHOLDERS, AND POSITION AYALA LAND FOR RENEWED GROWTH UPON RECOVERY.

Our Business Model, Bench, and Brand proved resilient, and together with the inception of our five-point plan covering Financial Sustainability, Protecting the Workforce, Serving Our Customers, Helping the Community, and Thinking Ahead Towards Recovery, allowed us to preserve the value of the company and to prepare for the next normal.

Revenues and Net Income of PHP94.6 billion and PHP8.7 billion were lower by 43% and 74% respectively from the prior year, reflecting the impact of the community quarantines that were imposed and which resulted in restricted mall, hotel and resort operations, and a slowdown in residential sales. Nonetheless, we took immediate action to ensure that our financial sustainability was anchored on ensuring that the company had more than sufficient liquidity to weather the crisis.

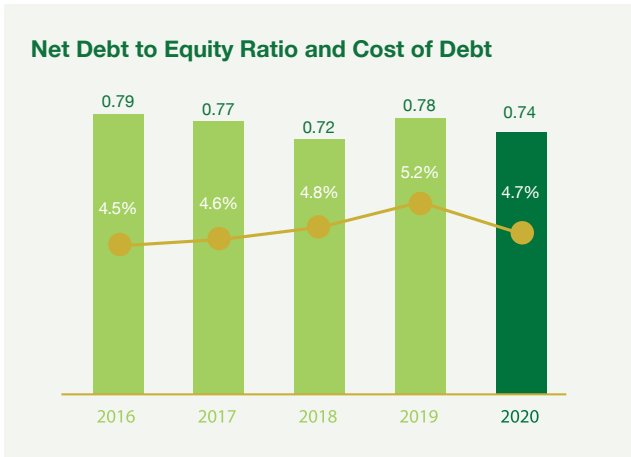


We closely monitored cashflows by regularly conducting liquidity management meetings every fortnight. This allowed us to quickly formulate action plans and provide directions that allowed our business units to adjust to the evolving situation on the ground. Updated forecasts were generated and strict control of disbursements allowed us to reduce our capital expenditure (capex) guidance from the original budget of PHP110 billion to PHP70 billion as we prioritized investments; by the end of the year, total capex spend reached PHP63.7 billion, well within our revised budget for the year. Coupled with the implementation of a zero-based budgeting process which allowed us to structurally review all expenditures, we ensured that cash flows were more than sufficient to cover capex and service our debt obligations.

We implemented several initiatives meant to further strengthen our balance sheet. Our active refinancing strategy enabled us to further lower our cost of debt, realize interest expense savings, and extend our debt portfolio's maturity profile.

We raised a total of PHP40.85 billion in term refinancing with a blended interest rate of 3.85% and an average tenor of 7 years, reflecting a credit spread significantly lower than our comparable peer set, and which allowed us to reduce our overall cost of debt by 46 basis points. Notably we were the first corporate to tap the debt capital markets during lockdown with a PHP10 billion 2-year bond with a coupon rate of 3% which was issued in June, and were able to secure the longest tenor of 5 years with a PHP6.25 billion issuance in September. These fund-raising exercises were a clear demonstration of the confidence of our creditors and investors in the financial strength of our company which was in an industry most severely affected by the lockdowns. In addition, we maintained short term credit facilities of PHP84.0 billion, of which PHP75.0 billion were unutilized but were not cancelled nor subjected to any commitment fees by our banks.

CFO'S REPORT

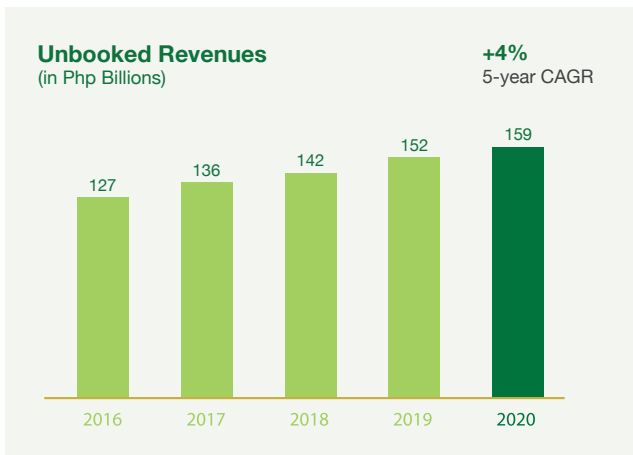
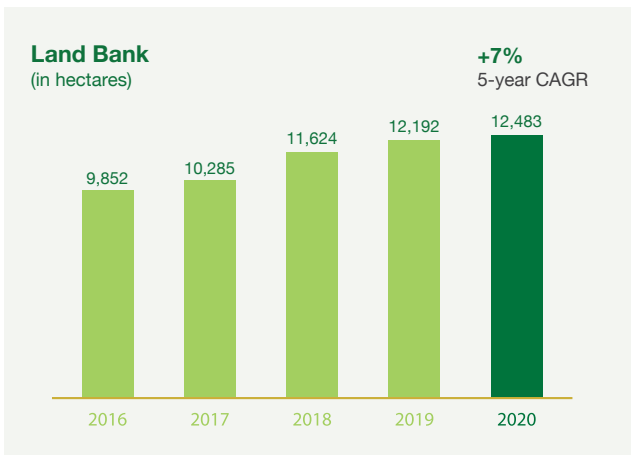


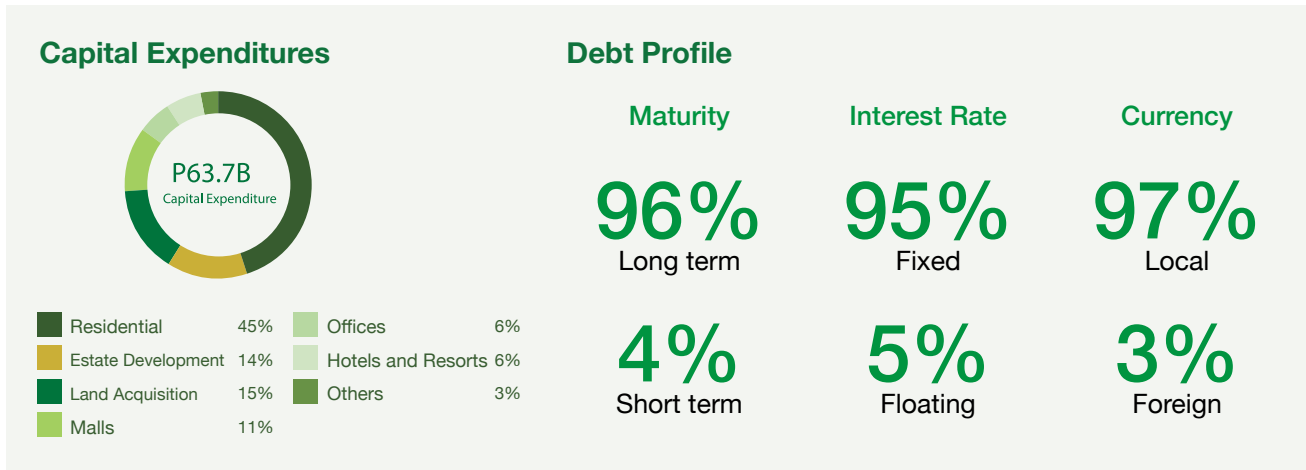
We successfully bid out PHP20.4 billion worth of accounts under our accounts receivables sale program with a discounting cost of 4.1%, lower than the comparable borrowing rate of 4.6%. The low discounting rate and continuing support from our partner mortgage banks we believe are reflective of the of the strong credit rating inherent in our accounts receivables due primarily from buyers of our residential developments. We successfully launched AREIT, Inc., the first Real Estate Investment Trust in the country, generating PHP12.3 billion in cash proceeds for Ayala Land which we will recycle back into more commercial developments in the Philippines. AREIT was the successful culmination of 14 years of labor to introduce a new asset class that will further develop and deepen the domestic capital markets. In addition, as

part of a disciplined capital management program, we declared PHP4.0 billion of dividends to our common and preferred shareholders.

The combination of liquidity, cost and capital management programs allowed us to strengthen the balance sheet, with our net gearing ratio improving to 0.74:1 from 0.78:1 in 2019. This has allowed us to prudently and consistently grow the assets and intrinsic value of the Company. Our landbank further expanded to a total of 12,483 hectares in 2020, while we added to the gross leasable area (GLA) of our commercial portfolio. Although the pandemic has negatively impacted our malls, hotels, and resorts, we remain confident that these assets will continue to be relevant once the vaccine rollout is completed and foot traffic, business travel and tourism return to normal levels. In addition, we recorded PHP159 billion of unbooked revenues from our residential business which will be recognized in the coming years as we complete the construction of the underlying developments.

We continued to make headway in our digitalization journey. We completed 41 digital projects and improved our IT infrastructure backbone with a focus on security and software compliance to mitigate security risks and enhance software license audits across the Ayala Land Group. Furthermore, our risk-based, process-focused audits were aligned to support the company's strategic initiatives, taking into account the prioritized risk areas and integrating IT audits when applicable.





Amicassa, our captive BPO providing documentation support for our residential business, processed and released 4,049 titles despite limited mobility and skeletal workforce at regulatory offices. Aprisa Business Process Solutions, Inc., our wholly-owned business process outsourcing provider, effected 1.3 million transactions covering payments, billings, procurement, bookkeeping, and financial reporting.

On the Investors Relations front, despite the quarantine/lockdown environment that we had to contend with, we attended 17 investor conferences and 81 one-on-one meetings virtually. These events enabled us to meet a total of 171 firms and 285 representatives from the analyst and investor community, ensuring constant engagement, providing visibility, and clear messaging of ALI's strategy and operational performance during the pandemic.

We continue to improve on our governance practices and align with regional best practices. Our ASEAN Corporate Governance Scorecard (ACGS) results were higher than two years ago, and garnered us the Top 3 in the Philippines and Top 20 in ASEAN awards. Institutional Investor Magazine awarded us as 2nd Most Honored Company, 2nd Best CEO, 1st Best CFO, 2nd Best ESG, and 2nd Best IR Program. FinanceAsia honored us with 5th Best Managed Company and 2nd Best CEO. IR Magazine, FinanceAsia and The Asset announced our

AREIT as best IPO. Furthermore our 2018 Integrated Report was given the Gold Anvil for External Public Relations Tools and a Bronze Stevie.

This success would not have been possible without the guidance and support of our Board of Directors, as well as the commitment of each and every *ALizen*. Not only has the organization been able to survive this challenging period, but it is also stronger and more prepared for the eventual recovery.

To our shareholders and stakeholders, thank you for your unwavering trust in Ayala Land. Rest assured that we will continue to prudently maintain the company's strong financial position, preserve value and enable growth, for the long-term.

AUGUSTO D. BENGZON
Chief Finance Officer, Treasurer,
and Chief Compliance Officer

BUSINESS REVIEW

ESTATE DEVELOPMENT



Ayala Land launched South Coast City in 2020 bringing its total estates to 30 across the country. These large-scale, mixed-use and sustainable developments continue to serve as platforms of growth while keeping its residents and nearby communities safe during this pandemic.

ESTATE LAUNCHED IN 2020

South Coast City

Located in the Cebu South Road Properties in Cebu City, South Coast City is a 26.3-hectare estate developed through a partnership of Ayala Land, its listed subsidiary Cebu Holdings, Inc., and SM Prime Holdings.

South Coast City can be accessed via the new CCLEX (Cebu-Cordova Link Expressway) bridge, the third bridge connecting Cebu City and Mactan Island, which is expected to be completed by 2022. Facing the Cebu Strait, South Coast City will offer waterside views and features. A pedestrian road network is designed to interconnect the estate's centerpiece, a 1.1-hectare civic park, and the main areas of the development.

Within South Coast City is District Square, a prime commercial area that offers commercial land for sale and investment opportunities to those who aspire to have a presence in this strategic location along the Cebu South Coastal Road. District Square is ideal for offices, hotels, and other commercial uses.

Exemplifying Ayala Land's track record of developing well-integrated and sustainable estates, South Coast City is ideally positioned to become a catalyst of local economic growth.

ESTABLISHED AND EMERGING ESTATES

METRO MANILA

Makati CBD

To help the community adapt to the new normal, the Makati Central Business District (Makati CBD) launched a number safety and sustainability initiatives.

Bike lanes were installed on its main roads, allowing people to safely and conveniently move around the CBD, especially during the first months of the lockdown when public transportation was suspended. A passenger queueing system was also implemented at various points along Ayala Avenue to ensure social distancing. Assistance was also provided to the Makati Medical Center for the setting up of a COVID-19 treatment center at the hospital.

The Festival of Lights held annually at the Ayala Triangle Gardens since 2009 was brought online so that people could still enjoy this world-renowned light-and-sound show. This interactive virtual edition made the show more accessible, with viewership reaching 5.5 million by the end of the two-month festival.

The construction of two projects undertaken through the Makati Central Estate Association—Villar Underpass connecting Ayala Triangle Gardens and Paseo de Roxas and the Legazpi Car Park on Legazpi Street—continues. These projects will improve pedestrian connectivity and ease motoring traffic within the CBD.

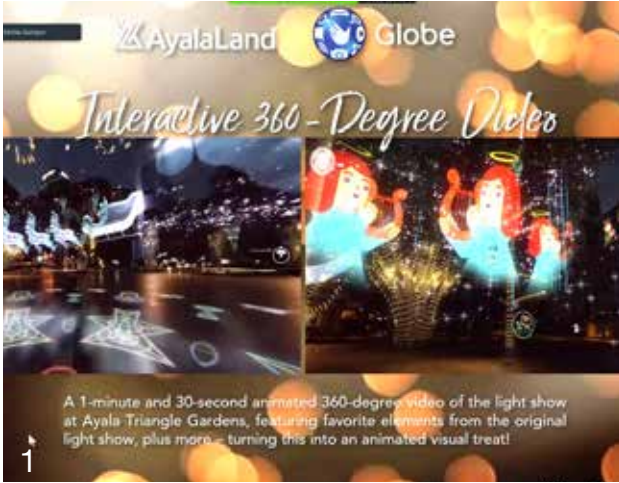
Bonifacio Global City

BGC in Taguig City cements its position as the country's home of flagship retail and dining with the launch of the first and only Jordan Store in southeast Asia at High Street South, the estate's newest retail and cultural section.



Ayala Land's 30th estate, South Coast City in Cebu, will be anchored by the District Square, which offers prime commercial lots for investment opportunities.

BUSINESS REVIEW



- 1 The annual Festival of Lights at the Ayala Triangle Gardens was brought online, and was seen by 5.5 million viewers after its two-month run.
- 2 Fifteen kilometers of bike lanes in the Bonifacio Global City were completed to improve mobility in the estate.
- 3 Arca South will host the country's first dedicated cancer specialty hospital with AC Health's Cancer Hospital, set to open in 2023.
- 4 The Vertis North Tent served as a COVID-19 testing facility of the Philippine Red Cross.
- 5 Facilities at common areas and entry points of NUVALLI are regularly sanitized for the safety of residents, patrons, and visitors.
- 6 Safety reminders on health and social distancing protocols are placed in strategic areas across Ayala Land estates.

BGC's newest office tower, BGC Corporate Center 2, was completed during the year and is targeted for opening by the second quarter of 2021. Located on 5th Avenue, the tower will be the new Philippine headquarters of American Express, joining similar campuses of other international financial institutions in the area.

BGC has started building a 27-kilometer underground conduit network that will streamline the installation of power and communication cables of the various telecommunications companies serving the estate. Called Project Labyrinth, the network will provide buildings and BGC residents, workers, and denizens with convenient and faster connectivity.

BGC's social responsibility arm Fort Bonifacio Development Foundation, Inc. started a donation drive to assist frontliners and low-income households in the city. Called #FortheFrontlines, the drive also involved BGC-based businesses, residents, and employees and raised close to PHP7 million in cash and in-kind donations. The project provided 20,000 hot meals for over 800 frontliners and pandemic preparedness kits for 15,000 Taguig residents.

A number of projects were also undertaken to help people move around the estate, given the scaling back of public transportation. BGC completed 15 kilometers of bike lanes in June, resulting in an 800% surge in the number of people going around BGC on bicycles, from a daily average of 500 to some 5,000 today. The country's first bike and e-scooter sharing program, MOOVR PH, was also launched exclusively in BGC, with 180 bikes, 20 e-scooters, and 15 hubs. This service addresses last-mile connectivity concerns, contributing to inclusive mobility in BGC.

To support business recovery and renewed consumer confidence, BGC implemented curbside pick-up points strategically located near malls, extended safe outdoor dining areas in parks and sidewalks, and organized food fairs in open spaces. On weekends, portions of 5th Avenue are closed to motoring traffic, to give way to outdoor dining, play, and other recreational activities.

Circuit Makati

The 22-hectare Circuit Makati, envisioned as an art, culture, and entertainment district, is being improved with the construction of The Samsung Performing Arts Theater, set to open in 2021. The opening of membership-shopping club S&R in March helped to sustain the needs of the surrounding communities during the pandemic.

Recreational spaces were allowed to operate following safety protocols. The Blue Pitch football field hosted training time for professional teams Kaya and Maharlika Football Clubs under the guidance of the Games and Amusements Board and the Philippine Football Federation. Meanwhile, karting as individual sport was resumed at Urban CityKart Racing in October.

Arca South

Arca South will be the location of the 100-bed cancer facility recently announced by AC Healthcare Holdings, Inc., the healthcare arm of the Ayala group. The facility, targeted for opening in 2023, will be another distinguishing feature of Ayala Land's second estate in Taguig.

Vertis North

Vertis North in Quezon City, in partnership with AC Health, hosted a COVID-19 testing facility of the Philippine Red Cross.

BUSINESS REVIEW

To provide the community with easier access to goods, a mobile market is held every Thursday morning near the estate's residential towers. Available open spaces were converted into vegetable gardens to support stay-in personnel during the lockdown. A drive-in cinema was also held during the Halloween holiday in partnership with ABS-CBN.

The estate provided cash and rice donations to the nearby communities of Pingkian and Graceville and turned over a community precinct hall on Agham Road to the Philippine National Police.

LUZON

NUVALI

NUVALI, which straddles the cities of Sta. Rosa, Calamba, and Cabuyao in Laguna, is now the location one of the country's COVID-19 referral hospitals, with QualiMed-Sta. Rosa equipped with a triage holding area, biosafety level 2 laboratory, and expanded ICU beds for the exclusive use of COVID-19 patients. This facility is central to the Ayala group's commitment to national recovery and nation building especially during this difficult time.

Estate and property managers conducted regular sanitation and disinfection of all access points as part of the strict protocols implemented in these areas. The NUVALI Operation Center remained open to monitor the estate 24/7, with emergency response teams (ERTs) ready to respond to any emergency situation. Security, fire, groundskeeping, maintenance, and housekeeping staff who opted to stay in-premises to support the estate during the lockdown were provided with accommodations and provisions.

Through comprehensive community planning, NUVALI secured free passage and continued direct access to nearby supermarkets and drugstores for its residents.

Vermosa

Avida Verra, located near the commercial and recreational facilities section of this Cavite estate, will start turning over phase one lots and houses-and-lots by the second quarter of 2021. The eight-hectare Vermosa Sports Hub will likewise resume operations subject to IATF guidelines, with the addition of new sports facilities, including an athletes' lounge.

VISAYAS AND MINDANAO

Cebu Business Park

New leasing assets were completed at the two-hectare Cebu Central Bloc despite construction slowdowns. In April, Seda Central Bloc added 214 hotel rooms. In December, the second office tower of the "superblock," Central Bloc Corporate Center Tower 2, was completed with 39,000 sq. meters of GLA.

Azuela Cove

In Azuela Cove in Davao City, the construction of the Residences at Azuela Cove North and South Towers remains on schedule, along with the construction of the Gaisano G-Market.

TOURISM ESTATES

Lio Beach

With travel restrictions imposed across the country, Lio Beach in El Nido, Palawan endeavored to protect its workforce and support the livelihood of the community. Through the travel program of the Department of Tourism (DOT) and the reopening of the resorts in Lio, the livelihood of 68 mostly Palawan residents were preserved. Staff affected by the closures were reassigned to other tasks such as minor construction, enhancement projects, and environmental stewardship programs.



A triage holding area was built adjacent to QualiMed-Sta. Rosa expanding the hospital's capabilities as a full-scale COVID-19 referral hospital.

El Nido Resorts also implemented a *Be Green, Be Clean* program to ensure that all guests, employees, residents, contractors, merchants, and the Lio community experienced safe and healthy surroundings within the estate.

Sicogon

In Sicogon, Iloilo, the estate group established safety protocols that helped keep the island COVID-19-free. Preparations for the resumption of development activities are ongoing.

PROPERTY DEVELOPMENT



The limited economic and construction activity brought about by the ECQ in March caused property development revenues to contract by 47% to PHP57.9 billion. Beginning in June, as the economy gradually reopened with the less restrictive GCQ, bookings accelerated with the resumption of construction and sales reservations continued to improve for the remainder of the year. The segment contributed 67% of total real estate revenues.

Reservation sales reached a low point of PHP13.6 billion in the second quarter but grew by 66% to PHP22.5 billion in the third quarter and generated another PHP21.1 billion in the fourth quarter. This brought full-year sales to PHP81.9 billion or 56% of 2019 levels.

Adapting to the new normal, the residential brands generated PHP13.6 billion of sales from its digital selling channels, representing 17% of total sales reservations.

AyalaLand Premier

AyalaLand Premier (ALP) remains to be the country's most trusted brand in the residential luxury segment, maintaining the highest standards in construction and product delivery. In 2020, ALP completed five projects and turned over 436 lots and units.

Catering to increased demand for horizontal residential developments in the South Luzon area, ALP launched the third and fourth phases of Andacillo in NUVALI. The projects were well-received by the market, generating sales reservations of PHP2.5 billion.

Although sales across projects increased towards the second half of the year, limited construction activity impacted the completion of major ongoing projects such as Garden Towers (Tower Two) and Park Central South Tower in Makati, and West Gallery Place in BGC. This led to a 39% decline in ALP's revenues to PHP15.0 billion for the year.

To adapt to the changing environment, ALP launched new digital initiatives to continue serving its customers. These include 360-degree virtual tours of residences, interactive brochures, and online lifestyle events.

In 2020, ALP's Parklinks North Towers, its pioneer condominium development in the Quezon City-Pasig City corridor, was awarded Best High-Rise Architecture at the Asia Pacific Property Awards.

ALVEO

Ayala Land's upscale residential brand, ALVEO, turned over 1,045 units to residential buyers and completed one project during the year. It recorded residential revenues of PHP8.1 billion, 58% lower as restricted construction resulted in lower completion.

In 2020, it completed its full transition to digital selling, rolling out new sales materials and activities including

virtual property tours, and 360-degree interactive tours of model units and project amenities. ALVEO increased the number of its digital and mobile transactions, including online reservations and digital bookings and offered the option for virtual turnover to buyers.

ALVEO's website was optimized for both desktop and mobile use, and its social media assets were utilized to provide information on its various projects. Investment and lifestyle webinars were held regularly to cater to the diverse interests of potential buyers.

ALVEO received a number of commendations from various award-giving bodies such as a Bronze Stevie for Company of the Year (Real Estate, large category) at the 2020 International Business Awards, Bronze Award for Excellence and Innovation under the Consumer Product and Services Industries Category at the Asia Pacific Stevie Awards, and Best Residential Development Company in the Philippines by the Home Builder Awards, among others. Its projects, Portico in Pasig, Solinea in Cebu, Orea Place at Vertis North, and Parkford Suites Legazpi in Makati were cited for their distinct product offerings at the International and Philippine Property Awards 2020.



Ayala Land's residential brands ramped up digital selling initiatives by utilizing digital platforms to provide buyers with a 360-view of projects and their features.

BUSINESS REVIEW

Ayala Land launched 13 projects worth PHP10.6 billion in 2020 as it calibrated its plans due to the health crisis.



- 1 Avida Greenfield Settings will offer more than 1,100 homes in Alvierra in Pampanga.
- 2, 3 Two new phases of ALP's Andacillo in NUVALI in Laguna were launched to address the growing demand for residential lots in Southern Luzon.
- 4 Amaia launched its first town homes project in NUVALI despite limited sales mobility.
- 5 A total of 208 condominium units were launched at Amaia Steps The Junction Place Aria for residential buyers in Quezon City.

Avida

Avida, a key player in the middle-income residential segment, delivered 2,775 units to its customers and completed one project in 2020, Avida Towers Turf in BGC. It launched Avida Settings Greendale in Alviaera, offering 1,176 house-and-lot units to home buyers in Pampanga with a total value of PHP3.9 billion.

Avida registered PHP14.4 billion in revenues, a 47% decline from 2019, due to lower bookings of projects from The Montane in BGC, Avida Towers Asten 3 in Makati, Avida Towers Sola 1 and 2 in Vertis North.

The pandemic provided Avida with the opportunity to pivot to online operations, facilitating contactless interaction and transactions for the safety and convenience of its customers, employees, and business partners. Key online activities were immediately enforced across all touchpoints, from digital sales, marketing and online appointments, to virtual turnovers.

Amaia

Amaia launched five new projects totaling PHP3.9 billion, driven by resilient demand in the affordable housing segment. These projects were: Amaia Steps The Junction Place Aria in Quezon City; Amaia Scapes Cabuyao Sector 3, Bulacan Sector 4, Gen. Trias Sectors 3 and 4 in Cavite; and Amaia Series Nuvali in Laguna. Despite the uncertainty brought about by the pandemic, it recorded PHP15.1 billion in sales reservations, 3% higher than 2019.

Amaia delivered 1,738 units and completed four buildings. Revenues declined by 36% to PHP4.7 billion attributed to lower bookings from projects such as Skies Cubao Tower 2 in Quezon City, Skies Shaw Tower 1 in Mandaluyong City, and Skies Sta. Mesa in Manila.

BellaVita

Ayala Land's socialized housing brand, BellaVita, delivered 641 homes to its customers and completed one project, recording PHP791 million in revenues, a

34% decline due to lower bookings of projects sold in prior years, specifically those in Cagayan de Oro, Batangas, and Laguna.

Ayala Land, through BellaVita, partnered with the Department of Human Settlements and Urban Development (DHSUD) and various local government units to build housing and community-building projects. In partnership with the Department of Agrarian Reform, BellaVita provided 184 houses for the department's BALAI Farmers Housing program. The repair and reconstruction of three mosques in Marawi City, destroyed by Daesh-inspired terrorism in 2017, was undertaken with DHSUD.

BellaVita was recognized by the Philippine Home Development Mutual Fund as one of the top 10 developers in South Luzon.

Office for Sale

Revenues from the sale of office units were severely impacted by the pandemic, declining by 72% to PHP3.5 billion. No new projects were launched in 2020, in line with Ayala Land's financial sustainability initiatives. Limited inventory coupled with slower completion of projects such as the ALVEO Financial Tower in Makati CBD, and Park Triangle Corporate Plaza, Park Triangle Tower, and High Street South Corporate Plaza 2 in BGC led to the segment's lower contribution.

Commercial and Industrial Lots

Slower take-up in Broadfield in Laguna and limited inventory in Altaraza in Bulacan, Evo City in Cavite, and NUVALI in Laguna weighed down commercial and industrial lot revenues, resulting in a 42% decline to PHP6.6 billion. The launch of commercial lots in South Coast City in November added 11 new lots in fresh inventory.

COMMERCIAL LEASING



Malls, hotels and resorts faced a difficult year with quarantine and safety protocols restricting mobility and operations. Only the real estate logistics and office leasing businesses remained relatively resilient. The segment's total revenues reached PHP21.9 billion, 44% lower than the previous year, accounting for 25% of Ayala Land's real estate revenues.

Shopping Centers

Recognizing the impact of COVID-19 on its merchants, Ayala Malls provided rent condonation and subsidy for the duration of the various community quarantines. Total support extended during the period amounted to PHP6.2 billion. Health and safety measures were strictly implemented in accordance with government protocols to protect mall patrons.

Ayala Malls also focused on various digital initiatives in response to the new operating landscape. Z!ng, its digital concierge and loyalty app, was further enhanced to include a virtual mall with 61 merchants and an eGift Marketplace. It also rolled out the AyalaMalls Neighborhood Assistant (ANA), a personal shopper service for mall patrons. Other initiatives introduced were Live Online Shopping at Pasyal TV and DriveBuy, a curbside pick-up facility for callers and online shoppers.

In 2020, Ayala Malls recorded revenues of PHP9.1 billion, 59% lower mainly due to restricted operations during the pandemic. From a low of 8% of pre-COVID levels in May, foot traffic improved to 45% by December as mobility increased. As of end-2020, total malls GLA stood at 2.12 million sq. meters.

Offices

The office leasing business remained resilient on the back of sustained BPO and headquarter-type operations. It generated total rental revenues of PHP9.4 billion, 3% lower than last year due to the pre-termination of Philippine Offshore Gaming Operator (POGO) tenants. This reduced the office segment's POGO exposure to 5% from 9% of its GLA in 2019. Overall occupancy remained healthy at 88%

Despite restrictions on construction, Ayala Land Offices (ALO) added two new office buildings to its portfolio, with BGC Corporate Center 2 with 27,000 sq. meters and Central Block Corporate Center 2 in Cebu with 39,000 sq. meters of GLA. These increased the total office portfolio to 1.23 million sq. meters of GLA as of end-2020, making ALO the largest office developer nationwide.

All office properties adhered to IATF health and safety guidelines. Service personnel were housed on-site at the height of the pandemic to protect their health and safety as well as assure the continued operations of all buildings. To support BPO tenants, accommodations at Seda Hotels were arranged for their employees.

A total of 194,000 sq. meters of offices under planning and construction comply with the Philippine Green

Building Code, with seven new buildings designed and constructed to meet LEED standards. A total of thirty-four (34) ALO properties have shifted to using renewable energy.

Hotels and Resorts

The hotels and resorts business posted revenues of PHP3.4 billion in 2020, 56% lower than the previous year as community quarantines and travel bans weighed heavily on occupancy, rates, and operations.

In response to the new business landscape, the hotels group offered lodging for quarantine requirements of returning overseas Filipinos. It also launched "Food-To-Go," a food take-out service for ala carte, food trays, and volume orders. Meanwhile, the resorts group, in close coordination with the Department of Tourism and the local government of El Nido, Palawan, launched travel bubbles for local tourists. By the end of the year, 41 bubbles were conducted with with no single positive COVID-19 case recorded.

By year-end, the number of hotel and resort rooms stood at 4,030. A total of 345 new hotel rooms were delivered with the completion of Seda Central Bloc in Cebu and the opening of new rooms in Seda Ayala North Exchange in Makati and Seda BGC.



Health and safety protocols are strictly implemented in all Ayala Malls.



AyalaMalls Neighborhood Assistant (ANA), a personal shopper service, provides mall patrons with a safe and convenient way to shop.

BUSINESS REVIEW

Despite construction restrictions, Ayala Land completed two new office towers totaling 66,000 sq. meters of GLA, 345 hotel rooms, and 32,000 sq. meters of warehouse GLA.



- 1 ALogis added two warehouse facilities, located in Laguna Technopark and Alvierra Industrial Park, totaling 32,000 sq. meters.
- 2 BGC Corporate Center 2 will add 27,000 sq. meters of office GLA in Bonifacio Global City.
- 3 The second office tower at the Cebu Central Bloc was completed in the fourth quarter, offering 39,000 sq. meters of GLA.
- 4 Seda Hotels now has two facilities in Cebu City, with the opening of the 214-room Seda Central Bloc in 2020.



In coordination with the Department of Tourism, El Nido Resorts and Lio Estate launched 41 travel bubbles in 2020, supporting the livelihood of mostly locals employed in the estates.

The hotels and resorts group received notable citations amidst the pandemic. These include the 2020 World Travel Award's leading hotel group in the Philippines, for Seda Hotels, for the seventh consecutive year; top hotel in the Philippines and among the top 20 hotels in Asia, for Raffles Makati; and top resorts in Asia for Apulit, Lagen, and Pangulasian, from the Condé Nast Traveler Readers' Choice Awards.

Emerging Leasing Formats

Co-Living Space (The Flats)

The Flats, launched its *Safe Co-Living* campaign showcasing its different safety measures, including frequent sanitation of common areas, UV disinfection, free sanitation kits, and monitored resident access. It offered flexible and affordable accommodation packages to help address the needs of the workforce seeking safe lodging during this time.

The Flats currently has two branches located in the Makati CBD and BGC, with a total bed count of 2,044 as of end-2020. More branches are being planned for opening in the next few years to offer affordable residential leasing arrangements for professionals in city centers.

Co-Working Space (Clock In)

Clock In provides flexible, co-working and serviced office facilities to start-ups, small, and mid-sized enterprises. With eight facilities located in the Makati CBD, BGC, Quezon City, Pasig City, Alabang, and Lio Palawan, Clock In offers a total of 1,413 seats as of end-2020.

Standard Factory Buildings and Warehouses (ALogis)

Listed subsidiary AyalaLand Logistics Holdings Corp. (ALLHC) established the ALogis brand for its industrial leasing business. It has standard factory buildings that cater to locators that need ready-built industrial facilities. ALogis added 32,000 sq. meters of warehouse GLA in Laguna Technopark and Alvia Industrial Park, expanding its total GLA to 207,000 sq. meters.

SERVICE BUSINESSES



Construction, property management, power distribution, and air transport continued to serve its clients amidst the pandemic, deploying 32,000 construction workers, 5,000 personnel across managed sites, and 75 sweeper flights.

Total revenues reached PHP6.3 billion 29% lower and equivalent to 7% of real estate revenues.

MDC

Makati Development Corporation and its subsidiaries posted consolidated revenues of PHP36 billion in 2020 (PHP3.3 billion revenues after intercompany eliminations), a 45% contraction over previous year, due to restrictions on construction activities during the hard lockdowns in the first half of the year.

Of MDC's 451 managed projects 75 were in pre-construction stage, 174 in construction, and 202 in post-construction, registering 77 million construction-related man-hours. It also handled 31 design-and-build projects during the year.

MDC delivered 18 new projects in 2020—seven residential projects consisting of 11,655 condominium units, lots, and house-and-lots; one hotel; three office buildings; five estate land developments; the atrium of the LRT-MRT common station; and a bridge at Vermosa in Cavite.

MDC achieved a 99.2% acceptance rate at first inspection for units turned over to owners, from 97.7% in 2019, and an 87.3% zero-defects rate for units within the warranty period.

The company and three of its subsidiaries successfully passed their respective surveillance audits for ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety).

Faced with severe limitations on construction activities, MDC has accelerated the adoption and implementation of DfMA—design for manufacturing and assembly—a construction methodology that allows for manufacturing off-site in a controlled environment prior to on-site assembly. Some key benefits derived from the adoption of DfMA are higher productivity, consistency of quality, and better safety with less workers required on-site.

MDC led the construction and setting up of nine health and medical facilities to support the fight versus COVID-19. These were the World Trade Center Metro Manila: *We Heal as One Center* (Pasay City), Philippine National Red Cross Testing Laboratory (Mandaluyong City), QualiMed Nuvali Triage Facility & PCR Laboratory (Sta. Rosa, Laguna), Manila Molecular Laboratory at the

Santa Ana Hospital (Manila), Transmarine Biomolecular PCR Laboratory (Makati), Qualimed Altaraza PCR Laboratory (San Jose del Monte, Bulacan), QualiMed Iloilo PCR Laboratory (Iloilo City), Tanauan PCR Laboratory (Tanauan, Batangas), and Evolving Ayala Group Employee Care Center (Sta. Rosa, Laguna).

In addition, MDC assembled a total of 296 swab booths in Manila (Palacio de Maynila events hall), Taguig City (Enderun College), Pasay City (SM Mall of Asia), and Santa Maria, Bulacan (Philippine Arena).

APMC

APMC registered revenues of PHP1.6 billion in 2020 from 253 managed accounts. Maintaining its service quality during this health crisis, APMC received a 95% overall customer satisfaction rating and a 96% satisfaction rating for COVID-19-related efforts. It was recertified for ISO 9001:2015 (Quality) and ISO 14001:2015 (Environmental) and successfully migrated its OHS management system from OHSAS 18001:2007 to ISO 45001:2018, without any exception during the external certification audit.

APMC implemented an eight-point program to effectively manage its properties and communities. Called *APMC SAFE 8*, the program focuses on



Makati Development Corporation converted the exhibition halls of the World Trade Center Manila into the 500-bed *We Heal as One Center* within 7 days.

BUSINESS REVIEW



- 1 A complement of 5,000 APMC personnel stayed on-site in its managed properties to ensure the safety of residents and tenants.
- 2 MDC personnel constructed a molecular testing facility at the Santa Ana Hospital in Manila.
- 3 APMC's SAFE 8 program rolled out especially for the pandemic included sanitizing critical areas of its managed properties.
- 4 The company's power distribution subsidiaries provided 772 gigawatts of energy to its customers in 2020.
- 5 AirSWIFT was one of the first domestic airline providers in the country to implement health and safety protocols in its operations.

protecting the property, preparing the workforce, protecting frontliners, contactless access control, social distancing, reduction of touch points, communication, and working with partners and customers.

Over 5,000 property staff stayed on-site across all managed properties and communities during the strictest enhanced community quarantine. Safety support was carried out in the properties affected by the community lockdowns, the eruption of Taal Volcano in January, and the three major typhoons—Quinta, Rolly, and Ulysses—that hit the country in the last quarter of the year. APMC's crisis management and emergency operation center and centralized fire detection and alarm system provide the entire group with critical support and timely action during disaster situations.

Apart from conducting COVID-19 workplace safety training across the Ayala Land group, APMC expanded its compliance to all new government policies related to COVID-19 and ensuring implementation across the organization. It fully complied with regulatory requirements for its properties and communities and secured 21,600 permits.

In line with its digital transformation, APMC launched its *@Home* app in a number of residential properties, to allow home owners to reserve amenities, register for services or repairs, and get billing statements online, among others.

APMC garnered 30 awards at the Safety Organization of the Philippines, Inc.'s National Fire Brigade Competition and three awards from Cebu BFP Fire Olympics. APMC was a Silver Awardee at the first-ever Mobility Awards, organized by climate action advocates including the Institute for Climate and Sustainable Cities and The Climate Reality Project, for the support of Bonifacio High Street and Bonifacio Stopover Corporate Center on bike mobility access and programs.

Across its properties and communities, APMC achieved a 0.0004 crime prevention efficiency record in 2020, exceeding its target of 0.05.

Power Distribution

Power distribution subsidiaries provided uninterrupted service to the commercial leasing assets and industrial park locators during the quarantine. Direct Power Services, Inc. (DPSI), Ecozone Power Management Inc. (EPMI), and Philippine Integrated Energy Solution Inc. (PhilEnergy) altogether served 105 customers in 2020 and delivered 772.1 gigawatts (GW) of electricity, achieving net revenues of PHP1.5 billion. DPSI served 56 clients and delivered 336.4 GW; EPMI, 44 clients and 397.5 GW; and PhilEnergy, five clients and 38.2 GW.

AirSWIFT

AirSWIFT primarily serves the aircraft transportation requirements of El Nido Resorts. At the onset of the pandemic, it immediately implemented health and safety protocols which are constantly updated to align with national and local government guidelines.

The airline took on a crucial role of transporting tourists who were in a number of island resorts when hard lockdowns were implemented in the country. In cooperation with the Department of Tourism and various embassies, AirSWIFT launched 75 sweeper flights ferrying 4,113 stranded tourists to Manila and Clark.

AirSWIFT was the first domestic airline to mandate the use of face masks and face shields by all passengers and crew members. It was also the first domestic airline to set up seat barriers approved by the Civil Aviation Authority of the Philippines. To this day, passengers and crew members are required to undergo RT-PCR testing before boarding any AirSWIFT flight.

STRATEGIC INVESTMENTS



Ayala Land's strategic investments provide new growth channels and expansion opportunities. In 2020, it embarked on the landmark public listing of AREIT, the first real estate investment trust (REIT) in the country, more than a decade after the passage of the REIT Law in 2009.

AREIT

Listed on the Philippine Stock Exchange on August 13, 2020, Ayala Land-sponsored AREIT, Inc. is the country's first real estate investment trust (REIT) following the enactment of the REIT Law in 2009. AREIT's successful launch generated net proceeds of PHP12.3 billion, introducing a new asset class that will further develop and deepen the domestic capital market.

AREIT debuted with three prime Makati-based commercial assets, namely Solaris One, Ayala North Exchange, and McKinley Exchange. AREIT used a tenth of the IPO proceeds to purchase its fourth office asset, Teleperformance Cebu, in September.

In 2020, AREIT recorded revenues of PHP2.0 billion and EBITDA (earnings before interest, taxes, depreciation and amortization) of PHP1.6 billion, 3% and 4% higher than its REIT plan, respectively. The company's full-year net income ended at PHP1.2 billion on account of stable operations during the pandemic. It ended the year with a total GLA of 170,848 sq. meters.

Demonstrating its commitment to deliver value to its shareholders, AREIT declared full-year dividends of PHP1.32 per share, slightly higher than its REIT plan

projection during its IPO. To further grow its portfolio, it acquired two more assets in January 2021, The 30th in Pasig City and industrial lots in Laguna Technopark leased by Integrated Micro-Electronics, Inc.

The AREIT IPO has been recognized by various award-giving bodies after it garnered the Best IPO in the Philippines at The Asset 2020 Country Awards, Equity Market Deal of the Year at the 5th Annual ALB Philippine Law Awards 2020, and Equity Deal of the Year at the Annual International Finance Law Review (IFLR) Awards.

ALLHC

AyalaLand Logistics Holdings Corporation (ALLHC) posted consolidated revenues of PHP3.7 billion and net income after taxes of PHP702 million, 30% lower and 10% higher than year-ago levels, respectively. Primary drivers of earnings were sales of industrial lots, stable operations of warehouses and offices, and disposal of non-core assets.

Despite the restrictions arising from community lockdowns, ALLHC added 32,000 sq. meters to its warehouse GLA ending the year with 207,000 sq. meters, an 18% growth from the previous year's 175,000 sq. meters. The additional GLA came from ALogis Biñan at the Laguna Technopark (20,000 sq. meters) and ALogis Porac at the Alvia Industrial Park (12,000 sq. meters). Commercial leasing GLA grew by 7% to 90,000 sq. meters from 84,000 sq. meters. Embracing digitalization, ALLHC also launched a number of online platforms,



ALogis now has 207,000 sq. meters of warehouse GLA, with the addition of 32,000 sq. meters of new facilities in 2020.



Despite construction slowdowns, Cebu Business Park welcomed the completion of a Seda hotel and the second office tower at the two-hectare Central Bloc.

namely virtual tours for prospective locators, and TutuBuy and ANA South Park Personal Shopper for retail customers.

ALLHC extended assistance to its affected stakeholders and communities. It granted rent reprieve to mall merchants and provided assistance to its employees and frontliners throughout the year. Aside from pledging donations to *ALI Pays It Forward* campaign and raising funds for *Project Ugnayan*, ALLHC also assisted in the procurement of medical equipment and supplies for designated COVID-19 referral hospitals.

Earlier in the year, ALLHC supported relief operations for victims of the eruption of Taal Volcano, distributing relief packages in Batangas to over 1,000 affected families. Additionally, in celebration of its 30th anniversary in November, ALLHC subsidiary Laguna Technopark, Inc. (LTI) donated grocery packs to households in communities surrounding its properties—Barangay Tabun in Mabalacat, Pampanga; Barangay Sabang in Naic, Cavite; and Barangays Moog and Tubajon in Laguindingan, Misamis Oriental.

Meanwhile, in partnership with the City of Manila and other Ayala group companies, ALLHC constructed and donated public convenience facilities in the Kartilya ng Katipunan Shrine for the benefit of the local community. ALLHC also provides monthly in-kind support to the Missionaries of Charity Home for the Sick Children in Tondo, Manila.

BUSINESS REVIEW



MCT Bhd launched three new projects in 2020, including Casa Bayu Apartment and Townhouses in CyberSouth.

Cebu Holdings, Inc.

Total revenues of Cebu Holdings, Inc. (CHI) primarily driven by commercial lot sales and BPO leasing declined by 39% in 2020 to PHP2.9 billion. Commercial center leasing, though heavily affected by community lockdowns, contributed PHP696 million to revenues.

At Central Bloc, a two-hectare “superblock” at the Cebu I.T. Park developed in partnership with parent Ayala Land, CHI opened a 214-room Seda Hotel in February and in December completed Central Bloc Corporate Tower 2, which offers 39,000-sq. meters of GLA.

CHI, with Ayala Land and SM Prime Holdings Inc., broke ground on a 26.3-hectare development at the South Road Properties in January. Called South Coast City, the waterside mixed-use estate will open up more opportunities in the southern section of Cebu.

MCT Bhd

MCT Berhad (Malaysia) ended 2020 with PHP4.9 billion in consolidated revenues, driven by sales contributed by existing projects, primarily Market Homes under the affordable market segment. This is lower than the previous year’s revenues, due to the depletion of inventory and with limited project launches due to the pandemic.



Launched in February 2020, The Residences at The Galleon in Pasig City registered PHP5 billion of sales reservations on its launch date.

The three project launches in 2020—Aetas in Damansara, Petaling Jaya; Casa Bayu Apartment and Townhouses at CyberSouth in Dengkil, Selangor; and Lakefront Prima Shops at Cyberjaya, Selangor—recorded a combined sales value of PHP8.7 billion. Aetas is MCT’s first high-end development, expanding its product line and footprint in the Klang Valley Area. It is also the company’s maiden development outside Cyberjaya and the Cybersouth estate.

MCT generated sales of PHP4.1 billion (RM339 million) from 637 units with the launch of the three projects. It also turned over four projects—Lakefront Residence 2, Prima Homes, Casa Bluebell, and Casa Wood—with a total of 3,053 units, a record high for the company, within the prescribed delivery schedule.

Merkado

Merkado, Ayala Land’s 50-50 joint venture with Puregold, recorded average daily sales of PHP1.7 million, 31% higher than the previous year, across its two operating branches in Vertis North and UP Town Center, both in Quezon City.

Ortigas

Ortigas Land Corp. (OLC) ended the year with a net income of P810 million from PHP2.3 billion in the previous year due to the effects of the pandemic.



In support of ongoing efforts against the pandemic, QualiMed-Sta. Rosa was converted into a COVID-19 referral hospital in partnership with AC Health.

The Residences at The Galleon, the second tower of The Galleon mixed-use development located on ADB Avenue at the Ortigas Center in Pasig City, was launched in February. It registered sales of PHP5 billion or 30% of its total sales value on launch date.

With other project launches put on hold, OLC focused on selling existing inventory in its premier residential towers, such as Empress and Maven at Capitol Commons and Maple at Verdant Towers in Ortigas East, and office-for-sale projects, The Glaston Tower in Ortigas East and Offices at The Galleon, all in Pasig City.

OLC continued to expand its office leasing portfolio with the opening of Estancia West Wing in the fourth quarter of 2020. Ortigas Malls continued to improve its tenant mix and offerings with new concepts and sign-ups. Foot traffic across its malls continues to improve as consumer confidence is gradually restored through the implementation of safety and sanitation protocols and sustained omni-channel marketing.

Occupancy and lease-out rates remained at stable levels across all OLC developments.

To help stakeholders cope with the effects of the pandemic, OLC launched various initiatives to provide

financial and in-kind assistance to its employees, service providers, tenants, healthcare workers, and the communities where it operates.

QualiMed

QualiMed posted total revenues of PHP1.8 billion, a 17% increase from the year-ago level. It operates four full-service hospitals, and five multi-service clinics, located in Metro Manila, Bulacan, Laguna, Batangas, and Iloilo.

QualiMed's 400-bed network is fully supported by 99 medical doctors, 124 registered nurses, and 1,500 affiliated doctors. Its clinic management program covers 151 managed clinics in 25 companies.

QualiMed established COVID-19 testing facilities and laboratories across its network in cooperation with AC Health, with QualiMed-Sta. Rosa in Laguna officially designated as a COVID referral hospital. The group has since expanded its COVID-19 facilities and services in anticipation of more cases as the economy opens up. It has also offered IT-based solutions, such as teleconsulting, to encourage online consultation.

In December, WHI, MGHI, and AC Health agreed for the latter to acquire a controlling stake in MGHI, allowing Ayala Land to focus on its core businesses.

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BOARD OF DIRECTORS

FERNANDO ZOBEL DE AYALA

CHAIRMAN

Filipino, 60, has served as Chairman of the Board of Ayala Land, Inc. since April 1999. He holds the following positions in publicly listed companies: President and Chief Operating Officer of Ayala Corporation; Chairman of Manila Water Company, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc.; and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice-Chairman of AC Industrial Technology Holdings, Inc., ALI Eton Property Development Corporation, Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.; Director of Livelt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Board of INSEAD Business School and Georgetown University; Member of the International Advisory Board of Tikehau Capital and of the Hispanic Society Museum & Library International Advisory Council; Vice Chairman of the Philippine-Singapore Business Council, Member of the World Presidents' Organization and Chief Executives Organization; Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. He graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

JAIME AUGUSTO ZOBEL DE AYALA

VICE CHAIRMAN

Filipino, 61, has been a Director of Ayala Corporation since May 1987. He has been the Chairman and CEO of Ayala Corporation since April 2006. He holds the following positions in publicly listed companies: Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., and Bank of the Philippine Islands; and Vice Chairman of Ayala Land, Inc., Manila Water Company, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.). He is also the Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc., and AG Holdings Ltd. Outside the Ayala group, he is a member of various business and socio-civic organizations in the Philippines and abroad, including JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He sits on the board of the Singapore Management University and on various advisory boards of Harvard University, including the Global Advisory Council, HBS Board of Dean's Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is Chairman Emeritus of the Asia Business Council, a member of the Global Board of Advisers of the Council on Foreign Relations, and Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Republic of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He graduated with B.A. in Economics *cum laude* from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

BERNARD VINCENT O. DY

PRESIDENT AND CEO

Filipino, 57, has led Ayala Land, Inc. as President and Chief Executive Officer since April 7, 2014. He is also a Senior Managing Director of Ayala Corporation and a member of the Ayala Group Management Committee since April 2014. He was the Head of Residential Business, Commercial Business and Corporate Marketing and Sales. He is the Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corporation, Amaia Land Corporation, Bellavita Land Corporation, Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corporation, Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., Nuevocentro, Inc., and Cebu Holdings, Inc. In addition, Mr. Dy serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc. He is also the President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation, and Accendo Commercial Corporation. Further, He serves as Director of AyalaLand Logistics Holdings Corp., MCT Bhd in Malaysia, Avida Land Corporation, Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation, and AKL Properties, Inc. Mr. Dy is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is a member of the Board of Trustees of the Ayala Foundation, Inc. and Ayala Group Club, Inc. He is a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as its Vice Chairman since 2017. In 2020, he became a member of University of Chicago's Global Leaders Group. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985. He received his MBA in 1989 and MA International Relations in 1997, both from the University of Chicago.

RIZALINA G. MANTARING

LEAD INDEPENDENT DIRECTOR

Filipino, 61, has served as an Independent Director of ALI since April 2014. Concurrently, she holds the following positions: Director of Sun Life Grepa Financial, Inc.; Independent Director of Ayala Corporation, First Philippine Holdings Corp. Inc., PHINMA Corporation, Universal Robina Corporation, East Asia Computer Center Inc., and Microventures Foundation Inc. She is also a member of the Board of Trustees of the Makati Business Club and Philippine Business for Education. She is a recipient of the Asia Talent Management Award in the Asia Business Leaders Awards organized by the global business news network CNBC. She was named one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines-College of Engineering and was 2019 PAX awardee of St. Scholastica's College Manila, the highest award given by the school to outstanding alumni. She holds a BS Electrical Engineering degree from the University of the Philippines where she graduated with honors in 1982. She obtained her MS degree in Computer Science from the State University of New York at Albany in 1993.

BOARD OF DIRECTORS

REX MA. A. MENDOZA

INDEPENDENT DIRECTOR

Filipino, 58, has served as an Independent Director of ALI since April 22, 2020. He is the President and CEO of Rampver Financials, a financial services firm and non-bank mutual funds distributor in the country. He currently serves as on the board of publicly listed companies: Lead Independent Director of Globe Telecom, Inc.; Independent Director of AyalaLand Logistics Holdings Corp. and the National Reinsurance Corporation of the Philippines. He is a Director of Esquire Financing, Inc., Cullinan Group, TechnoMarine Philippines, Seven Tall Trees Events Company, Inc., and Mobile Group, Inc. He served as President and CEO of the Philippine American Life and General Insurance Company (Philam Life) and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. He was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc. and President of Ayala Land Sales, Inc. and Avida Sales Corporation. Mr. Mendoza has a master's degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his class at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was named Most Distinguished Alumnus of the UP-Cesar Virata School of Business. He is a Fellow with distinction at the Life Management Institute of Atlanta, Georgia, a Registered Financial Planner, and a four-time member of the Million Dollar Round Table. He was a professor of Marketing and Computational Finance at the De La Salle University-Graduate School of Business. He has served as Chairman of the Marketing Department and was named one of the University's most outstanding professors. Mr. Mendoza is a member of Bo Sanchez's Mastermind Group, speaking on leadership, business strategy, investments, marketing, and sales. He is the author of two bestselling books, *Trailblazing Success* and *Firing on All Cylinders*.

SHERISA P. NUESA

INDEPENDENT DIRECTOR

Filipino, 66, has served as an Independent Director of ALI since April 22, 2020. She was the President and has served as Director of the ALFM Mutual Funds Group until March 31, 2021. She is also an Independent Director of Far Eastern University, Integrated Micro-electronics, Inc., Manila Water Company, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.). She is an Independent Director of East Asia Computer Center, Inc. and FERN Realty Corporation. She serves on the Board of Trustees of the Institute of Corporate Directors (Vice Chair), the Judicial Reform Initiative (Chairperson), and the Financial Executives Foundation (Member). She is a Senior Adviser to the boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. In 2011, she retired as a Managing Director of Ayala Corporation where she had held various senior positions in finance and management operations. She was the Chief Finance Officer and concurrently Chief Administration Officer of IMI from 2009 to 2010. She was the Chief Finance Officer of Manila Water Company, Inc. from 2000 to 2008. She also served in ALI from 1989 to 1999 as Vice President/Controller and, later, as the Group Head of the Commercial Centers Group. She was awarded the ING-FINEX CFO of the Year for 2008. Ms. Nuesa received a Master of Business Administration degree from the Ateneo Graduate School of Business. She also attended post-graduate courses in Harvard Business School and Stanford University. She graduated from the Far Eastern University with a degree of Bachelor of Science in Commerce *summa cum laude* in 1974. Ms. Nuesa is a certified public accountant.

CESAR V. PURISIMA
INDEPENDENT DIRECTOR

Filipino, 60, has served as an Independent Director of ALI since April 18, 2018. He is an Asia Fellow of the Milken Institute, a global non-profit, non-partisan think tank. He is a founding partner at IKHLAS Capital, a pan-ASEAN private equity platform. Currently, he also serves on the boards of the AIA Group, World Wildlife Fund-Philippines, De La Salle University, Universal Robina Corporation, Jollibee Foods Corporation, Bank of the Philippine Islands, and the International School of Manila. He is a member of Sumitomo Mitsui Banking Corporation's Global Advisory Council and Singapore Management University's International Advisory Council in the Philippines. From 2010 to 2016, Mr. Purisima was the Secretary of Finance of the Republic of the Philippines and the Chair of Economic Development Cluster of the President's Cabinet. It was during this time that the Philippines received its first investment-grade ratings from international ratings agencies. He also briefly served as Finance Secretary in 2005 and Trade and Industry Secretary from 2004 to 2005. Additionally, he was a member of the Monetary Board of the Bangko Sentral ng Pilipinas, and the Governor for the Philippines at the Asian Development Bank and the World Bank. He served as Alternate Governor for the Philippines at the International Monetary Fund. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to his stints in government service, he was the chairman and country managing partner of the Philippines' largest professional services firm SGV & Co., and was a member of the Global Executive Board and Global Practice Council of Ernst & Young. Mr. Purisima obtained his Bachelor of Science degree in Commerce Major in Accounting and Financial Institutions from De La Salle University in 1979. He earned his Master of Business Administration degree from the Kellogg School of Management of Northwestern University in 1983. He was named a Knight in the National Order of the Legion of Honour by the French Republic (*Chevalier dans l'Ordre national de la Légion d'honneur*) in 2017. In 2016, he was awarded the Order of Lakandula with the rank of Grand Cross (Bayani) for his contributions to the Philippine economy. The Order of Lakandula is one of the highest civilian honors conferred by the President of the Republic of the Philippines.

ANTONINO T. AQUINO
NON-EXECUTIVE DIRECTOR

Filipino, 73, has served as Director of ALI since April 2009. He has also been a Director of Manila Water Company, Inc. since 1998. He was the President of ALI from April 2009 to April 2014, of MWC from April 1999 to April 2009, and of Ayala Property Management Corporation from 1989 to 1999. Currently, he is a Board member of Philippine American Life & General Insurance Company, Nuevocentro, Inc., Anvaya Beach & Nature Club, and Mano Amiga Academy, Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He was named Co-Management Man of the Year 2009 by the Management Association of the Philippines. In 2020, he was named Honorary Fellow by the Institute of Corporate Directors. Mr. Aquino earned a degree in BS Management and completed academic requirements for Master's in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

ARTURO G. CORPUZ
NON-EXECUTIVE DIRECTOR

Filipino, 64, has served as a Director of ALI since April 2016. He was a member of the Management Committee of ALI from 2008 to December 31, 2016. He is also a member of the Board of Ceci Realty, Inc., Aurora Properties, Inc., Vesta Properties Holdings, Inc., Nuevocentro, Inc., and Alviera Country Club, Inc. He is a former President of the Philippine Economic Society and a Fellow of the Foundation for Economic Freedom and the Philippine Institute of Environmental Planning. Mr. Corpuz received his baccalaureate degree in Architecture from the University of the Philippines in 1977 and his master's and doctoral degrees in urban and regional planning from Cornell University in 1984 and 1989, respectively.

MANAGEMENT COMMITTEE



**BERNARD
VINCENT O. DY**
President and CEO

**ELIEZER C.
TANLAPCO**
Group Head, Human
Resources and
Public Affairs

**ANNA MA. MARGARITA
B. DY**
Group Head, Estates;
Head, Corporate Marketing;
Head, Urban and
Regional Planning*

**AUGUSTO D.
BENGZON**
CFO, Treasurer, and
Chief Compliance
Officer

**As of December 2020, President and CEO, Cebu Holdings, Inc.*



DANTE M. ABANDO
President and CEO,
Makati Development
Corporation



JOSE EMMANUEL H. JALANDONI
Group Head,
Commercial
Business



ROBERT S. LAO
Group Head,
Residential
Business; Head,
Central Land
Acquisition



JAIME E. YSMAEL
President and CEO,
Ortigas Land Corp.

SENIOR LEADERS



Manuel A. Blas II
Corporate Services Head,
Estates Group



Aniceto V. Bisnar, Jr.
Chief Operating Officer, Ortigas Land
Corp.*; President, Cebu Holdings,
Inc.; Chief Operating Officer, Visayas –
Mindanao Group**



Javier D. Hernandez
President, Ten Knots
Development Corporation



Wilma Moran-Estaura
Group Director, Human
Resources, AyalaLand
Hotels and Resorts



Michael Alexis C. Legaspi
President and CEO,
AyalaLand Hotels and Resorts
Corporation; Chairman,
Ten Knots Development Corporation

* As of October 1, 2020

** From January to September 2020



Rufino Hermann S. Gutierrez
Chief Operating Officer,
Alveo Land Corporation



Joseph Carmichael Z. Jugo
President, AyalaLand
Premier, Inc.



Christopher B. Maglanoc
President, Avida Land Corp.*



Carol T. Mills
Head, Ayala Land Offices;
President, AREIT, Inc.



Maria Rowena Victoria M. Tomeldan
President, AyalaLand
Logistics Holdings Corp.



Jennylle S. Tupaz
Head, Ayala Malls**

*As of January 1, 2021: Head, Ayala Malls

**As of January 1, 2021: Estate Development Head, Estates Group

SENIOR LEADERS



Ferdie M. Mangali
Group Head, Corporate
Resource and Services,
Makati Development
Corporation



Romeo T. Menpin, Jr.
Group Head, Construction
Methods and Solutions,
Makati Development
Corporation



Rodelito J. Ocampo
Head, Construction
Operations Group 1,
Makati Development
Corporation; President,
MDC BuildPlus, Inc.



Vincent H. Medina
Operations Management
and Control Group Head,
Makati Development
Corporation



Henry R. Realon
Commercial Group
Head, Makati
Development
Corporation



Michael F. Magpusao
Chief Operating Officer,
Ayala Property
Management Corporation;
Operations Chief Engineer,
Ayala Land, Inc.



Ginaflor C. Oris
Chief Finance Officer,
Makati Development Corporation



Darwin L. Salipsip
Head, Construction Operations Group 3,
Makati Development Corporation



Lyle A. Abadia
Head, Special Projects,
Ayala Land, Inc.



Dindo R. Fernando
Head, External Affairs,
Ayala Land Inc.



Angelica L. Salvador
Controller, Ayala Land, Inc.*;
President, Aprisa Business
Process Solutions Inc.

**Until December 2020*

BUSINESS MODEL

BUSINESS MODEL



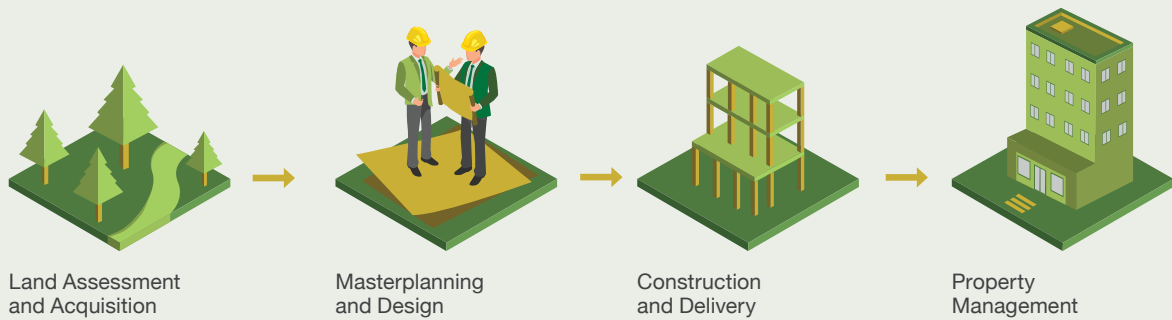
Ayala Land develops large-scale, integrated, mixed-use estates that serve as platforms for growth, providing suitable locations for various residential and commercial leasing products.

These estates maximize synergies among product lines, enabling the company to deliver greater value to customers and stakeholders across the development process, from land assessment and acquisition, master-planning and design, to construction and delivery, and property management.

Each masterplan including those for island tourism estates, is thoughtfully and carefully developed according to a unique value proposition that optimizes the estate's location, natural terrain, and potential contribution to the community. In planning the estates, Ayala Land adheres to four sustainability focus areas—site resilience, pedestrian mobility and transit connectivity, resource efficiency, and local economic development.

The appropriate residential and commercial leasing products are identified and allotted for each estate in consideration of existing market conditions. Five residential brands serve the entire range of markets—luxury, upscale, middle-income, entry-level, and socialized. These products are matched with the estate's market and demographic profile and complemented by suitable commercial leasing products, such as shopping centers, offices, and hotels and resorts.

AYALA LAND'S PROJECT DEVELOPMENT FRAMEWORK



Land banking initiatives are a critical aspect of Ayala Land's business model, being one of the drivers of the estates' growth and sustainability. The company identifies locations not only on the basis of expanding its footprint but also on their potential to contribute positively to the local economy.

By end-2020, Ayala Land has established 30 estates across the Philippines, is present in 57 growth centers across the country, and has secured 12,483 hectares of land bank.

Most of Ayala Land's developments today are mostly located in Metro Manila and Central and Southern Luzon, three areas which collectively account for two-thirds of the country's GDP. These locations are supplemented by developments in highly urbanized and key cities in the Visayas and Mindanao.

The complete list of Ayala Land's estates and business lines may be found on Page 9 of this report.

Brand, Business Model, Bench

Ayala Land has identified three major pillars in implementing its strategies—Brand, Business Model, and Bench.

Brand

The company values the trust customers place on its brand and their confidence in the quality of its differentiated and innovative products and services. It continues to evolve its offerings to ensure market relevance and strives to build communities that live up to the Ayala Land brand.

Business Model

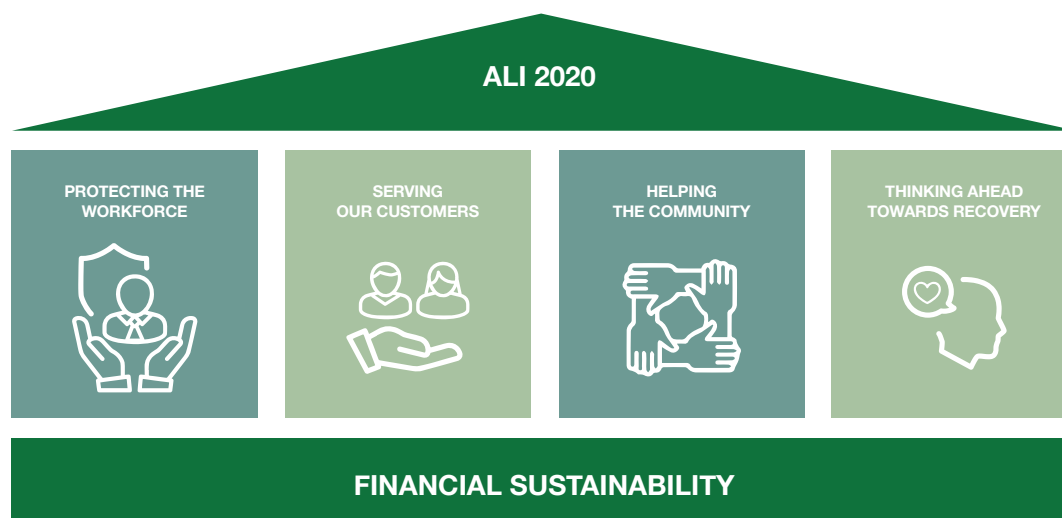
The company operates the business with a clear model and strategy for growth, guided by its core values and sustainability principles. By building sustainable mixed-use estates in key growth centers in the Philippines, it creates platforms to expand the reach of its products and services while generating opportunities that consequently improve the quality of life of many Filipinos. It continues to be driven by a deep understanding of the market and a commitment to enhance processes and efficiently use company resources.

Bench

Ayala Land has a committed team focused on achieving company goals. Through regular learning opportunities and enriching work experiences, the company nurtures competent and reliable employees and teams who execute its strategies and transform its vision into action.

BUSINESS MODEL

5-POINT ACTION PLAN AGAINST COVID-19



COVID-19 caused massive disruptions to businesses across the country and throughout the world. When countries started to go into lockdown and the pandemic's far-reaching effects were becoming apparent, Ayala Land's management team effectively concluded its 2020-40 plan, which had set an aggressive PHP40-billion net income goal by 2020. Up until then, the company was on track to achieving this target.

Ayala Land shifted to addressing the impacts of the pandemic, and drew up a five-point action plan to ensure the survival of the company, assist its stakeholders in coping with numerous challenges, and prepare the organization for recovery.

Anchoring the plan is financial sustainability to ensure that the company had ample liquidity to weather the crisis no matter how long it took. This was achieved through tight liquidity management, squaring of operating cashflows, and strengthening the balance sheet.

Second, protecting the workforce. A task force was created to implement health and safety protocols across the organization. Employees were given access to

healthcare services and working from home was enabled through digital platforms.

Third, continue serving our customers. Critical platforms across the various business lines were set up for customers through Aprisa and Amicassa. All the business units have also maximized the use of digital platforms to ensure continued service and engagement. Commercial leasing assets were kept open. Malls provided access to essential products and services, offices and warehouses continued operations, and hotels provided housing to BPO employees. A total of 5,000 APMC personnel also ensured that 253 managed properties were kept safe throughout the pandemic.

Fourth, helping the community. Financial support was provided to medical institutions and organizations. In addition, MDC constructed COVID-19 facilities and swabbing booths in key locations.

Lastly, after successfully assuring financial sustainability and caring for its stakeholders, Ayala Land is now preparing for a V-shaped recovery—it is expected that it would take two to three years to bring profitability back



Bonifacio Global City activated open spaces to provide its patrons with safe outdoor dining options.

to 2019 levels. To reach this goal, the organization is preparing plans and strategies to strengthen its brand positioning and reinvent some business models to adapt to the new environment. It will take advantage of the prospects created by the crisis, and focus on business continuity, stabilization, and growth opportunities.

For estates, the pandemic highlighted the benefits of living in integrated communities. Ayala Land will continue to develop more estates across the nation to accelerate growth and provide more Filipinos with the option of living in such a sustainable environment.

For property development, the strategy is to continue to launch various products under the five residential brands and ensure sufficient inventory to address all market segments.

For malls, operations remain clearly challenged given quarantine restrictions. The priority at present is to continue stabilizing occupancy and rent—recovery of this segment is expected to take some time. And recognizing changing consumer behavior, the company is carefully studying its current tenant mix. Appropriate changes and

innovations addressing the needs of consumers and shoppers under this new normal will be implemented.

For offices, growth is keeping pace with demand, which is expected to remain resilient even as headwinds from the POGO sector are anticipated.

The pandemic has heavily affected the hotels and resorts business. In the short term, the goal is to achieve cash flow break-even to sustain operations and facilities.

Meanwhile, the prospects are bright for industrial and real estate logistics. Ayala Land through its subsidiary ALLHC will aggressively grow this space, expanding warehouses and industrial and logistic hubs in the short term to maintain its leadership in this segment.

Lastly, given the capacity and operational constraints faced by the construction business due to quarantine restrictions, MDC is pursuing industrialization for better safety, quality, and timely delivery by expanding its prefabricated, prefinished, and volumetric production to make up for manpower challenges.

EXTERNAL ENVIRONMENT

Ayala Land regularly assesses the business environment and ensures that its operations are calibrated accordingly.

External Factor	Impact on Philippine Property Sector
<p>COVID-19</p> <ul style="list-style-type: none"> • Community Quarantines. In response to the ongoing COVID-19 pandemic, the Philippine government imposed varying degrees of community lockdowns to curb the spread of the virus. The strictest level, enhanced community quarantine (ECQ), was imposed from March 17 to May 15, 2020. Less restrictive quarantines such as the modified enhanced community quarantine (MECQ), general community quarantine (GCQ), and modified general community quarantine (MGCQ) were implemented thereafter depending on the number of cases and healthcare capacity of each province. On March 22, 2021, ECQ was once more imposed in what has been constituted as the “NCR+ bubble,” covering Metro Manila and the provinces of Bulacan, Cavite, Laguna, and Rizal, due to the rising cases in these areas. • Vaccination. The national government approved PHP82.5 billion in funding for the vaccination program targeting 60 million Filipinos. An additional PHP55 billion is currently under deliberation by Congress for inclusion in Bayanihan Act 3. 	<ul style="list-style-type: none"> • Residential: The uncertain times dampen consumer confidence in purchasing and investing in residential products. Sales mobility is also limited as a result of community quarantines. Developers will need to adjust by increasing sales efforts through digital platforms. • Malls: Restrictions on mobility slowed foot traffic and tenant operations in malls. Only tenants providing essential goods and services were allowed to operate while the ECQ lasted. Foot traffic and tenant operations picked up as provinces transitioned to GCQ and MGCQ. In coordination with pertinent government agencies, strict health protocols have been put in place to ensure the safety of mall patrons. To make up for slower foot traffic, malls and tenants have started to adopt digital and other alternative selling platforms. • Offices: Offices remained resilient as BPOs and HQ-type business activities continued despite the lockdowns. While some offices have allowed their employees to work from home, connectivity and data security concerns necessitate on-premise office operations. • Hotels and Resorts: Travel bans impacted hotels and resorts’ occupancies, with the industry hitting a record low of 20%, according to Colliers International. • Real Estate Logistics and Warehousing: Increased e-commerce activity arising from mobility restrictions and social distancing will boost the demand for real estate logistics and warehousing facilities in the near to medium term. In 2020, the segment contributed 31% of gross value added to the Philippine economy. • Construction: Construction activity was halted for almost two months while ECQ was enforced, restarting only in June 2020. Since then, construction sites have been required to adhere to strict health protocols with only 50% of the normal manpower complement. These factors will lead to slower revenue recognition of residential projects for developers.

External Factor	Impact on Philippine Property Sector
<p>The Philippine Economy</p> <ul style="list-style-type: none"> • GDP. The Philippine economy was severely impacted by COVID-19 with GDP contracting by 9.6%, the worst annual decline since 1947. The lowest drop for the year, at -16.9%, was recorded in the second quarter, at the height of the ECQ. Gradual improvement was seen from the third to the fourth quarter as the economy started to reopen. • Bayanihan Acts 1 and 2 and Bangko Sentral ng Pilipinas Policies. The Philippine government passed Bayanihan Acts 1 and 2 which realigned government spending to prioritize programs and measures to help Filipinos cope with the financial impact of the pandemic. The BSP also introduced accommodative policies in order to spur the economy. Altogether, these accounted for PHP1.9-trillion worth of economic stimulus, equivalent to 14% of the country's GDP. 	<ul style="list-style-type: none"> • A strong domestic economy is a key indicator of the real estate sector's health, providing a leading indicator of demand. • The economic slowdown was also reflected in both property developers and buyers holding back on investments in 2020. When the economy starts to recover, the sector is expected to follow suit. • Property buyers were granted a moratorium on payments for purchases until end-2020. This will support buyers whose disposable income may have been reduced as a result of the pandemic, and mitigate the likelihood of default.
<p>Inflation, Interest Rates, and Foreign Exchange</p> <ul style="list-style-type: none"> • Inflation. Inflation was stable at 2.6%, well within the government's range of 2 to 4%. • Interest Rates. To spur economic growth, the BSP cut interest rates by a total of 200 bps, bringing the policy benchmark to an all-time low of 2.00%. • Foreign Exchange. The Philippine Peso appreciated by 5% versus the US Dollar despite the uncertain environment. 	<ul style="list-style-type: none"> • Stable inflation rates ensure that interest rates will be kept at low levels to support continued GDP growth. It is also an indication that materials costs are stable for the buildout of projects. • A lower interest-rate environment provides corporates with access to cheaper debt capital to fund growth plans and opportunities to refinance higher interest rate loans. • The continued affordability of long-term, fixed-rate mortgages will support the affordability of residential products especially for the affordable to middle-income segments. • A stronger peso is supportive of the importation of construction materials.

EXTERNAL ENVIRONMENT

External Factor	Impact on Philippine Property Sector
<p>Social and Demographics</p> <ul style="list-style-type: none"> • Household Consumption. Despite the recession, domestic consumption drove the Philippine economy, accounting for 73.7% of GDP. • Population. According to the latest national census (2015), the Philippines had a total population of 100.98 million, 83.2% of whom were between 18 and 59 years old, with a median age of 24.2 years. • GDP per capita. GDP per capita at constant prices as of end-2020 dropped 5.2% to USD3,330. • Unemployment. Unemployment rose to 10.3%, double the prior year’s level. Labor participation also ended lower at 59.5%, compared to 61.3% in 2019. 	<ul style="list-style-type: none"> • Domestic consumption will fuel sales in malls and shopping centers, and drive domestic tourism, which will benefit the hotels and resorts business. However, in the short term, this will be muted by mobility restrictions. • The country’s young, mobile, and tech-savvy working population continues to support economic activity and will sustain demand in the property sector in the long-term. This younger demographic is more attuned to new digital selling platforms and will support the growth of e-commerce in the medium to long term. • Improvements in per capita income and employment levels will support the demand for malls, hotels and resorts, and offices. • Rising unemployment will be a short-term risk to the sector as purchase of necessities may be prioritized over investment in properties.
<p>Remittances</p> <ul style="list-style-type: none"> • Remittances from overseas Filipinos remained resilient in 2020, down by only 0.8% to USD29.9 billion, much lower than the initial estimate of 5%. 	<ul style="list-style-type: none"> • Cash remittances provide consumers with additional purchasing power, driving household consumption which in turn feeds into shopping, tourism, and vehicle and home purchases.
<p>Tourism</p> <ul style="list-style-type: none"> • International Tourism. Foreign tourist arrivals dropped by 84% to 1.32 million due to travel restrictions. • Tourism Receipts. Total tourism receipts also fell by 83% to PHP81.4 billion from PHP482 billion in 2019. 	<ul style="list-style-type: none"> • Foreign and local travel restrictions will severely impact occupancy rates of hotels and resorts in the short to medium term.
<p>Infrastructure Program</p> <ul style="list-style-type: none"> • Spending. Infrastructure spending was down by 23% to PHP681 billion as the government realigned funds for its COVID-19 response. As a percentage of GDP, it fell to 4.5% from 5.4% in 2019. • 2021 Budget and Recovery. For 2021, the government is increasing the budget to PHP1.2 trillion, equivalent to 5.9% of GDP. Increased infrastructure spending is expected to aid in the recovery of the economy. 	<ul style="list-style-type: none"> • The rollout of infrastructure projects will expand and accelerate development across various regions in the country as well as help jumpstart the economy. • Developments outside Metro Manila open up opportunities for economic growth, creating wealth for more Filipinos, spurring higher incomes, and creating strong markets for property developers.

External Factor	Impact on Philippine Property Sector
<p>Tax Reform</p> <ul style="list-style-type: none"> • Corporate Income Tax. The CREATE Bill was signed into law in March 2021, lowering corporate income tax rates to 25% for large corporations and 20% for small and medium enterprises. 	<ul style="list-style-type: none"> • The enactment of this law is expected to generate USD90 billion in foreign direct investments and 1.8 million jobs for Filipinos in the next 10 years. Increased FDI will be beneficial to the offices and industrial warehousing segments, while job generation can potentially benefit shopping centers and residential products.
<p>POGOs</p> <ul style="list-style-type: none"> • Office Vacancy. As of end-2020, Colliers International estimates that POGOs have vacated 250,000 sq. meters of office GLA due to tax issues and manpower shortages arising from travel restrictions. 	<ul style="list-style-type: none"> • POGO operations have lifted the demand for office space. However, the sustainability of its business operations remain a key risk to office landlords. More POGO departures from the country will increase vacancy rates and may drive lease rates lower. As of end-2020, Metro Manila office vacancy reached 9.1% from 4.3% in 2019.
<p>Natural calamities</p> <ul style="list-style-type: none"> • The Philippines is an archipelagic country in the southwestern Pacific Ocean, bounded by the Philippine Sea, the West Philippine Sea, and the Celebes Sea. It is situated on the Pacific Ring of Fire. In January 2020, Taal Volcano erupted impacting the nearby provinces in the Southern Luzon area. In the second half of the year, the country was hit by three major typhoons Quinta, Rolly, and Ulysses, causing damage to properties and major flooding. 	<ul style="list-style-type: none"> • The eruption of Taal in January 2020 adversely impacted demand for developments in Tagaytay City as well as lot sales of developers in the adjacent provinces of Cavite, Batangas and Laguna. • Typhoons Quinta, Rolly, and Ulysses caused major property damage in Calabarzon, the Bicol region, Eastern Visayas, Cagayan Valley, and even Metro Manila, bringing strong winds and flooding in the affected areas. • Natural calamities will adversely impact demand for property development projects in the short to medium term, as buyers will prioritize basic goods and services and think twice about purchases in the affected areas.

EXTERNAL ENVIRONMENT

OUTLOOK

Even as challenges posed by the pandemic continue to this day, Ayala Land remains cautiously optimistic about the prospects for recovery, as the vaccination program is implemented nationwide.

Economic indicators have started to improve. From a 16.9% decline in the second quarter, the country's GDP slowed by 8.3% in the fourth quarter. Remittances from overseas Filipinos were resilient, reaching USD29.9 billion, only 0.8% lower than the previous year. Moreover, gross international reserves reached an all-time high of USD110 billion, equivalent to 12 months' worth of imports, supported by a strong Philippine Peso which appreciated by 5% to PHP48.03 to USD1.

The Philippine government has also worked to stimulate the economy. Through the two emergency laws, Bayanihan Acts 1 and 2, enacted in March and September respectively, and the accommodative policies of the Bangko Sentral ng Pilipinas (BSP), the government has released close to PHP1.9 trillion, or 14% of the country's GDP, to revive the economy.

Today, Ayala Land is preparing for a V-shaped recovery. The company expects that it would take two to three years before achieving pre-pandemic growth levels. For 2021, the company has budgeted a total CAPEX of PHP88 billion and is ready to launch PHP100 billion worth of residential products given continuing demand.

Nonetheless, Ayala Land constantly monitors the operating environment. Rising COVID-19 cases remains

to be the greatest risk to recovery as they may lead to the reimposition of stricter quarantine levels and other restrictions. Inflation has also been on the uptrend in the first two months of 2021, which may impact business confidence and prompt the BSP to impose tighter monetary policies. The company will adjust and recalibrate its plans depending on the country's overall health situation and the resulting economic environment.

Climate change and geohazards also remain as threats as evidenced by the heavy floods brought about by three major typhoons and the eruption of Taal Volcano in 2020. Ayala Land continues to take climate adaptation practices, such as environmental hazards screening, due diligence, management of carbon sinks and site resilient features, into high consideration. Climate mitigation actions such as shifting to renewable energy and investing in resource efficiency programs, are continually undertaken to hasten the company's transition to low-carbon operations.

For the longer term, Ayala Land remains constructive on the prospects of the economy and the real estate sector as their fundamental growth drivers remain intact. Interest rates remain to be within the BSP's target range, the Philippine peso is stable, and the country's fiscal position has sufficient space to spur economic growth.

Once the pandemic is addressed, both the country and Ayala Land should be able to set out on a renewed growth trajectory.



HOW AYALA LAND CREATES VALUE

Capitals

NATURAL

Strategic land bank

INTELLECTUAL

Solid track record of building large-scale, integrated, mixed-use and sustainable estates

MANUFACTURED

Diversified product lines

Business Process

LAND BANKING

Land in strategically located sites in key growth centers and ecologically important areas are secured through acquisitions and joint ventures for conservation and immediate and long-term development.

The company considers the lands' natural and existing ecosystems to ensure their best use.

ESTATE DEVELOPMENT

Estates are master-planned, integrating the product lines to create sustainable and vibrant communities.

The company ensures that the principles of site resilience and pedestrian-transit connectivity are considered in the master-planning process.

PROPERTY DEVELOPMENT AND COMMERCIAL LEASING

The company builds and sells residential products, office spaces, and commercial and industrial lots.

It also develops and operates malls, offices, and hotels and resorts as well as other leasing formats such as standard factory buildings and warehouses, co-living spaces, and co-working spaces in line with eco-efficiency principles.

Outputs

Total of 12,483 hectares of developable land bank, 83% in Luzon, 17% in Visayas and Mindanao

Protected 586 ha of carbon forests

Planted 25,415 new native trees across 24 hectares of carbon forests

Recorded additional 17,581 native trees in estates and residential developments

Added one new estate, South Coast City in Cebu, for a total of 30 estates

Total of 787 ha of deliberately planned permeable spaces in operating estates and residential developments

Total of 20 P2P bus routes with terminals located near or within the company's malls and estates

Total of 18 rationalized public utility bus routes with stops located near or within the company's malls and estates

Total of 18.5 km of dedicated bike lanes in Makati Central Business District and Bonifacio Global City

Completed and turned over 6,635 residential units from different brands

Completed two new office buildings equivalent to 66,000 sqm of GLA for a total of 1.23 million sqm

Added 345 hotel and resort rooms for a total of 4,030 rooms

Added 32,000 sqm of warehousing space for a total of 207,000 sqm

Shifted 57 buildings or 63% of total mall and office GLA to using renewable energy sources through power purchase agreements

Saved 10.37 million kWh and PHP53.6 million through energy efficiency initiatives

Maintained 8 LEED-certified office buildings and 2 LEED-certified hotels

Outcomes

Reduced net GHG emissions by 84,289 t-CO₂e

Protected 66 IUCN red-list species in the company's developments

Provided households and workforce in the estates with opportunities for social interaction in a healthy environment

Improved transit connectivity for an average of 81,582 daily commuters

Potentially benefitted 26,540 people through new residential spaces

Provided space for malls and offices, employing more than 50,000 workers

Reduced our net GHG emissions for commercial properties by 154,403 t-CO₂e

Contribution to the UN SDGs



HUMAN

Empowered organization

CONSTRUCTION AND PROPERTY MANAGEMENT

The company prioritizes local hiring and counts on its diverse talent to consistently deliver high-quality projects.

Projects are implemented and managed by Ayala-owned construction and property management firms, namely Makati Development Corporation and Ayala Property Management Corporation.

Employed a total workforce of 6,133 full-time employees and 26,907 support staff

Provided 184,431 hours of training to all ALI employees

Produced 1,581 skills training graduates from MDC's TESDA program across 9 training centers

Maintained local hiring of 88% and 89% in Resorts and APMC

SOCIAL

Highly trusted brand

CORPORATE SUPPORT

The company ensures the quality of its products and upholds strict sustainability and corporate governance practices for its customers and stakeholders.

Undertook programs, projects and activities that resulted in the following awards:

Member of the *2021 Sustainability Yearbook* by S&P Global

Top 3 in the Philippines and Top 20 in the ASEAN Region, ASEAN Capital Markets Forum – 2019 ASEAN Corporate Governance Scorecard

1st Overall Developer in the Philippines – Euromoney

A- Leadership Rating on Climate Change by Carbon Disclosure Project

FINANCIAL

Strong balance sheet

STRATEGIC INVESTMENTS

The company holds investments in companies that complement its core businesses like AyalaLand Logistics Holdings, Corp., Cebu Holdings, Inc., MCT Bhd in Malaysia, and other ventures in healthcare and retail.

Net income of PHP8.7 billion

PHP81.9 billion sales reservations

Net D/E ratio of 0.74x

4.7% average cost of debt

PHP63.7 billion capital expenditures in 2020

Generated more than 33,000 jobs from direct employees and service providers

Achieved an attrition rate of 9.51%

Achieved ALI Group customer satisfaction rating of 95%

Generated earned media value of PHP1 billion

Attained zero punchlist turnover rating of 97.7% for residential properties

AAA credit rating from PhilRatings

Institutional Investor Magazine
2nd Most Honored Company
2nd Best CEO
1st Best CFO
2nd Best IR Program

FinanceAsia Magazine
5th Best Managed Company
2nd Best CEO

IR Magazine
Best IR in a Corporate Transaction (AREIT IPO)



SUSTAINABILITY FOUR FOCUS AREAS



Ayala Land continues to identify important issues reflecting the economic, environmental, and social impacts that are relevant to its stakeholders. Material topics are aligned with the UN Sustainable Development Goals (SDGs), six capitals of the Integrated Reporting <IR> Framework, Global Reporting Initiative (GRI) Indicators, Sustainability Accounting Standards Board (SASB) Material Topics, and Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations.

Based on an annual materiality review, the sustainability four focus areas identified in a 2014 materiality assessment remain relevant today, along with material issues emerging from the COVID-19 pandemic. The four areas frame Ayala Land’s push for sustainability—site resilience to reduce vulnerability of communities to the effects of climate change and natural disasters, pedestrian mobility and transit connectivity to improve urban mobility, resource efficiency to manage the continuing loss of natural resources, and local economic development to address socio-economic imbalances.

These focus areas serve as general guides to the company’s development activities and operations, not only to mitigate sustainability risks but also to provide value to the business, environment, and society. These focus areas are likewise aligned with the UN SDGs, six capitals of the <IR> framework, GRI and SASB indicators, and TCFD recommendations.

Annually, Ayala Land holds iterative consultations with company stakeholders to refine the goals and metrics of each focus area.

Four Focus Areas and the UN Sustainable Development Goals

In 2015, Ayala Land aligned its four sustainability focus areas to the United Nations Sustainable Development Goals (UN SDGs) introduced that year.

Overall, the company’s vision of enhancing land and enriching lives for more people aligns with SDG 11 on sustainable cities and communities, aiming to “make cities and human settlements inclusive, safe, resilient and sustainable.” Our integrated, mixed-use estates provide a safe and secure environment with maintained access to essential goods and services, factors that have become all the more relevant in light of the COVID-19 pandemic.

As a champion of SDG 11, Ayala Land contributes to the Ayala Sustainability Blueprint, the Ayala group’s master plan to provide meaningful contribution to the UN SDGs. Aside from SDG 11, each of the focus areas is mapped according to relevant SDGs.





Site Resilience

Extreme weather events, rising sea levels, and other hazards associated with climate change can undermine Ayala Land's real estate products and businesses. The company strengthens its sites to enable them to quickly recover from environmental stress, by undertaking technical due diligence to screen for geohazards, providing space for refuge and rainwater absorption, and using native trees to enhance biodiversity and ecosystems.



Pedestrian Mobility and Transit Connectivity

Mobility and connectivity are central to Ayala Land's masterplan, ensuring that people are provided with alternatives to using motor vehicles in its estates. Abundant opportunities for walking and commuting are provided, with pedestrian-only areas, walkways, transit stops, and terminals in estates and malls. Even with ongoing construction activities, Ayala Land maintains unimpeded foot and vehicular traffic in its estates.



Resource Efficiency

Energy, water, and materials, such as steel and cement, make up the bulk of resources used in property development. To address the continuing loss of natural resources, Ayala Land's operations and developments are planned so that they are used judiciously and efficiently, reducing overall materials consumption and GHG emissions. Energy and water conservation programs and waste management schemes are in place and regularly audited for further improvement. The company is on track to reach its goal of carbon neutrality for all commercial properties by end-2022.



Local Economic Development

Ayala Land generates employment and business opportunities throughout the development cycle as it builds large-scale, integrated, and mixed-use estates across the country.

The company contributes to nation building and creates value for the community and the business by investing in training and local hiring in the areas it develops and operates in, and by allocating spaces for homegrown businesses in its malls. It prioritizes on the health and well-being of its employees and stakeholders across the organization.

SUSTAINABILITY FOUR FOCUS AREAS

Ayala Land’s Sustainability Four Focus Areas and Material Topics

Ayala Land has identified the UN SDGs and GRI, SASB, and TCFD topics that correspond to the four focus areas, using them to measure and report the company’s performance and impact on local and global development.

Sustainability Four Focus Areas					Other Material Topics	
	Site Resilience	Pedestrian Mobility and Transit Connectivity	Resource Efficiency	Local Economic Development	Corporate Governance and Risk Management	Labor Practices and Decent Employment
GRI	303: Water and Effluents 304: Biodiversity 307: Environmental Compliance	203: Indirect Economic Impacts 416: Customer Health and Safety	204: Procurement Practices 301: Materials 302: Energy 303: Water and Effluents 305: Emissions 306: Waste 308: Supplier Environmental Assessment	202: Market Presence 203: Indirect Economic Impacts 401: Employment 404: Training and Education 411: Rights of Indigenous People 413: Local Communities	201: Economic Performance 205: Anti-Corruption 206: Anti-Competitive Behavior	402: Labor Management Relations 403: Occupational Health and Safety 405: Diversity and Equal Opportunity 406: Non-Discrimination 407: Freedom of Association and Collective Bargaining 408: Child Labor 409: Forced Labor 412: Human Rights Assessment
SASB	IF-RE-450: Climate Change Adaptation		IF-RE-130: Energy Management IF-RE-140: Water Management IF-RE-410: Management of Tenant Sustainability Impacts IF-RE-450: Climate Change Adaptation		IF-RE-450: Climate Change Adaptation	
TCFD	Strategy Metrics and Targets		Strategy Metrics and Targets		Governance Strategy	
UN SDGs	13: Climate Action 14: Life Below Water 15: Life on Land	3: Good Health and Well-Being 9: Industry, Innovation, Infrastructure	6: Clean Water and Sanitation 12: Responsible Consumption and Production	1: No Poverty 8: Decent Work and Economic Growth 10: Reduced Inequalities		8: Decent Work and Economic Growth

A review of material issues across the whole organization is conducted annually based on the four focus areas. The table below shows the results of the exercise per business unit.

GRI STANDARDS-AYALA LAND'S SUSTAINABILITY FOUR FOCUS AREAS												
	Site Resilience			Pedestrian and Transit Connectivity		Resource Efficiency				Local Economic Development		
	Undertake technical due diligence to screen for geohazards and comply with environmental laws and regulations	Provide space for refuge and rainwater absorption (water resources, soil, safety)	Use and protect native plants and trees	Provide pedestrian-only areas and walkways	Provide transit stops and transportation terminals	Use construction materials judiciously	Implement energy and water conservation programs	Implement waste management programs	Monitor and reduce GHG emissions	Invest in communities' human capital	Prioritize local hiring	Allocate spaces for homegrown businesses
	GRI											
BUSINESS UNITS	307	303	304	416	203	204, 301	302, 303	306	305	401, 404, 411	203, 413	202, 203
Corporate												
Estate Development												
Property Development												
Horizontal Projects												
Ayala Land Premier												
ALVEO												
Avida												
Amaia												
BellaVita												
Vertical Projects												
Leasing Operations												
Malls												
Offices												
Hotels												
Resorts												
Factory Buildings and Warehouses												
Services												
Construction												
Property Management												
Airline Services												

Highly material
 Moderately material
 Least material

ENVIRONMENTAL STEWARDSHIP



Ayala Land’s emphasis on environmental protection and enhancement has allowed its developments and properties to adequately deal with the environmental challenges brought about by the pandemic.

SITE RESILIENCE

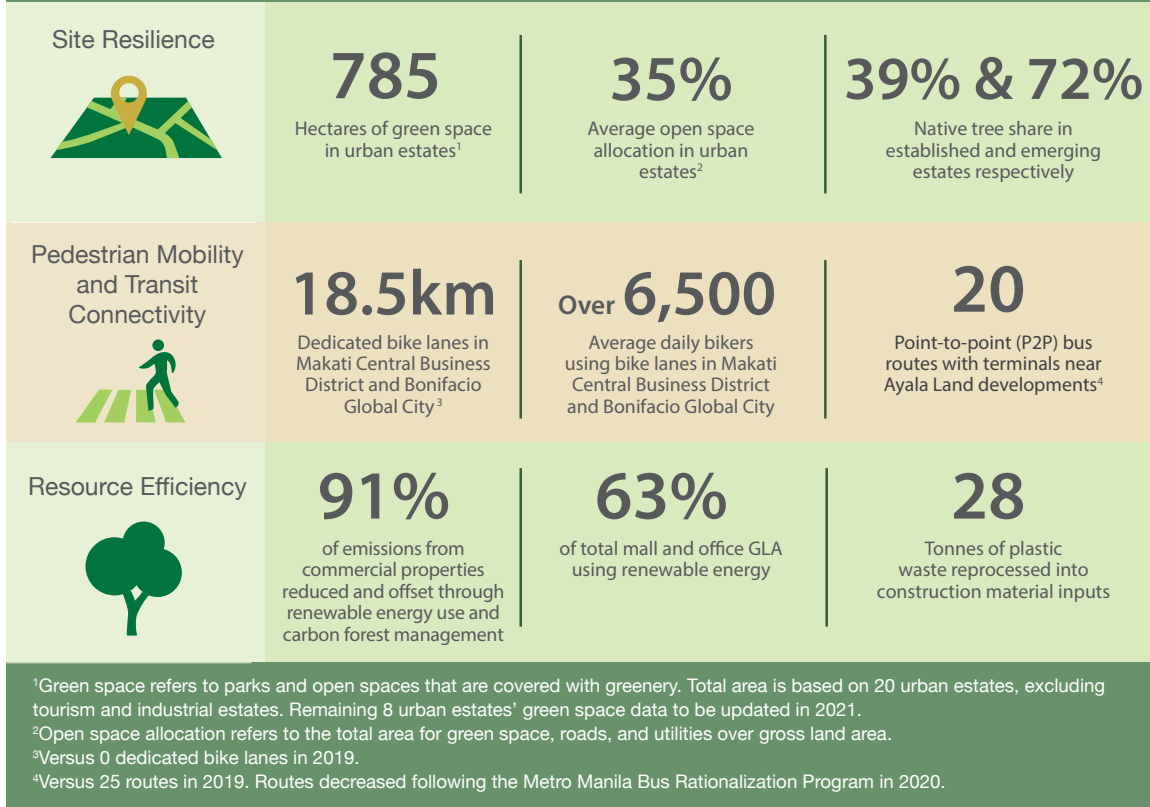
<GRI 304>

Allocated green spaces in Ayala Land developments not only strengthen the climate resilience of the property but also raise the quality of life in its communities. The prolonged and widespread lockdowns imposed due to the pandemic have demonstrated the importance of such green spaces. They reduce air and noise pollution and expose people to nature, giving them safe outdoor spaces for physical activities. These are factors that are tied to improved mental health outcomes and overall well-being.

In 2020, 785 hectares were devoted to green spaces in 20 urban estates, including 46 parks in established estates and 14 in emerging estates.

To enhance biodiversity and the urban landscape, the company continues to use and record native trees in its developments. As of 2020, more than 103,000 native trees were recorded in estates and residential projects,

2020 HIGHLIGHTS



17,000 more than the previous year. Established estates retained their 39% native tree share, while emerging estates and estates under planning have increased their native tree share to 72% and 89%, from 71% and 88% in 2019 respectively.

To identify and help minimize development and operational impacts in tourism developments, biodiversity monitoring systems are conducted by project teams regularly. In 2020, a total of 66 IUCN red-list species were observed and protected in El Nido and Anvaya, nine species more than the previous number.

PEDESTRIAN MOBILITY AND TRANSIT CONNECTIVITY

<GRI 203>

Commuter and pedestrian experience in Ayala Land developments is continually enhanced with improvements aligned with government measures and urban mobility trends foregrounded by the pandemic.

The company's malls and estates have been collaborating with the Department of Transportation (DOTr) to provide terminals for commuters of premium point-to-point (P2P) buses and public utility buses (PUBs) following the government's bus rationalization program.

ENVIRONMENTAL STEWARDSHIP

	2017	2018	2019	2020
Bus routes located in/near Ayala Land malls and estates¹				
P2P buses	10	19	25	20
Rationalized PUBs	-	-	-	18
Total	10	19	25	38
Average daily passengers				
P2P buses ²	7,670	14,593	21,850	8,451
Rationalized PUBs ³	-	-	-	73,131
Total	7,670	14,593	21,850	81,582

Notes:

1. The P2P bus routes decreased following the Metro Manila Bus Rationalization Program implemented by the DOTr-Land Transportation Franchising and Regulatory Board in June 2020. Rationalized PUB routes were added in 2020.
2. The average daily passengers of P2P buses in 2020 was based on average passenger counts conducted in October 2020. 2018 and 2019 numbers were restated.
3. The average daily passengers of rationalized PUBs in 2020 was based on average passenger count conducted in July 2020.

Cycling has emerged as a prominent and safe mode of transportation. With more people biking to work or for recreation, the estates have set up dedicated bike lanes with lane markings, bollards, and safety signages. A total of 3.5 kilometers of road were retrofitted into bike lanes in the Makati CBD, serving an average of 1,500 cyclists daily. In BGC, a total of 15 kilometers of bike lanes were installed and are now used by about 5,000 users daily.

In the latter part of the year, BGC partnered with MOOVR PH, a bike and e-scooter sharing app, to pilot the sharing service in BGC. Full implementation of the service started in January 2021, with 180 bikes and 20 e-scooters available for use across 11 hubs within the estate.

RESOURCE EFFICIENCY

Ayala Land continually undertakes initiatives and measures to promote the conscious consumption of materials, energy, and water in its developments, maximizing waste diversion and reducing their carbon footprint.

Materials Management

<GRI 301>

Construction materials are used judiciously and equipment, optimized. Fly ash generated in concrete batching plants is used as cement substitute, reducing the cement requirements for concrete by 20%, leading to savings and reduced environmental impact. Rebars and hard-plastic scraps are sent to recyclers. Due to fewer construction projects in 2020, the company's cement and rebar consumption decreased by 32% and 55%, respectively.

Materials consumed (metric tonnes)				
	2017	2018	2019	2020
Cement	355,876	277,718	249,660	169,612
Rebars/Steel	165,625	171,756	196,031	89,042

Energy Management

<GRI 302; SASB IF-RE-130, IF-RE-410>

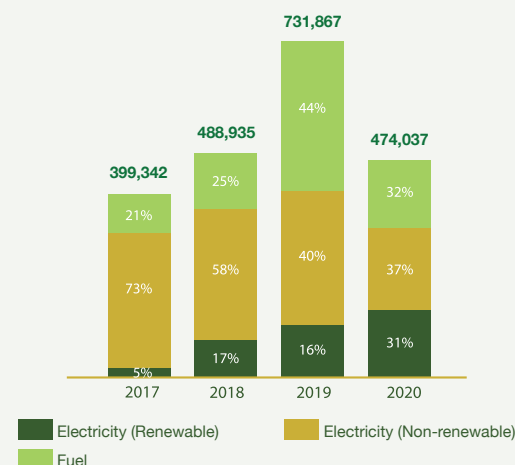
The temporary closure of commercial properties and reduction of airline activities led to decreases in associated energy consumption by 11% and 60%, respectively, contributing to a 36% decline in overall energy

consumption by the organization. Meanwhile, energy consumption of residential properties increased by 30% as people stayed in their homes during the lockdowns.

Investments in more efficient equipment and operational adjustments continue to be made to increase energy efficiencies of buildings, reduce environmental footprint and generate savings for both the company and its tenants. Electricity consumption of each tenant is sub-metered, providing them with real-time data monitoring and helping them optimize their energy performance and adjust their operations accordingly.

APMC reported 10.37 million kWh savings in 2020, equivalent to PHP53.6 million. Whole building energy intensity or energy consumed per occupied floor area for malls and offices decreased by 35% and 17% respectively, as both common and tenant areas experienced lower occupancies and footprint, leading to reduced electricity consumption and intensities.

Energy Consumption within ALI group (MWh)



Notes:

1. Electricity and fuel consumption from AirSWIFT was added starting 2019.
2. Electricity consumption from ALLHC's industrial parks was added starting 2020. Fuel consumption was not included due to data unavailability.

Total Energy Consumption (MWh)	2017	2018	2019	2020
Within the organization¹				
Commercial Properties (Malls, Offices, Hotels, Resorts)	269,456	293,338	346,781	307,003
District Cooling Systems ²	46,869	71,276	81,763	256
Construction	74,876	117,647	76,606	63,876
Estates and Carparks ³	8,142	6,673	7,400	12,280
Industrial Parks ⁴	-	-	-	551
Airline ⁵	-	-	219,317	86,687
Outside the organization⁶				
Commercial Properties (Malls, Offices, Hotels, Resorts)	537,055	451,469	462,873	381,760
District Cooling Systems ²	-	-	-	3,452
Residential Properties ⁷	35,402	32,615	58,107	75,683
Industrial Parks	-	-	-	840

¹Consumption within the organization comprises of consumption within areas where ALI has operational control.

²Starting 2020, electricity consumption of district cooling systems has been reallocated under ALI-connected commercial properties (malls, offices, hotels). Remaining energy consumption within the organization in 2020 comes from fuel use. Consumption of non-ALI properties has been declared under Scope 3 or outside the organization. Share of electricity consumption has been estimated based on BTU consumption.

³For properties with unavailable data on certain months, consumption was estimated based on previous month.

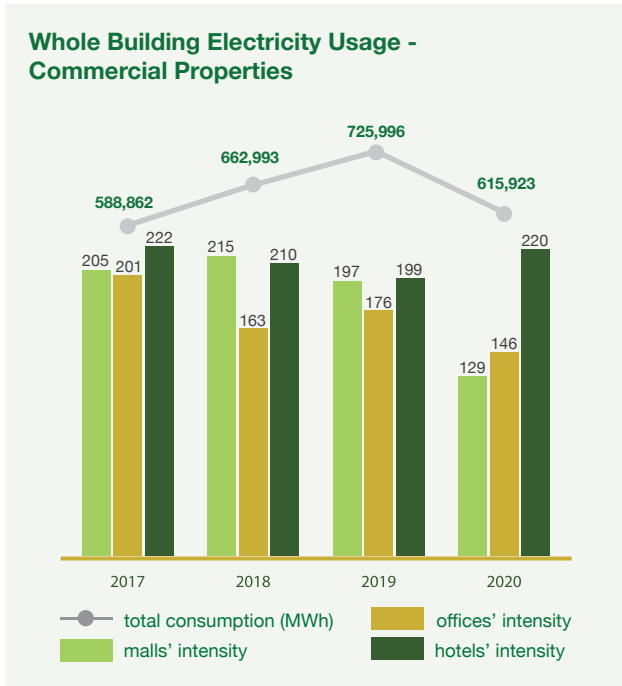
⁴Electricity consumption from ALLHC's industrial parks was added starting 2020. Fuel consumption was not included due to data unavailability.

⁵Electricity and fuel consumption from AirSWIFT was added starting 2019.

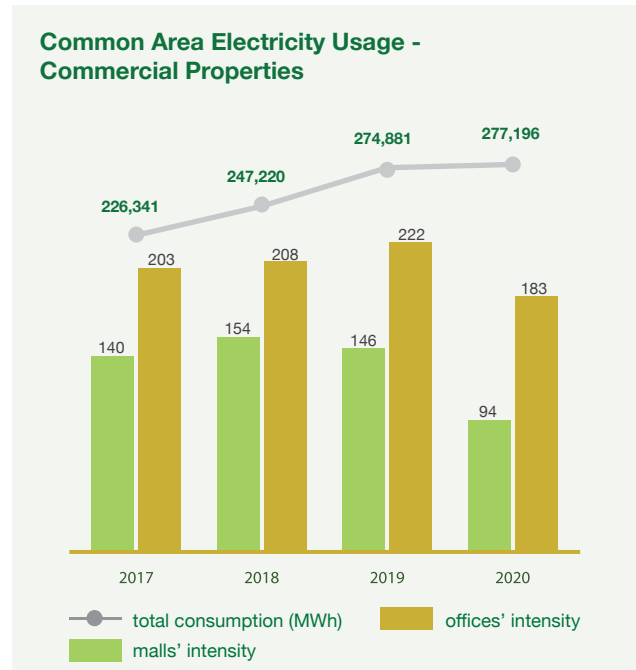
⁶Consumption outside the organization comprises of consumption within (1) leased areas for commercial properties and industrial parks, and (2) residential properties which have been turned over. No data available for consumption within non-Ayala Land properties located in our estates.

⁷Includes only the consumption within common areas. No data available for consumption of unit owners.

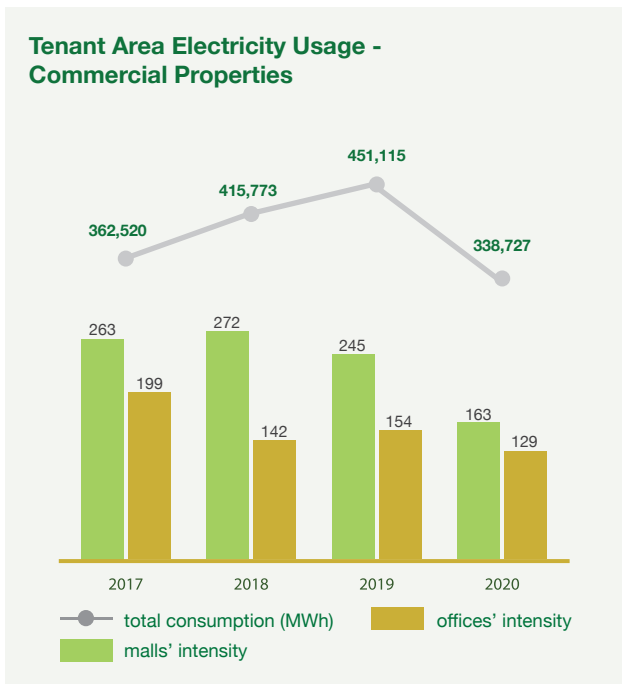
ENVIRONMENTAL STEWARDSHIP



Note: Taking into account significant changes in occupancy rate resulting from the pandemic, intensity was measured as kWh consumption per sq. meter of occupied floor area.



Note: Taking into account significant changes in occupancy rate resulting from the pandemic, intensity was measured as kWh consumption per square meter of occupied common area.



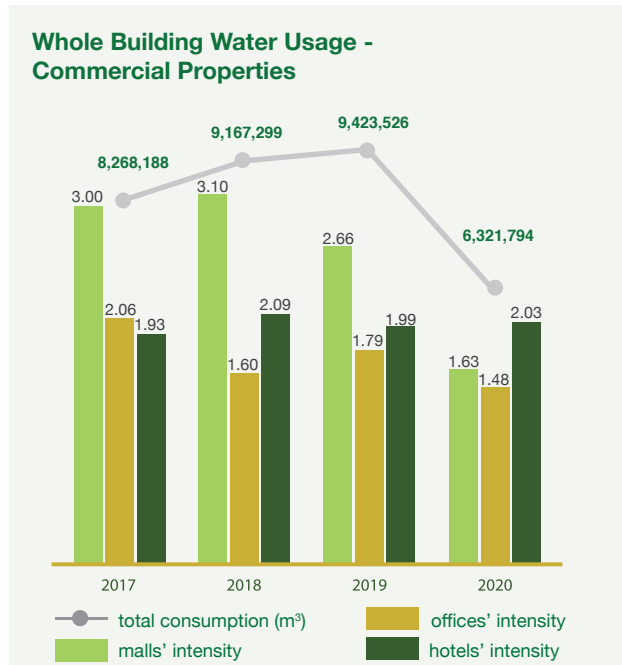
Note: Taking into account significant changes in occupancy rate due to the pandemic, intensity was measured as kWh consumption per square meter of occupied leased area.

Water Management

<GRI 303; SASB IF-RE-140, IF-RE-410>

Total consumption of the company decreased by 24% mainly due to the closure of malls, hotels and resorts. On the other hand, water consumption in residential properties more than doubled.

All tenant areas are sub-metered to provide real-time access to water consumption data and allow tenants to manage water consumption more effectively. Water intensity or water consumed per occupied floor area of malls and offices decreased by 39% and 17%, respectively, due to reduced tenant and merchant occupancies and the closure of some lavatory facilities. Hotels' water intensity slightly rose by 2% as COVID-19 safety protocols require enhanced cleaning measures that use more water.



Note: Taking into account significant changes in occupancy rate resulting from the pandemic, intensity was measured as cubic meter consumption per sq. meter of occupied floor area.

Total Water Consumption (m³)	2017	2018	2019	2020
Within the organization¹				
Commercial Properties (Malls, Offices, Hotels, Resorts)	8,268,188	9,167,299	9,423,526	5,526,836
District Cooling Systems ²	361,256	233,669	161,816	440,598
Construction	965,762	3,379,158	944,626	1,328,528
Estates and Carparks ³	888,561	584,662	127,902	763,824
Industrial Parks ⁴	-	-	-	32,928
Airline ⁵	-	-	6,000	2,335
Outside the organization⁵				
Commercial Properties (Offices, Resorts)	-	-	-	794,958
Residential Properties	2,384,517	1,441,748	1,636,698	3,571,176
Industrial Parks	-	-	-	26,416

¹Consumption within the organization comprises of consumption within areas where ALI has operational control.

²Consumption increased in 2020 due to improvements in water data collection.

³For properties with unavailable data on certain months, consumption was estimated based on previous month.

⁴Water consumption from AirSWIFT was added in 2019 and 2020, while consumption within ALLHC's industrial parks was included in 2020.

⁵Consumption outside the organization comprises of consumption within (1) leased areas for commercial properties and industrial parks, and (2) residential properties which have been turned over. No data available for consumption within non-Ayala Land properties located in our estates.

⁶Starting 2020, offices and resorts' water consumption has been broken down between consumption in common areas (within the organization) vs leased areas (outside the organization). Breakdown of malls' consumption to be done in 2021.

⁷Due to data availability, only the consumption within common areas of residential properties is declared.

ENVIRONMENTAL STEWARDSHIP

IMPACT PROJECTS

Carbon Neutrality

<GRI 305; SASB IF-RE-450; TCFD Strategy, Metrics and Targets >

Ayala Land’s commercial properties (malls, offices, hotels and resorts) are on track to achieving net-zero carbon emissions by 2022 using a two-pronged approach—the use of renewable energy and the protection and enhancement of carbon forests.

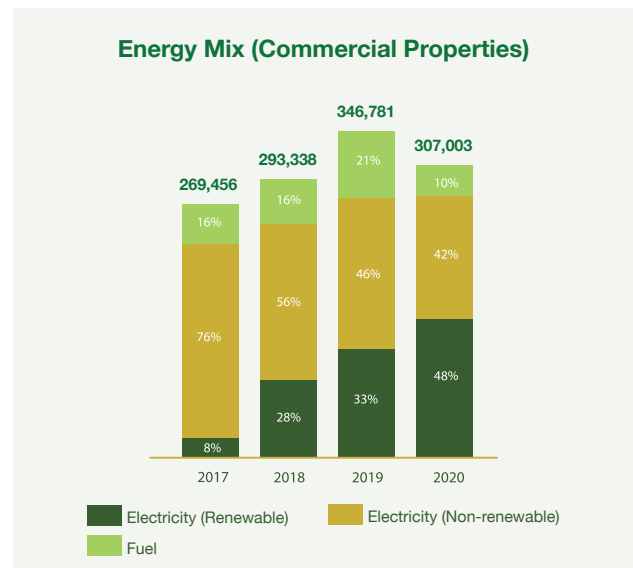
To reduce emissions, power purchase agreements allowing buildings to shift to renewable energy sources are being undertaken. In 2020, six more buildings shifted to renewable energy, for a total of 57 buildings with renewable energy sources representing 63% of total GLA. As a result, net emissions decreased by 154,403 t-CO₂e. The share of renewable energy in the commercial properties’ total energy mix increased to 47% from 33% the previous year.

Reforestation through assisted natural regeneration (ANR) increased the carbon stock in Ayala Land’s 586 hectares of carbon forests, or carbon sinks. ANR consists of tree planting, removing competing vegetation, and rescuing and nurturing trees to accelerate forest recovery. As a result of these efforts, the company’s total carbon stock reached an estimated 84,289 t-CO₂e in 2020.

Carbon forests also serve as sites where local community partners, employees, and volunteers can actively participate in climate action and ecosystem restoration. Despite the lockdowns, 25,415 native trees were planted

across 24 hectares of previously barren areas, bringing the total to more than 100,000 trees planted across 87 hectares since 2018. A total of 6,261 volunteers—Ayala Land and Ayala group employees, students, employees of other companies—have participated in the company’s ANR efforts since 2018.

The shift to renewable energy and enhancement of carbon forests resulted in a 91% reduction in net emissions of Ayala Land’s commercial properties, from 72% the previous year.



Note: Energy mix has been restated to include electricity and fuel use.

Carbon Neutrality Strategies	2017	2018	2019	2020
Shift to renewable energy (RE)				
Buildings with RE	14	34	51	57
% to total (sq. meters GLA)*	20%	48%	59%	63%
Protect and enhance carbon forests				
Total area allocated (ha)	450	560	586	586
Total area planted	-	31	32	24
Native trees planted	-	42,057	35,620	25,415
Volunteers mobilized	-	1,449	4,177	635

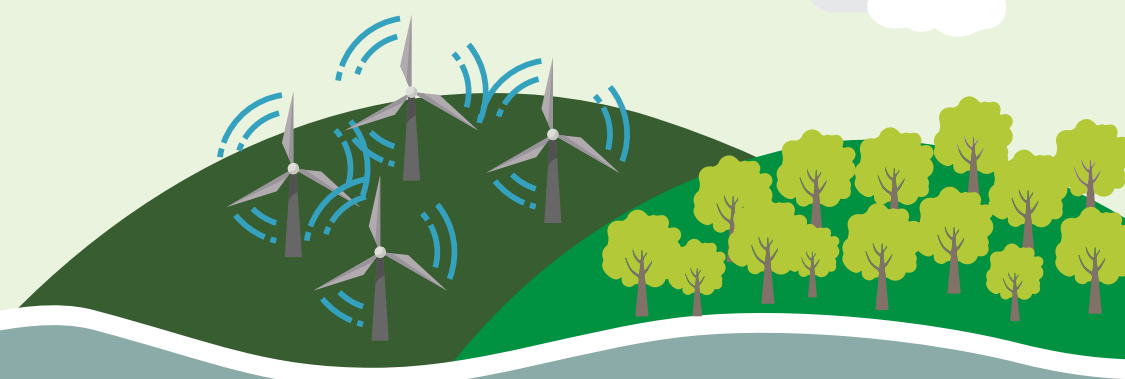
*Percentage share of buildings with renewable energy sources as measured in sq. meters of GLA of malls and offices.

CARBON NEUTRALITY

Ayala Land has set an ambitious target of achieving carbon neutrality for its commercial properties by 2022, by increasing its reliance on renewable energy and offsetting its GHG emissions with carbon forests. As of end-2020, the company has cut its net emissions by 91%, equivalent to 238,693 t-CO₂e.

Year-on-Year Carbon Neutrality Progress (in t-CO₂e)¹

	2017	2018	2019	2020
Gross Emissions²	240,394	244,046	280,272	261,985
Less: Renewable Energy Reductions	20,168	60,869	121,951	154,403
Less: Carbon Forest Offset³	68,133	82,090	80,345	84,289
Net Emissions	152,093	101,087	77,976	23,292
% Reduction	37%	59%	72%	91%



Recorded IUCN Red List Species in Ayala Land⁴

IUCN Red List Category	2018	2019	2020
Critically Endangered	2	2	3
Endangered	7	7	12
Near Threatened	18	20	20
Vulnerable	25	28	31
Total	52	57	66

Notes:

1. Emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard. Emissions are expressed in tonnes of carbon dioxide equivalent (t-CO₂e). The unit t-CO₂e expresses the emissions of various greenhouse gases (carbon dioxide, methane and nitrous oxide) into one common unit.
2. Emissions if properties had not shifted to renewable energy sources (business-as-usual scenario).
3. Reductions from carbon sinks are due to the estimated carbon stock of ALI-owned forests, as calculated by a third-party.
4. Number of threatened species as identified by the International Union for Conservation of Nature (IUCN) that are found in Ayala Land developments. Regular biodiversity monitoring systems are conducted to record these species and help inform project teams on conservation and protection strategies.

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

<GRI 306>

Solid Waste

Ayala Land continues to promote the adoption of a circular model for waste management to reduce and avoid waste sent to landfills. This model involves two key steps—recovering and collecting waste through proper waste management at the property level, and utilizing waste collected through various recycling and reprocessing activities.

The pandemic has caused a shift in waste concentration from workplaces and shopping centers to households and residential properties. In particular, plastic waste volume surged due to increased usage of single-use plastics and online shopping packaging waste. The company responded by intensifying existing efforts to collect plastics from its developments. Collection booths for clean and dry plastics were increased to six locations, from only two the previous year. The effort was also extended to workplaces of other companies and to places frequented by the general public.

As a result, total clean and dry plastic collection increased to 43 tonnes from 32 in 2019, with bulk of

the collection coming from Ayala Land malls (14%), public collection booths (14%), and other Ayala group companies (12%).

Moreover, efforts to reprocess more plastics into construction materials (eco-bricks, eco-casts and eco-pavers) by ecohubs in Arca South and Lio estate were accelerated. The residential businesses, estates, and other Ayala group companies used more than 496 thousand pieces of these eco-products, diverting 28 tonnes of plastics from only one tonne the previous year. This amount is equivalent to the total clean and dry plastics generated from Glorietta and Greenbelt per year. The Makati CBD and Lio Tourism estate used eco-pavers for their sidewalks and pavement, while Evo City used eco-casts and eco-bricks as fencing materials.

Across all waste types, waste generation decreased in 2020, mainly as a result of restricted commercial operations. Total solid waste amounted to 25,469 tonnes and 885,144 cubic meters, a 41% and 28% decrease from previous year, respectively. Consequently, food waste composted was reduced to 1 tonne from 15 tonnes due to the closure of malls, hotels and resorts.



Eco-pavers installed in sidewalks in Makati Central Business District. Plastics collected from the estate's residential and commercial properties are used as inputs to the pavers, diverting them from being sent to the landfill.

Waste Generation and Diversion (metric tonnes) ¹	2017	2018	2019	2020
Total Waste Generated	36,775	47,352	43,486	25,469
Sent to landfill	31,876	41,214	35,574	19,798
Residual ²	16,867	25,867	20,948	10,186
Food	10,467	8,749	10,593	3,355
Compostable ³	4,542	6,598	4,033	6,257
Diverted from landfill	4,899	6,138	7,912	5,672
Sent to recyclers ⁴	4,899	6,138	7,894	5,641
Plastics processed for ALI projects	-	-	1	28
Plastics processed for non-ALI projects ⁵	-	-	2	1
Food composted	-	-	15	1

Notes:

1. Total waste generated across all businesses, measured in tonnes. Does not include waste from airline operations and industrial parks due to unavailability of data.
2. All other solid waste that are non-food and non-compostable.
3. Includes landscape waste such as leaves, shrubs, tree trimmings, and grass clippings.
4. Includes traditional recyclables such as paper, cartons, glass bottles and aluminum cans.
5. Plastics that are processed in Arca South ecohub and used for construction materials for non-ALI projects.

Construction Waste Generation and Diversion ¹ (m ³)	2017	2018	2019	2020
Total Construction Waste Generated	838,520	799,116	1,230,603	885,144
Sent to Landfill	77%	76%	59%	61%
Diverted from Landfill and Sent to Recyclers ²	23%	24%	41%	39%

Notes:

1. Additional waste from construction activities measured in cubic meters. Due to the varying densities of construction materials, waste in cubic meters is reported separately from waste in metric tonnes.
2. Waste diverted from landfill in 2019 corrected.

ENVIRONMENTAL STEWARDSHIP

Hazardous Waste

Ayala Land complies with the requirements of proper hazardous waste management in accordance with Republic Act 6969 (Toxic Substances and Hazardous and Nuclear Waste Act of 1990) and Department of Environment and Natural Resources (DENR) Administrative Order 2013-22 (Revised Procedures and Standards for the Management of Hazardous Wastes).

The company's properties have designated hazardous wastes storage rooms and DENR-controlled Hazardous Wastes Generators' ID Numbers. All hazardous waste generated from its properties are transported and treated by DENR-accredited vendors.

In addition, since 2017, APMC has been partnering with the ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI) for the recycling of Ayala Land's commonly-generated hazardous waste – lead acid batteries and industrial oil from generator sets, and waste electronic

and electrical equipment – through the former's Bantay Kalikasan program. Proceeds from the sale of the recycled materials are donated to ALKFI to fund their reforestation programs.

Other hazardous wastes not processed through the partnership with ALKFI, such as busted bulbs, empty containers previously holding hazardous wastes, and grease, are transported and treated by DENR-accredited transporter and disposal facilities. All recycled and treated wastes are provided a Certificate of Treatment from their respective haulers as proof of proper disposal and reported to DENR on a quarterly basis or as applicable.

Hazardous waste generation decreased in 2020, reflecting slower operations of ALI's various businesses. Moreover, due to the mobility restrictions brought about by the pandemic, most of the generated hazardous waste during the year were stored on-site, with hauling to resume in 2021.

Hazardous Waste Generation	2017	2018	2019	2020
D406 ULAB	20 tonnes	12 tonnes, 2,150 add'l pieces	150 tonnes, 2,324 add'l pieces	34 tonnes, 43 add'l pieces
D407 CFL	53 tonnes, 8,661 add'l pieces	16 tonnes, 84 add'l pieces	114 tonnes, 86 add'l pieces	30 tonnes, 6 add'l pieces
I101 Used Industrial Oil	23,396 liters	87,523 liters	50,882 liters	21,553 liters
I102 Vegetable Oil	-	4,645 liters	10 liters	7,231 liters
J201 Containers	-	-	10 tonnes	16 tonnes
M506 WEEE	4 tonnes, 161 add'l pieces	2 tonnes, 4 pieces add'l	19 tonnes	60 tonnes, 51 add'l pieces

Legend:

- ULAB – Used lead acid batteries
- CFL – Compact fluorescent lightbulbs
- WEEE – Waste electrical and electronic equipment

Note: ULAB, CFL, and WEEE waste not measurable in tonnes were counted as pieces.

Hazardous Waste Diversion and Disposal 2020	% Recycled	% Transported and Treated	% Stored On-Site
D406 ULAB	8%	0%	92%
D407 CFL	0%	2%	98%
I101 Used Industrial Oil	0%	1%	99%
I102 Vegetable Oil	0%	6%	94%
J201 Containers	0%	0%	100%
M506 WEEE	3%	0%	97%




Legend:

- ULAB – Used lead acid batteries
- CFL – Compact fluorescent lightbulbs
- WEEE – Waste electrical and electronic equipment


Note: Bulk of the hazardous waste generated in 2020 were stored on-site due to restrictions brought about by the pandemic. Hauling to resume in 2021.

2020 ENVIRONMENTAL PERFORMANCE SUMMARY





SITE RESILIENCE

Strategy		Performance
 <p>Green Spaces</p> <p>Allocation of vegetated and porous surfaces to allow water to be absorbed and mitigate the effects of flooding</p>	785 hectares in urban estates allocated as green space	
 <p>Native Trees</p> <p>Use of native trees to protect Philippine biodiversity and allow easier recovery from disturbances in the environment</p>	39% & 72% native tree share maintained in established and emerging estates respectively	
 <p>Biodiversity</p> <p>Assessments in estates with significant biodiversity value to identify native flora and fauna</p> <p>Creation of appropriate development plans and programs to conserve and protect indigenous biodiversity</p>	Additional 9 IUCN red-list species recorded for monitoring and protection in El Nido and Anvaya	

PEDESTRIAN MOBILITY AND TRANSIT CONNECTIVITY

Strategy		Performance
 <p>Pedestrian Mobility And Transit Connectivity</p> <p>Continuous enhancements of pedestrian experience, safety, and mobility</p>	<p>18.5 km of dedicated bike lanes in Makati CBD and Bonifacio Global City</p> <p>Over 6,500 average daily users of Makati Central Business District and Bonifacio Global City bike lanes</p>	

RESOURCE EFFICIENCY

Strategy		Performance
 <p>Energy and Water</p> <p>Energy and water efficiency initiatives such as equipment replacements and operational adjustments to ensure optimal operations</p>	<p>Reduction of energy intensity (consumption per occupied floor area) by 35% and 17% in malls and offices, respectively</p> <p>Reduction of water intensity (consumption per occupied floor area) by 39% and 17% in malls and offices, respectively</p>	
 <p>Materials and Waste</p> <p>Using by-products as substitute to construction materials to reduce consumption</p> <p>Recycling, reusing, and reprocessing of various waste types</p> <p>R&D and market studies to close the waste loop and ensure circularity in materials and waste systems</p>	<p>20% reduction in cement consumption of concrete batching plants through fly ash substitution</p> <p>39% of solid waste in tonnes and 22% of solid waste in cubic meters diverted from landfill (vs 41% and 18% in 2019 respectively)</p> <p>28 tonnes of plastic waste, equivalent to clean and dry plastics generated in Glorietta and Greenbelt per year, used in ALI and Ayala Group projects</p>	
 <p>Emissions and Carbon Neutrality</p> <p>Shifting buildings to renewable energy sources through power purchase agreements</p> <p>Protection and restoration of forests</p>	<p>91% of emissions from commercial properties reduced and offset through renewable energy use and carbon forest management</p> <p>Additional 6 buildings shifted to using renewable energy source</p> <p>63% of commercial properties' total GLA using renewable energy sources</p> <p>25,415 native trees planted (vs 35,620 in 2019) despite lockdown restrictions</p>	
 <p>Green Buildings</p> <p>Expansion of green building portfolio through LEED and other equivalent certifications</p>	<p>6 buildings undergoing LEED certification</p>	

SOCIAL ENGAGEMENT



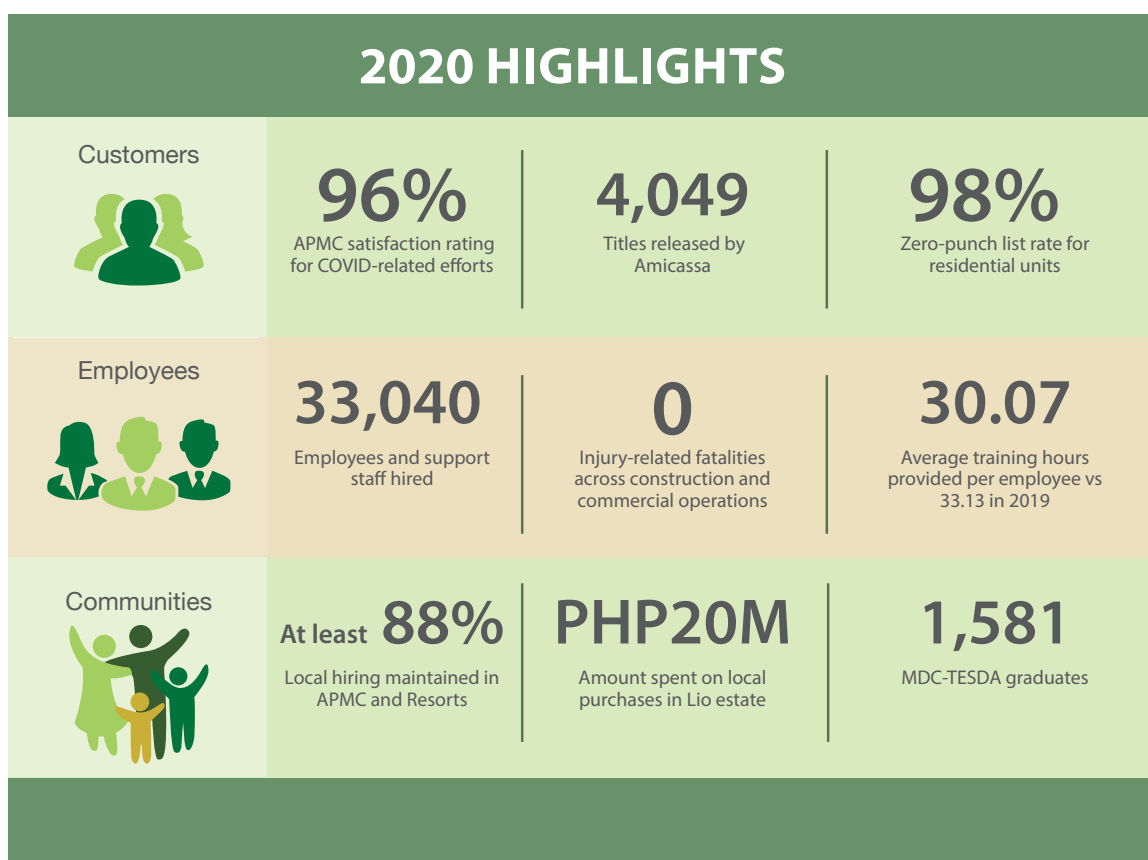
Ayala Land actively engages its stakeholders, keeping its commitment to enhance land and enrich lives.

Property Buyers

Sharp customer focus and high service levels continue to be the hallmark of Ayala Land properties, delivering healthy, safe, and secure experiences to stakeholders at all times. Customer surveys are conducted regularly to generate feedback on client servicing, processing of documents, unit turnover, and overall living experience in the properties. Feedback is also generated through customer service representatives, the Ayala Land website, and social media.

Client servicing teams handle the turnover of properties to buyers, while technical associates from the brands' client services group attend to buyers' post-construction concerns. At the front line, queries from buyers are addressed by sellers, who regularly attend training sessions and briefings on the various brands' projects and processes.

In response to the restrictions caused by the pandemic, Ayala Land's residential brands maximized the use of technology to continue to engage property buyers. They increased digital selling initiatives across different platforms, resulting in PHP13.6-billion worth of sales reservations, equivalent to 17% of the total.



Buyers have the option of viewing the model unit, walk through the actual unit, and have the unit turnover online. Physical showrooms as well as on-site turnover adhered to strict social distancing and safety protocols.

Amicassa Process Solutions, Inc. processed the release of 4,049 titles to property buyers in 2020, despite mobility restrictions and the skeletal workforce deployed in regulatory offices.

Brokers and Sellers

By end-2020, Ayala Land's residential brands and its international sales group, Ayala Land International Sales, Inc. (ALISI), counted a total of 4,429 sellers and 3,301 brokers in their ranks.

	Sellers	Brokers
ALP	256	437
ALVEO	702	450
Avida	848	1,219
Amaia	1,493	1,081
BellaVita	839	88
ALISI	291	26
Total	4,429	3,301

All of the residential brands observed mandatory health and safety protocols when on-premise selling activities were reallocated.

SOCIAL ENGAGEMENT

ALP conducted 55 engagement activities for its sellers and brokers, with a total attendance of 5,735. Thirty-six (36) mock online presentations were held to aid in-house sales teams quickly adjust from face-to-face to online presentations.

ALVEO held 26 engagement activities, including general assemblies, virtual awards events, and talks and webinars on health, safety, and mental wellness. It also conducted 492 training sessions and broker accreditation programs.

Avida conducted a total of 408 training sessions covering accreditation, professional development, and product knowledge, attended by a total of 1,300 sellers. Forty-two (42) of the sessions were held in a classroom setting as they happened before the lockdowns. The rest were conducted virtually. In addition, ASC, Avida's wholly owned marketing company, conducted three online programs—"Online Selling Tools," with 156 attendees and feedback grade of 4.75 (out of 5); "ASC Kamustahan Session," 322 attendees, 4.8 feedback grade; and "New Normal Selling for Sales Leaders," 120 sales leaders and managers.

Amaia conducted 41 engagement activities virtually, including monthly updates, "Online Kamustahan," sales kick-off events, and sales excellence recognition events. It also held 51 online training sessions, including eight online accreditation and reactivation events attended by 980 brokers nationwide.

BellaVita held a total of 127 training sessions, attended by a total of 1,311 participants. It also held 17 online engagement activities such as sales rallies, general assemblies, and awarding ceremonies, altogether attended by 689 participants.

Residents, Shoppers, Tenant Employees, Tourists, and Hotel Guests

The company communicates and seeks feedback from the end-users of its products and services, i.e., residents, shoppers, tenant employees, tourists, and hotel guests, through regular satisfaction surveys, loyalty and appreciation programs, e-newsletters, and social media posts.

APMC received a 95% overall customer satisfaction rating and 96% satisfaction rating for COVID-19-related efforts. Seda Hotels' overall guest satisfaction rating was at 88% from 87% the previous year. Meanwhile, El Nido and Lio attained guest satisfaction ratings of 94% and 93%, respectively.

Employees and Workers

<GRI 401, 407>

Workplaces at Ayala Land support and facilitate employees' individual and group endeavors. The company prioritizes employee well-being with programs that build on the capabilities of employees, support high performance levels, and promote their health and safety at all times.

Open communication between Ayala Land management and employees are maintained through regular town halls, quarterly updates, performance reviews and feedback, team building sessions, organizational climate surveys, and established grievance mechanisms. Within the Ayala Land Group, Ayala Land Parent has an employees' union.

Initiatives to mitigate the impact of COVID-19 on Ayala Land employees are mentioned under "Health and Safety" on page 100.

Stakeholders	Property Buyers	Brokers and Sellers	Malls and Offices Locators, Estate Residents, Tenant Employees	Hotel and Resort Guests, Tourists, Shoppers	Employees and Workers	Business Partners	Suppliers and Service Providers	Creditors	Shareholders and Analysts	Communities and NGOs	National and Local Government Units	Media
ALI Corporate												
Estate Development												
Property Development												
Leasing Operations												
Malls												
Offices												
Hotels												
Resorts												
Services												
Construction												
Property Management												

Highly material Moderately material

Contribution to Local Economic Development

<GRI 401, 402>

As of end-2020, Ayala Land group had 6,133 employees (3,170, female and 2,963, male), including 403 new hires (51% female.) Of the total number, 39% were below 30 years old and the balance, 61%, were 30 years old and above. By region, 88% were from Luzon, 8% from the Visayas, and 3% from Mindanao.

Together with support staff, the company's total head count was 33,040, less than previous years', due to lower requirements by business operations.

Ayala Land Head Count					
	2016	2017	2018	2019	2020*
Full-Time Employees	4,369	5,040	5,358	6,180	6,133
Support Staff	54,241	53,774	54,369	44,384	26,907
Total	58,610	58,814	59,727	50,564	33,040

*Data from AyalaLand Logistics Holdings Corp., SASI, Prime Support Services Inc., Cebu Holdings Inc., Accendo Corp., and Cagayan de Oro Gateway Corp. were added in the 2020 report.

Attrition rate has consistently decreased through the years, to 9.51% in 2020 from 13.57% in 2016.

SOCIAL ENGAGEMENT

Employee Attrition Rate				
2016	2017	2018	2019	2020*
13.57%	12.99%	12.69%	12.55%	9.51%

*Data from AyalaLand Logistics Holdings Corp., SASI, Prime Support Services Inc., Cebu Holdings Inc., Accendo Corp., and Cagayan de Oro Gateway Corp. were added in the 2020 report.

Ayala Land complies with the Labor Code of the Philippines for minimum notice periods regarding significant operational changes.

At MDC, the total workforce was at 31,595 by end-2020, from over 67,000 the previous year due to organizational rightsizing, while maintaining a 7% attrition rate across the company and its subsidiaries. It strictly complies with all labor regulations and local government guidelines in every project site.

Local hiring is a priority in the various Ayala Land businesses. Local hires comprised 89% at APMC managed accounts and 88% at the resorts group.

Health and Safety

<GRI 403>

Employee safety and well-being is at the core of Ayala Land's transition to the new normal, with health and safety standards continuously developed and implemented across the organization.

RT-PCR tests have been made available and accessible to employees. The company assists them with scheduling test appointments, monitoring results,



counselling, and referrals to Ayala group and Ayala Land Group clinics and hospitals, including Healthway clinics, QualiMed-Sta. Rosa, and QualiMed Surgery Center-Manila, among others.

The fourth floor of The Flats Circuit in Makati has been converted, with the support of MDC and QualiMed, into a level-3 COVID-19 quarantine facility for employees who cannot do home quarantine.

Employees are provided with tele-consultation services with physicians and psychologists through employee care hotlines and learning sessions on physical and mental health. They are also assisted with financial support for any COVID-19-related hospitalization expense not covered by insurance. Annual physical examinations and vaccinations for flu and pneumonia available to employees have been extended to their family members and designated dependents.

The company constituted a COVID-19 safety task force in charge of disseminating health and safety guidelines; sharing best practices; and case tracking, monitoring, and reporting across the Ayala Land Group.

The company's wellness campaign continues to strengthen employee engagement through various activities including Footloose Fridays, Thursday Happy Hour, and Work-out From Home. Webinars on environmental, social, and health and wellness topics were also launched in each of Ayala Land's businesses in addition to holding regular mental health programs and *kamustahan* (employee check-ins) sessions.

Across the organization, Ayala Land has adopted a number of work arrangements supportive of the needs of the various businesses.

At MDC, an environmental, health, and safety (EHS) committee with worker representation monitors the implementation of environment, health, and safety practices in every build site. Construction workers are required to use PPE, including safety glasses, gloves, and, for those working in high places, harnesses with a dual lanyard attached to an appropriate anchor point or lifeline. All MDC sites have detailed emergency preparedness and response plans that include regular drills for fire, earthquakes, and other identified emergency situations.

Proactive safety initiatives include walk-through inspections by management; pre-activity training focused on work methodology and hazard control; peer review of all designs prior to approval; approved work permit for all nominated high-risk activities; and inspection of all formworks by the inspectorate team prior to concrete pouring.

Safety measures are enforced at all times in MDC workplaces including construction projects, batching plants, and mechanical equipment yards. There is an increased emphasis on applying risk management practices at all stages of construction and on compliance and continual improvement to the environment, health and safety management system, safety initiatives, and utilization of the online monitoring system through scheduled internal EHS audits. Incidents are immediately investigated to determine their root causes and, if necessary, new controls are put in place to prevent recurrence of similar incidents. Issues are immediately reported to the appropriate level of management and recorded in a timely manner through an interconnected monitoring system, enabling faster corrective and preventive actions across sites and offices.



Even while it has not experienced any local government-imposed shutdown due to the pandemic, MDC has adopted COVID-19 protocols aligned with government guidelines, including the omnibus guidelines on the implementation of community quarantine, mandatory reporting of notifiable diseases and health events, and zoning containment strategy, among others.



MDC constructed 32,673 bed spaces and implemented health and wellness programs for employees and workers on-site. It has also administered 54,034 COVID-19 tests to employees and, by December 2020, eliminated the disease among its ranks from a high of 363 active cases in August 2020. It provided a total of PHP217 million in financial assistance to construction workers, third-party service personnel, and direct hires with the imposition of the ECQ in the second quarter.

In 2020, MDC recorded a safety performance of zero fatalities and 0.14 total disabling injury rate (TDIR) covering 77 million total man-hours through continuing emphasis on safety. By year-end, 73 projects had achieved at least 1 million safe man-hours each. Property management and operations achieved zero disabling injuries and an additional 1 million safe man-hours. For 2021, MDC is targeting to achieve a TDIR of 2 for every 1 million man hours, better than the US Bureau of Labor Statistics rate of 3.

Health and Safety Performance*			
	2018	2019	2020
Total Man-Hours (millions)	197	190	78
Total No. of Disabling Injuries/Illnesses/Fatalities	19	45	11
Injury/Illness Resulting to Lost Time	14	42	11
Injury-related Fatalities	5	3	0
Total Disabling Injury Rate (TDIR)**	0.10	0.24	0.14

*Combined health and safety performance of construction (MDC) and property management and operations (APMC, AHRC and ALMI).
 **TDIR is measured using the following formula: (Total disabling injuries x 1,000,000) / Total man-hours

SOCIAL ENGAGEMENT



APMC-managed properties reported no major fire incident in 2020, thanks to its safety programs, proactive personnel readiness, and fire protection system reliability. It conducted a total of 13,156 weekly emergency response drills across all managed properties. It regularly conducted programs and seminars on government-mandated occupational safety and health standards, fire code compliance, and workplace safety across the Ayala Land Group, and ensured that all operating assets remained safe even during the lockdowns.

In addition, APMC implemented virtual audit validations in all its properties and those of ALMI, AHRC, and Ayala Land.

Training and Development

<GRI 404>

The company recognizes the importance of continuous professional development among its ranks. In 2020, Ayala Land Group employees logged a total of 184,431 training hours, for an average of 30.07 hours per employee. This is a slight decrease from previous year's 204,755 total training hours and average of 33.13 hours per employee, mainly due to shorter times required by online training compared to classroom training typically held pre-pandemic. Nevertheless, the shorter training time ensured that engagement and focus were not compromised.

Employee Training Hours (2020)		
	Male	Female
Total	94,913	89,518
Average	32.03	28.24

Capacity building continues to be a focus of learning and employee development, with level-based training programs producing 70 graduates in 2020. These programs include the Associates' Forum and Leaders' Forum which tackled coaching, values, transformational leadership, and other relevant topics as the company adapts to the new work environment.

There are other training opportunities and customized courses aimed at increasing employees' skill sets, enabling them to perform at optimum levels. These programs cover business and technical knowledge, skills building, values, ethics, and corporate governance. Self-paced learning to complement the webinars was also made available to employees through online learning platforms Degreed ([degreed.com](https://www.degreed.com)) and Coursera ([coursera.org](https://www.coursera.org)).

Regular employees with at least three years of continuous service can apply for a study leave, i.e., extended leave days to support formal or continuing education, subject to management approval.

MDC continually develops in-house skills training modules to enhance the competencies of the construction workforce, supervisors, and engineers on new construction methodologies, construction components, materials, and products. It also maintains partnerships with the Technical Education and Skills Development Authority (TESDA), Construction Manpower Development Foundation, and Philippine Contractors Association (PCA) and collaborates with international vocational schools such as the UK's Technical & Vocational Education & Training (TVET) and Japan's Tone Numata Techno Academy to benchmark on global construction skills and competencies.

MDC's nine TESDA-accredited training centers offer programs in a range of skills, from heavy equipment operation, reinforced steel works, to plumbing and electrical installation and maintenance, among others.

MDC has 41 TESDA-accredited trainers, 13 of whom are also TESDA-accredited assessors. In 2020, MDC training centers produced 1,581 graduates, bringing the total number to 31,426.

MDC-TESDA Graduates						
2015	2016	2017	2018	2019	2020	Total
5,620	8,513	5,267	5,306	5,139	1,581	31,426

MDC optimizes digital platforms to reinforce people development in the face of new and emerging work arrangements. Employee engagement was intensified with the launch of *Isang MDC Tayo* (We are One MDC), a flagship HR program that promotes *bayanihan* and rallies the organization, guided by its corporate values, to do whatever it takes to help the company overcome challenges and difficulties brought about by the pandemic.

APMC adopted a new competency framework that identified and mapped core and leadership competencies for 54 positions, under which 97% of current employees were assessed. Five new competency-based training programs were rolled out.

It also conducted over 30,000 hours of training consisting of classroom, immersion, and e-learning activities, spread over 420 sessions.

Training at APMC (2020)	No. of Sessions/Batches	No. of Hours
Classroom	53	3,279
Immersion	4	716
Facilitator-led Online	289	20,291
E-learning Materials	51	4,669
Training Videos	8	1,101
NetReads	6	24
Degreed Pathways	9	199
Total	420	30,279

Seventeen (17) CPD-accredited training programs were made available to APMC employees in the fields of mechanical, electrical, and civil engineering; architecture; and accounting. Meanwhile, all employees underwent occupational safety and health training.

All 10 of APMC's management trainees were regularized under Prime Support Services Inc.

Compensation and Rewards

<GRI 401>

Ayala Land provides compensation and benefits mandated by national labor laws and its own performance incentive program. The company rejects any form of forced and compulsory labor.

All regular employees receive life insurance, in-patient and out-patient health coverage, disability and invalidity coverage, retirement benefits, and medical allowances. Project employees are provided with health insurance coverage and are entitled to service incentive leaves and overtime pay.

Ayala Land has an employee compensation and rewards policy that helps propel business performance. In particular, the Employee Stock Ownership (ESOWN) plan gives select employees the opportunity to participate in the growth of the company and instills a sense of personal accountability for its growth.

The company also provides variable pay such as the performance-based cash bonus directly linked to an individual's key deliverables established at the start of the year.

Diversity and Equal Opportunity

<GRI 401, 405>

Ayala Land recognizes the importance of diversity and equal opportunity in the workplace. Women account for 52% of the company's employees.

The company implements government-mandated leaves on paternity and maternity, with all employees entitled to parental leave. In 2020, 65 male employees and 141 female employees went on parental leave, with those returning to work at 62 and 137, respectively.

Return-to-Work Rates					
	2016	2017	2018	2019	2020*
Men	82%	98%	99%	100%	95%
Women	88%	90%	88%	92%	97%

*Data from AyalaLand Logistics Holdings Corp., SASI, Prime Support Services Inc., Cebu Holdings Inc., Accendo Corp., and Cagayan de Oro Gateway Corp. were added in the 2020 report.

SOCIAL ENGAGEMENT

Ethical Behavior

<GRI 205, 402, 406, 408, 409>

Ayala Land has always upheld high standards of accountability and ethics, as enshrined in its code of ethics. The company regards employees with utmost respect and professionalism.

Open dialogue between employees and management has been the bedrock of the company's strong and sound organizational partnership.

Ayala Land's non-discrimination policy encourages employees and stakeholders to report any discriminatory practice to Human Resources. In 2020, there was no report of any act of discrimination.

The company provides customers with grievance mechanisms, including a customer service hotline, feedback form in the company website, and designated personnel in the various Ayala Land units handling such grievances.

The company's Whistleblower Policy provides that any individual or entity that suspects or becomes aware of any irregularity or misconduct involving Ayala Land employees, brokers, sellers, business partners, suppliers, and service providers may report such behavior to Ayala Land management through secure channels. In 2020, no significant incident of illegal or unethical behavior was reported.

A significant incident of illegal or unethical behavior, as defined by SEC Memorandum Circular No. 2003-13, is one that reduces the consolidated total assets of the company by at least 5%.

Business Partners, Suppliers, and Service Providers

<GRI 204, 205, 308>

Recognizing the rights of all business partners, suppliers, and service providers, Ayala Land strives to maintain long-term and mutually beneficial relationships through impartial dealings and adherence to strict moral and ethical conduct.

The company provides vendors and trade partners with equal opportunities and promotes fair and open competition by encouraging the highest level of safety, productivity, efficiency, quality, and cost-competitiveness.

Suppliers are accredited upon their full compliance with the company's standards and requirements.

In line with its "greening the supply chain" campaign, Ayala Land prefers to work with environmentally responsible suppliers, requiring them to accomplish a Green Metrics form to verify their environmental and social practices. The form gathers data on the vendor's compliance with environmental regulations, environmental management systems certification (ISO 14001), labor practices, and sustainability programs. This requirement allows Ayala Land to embed sustainability parameters in the accreditation, shortlisting, and awarding process.

Ayala Land also began the process of familiarizing its vendors with the company's emphasis on sustainability and sustainable procurement principles in 2018, with the target of reaching all of its active vendors by 2023. In 2020, 665 vendors, or 35% of all active vendors, were engaged through Vendor Kapihan (coffee talks) sessions, where they learned more about the company's guidelines, processes, and programs related to sustainability. Topics discussed during the sessions included, among others, environmental health and safety, compliance with labor standards, vendor integrity, and bonds and insurance. The sessions also served as an additional venue for vendors to express their concerns about doing business with Ayala Land.

Moreover, the Vendor's Code of Ethics is regularly updated to enhance its provisions and conform to the ISO guidelines for Sustainable Procurement 20400:2017.

The Internal Audit Division likewise conducts vendor audits according to the provisions of the Vendors' Code of Ethics to ensure that business partners, suppliers, and service providers strictly comply with the company's fraud policies. This code may be viewed at <https://www.ayalaland.com.ph/vendor-qualification/>.

In 2020, 18 vendor audits were initiated and are currently in various stages of resolution.

Child labor has no place in Ayala Land. The company carefully audits vendors and suppliers to ensure that no underage worker is employed in their operations. Project sites are regularly audited to determine whether subcontractors and vendors adhere to general labor standards. No aspect of Ayala Land's operations has been identified as susceptible to child labor, forced labor, or any form of labor exploitation.

As of end-2020, the company had a total of 1,923 vendors, 1,497 of whom were engaged during the year. A total of 759 vendors were counted under the civil, structural, and architectural categories. Meanwhile, 376 vendors were newly accredited in the year.

Creditors

Ayala Land acknowledges the rights of creditors and is committed to honoring its contracted financial obligations and any financial covenant they may contain. Creditors have access to readily available information about Ayala Land for them to adequately assess the company's credit standing. The company has not defaulted on any loan or payment to creditors.

Shareholders and Analysts

As a publicly listed company, Ayala Land provides financial and operational information to all its shareholders and analysts, with management and key representatives of the company making themselves available and accessible for meetings.

Ayala Land complies with all the disclosure and transparency rules of the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and Philippine Dealing & Exchange Corporation (PDEX), ensuring that all relevant information are publicly available.

Shareholders' Right to Participate in Decisions Concerning Fundamental Corporate Changes

Shareholders have the right to participate in decisions concerning fundamental corporate changes, such as, but not limited to, amendments to Ayala Land's articles of incorporation and bylaws, issuances of additional shares, transfer of all or a substantial portion of the

company's assets, approval of remuneration-related matters, nomination of candidates for the board, and election of directors through voting.

Shareholders' Voting Rights

Each common or preferred share of Ayala Land entitles the person in whose name the share is registered in the books of the corporation to one vote.

Shareholders' Right to Participate Effectively and Vote in General Shareholder Meetings

Each shareholder is entitled to as many votes as the shares registered under his or her name during Ayala Land's annual stockholder meetings.

Shareholders are given the right to approve remuneration-related matters of the company's nonexecutive and independent directors during general meetings, whether regular or special. The last increase in remuneration of nonexecutive and independent directors, consisting of annual retainer fee and per diem for board and committee meetings, was approved in 2011.

Noncontrolling or minority shareholders have the right to nominate candidates to the Board of Directors. For more information on the Voting Procedures, page 123 of this report.

Analysts' Quarterly Briefings, Investor Meetings, Roadshows, and Conferences

Ayala Land conducts semi-annual briefings for both equity and credit analysts, and communicates directly with institutional and individual investors through one-on-one meetings, video conference calls, and written communications such as e-mail.

In response to the ongoing health crisis, videoconferencing facilities have been utilized for one-on-one meetings and analyst briefings. Video replays of the briefings are made available in the IR website.

The President and CEO, Chief Finance Officer, and other key members of the management team, together with the investor relations team, attend investor conferences and non-deal roadshows to ensure regular discussions with institutional shareholders.

SOCIAL ENGAGEMENT

In 2020, the team attended 16 virtual conferences and one international conference held in January. Ayala Land hosted 81 meetings and conference calls with investors and sell-side analysts. All these activities allowed the team to meet 171 firms and 285 representatives, ensuring continued engagement throughout this time.

The President and CEO and Chief Finance Officer participated in 24 and 36 meetings, respectively.

Communities and Non-Government Organizations

<GRI 413>

All Ayala Land projects undergo regular impact assessments throughout the project cycle to address the concerns of affected communities and local government. The company deliberately engages the community during the project's early stages to understand and deliver the appropriate social programs.

Ayala Land's presence across the country provides communities with opportunities for employment, livelihood, and basic health services. It conducts training programs for the communities so that their available workforce can seek employment in its projects and even other workplaces.

The company partners with local public schools and barangays to conduct feeding programs and medical missions, and participates in the annual Brigada Eskwela, the cleanup of public school buildings organized by the Department of Education at the start of every school year.

Part of Ayala Land's big push to help the country during the pandemic was *ALI Pays It Forward*, a voluntary fundraising campaign to provide assistance to three COVID-19 treatment hospitals, namely the University of the Philippines-Philippine General Hospital, Lung Center of the Philippines, and Dr. Jose N. Rodriguez Memorial Hospital. Launched in April, the campaign was fully supported by employees across the organization with a 99% participation rate, raising a total of PHP82.6 million. These funds raised were used to procure PPEs for frontliners and essential hospital equipment such as ECG machines and mobile ultrasound units.

Ayala Land's estates have been at the forefront of assisting the stakeholders in their communities.

Vertis North works with the National Housing Authority through the latter's Community Initiative Approach (CIA) program to relocate families, providing them with homes in Barangay Pasong Tamo, Quezon City and Barangay Graceville, San Jose del Monte, Bulacan. CIA is an alternative financing scheme that gives families from the marginalized sector the opportunity to acquire their own homes. Families who opt for monetary compensation or assistance to return to their hometowns are also given support by the estate, in line with the government's Balik Probinsya program. Ayala Land further supports relocated households through employment opportunities, help in establishing transportation cooperatives and public markets in the relocation areas, and microfinance assistance.

Alviera is working to serve the indigenous community in Porac, Pampanga through school building projects. It has turned over eight classrooms to the relocated Barangay Sapang Uwak Elementary School. In collaboration with Manila Water Company Inc., Alviera has also implemented a water project to provide the indigenous peoples (IP) community with piped access to clean water.

Weavers from a community cooperative in NUVALI and community members from the barangay in Alviera continue to participate in selling activities hosted by Ayala Land or its external partners.



Ayala Land was also at the forefront of community relief efforts in the aftermath of the eruption of Taal Volcano in January 2020.

Employees of the malls, hotels and resorts, and offices groups distributed relief goods and care packages to 248 affected families of Barangay San Antonio in Sto. Tomas, Batangas. Sto. Tomas is one of the towns severely affected by the eruption. The items were procured through the personal cash donations of the groups' employees.

MDC also sent relief items donated by employees, partner contractors, and suppliers, worth about PHP1.5 million, to 235 affected families also of Barangay San Antonio in Sto. Tomas. The company's medical team also conducted free medical checkups and distributed medicines.

Ayala Land's tourism estates moved to support the livelihood of their respective communities, which were compromised due to the imposed travel bans.

In El Nido, all Ten Knots employees participated in *ALI Pays It Forward*, collecting a total of PHP2.1 million for 1,114 agency staff and beneficiary institutions. Another PHP1 million was generated from their "Travel for a Cause Promo," proceeds of which went to 516 agency staff. With the implementation of travel bubbles and the re-opening of resorts in El Nido, Ten Knots spent a total of PHP20 million on local purchases and PHP12 million on the salaries of local hires. A number of alternative sustainable livelihood programs to support local weavers, market vendors, and local transport providers generated PHP3.2 million in sales for the program participants in 2020.

In Sicogon, 114 local workers were employed for repair works in the estate from January to March. Food and personal protective equipment assistance were also provided to the island's frontliners.

National and Local Government

Ayala Land works with the government, both at the local and national levels, to help address pressing social issues. It constantly seeks to partner with the public sector in developing business solutions, initiatives, and infrastructure platforms that can serve as catalysts for social progress and contribute to raising standards of living.

The company participates in local government initiatives such as local business councils, job fairs, and medical missions. It also offers technical assistance to local government units in the areas of urban planning, and disaster response and support.

Ayala Land's main focus in 2020 was supporting national and local government partners in managing and alleviating the impact of COVID-19 on the health, economic, and overall well-being of the various communities.

In 2020, all of Ayala Land's applications for project launches were approved by the government.

Media

Through its corporate communications division, Ayala Land regularly engages the media through multiple channels, such as media conferences, briefings, news releases, fact sheets, social gatherings, one-on-one meetings, and through third-party consultants. The company is focused on accessibility, making sure that media inquiries and concerns are addressed in a timely manner, using readily available means of communication, such as face-to-face interaction, telephone calls, and e-mail.

Complying with social distancing protocols, media engagement and communication was maintained in 2020 through online platforms.

Ayala Land has established an honest and transparent relationship with media representatives. Media engagement is at all times guided by the company's commitment to good corporate governance and ethical standards. Media-initiated causes and events that are aligned with the company's principles and advocacies are occasionally supported.

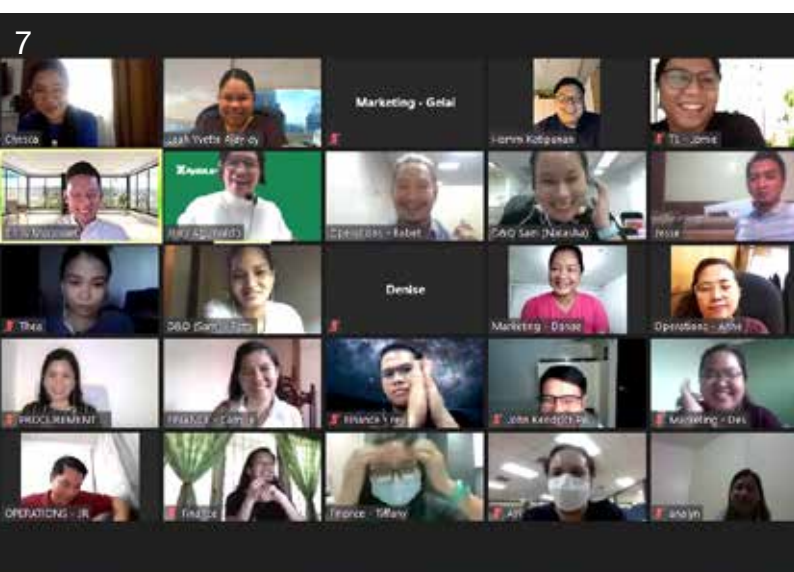
Ayala Land generated positive mentions in news and feature stories in media with an earned media value (EMV) of PHP1 billion in 2020. EMV is the method to calculate the value of branded content gained through unpaid press coverage, as opposed to paid media and company-owned media.

SOCIAL ENGAGEMENT

Stepping back and reflecting on what has been a tumultuous 2020, Ayala Land has progressed in several areas, despite the many challenges.



- 1 MDC workers on-site at the World Trade Center Metro Manila convert the facility into the 500-bed *We Heal as One Center*.
- 2 Personnel at the Philippine Lung Center receive donations from the *ALI Pays It Forward* program.
- 3 Senate President Pro Tempore Ralph Recto, Manila City Mayor Francisco Domagoso, Ayala Land President Bernard Vincent Dy, and Ayala Foundation President Ruel Maranan at the opening ceremony of the Kartilya ng Katipunan Public Convenience Facilities in Manila
- 4 Members of the Zobel family led by Ayala Land Chairman Fernando Zobel de Ayala, Makati City Mayor Abigail Binay-Campos, Makati City Vice Mayor Monique Lagdameo, Ayala Land President Bernard Vincent Dy and Ayala Land SVP and Estates Group Head Anna Ma. Margarita B. Dy lead the lighting ceremony of Christmas lanterns and decors along Ayala Avenue.
- 5 Ayala Land received the award for Top 3 in Corporate Governance in the Philippines at the virtual awarding ceremony of the 2019 SEC-ICD ASEAN Corporate Governance Scorecard (ACGS) Awards.
- 6-8 Ayala Land employees attend online engagement activities such as hALLween 2020 party, the AMP Training program, and Thursday Happy Hour Social Quiztancing.



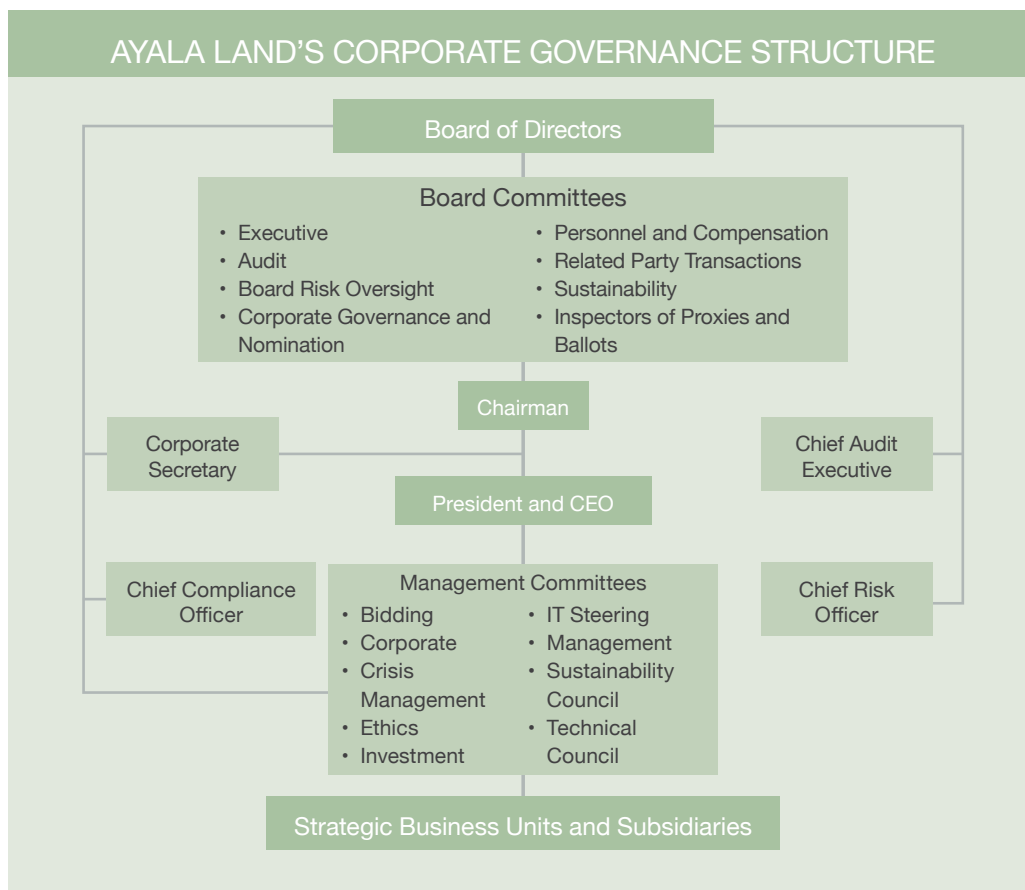
CORPORATE GOVERNANCE AND RISK MANAGEMENT



Ayala Land continually updates its governance policies and practices in line with Philippine and regional standards. The most recent enhancements are updates to the penalties and breaches of the trading blackout policy and amendments to the bylaws, Board Charter, Corporate Governance and Nomination Committee Charter and Corporate Governance Manual.

The salient points of the amendments include the following:

- A policy on board diversity in terms of background, gender and other relevant factors, and appropriate representation for women. With respect to gender, the company shall strive that its board be composed of at least 30% female directors or at least three female directors by 2025;
- Stockholders' right to information will include the right of minority shareholders to propose agenda items, subject to reasonable advance notice and other guidelines provided by the board, consistent with applicable laws, rules and regulations of the SEC; and
- Provisions allowing the sending of communications to stockholders as well as payments of dividends via electronic means and the holding of stockholders' meetings in virtual format, providing for stockholders' participation and voting in absentia through remote communication.



Governance Structure

Board of Directors

The Board of Directors is vested with the principal responsibility of promoting sound corporate governance. It sets the company's vision and mission, strategic objectives, and key management policies and procedures. It also establishes and approves the mechanisms by which senior management is evaluated.

The board is assisted by eight committees with delegated functions in accordance with Ayala Land's bylaws. These are the Executive, Audit, Board Risk Oversight, Corporate Governance and Nomination, Personnel and Compensation, Related Party Transactions Review, Sustainability, and Inspector of Proxies and Ballots committees.

Each committee's responsibilities are discussed in pages 118 to 123, "Board Committees," of this report.

The Chairman, Vice Chairman, and President and CEO

The Chairman and the Chief Executive Officer (CEO) have distinct and separate roles and responsibilities, ensuring that the board and management act independently, resulting in balance of power and enhanced accountability.

The Chairman of the board is Mr. Fernando Zobel de Ayala. He assumed the post in April 1999. The Chairman heads and leads all board and stockholders' meetings, ensuring that each director freely expresses his opinion on any matter under discussion. The Vice Chairman may lead board meetings and the President may lead stockholders' meetings when the Chairman is not available.

The Vice Chairman is Mr. Jaime Augusto Zobel de Ayala. He has served as director and member of the Executive Committee since June 1988.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The President and CEO is Mr. Bernard Vincent O. Dy, who assumed office in April 2014. The President executes resolutions of the board and those of the stockholders. In accordance with such resolutions, the President signs contracts, instruments, and powers of attorney, and represents the company and votes at stockholders' meetings or designates a proxy on the shares owned by Ayala Land in other companies. He has general supervision of the business, affairs, and property of the company and over its employees and officers.

Corporate Secretary

The Corporate Secretary ensures that all board members receive adequate and timely information ahead of board meetings. He also serves as legal adviser to the directors on their responsibilities and obligations.

Each board member may separately and independently confer with the Corporate Secretary.

Mr. Solomon M. Hermosura is Ayala Land's Corporate Secretary. He assumed the post in April 2011. Since April 2015, Mr. Hermosura has also served as Group General Counsel of the company.

Chief Compliance Officer

The Chief Compliance Officer (CCO) ensures Ayala Land's compliance with all regulations that govern the company, and the adoption and implementation of corporate governance best practices across the organization.

Ayala Land's CCO is Mr. Augusto D. Bengzon, who concurrently serves as the company's Chief Financial Officer and Treasurer.

Chief Audit Executive

Reporting to the Audit Committee, the Chief Audit Executive (CAE) leads the Internal Audit group in its function to assist the board and the committee in the discharge of their duties and responsibilities as provided in the Code of Corporate Governance for Publicly Listed Companies. Through the Internal Audit Division, the CAE ensures compliance with internal controls and supports corporate governance through the provision of checks and balances.

Ayala Land's CAE was Ms. Ma. Divina Y. Lopez until

December 31, 2020. Ms. Annabeth R. Bernardo assumed the position on January 2, 2021.

Chief Risk Officer

Reporting to the Board Risk Oversight Committee, the Chief Risk Officer (CRO) conducts annual risk assessments to identify risks and their impact on the company's business and determines corresponding measures to address such risks.

Ayala Land's CRO is Mr. Maphilindo L. Tandoc.

Management Committees

In addition to board-level committees, Ayala Land has management-level committees that guide critical decision making and key practices of business units and support functions. The company recognizes the importance of adopting and maintaining clear policies, best practices, and strong internal controls to support effective corporate governance.

Strategic Business Units and Subsidiaries

Ayala Land's strategic business units (SBUs) and subsidiaries execute the company's strategies and oversee day-to-day operations. Each SBU and subsidiary is led by a group head who reports to the President and CEO.

Ayala Land has four core business groups—strategic land bank management group, residential business group, commercial business group, and services group.

The strategic land bank management group is responsible for the acquisition of land and the development of large-scale, integrated, mixed-use, and sustainable estates. The residential business group handles the development and sale of residential and office condominiums, lots only and house-and-lot developments, and commercial and industrial lots. The commercial business group oversees the development and lease of shopping centers, offices, hotels and resorts, and industrial warehouses. The services group handles the construction and management of facilities and properties.

Ayala Land's policies and practices are posted on its websites, <https://www.ayalaland.com.ph/investor-relations/> and <https://ir.ayalaland.com.ph>.

They may also be read in this integrated report and the company's annual corporate governance report and corporate governance manual.

Ayala Land complies with all listing and disclosure rules of the PSE, SEC, and Philippine Dealing Exchange (PDEX).

Board Matters

Board Composition

The board is composed of nine members, more than half of whom are independent and non-executive directors. Directors have a one-year term of office, which end when their successors are elected and qualified.

Skills, Competency, and Diversity

The board encourages independence and diversity in its ranks, with each director adding value and providing independent judgment in the formulation of corporate strategies and policies.

In the selection of candidates to the board, the objectives and criteria set by the board for its composition, including knowledge, skills, abilities, and experience required to properly perform the board's duties and to successfully manage the company, are carefully considered. Collectively, the board possesses the knowledge, skills and competencies, and experience in general business, industry, law, and finance to properly perform its duties.

The board regularly reviews its composition in line with evolving company requirements and best practices for corporate governance. The board members' diverse professional backgrounds and expertise facilitate the effective execution and oversight of corporate governance in Ayala Land.

Independent Directors

Independent directors, who may serve for not more than nine years, cannot hold any interest or relationship with Ayala Land that could compromise or interfere with their independent judgment and exercise of responsibilities.

Ayala Land has four independent directors, equivalent to 44% of the nine-man board, exceeding the requirement of the Code of Corporate Governance for Publicly Listed Companies and the Revised Corporation Code of having at least three independent directors on the board, or such number as to constitute at least one-third of the members of the board, whichever is higher.

Following the Code of Corporate Governance for Publicly Listed Companies, the Ayala Land board has appointed a lead independent director who serves as an intermediary between the Chairman and the other directors, when necessary. Since April 22, 2020, the lead independent director has been Ms. Rizalina G. Mantaring.

Board of Directors 2020

DIRECTOR	DESIGNATION	YEAR APPOINTED (Years in the board)	EXPERTISE
Fernando Zobel de Ayala	Non-executive, Chairman	April 1999 (21)	General management, real estate, utilities, arts and culture
Jaime Augusto Zobel de Ayala	Non-executive, Vice Chairman	June 1998 (32)	General management, strategy and finance
Bernard Vincent O. Dy	Executive	April 2014 (6)	Real estate, accounting, finance
Rizalina G. Mantaring	Non-executive, Lead Independent	April 2014 (6)	Insurance, engineering and computer science
Rex Ma. A. Mendoza	Non-executive, Independent	April 2020 (1)	Insurance, marketing, sales and distribution, real estate
Sherisa P. Nuesa	Non-executive, Independent	April 2020 (1)	Accounting and finance, manufacturing, real estate, utilities
Cesar V. Purisima	Non-executive, Independent	April 2018 (3)	Accounting and finance, economics
Antonino T. Aquino	Non-executive	April 2009 (11)	Real estate, utilities and property management
Arturo G. Corpuz	Non-executive	April 2016 (4)	Architecture, economics, urban and regional planning, sustainability

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Guidance on Directorships outside Ayala Land

A director may, with due discretion, accept and hold directorships outside Ayala Land, provided he notifies the Chairman and the Corporate Governance and Nomination Committee before accepting a directorship in another company and such directorships do not, in the director's opinion, detract him from diligently performing his duties as Ayala Land director. An independent director is encouraged to hold no more than five board seats in publicly listed companies while an executive director is encouraged to hold no more than two board seats in listed companies outside the Ayala Group.

Meetings and Attendance

Regular meetings of the Board of Directors are held at least six times annually, the schedule of which is set at the start of the year.

In 2020, the board held six regular meetings. The average attendance rate was 98%, with all members complying with the 75% minimum attendance required to be eligible for re-election, as set in the board charter. On November 26, 2020, the non-executive directors held a meeting, without any executive director present.

Executive sessions may be held on an ad hoc basis without the presence of any executive director. To the extent allowed by law, the Executive Committee may also convene and exercise any of the powers and attributes of the board during the intervening period between board meetings.

Board Meetings Attendance 2020

DIRECTOR	FULL BOARD		NON-EXECUTIVE DIRECTORS	
	Meetings Attended/Held	% Present	Meetings Attended/Held	% Present
Fernando Zobel de Ayala (Chairman, NE)	6/6	100%	100%	100%
Jaime Augusto Zobel de Ayala (Vice Chairman, NE)	6/6	100%	100%	100%
Bernard Vincent O. Dy (E)	6/6	100%	N/A	N/A
Rizalina G. Mantaring (NE, LI)	5/6	83%	1/1	100%
Rex Ma. A. Mendoza (NE, I)	6/6	100%	1/1	100%
Sherisa P. Nuesa (NE, I)	6/6	100%	1/1	100%
Cesar V. Purisima (NE, I)	6/6	100%	1/1	100%
Antonino T. Aquino (NE)	6/6	100%	1/1	100%
Arturo G. Corpuz (NE)	6/6	100%	1/1	100%
Jaime C. Laya* (NE, LI)	1/1	100%	N/A	N/A
Delfin L. Lazaro* (NE)	1/1	100%	N/A	N/A

Legend: NE - Non-executive, E - Executive, LI - Lead Independent, I - Independent

*Director until April 22, 2020

Board meeting materials are distributed to the board at least five business days before the relevant meeting.

Remuneration

Each Ayala Land non-executive director is entitled to receive compensation for services as director, pursuant to the resolution approved by the stockholders.

In no case shall the board's total yearly compensation exceed 1% of the company's net income before income tax of the preceding year.

Each non-executive director receives a fixed annual retainer fee of PHP1 million, a fixed per diem of PHP200,000 for every board meeting attended, and a fixed per diem of PHP100,000 for every committee meeting attended. Such remuneration was approved during the 2011 annual stockholders meeting.

Meanwhile, independent directors are not entitled to receive options, performance shares, and bonuses except pursuant to a resolution approved by stockholders owning a majority of outstanding capital stock.

No director in their personal capacity was contracted and compensated by the company for services other than those of a director. Ayala Land has no arrangement related to the remuneration of its directors and officers aside from those stated in this section.

The total compensation of the CEO and the four most highly compensated officers is disclosed in the Definitive Information Statement sent to all shareholders.

The total annual compensation reported includes the basic salary and variable pay, such as performance-based cash bonuses and the exercise of previously granted employee stock option plans, if any.

Board of Directors Gross Remuneration 2020

DIRECTOR	REMUNERATION
Fernando Zobel de Ayala (Chairman, NE)	3,000,000.00
Jaime Augusto Zobel de Ayala (Vice Chairman, NE)	2,700,000.00
Rizalina G. Mantaring (NE, LI)	3,400,000.00
Rex Ma. A. Mendoza*** (NE, I)	2,900,000.00
Sherisa P. Nuesa*** (NE, I)	3,000,000.00
Cesar V. Purisima (NE, I)	3,700,000.00
Antonino T. Aquino (NE)	3,400,000.00
Arturo G. Corpuz (NE)	2,500,000.00
Jaime C. Laya** (NE, LI)	800,000.00
Delfin L. Lazaro* (NE)	300,000.00
Total	25,700,000.00

*Non-executive Director until April 22, 2020

** Independent Director until April 22, 2020

*** Elected as Independent Director on April 22, 2020

Disclosure of Conflict of Interest

Each director is required to disclose any conflict of interest using the Ayala Land disclosure form annually. Additionally, each independent director submits to the Corporate Secretary a confirmation letter stating that at the time of his election, appointment, or re-appointment as director, he holds no interest affiliated with the company, or in the management of its controlling shareholder. A director with any material conflict of interest determined to be permanent in nature shall be disqualified from the board.

Notwithstanding the disclosure, a director is required to abstain from participating in the discussion and voting on any matter where he has a conflict of interest at any point during the course of his service. The board may follow any additional process to preclude such conflict.

No person shall qualify or be eligible for nomination or election to the board if he is engaged in any business that competes with or is antagonistic to the interest of Ayala Land.

Employees in the Ayala Land group are required to accomplish and file a business interest and related party disclosure form annually with their respective human resources department. The forms are documented by Human Resources and reviewed by Internal Audit, which also monitors strict compliance with this requirement.

Annual Self-Assessment

Every year, Ayala Land's board and board committees undergo self-assessments to monitor and improve their performance. This exercise requires each member to assess himself and the entire board. The assessments are compiled by the Chief Compliance Officer who, through the Corporate Secretary, sends the compilation to the board for presentation and action.

The board assessment covers broad topics which include composition, role and functions, information management, representation of shareholders and ESG factors, managing company performance, senior executives' performance management and succession planning, director development and management, risk management and internal control, overall perception of, and the performance of, individual board members. Meanwhile, the committee assessment covers key responsibilities, quality of the relationship between the board and management, effectiveness of processes and meetings, and the performance of individual members. The assessment questionnaire is reviewed regularly by the CCO to ensure its relevance and appropriateness to the responsibilities and processes of the board and the committees.

A summary of the annual board self-assessment scores is available on <https://ir.ayalaland.com.ph/corporate-governance/board-self-assessment/>.

Training and Continuous Education

Ayala Land requires all board members to undergo continuing professional education. Moreover, new directors attend an orientation program to equip them with all the information they need to exercise their duties and responsibilities. The orientation program typically consists of a presentation of Ayala Land's operations, business performance, and financial results, as well as a discussion of disclosure obligations of directors, conflict-of-interest situations, relevant governance issues, and an optional tour of the company's business segments and projects.

All directors attended the Institute of Corporate Directors (ICD) and SEC-sponsored training program, "The Board Agenda 2020: The Business of Building Back Better," conducted virtually on November 10, 2020.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Committee Composition and Meetings Attendance 2020

EXECUTIVE	Post	Meetings Attended/Held	% Present
Fernando Zobel de Ayala (Chairman, NE)	C	4/4	100%
Jaime Augusto Zobel de Ayala (Vice Chairman, NE)	M	4/4	100%
Bernard Vincent O. Dy (E)	M	4/4	100%
Cesar V. Purisima (NE, I)	M**	3/3	100%
Antonino T. Aquino (NE)	M	4/4	100%
Delfin L. Lazaro (NE)	M*	1/1	100%

AUDIT	Post	Meetings Attended/Held	% Present
Cesar V. Purisima (NE, I)	C**	3/3	100%
Antonino T. Aquino (NE)	M	5/5	100%
Rex Ma. A. Mendoza (NE, I)	M**	3/3	100%
Jaime C. Laya (NE, LI)	C*	2/2	100%
Rizalina G. Mantaring (NE, LI)	M*	2/2	100%

BOARD RISK OVERSIGHT	Post	Meetings Attended/Held	% Present
Rizalina G. Mantaring (NE, LI)	C	2/2	100%
Antonino T. Aquino (NE)	M	2/2	100%
Sherisa P. Nuesa (NE, I)	M**	1/1	
Jaime C. Laya (NE, LI)	M*	1/1	100%

Legend: NE - Non-executive, E - Executive, LI - Lead Independent, I - Independent
 * Until April 22, 2020 ** Starting April 22, 2020

CORPORATE GOVERNANCE AND NOMINATION	Post	Meetings Attended/Held	% Present
Sherisa P. Nuesa (NE, I)	C**	2/2	100%
Rizalina G. Mantaring (NE, LI)	M	4/5	80%
Cesar V. Purisima (NE, I)	C*/M**	5/5	100%
Jaime C. Laya (NE, LI)	M*	3/3	100%

PERSONNEL AND COMPENSATION	Post	Meetings Attended/Held	% Present
Rex Ma. A. Mendoza (NE, I)	C**	1/1	100%
Fernando Zobel de Ayala (Chairman, NE)	M	3/3	100%
Cesar V. Purisima (NE, I)	C*/M**	3/3	100%
Rizalina G. Mantaring (NE, LI)	M*	1/2	50%

RELATED PARTY TRANSACTIONS REVIEW	Post	Meetings Attended/Held	% Present
Rizalina G. Mantaring (NE, LI)	C	4/4	100%
Rex Ma. A. Mendoza (NE, I)	M	4/4	100%
Sherisa P. Nuesa (NE, I)	M	4/4	100%

SUSTAINABILITY	Post	Meetings Attended/Held	% Present
Arturo G. Corpuz (NE)	C	2/2	100%
Bernard Vincent O. Dy (E)	M	2/2	100%
Sherisa P. Nuesa (NE, I)	M	2/2	100%

Legend: NE - Non-executive, E - Executive, LI - Lead Independent, I - Independent

* Until April 22, 2020 ** Starting April 22, 2020

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Board Committees

The board, in accordance with its bylaws, may create committees deemed advantageous or necessary to run the company.

Each committee has a board-approved charter that outlines its powers, duties, and responsibilities. The charter states the committee's composition, powers, duties, and responsibilities. The board may delegate some of its powers, duties, and responsibilities to any of the board committees.

Executive Committee

The Executive Committee consists of five members: Mr. Fernando Zobel de Ayala, chairman; Mr. Jaime Augusto Zobel de Ayala; Mr. Antonino T. Aquino; Mr. Bernard Vincent O. Dy; and Mr. Cesar V. Purisima, all citizens of the Republic of the Philippines. Mr. Purisima was elected on April 22, 2020 to replace Mr. Delfin L. Lazaro in this committee.

The Executive Committee, with a quorum of at least two-thirds of its members, shall exercise any of the powers and attributes to the extent allowed by the bylaws during the intervening period between board meetings. Resolutions adopted by the Executive Committee shall be reported to the board in the board meeting immediately following the approval and adoption of such resolutions.

In 2020, the Executive Committee performed the following duties and responsibilities:

1. Acted on specific matters delegated by the board, such as project launches, land acquisitions, issuance of retail bonds, and acquisition of additional shares in a subsidiary, among others;
2. Deliberated on and approved various projects, business proposals, and internal guidelines and procedures relating to remote participation in meetings and voting in absentia; and
3. Discussed in detail the company's strategic plans, directions, and outlook.

Pursuant to the bylaws, the Executive Committee's power and authority do not cover the following matters: any action for which shareholders' approval is required, distribution of cash dividends, filling of vacancies on the board or Executive Committee, amendment or repeal of bylaws or the adoption of new ones, and amendment or repeal of any board resolution which by its terms may not be amended or repealed. It shall neither exercise powers exclusively delegated by the board to other committees.

Audit Committee

The Audit Committee consists of three members: Mr. Cesar V. Purisima, chairman; Mr. Antonino T. Aquino; and Mr. Rex Ma. A. Mendoza, all of whom are non-executive directors. On April 22, 2020, Mr. Purisima, an Independent Director, was elected to replace Mr. Jaime C. Laya as chairman, while Mr. Mendoza was elected to replace Ms. Mantaring as member.

The committee supports corporate governance through the exercise of checks and balances, including financial reporting, internal audit, and independent audit. It has the primary responsibility to conduct and assess the independence, professional qualifications, and competence of the independent auditor, and thereafter, recommend the appointment and remuneration to the board. The committee may also recommend the removal of the independent auditor, ensuring rotation in the engagement of audit partners. The committee met with the external auditor on February 11, 2020 without the presence of management.

The Audit Committee performed the following duties and responsibilities in 2020:

1. Assisted the board in the fulfilment of its oversight responsibility relating to the accuracy of the company's financial statements, soundness of the financial reporting process, robustness of internal control, internal audit activities, annual independent audit of the financial statements, and compliance with legal and regulatory requirements;

AYALA LAND GROUP INTERNAL AUDIT

The Ayala Land Group Internal Audit Division ensures compliance with internal control procedures and assists the Audit Committee in supporting the corporate governance process through the provision of checks and balances. Through the Audit Committee, Ayala Land Group Internal Audit assists the board in the discharge of its duties and responsibilities as provided for in the Code of Corporate Governance for Publicly Listed Companies.

Ayala Land Group Internal Audit executes its audit activities following a risk-based, process-focused (RBPF) audit approach, in accordance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and the Code of Corporate Governance for Publicly Listed Companies.

The company continues to improve the internal audit function by benchmarking against best practices.

Ayala Land Group Internal Audit uses data analytics as an audit tool in its regular RBPF audits. Its information technology audits include both IT and general control audits to ensure integrity of data and processes and complete and accurate data processing. Its expanded advisory services include the review of key processes and policies and the rollout of automation programs. It works with other internal assurance providers to achieve a comprehensive assurance process, eliminating duplication of efforts and gaps in the process.

In 2020, Ayala Land Group Internal Audit increased the use of control-self assessment (CSA), specifically the CSA+ approach. CSA is an approach where the business process owners assess the efficiency of controls to assure that the objectives of the process are being reasonably met. In contrast to an RBPF audit where auditors are responsible for identifying control weaknesses, CSA allows process owners to identify and recommend solutions to address control gaps. Meanwhile, CSA+ requires auditors to test the controls recommended by the process owners and identify any other area for improvement.

Moreover, to effectively carry out the auditing practice despite the work-from-home arrangements due to the pandemic, Ayala Land Group Internal Audit has adopted remote auditing tools in various stages of the process. These include video conferencing for meetings, interviews, and facilitated workshops, and surprise video calls in lieu of physical site inspections. Auditing evidence, such as photographs and documents, are obtained electronically as needed.

Aside from investigating actual integrity-related cases, part of the company's risk-based audit process is the consideration of fraud risk in every engagement and testing of corresponding controls. This is aligned with the requirements of the International Standards for the Professional Practice of Internal Auditing. A three-year audit cycle is observed for identified high-risk areas.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

2. Reviewed, approved, and endorsed the company's 2019 audited financial statements as prepared by the company's external auditor SyCip Gorres Velayo & Co. (SGV), its full-year 2020 financial and operating results, as well as the quarterly unaudited financial statements;
3. Reviewed and approved the contents of the Management Representation Letter;
4. Recommended the re-election of SGV as Ayala Land's external auditor for 2021 and its corresponding audit fee structure;
5. Reviewed and approved the overall scope and respective audit plans of SGV and internal auditors and discussed the results of the audits and assessments of Ayala Land's internal controls and overall quality of the financial reporting process;
6. Reviewed and discussed the report of the company's Ethics Committee;
7. Reviewed and discussed the status of audit recommendations;
8. Reviewed and discussed updates on legal cases; and
9. Appointed a new Chief Audit Executive effective January 2, 2021.

External Audit, Audit and Audit-related Fees

The principal accountant and external auditor of Ayala Land is the accounting firm of SyCip Gorres Velayo & Co. (SGV) with Mr. Michael C. Sabado as the partner-in-charge for the 2020 audit year.

Ayala Land and its various subsidiaries and affiliates paid SGV the following fees (see next column) in the last two years. Non-audit fees paid to SGV did not exceed their audit-related fees, including assurance fees and fees for the validation of stockholders' votes during the annual stockholders' meeting.

Year	Audit and Audit-Related Fees paid to SGV	Other Fees
2020	PHP34.61M	PHP13.08M
2019	PHP35.12M	PHP17.24M

Board Risk Oversight Committee

The Board Risk Oversight Committee consists of three members: Ms. Rizalina G. Mantaring, chairman; Mr. Antonino T. Aquino; and Ms. Sherisa P. Nuesa. Ms. Nuesa was elected on April 22, 2020 to replace Mr. Laya as a member of this committee.

Notwithstanding this committee's roles and responsibilities, Ayala Land management is primarily responsible for the development, implementation, and reporting of the company's risk management framework, processes, and strategies.

The Board Risk Oversight Committee performed the following duties in 2020:

1. Assisted the board in the fulfillment of its oversight responsibility relating to the effectiveness of the company's risk management process by ensuring the existence of risk management policies and procedures and by reviewing the company's risk management framework and processes;
2. Reviewed the results of the Chief Risk Officer's risk assessment reports and periodic reexamination of key risks to ensure their relevance to the business and to identify emerging risks and opportunities, including those brought about by the pandemic;
3. Reviewed the updates on risk management initiatives, particularly the programs, targets, and specific activities designed to reach such targets; and
4. Reviewed the insurance management program of the company.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed of three independent directors:

Ms. Sherisa P. Nuesa. Ms. Nuesa, chairman; Ms. Rizalina G. Mantaring; and Mr. Cesar V. Purisima. Ms. Nuesa was elected on April 22, 2020 to replace Mr. Jaime C. Laya.

The committee oversees all matters related to corporate governance and nomination and election of directors, key officers, and chairpersons and membership in board committees.

In 2020, the Corporate Governance and Nomination Committee accomplished the following:

1. Implemented and maintained a process that ensures that all directors nominated for election at the annual stockholders meeting have all the qualifications and none of the disqualifications for directors as stated in the bylaws, the corporate governance manual, and relevant rules and regulations of the company;
2. Reviewed and evaluated the qualifications of key executives prior to movement, promotion, and hiring;
3. Reviewed and evaluated the profiles of the nominees for directors for the current year; approved, upon delegation by the board, the final list of nominees; approved and endorsed the appointments of key officers and committee chairpersons and members, and designation of a lead independent director;
4. Discussed and reviewed the 2019 Board Evaluation Report prepared and presented by Aon (Southeast Asia);
5. Reviewed, approved, and endorsed the charter of the Independent Advisors to the Board; and
6. Reviewed, approved, and endorsed the proposed amendments to the company's bylaws, corporate governance manual, board charter, and Corporate Governance and Nomination Committee charter.

Personnel and Compensation Committee

The Personnel and Compensation Committee is composed of the Chairman of the Board, Mr. Fernando Zobel de Ayala; Mr. Cesar V. Purisima; and Mr. Rex Ma. A. Mendoza, chair. Mr. Mendoza was elected on April 22, 2020 to replace Ms. Mantaring and Mr. Purisima as member and chair of the committee, respectively.

The committee oversees matters related to the board, management, and overall remuneration in Ayala Land. No member of this committee may act to fix his own compensation, except to determine the uniform compensation of directors.

The Personnel and Compensation Committee accomplished the following in 2020:

1. Implementation of a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers, and other key personnel;
2. Discussed the overall corporate scorecard and approved and endorsed the performance incentive budget, the 2020 Employee Stock Ownership grants, and the 2020 Executive Housing Privilege grants to qualified officers of Ayala Land; and
3. Conducted a talent review, particularly of key positions in the company, to sustain business leadership for the long term.

Related Party Transactions Review Committee

The committee is composed of three independent directors: Mr. Rex Ma. A. Mendoza, chairman; Ms. Rizalina G. Mantaring; and Ms. Sherisa P. Nuesa. On April 22, 2020, Mr. Mendoza and Ms. Nuesa were elected to replace Mr. Purisima and Mr. Laya as chair and member of the committee, respectively.

The RPT Review Committee accomplished the following in 2020:

1. Assisted the board in the fulfilment of its oversight responsibility relating to the review of all related party transactions (RPTs), except those deemed as pre-approved; the formulation, revision and

CORPORATE GOVERNANCE AND RISK MANAGEMENT

PROCESS AND CRITERIA FOR NOMINATIONS, ELECTION, AND RE-APPOINTMENTS TO THE BOARD

Process and Criteria for Board Nominations

Pursuant to the Revised Corporation Code, all shareholders including minority shareholders have the right to nominate candidates to the board. The list of nominees, together with their written consent, shall be filed and submitted to the Corporate Governance and Nomination Committee through the Office of the Corporate Secretary at least 30 business days before the annual stockholders meeting.

The Corporate Governance and Nomination Committee reviews and evaluates the qualifications of all nominees based on the following:

- Ownership of at least one share of stock in the corporation in their name in the books of the company;
- A college degree or its equivalent, or adequate competence and understanding of the fundamentals of doing business or sufficient competence and experience in managing a business in lieu of formal education;
- Relevant qualification such as previous business experience, membership in good standing in a relevant industry, and membership in business or professional organizations;
- Integrity, probity, diligence, and assiduousness in the performance of their functions;
- Directorships in other companies, taking into account the nature of the business of said companies, number of directorships in other companies, and age of the director; and
- For independent directors, beneficial equity ownership in the company or in related companies, which must not exceed 2%, and term limits under applicable laws, rules, and regulations.

The committee may consider and recommend to the board other qualifications as may be provided by relevant laws or any amendment thereto, including independence criteria or standards for independent directors.

The committee may also identify and recommend qualified individuals for nomination and election to the board. For this purpose, the committee may engage professional search firms and other external parties.

Election and Re-appointments to the Board

In accordance with the bylaws and rules of procedure of the annual stockholders meeting, stockholders entitled to vote shall elect the company's directors.

Directors are elected by ballot, following the plurality electoral system. In electing the directors, stockholders may vote such number of shares they own for as many persons as many votes as the number of directors to be elected, or cumulate said shares as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as they may see fit, provided that the total number of votes cast shall not exceed the number of their shares multiplied by the total number of directors to be elected.

The Inspector of Proxies and Ballots Committee shall validate proxies and tabulate votes, and the voting results are validated by an independent auditor. No candidate for the office of director may be a member of this committee.

Inspector of Proxies and Ballots Committee

The Inspector of Proxies and Ballots Committee is composed of three individuals empowered to validate proxies and tabulate votes. These individuals are not members of the board, and their term of office is fixed by the board. The board may appoint members to the committee in cases of vacancy.

The company's Corporate Secretary, Mr. Solomon M. Hermosura, chairs this committee. The other members are Ms. Ma. Divina Y. Lopez, Chief Audit Executive, and Ms. Angelica L. Salvador, Comptroller.

approval of policy on RPTs; and the conduct of any investigation required to fulfill its responsibilities in relation to RPTs;

2. Reviewed, discussed, approved, and endorsed the following material RPTs: power sourcing strategy and contract with AC Energy, Inc. (ACEN), including the extension of its land lease; acquisition of Vertis Commercial Development by AREIT, Inc., including the extension of the former's land lease; power supply contract between DirectPower Services, Inc. (DPSI) and AREIT, Inc. for Ayala North Exchange; acquisition of The 30th by AREIT, Inc.; sale of Ayala Land's share in Qualimed; DPSI's power supply agreement with ACEN; office space lease at Ayala Triangle Gardens Tower Two by Ayala Corporation (AC) and ACEN; and Ayala Land's lease of AC's office space at Ayala Triangle Gardens Tower One.

No related party transaction may be classified as financial assistance to any entity.

In the last three years, there was no case of non-compliance with the laws, rules, and regulations pertaining to significant or material related party transactions.

Sustainability Committee

The Sustainability Committee is composed of three members: Mr. Arturo G. Corpuz, chairman; Mr. Bernard Vincent O. Dy, President and CEO; and Ms. Sherisa P. Nuesa. Ms. Nuesa was elected on April 22, 2020 to replace Mr. Laya as committee member.

The committee oversees the company's sustainability initiatives and practices, exercising responsibility for environmental, social, and economic topics that are material to Ayala Land. As directed by the committee, the corporate sustainability team under the strategic land management group executes relevant projects and programs.

The SBUs also have their own sustainability leads who are tasked with integrating and implementing sustainability initiatives in their respective units.

The Sustainability Committee performed the following in 2020:

1. Provided oversight to the sustainability initiatives of the company, formulated policies for its sustainability program, and ensured full company support and alignment with the Ayala Group's commitment to sustainable development;
2. Discussed and reviewed the updates on the company's carbon neutrality and carbon forest projects, circular waste management initiatives, and challenges and next steps;
3. Discussed the role of sustainability amidst the pandemic as well as its implications on the company's sustainability four focus areas—site resilience, pedestrian mobility and transit connectivity, resource efficiency, and local economic development; and
4. Discussed various sustainability reporting and communications as well as the Ayala Group sustainability blueprint.

Policies and Practices

Annual Stockholders Meeting

Notice of the ASM

The Notice of the Annual Stockholders Meeting (ASM) and the Definitive Information Statement (DIS) are sent to Ayala Land stockholders at least 28 days before the meeting date.

The notice is in English, and contains the agenda, rationale, and explanation for each item that requires stockholders' approval. Each resolution taken up in the ASM deals with only one agenda item. The partial votes for each resolution are reported by the Corporate Secretary during the meeting while the final voting results are reflected in the minutes of the meeting.

The information statement contains the profile and personal data of all the directors, including those up for election or re-election, and of the auditors recommended for election. In 2020, SGV, Ayala

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Land's principal accountant and external auditor, was recommended for re-election at the ASM.

The information statement also states the dividend declaration and the total amount payable.

Voting Procedure

The rules of conduct and voting procedures are set in the notice of the ASM and copies of the rules are distributed to the stockholders or their proxies present in the meeting. Each stockholder is entitled to one vote per share.

Upon registration at the venue, a stockholder may vote manually using the provided paper ballot which may then be dropped in any of the conveniently located ballot boxes. A stockholder may also vote electronically using any of the computers made available for this purpose at the venue.

Upon online registration and validation, stockholders who are unable to attend the ASM physically may vote electronically on the matters in the agenda. For this purpose, the company sets up a website which may be accessed by stockholders to register and vote on matters through remote communication or in absentia. The requirements and procedure for electronic voting in absentia are included in the notice and the DIS sent to the stockholders at least 15 business days before the date of the meeting.

The resolutions proposed for consideration by the stockholders are disclosed both in the paper ballot and the electronic voting platform. In addition, each proposed resolution is shown on the audio-visual screen on stage as it is taken up in the ASM.

Stockholders may cast their votes anytime during the meeting. They may also vote by proxy. The votes received are tabulated by the Inspectors of Proxies and Ballots Committee and validated by the independent auditor.

As the stockholders take up an item in the agenda, the Corporate Secretary reports on the votes received and tabulated. The final votes for each of the items are reflected in the minutes of the ASM.

Minutes of the ASM

The minutes of the ASM are posted on Ayala Land's IR website (<https://ir.ayalaland.com.ph>) within five days of the ASM. The minutes record stockholders' comments and questions, the respective answers provided by the board, and the directors' attendance in the ASM.

Virtual ASM

To safeguard the health and safety of all parties concerned, the most recent annual stockholders meeting was held virtually on April 22, 2020 in compliance with the regulations of the Securities and Exchange Commission on the holding of meetings virtually or by remote communication.

Stockholders were allowed to attend the meeting only by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as their proxy. Those who intended to participate by remote communication were required to notify the company by email to corporatesecretary@ayalaland.com.ph on or before a certain date. Stockholders were allowed to vote electronically in absentia, subject to validation procedures.

Each of the proposed resolutions were likewise shown during the livestreaming as the same was taken up at the meeting.

Voting was allowed only for stockholders registered in the Voting in Absentia and Shareholder (VIASH) System or through the Chairman of the meeting as proxy. Stockholders voting in absentia and who have previously registered through the online web address (URL) provided, were allowed to cast their votes electronically at any time using such online web address prior to or during the meeting.

Stockholders were allowed to send questions and remarks prior to or during the meeting by e-mail to corporatesecretary@ayalaland.com.ph.

A link to the recorded webcast of the meeting was posted on the company's website after the meeting. Stockholders had two weeks from posting to raise any issues, clarifications and concerns on the meeting conducted, by e-mail to corporatesecretary@ayalaland.com.ph

Dividend Declaration

Ayala Land declared cash dividends on its common shares last February 20, 2020. This translated to a total of PHP4.0 billion or PHP0.268 per outstanding common share, representing a 13% payout ratio on the net income after tax attributable to shareholders in 2020.

The declaration of cash dividends is contingent on the earnings, cash flow, and financial condition of the company. Cash dividends are paid to all stockholders of common shares within 30 days from the date of the declaration.

The declaration of cash dividends is approved by the board of directors only. The approval by the stockholders is not required for the same.

Special cash dividends are declared on a case-to-case basis depending on the company's cash level and capital expenditure requirements. Property dividends that may come in the form of additional shares require the approval of the board and the stockholders. The declaration of stock dividends requires the approval of the stockholders, the SEC, and the PSE for the listing of the shares.

Disclosure and Transparency

Ayala Land is committed to the highest standards of disclosure, transparency, and fairness in information dissemination. The public is provided with financial and operational information regularly through various structured and unstructured disclosures submitted to regulatory authorities such as the SEC, PSE, and PDEX. In addition, any material information about the company that has an impact on the latter's valuation, stock price, and trading volume is reported to the public.

All disclosures are immediately posted on the company's Investor Relations website, <https://ir.ayalaland.com.ph/Disclosures.aspx>. Unstructured disclosures and clarifications issued in 2020 are listed below.

Unstructured Disclosures

- Clarification on the U.P. - Ayala Land Technohub Development Lease Agreement
- Notice of FY 2019 Analysts' Briefing
- AREIT, Inc. Files Application for REIT Offering
- Ayala Land's FY 2019 results
- Notice and Agenda of the 2020 Stockholders' Meeting
- Results of the Regular Meeting of the Board of Directors (20 Feb 2020)
- ALI Audited Financial Statements as of year ended December 31, 2019
- Reply to the SEC on the impact of COVID-19 on operations
- Ayala Land's 1Q 2020 results
- Results of the Regular Meeting of the Board of Directors (26 May 2020)
- Ayala Land's 2-year fixed rate bond due 2022
- ALI lists P10-billion 2-year fixed-rate bond on PDEX
- AREIT P15B IPO obtains SEC Pre-Effective Approval
- AREIT P15-billion IPO obtains PSE approval
- AREIT prices its IPO at Php27 per share
- Notice of 1H 2020 Analyst Briefing
- AREIT Offer Period Completed
- Ayala Land's 1H 2020 results
- Ayala Land's new 5-year fixed rate bond with an exchange offer for the existing 4.625% bonds due 10 Oct 2020
- 2020 ESOWN Grant
- Ayala Land's 9M 2020 results
- Amendments to the Corporate Governance Manual, Board Charter and Corporate Governance and Nomination Committee Charter
- Setting of 2021 Annual Stockholders' Meeting
- Sale of the shares of White Knight Holdings, Inc. in Mercado General Hospital, Inc. to Healthway Philippines, Inc.

Clarifications

- Ayala Land files first REIT in PH
- ALI liquid but cuts capex
- ALI aims to raise P6.5B via bond sale
- ALI aims to raise P10B for rebound bid

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Ownership Structure

In accordance with SEC requirements, the list of beneficial owners of more than 5% of the company's total outstanding stock is disclosed on a quarterly basis. Direct and indirect shareholdings of directors and senior management, and the respective changes in shareholdings are also disclosed accordingly.

The details of the parent or holding company, subsidiaries, associates, joint ventures, and special purpose enterprises or vehicles are also available in the IR website, SEC 17-A and 17-Q reports, SEC 20-IS, Integrated Report, and the Annual Corporate Governance Report.

No member of the board or management owns 2% or more of the outstanding capital stock of the company.

Fairness Evaluation in Cases of Mergers, Acquisitions, and Takeovers

In cases of mergers, acquisitions, and takeovers requiring shareholders' approval, the board may appoint an independent party to evaluate the fairness of the terms of the transaction.

Anti-Corruption Programs and Procedures <GRI 205>

Trading Blackout

Ayala Land has a trading blackout policy that prohibits covered persons from buying or selling Ayala Land shares during a prescribed period after becoming aware of undisclosed internal information. Covered persons refer to members of the board, all members of the management team, consultants, advisers, Ayala Land employees, and immediate family members of the aforementioned parties.

In October 2020, the penalties and breaches of this policy were updated, in coordination with the Human Resources Division. A set of FAQs related to trading Ayala Land shares and required disclosure for covered persons was also developed and disseminated.

The prescribed period covers five trading days before and two trading days after the date of disclosure of quarterly and annual financial results, and two trading days after the disclosure of any material information other than annual or quarterly financial results.

Within 10 days of their appointment, directors and identified key officers shall submit their initial statement of ownership of shares in Ayala Land through SEC Form 23-A. Thereafter, they are required to submit any change in their beneficial ownership of shares in Ayala Land through SEC Form 23-B within three business days of the transaction date. These forms are submitted to the PSE, SEC, and PDEX simultaneously.

Related Party Transactions

A related party transactions (RPT) policy is in place to ensure that all RPTs of Ayala Land Inc., its subsidiaries, affiliates, and other related entities or persons are conducted at arm's length, fair, and inure to the best interest of the company and its subsidiaries or affiliates and their shareholders.

The RPT policy defines related party relationships and transactions and the guidelines and categories that govern the review, approval, and ratification of such transactions by the board or shareholders according to the International Accounting Standards (IAS) 24 and other applicable disclosure requirements. Under this policy, all RPT transactions are required to be approved by two-thirds of the board with at least a majority of the independent directors voting to approve the same.

All directors, substantial shareholders, and officers with personal interest in a related party transaction shall fully and timely disclose all material facts, including their respective interests in the related party transaction as well as direct or indirect financial interests in any transaction or matter affecting the company. The same shall abstain from the discussion, approval, and management of such transaction or matter affecting the company. At its option, the board may require that a RPT it has approved be also submitted to the stockholders for their consideration and ratification.

No RPT may be classified as financial assistance to any entity.

The company maintains and updates its register of related parties.

The RPT policy requires that material RPTs, or RPTs with a value of at least 10% of the total consolidated assets of the company, are entered into at terms that promote the best interest of the company and its shareholders and are not more favorable than similar transactions with non-related parties. Prior to execution of a material RPT, the board of appoints an external independent party to evaluate the fairness of the terms of the transaction.

Ayala Land complies with the relevant rules and regulations of, including advisement reports to, the SEC as well as the reportorial requirements of the Bureau of Internal Revenue on related party transactions.

Whistleblower Policy

The whistleblower policy covers employees of Ayala Land, subsidiaries, affiliates, agents, suppliers, vendors, customers, and the general public. This policy, which is part of the company's Business Integrity Program (BIP), defines the conditions and concerns which may be reported through secure channels by any individual or entity that becomes aware or suspects any irregularity or misconduct by Ayala Land employees. The policy is rendered in English, the official business language of Ayala Land.

The company actively promotes the program and the channels by which it is carried out. It is included in the agenda of audit engagement kickoff meetings, orientation sessions of new hires, and training programs of existing employees.

All employees, business partners, suppliers, and other stakeholders are encouraged and empowered to report any activity deemed illegal or unethical through the BIP channels. These channels may be used by persons covered by this policy to freely, directly, and without fear of retaliation report suspected fraud, misconduct, and violations of laws, rules, and regulations within Ayala Land to persons of authority.

The business integrity channels are overseen by the Ayala Land Ethics Committee, which promptly evaluates and resolves the reported concerns. The Ayala Land Ethics Committee, chaired by the head of the human resource division and composed of select members of Internal Audit, Risk Management, and Ayala Group Legal, reports directly to the Audit Committee.

Whistleblowers may report, among others, conflicts of interest; misconduct or policy violations; theft, fraud, or misappropriation; falsification of documents; financial reporting concerns; and any act of retaliation taken against persons covered by the policy. The whistleblower is protected through the following practices: anonymous reporting at the whistleblower's option, handling of investigation and reporting with utmost confidentiality, and providing a facility to report any form of retaliation against the whistleblower.

The business integrity channels accept reports made anonymously. Whistleblowers may choose the manner by which they may be contacted, including providing an e-mail address or mobile number. Whoever receives the report should ask the whistleblower if he is willing to be identified in the course of the investigation. By reporting through the business integrity channels, a whistleblower is protected from any retaliation, provided that the report is made in good faith. Cases of retaliation against any whistleblower may be reported through any of the business integrity channels and are dealt with in accordance with relevant company policies and applicable laws.

There has been no report of retaliation against any whistleblower since the BIP started in 2012.

When the report is substantiated and the investigation completed, the Ethics Committee informs the respondent's human resource department about the report. The HR department concerned coordinates with the committee to address the report appropriately and conduct a full investigation in accordance with applicable Ayala Land policies and procedures.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Ethics Committee ensures the confidentiality of the information received, including the identity of the whistleblower, and treats all reports as confidential unless compelled by law to reveal such information. The public may report any information relating to illegal or unethical activity or violation of stockholder rights to the whistleblower officer at myreport@ayaland.com.ph. The same information may be also conveyed to the whistleblower officer through SMS at +63 917 3118510, face-to-face meetings, and the auditor's website, <https://proactivehotline.grantthorntonsolutions.ph/report/aligroup/> which is accessible 24/7.

Ayala Land's whistleblower officer is Ms. Annabeth R. Bernardo, replacing Ms. Ma. Divina Y. Lopez who held the post for calendar year 2020.

All information on corporate governance is available at <https://ir.ayalaland.com.ph/corporate-governance>.

Gifts

Ayala Land recognizes the customary practice of gift-giving to express, among others, gratitude and appreciation. However, the company limits this practice—the gifts exchanged by any Ayala Land employee with parties with whom they conduct business or come in contact through work should be within the bounds of proper and ethical behavior.

A copy of Ayala Land's Business Gifts Policy is available on <https://ir.ayalaland.com.ph/corporate-governance/business-gifts-policy/>.

Risk Management

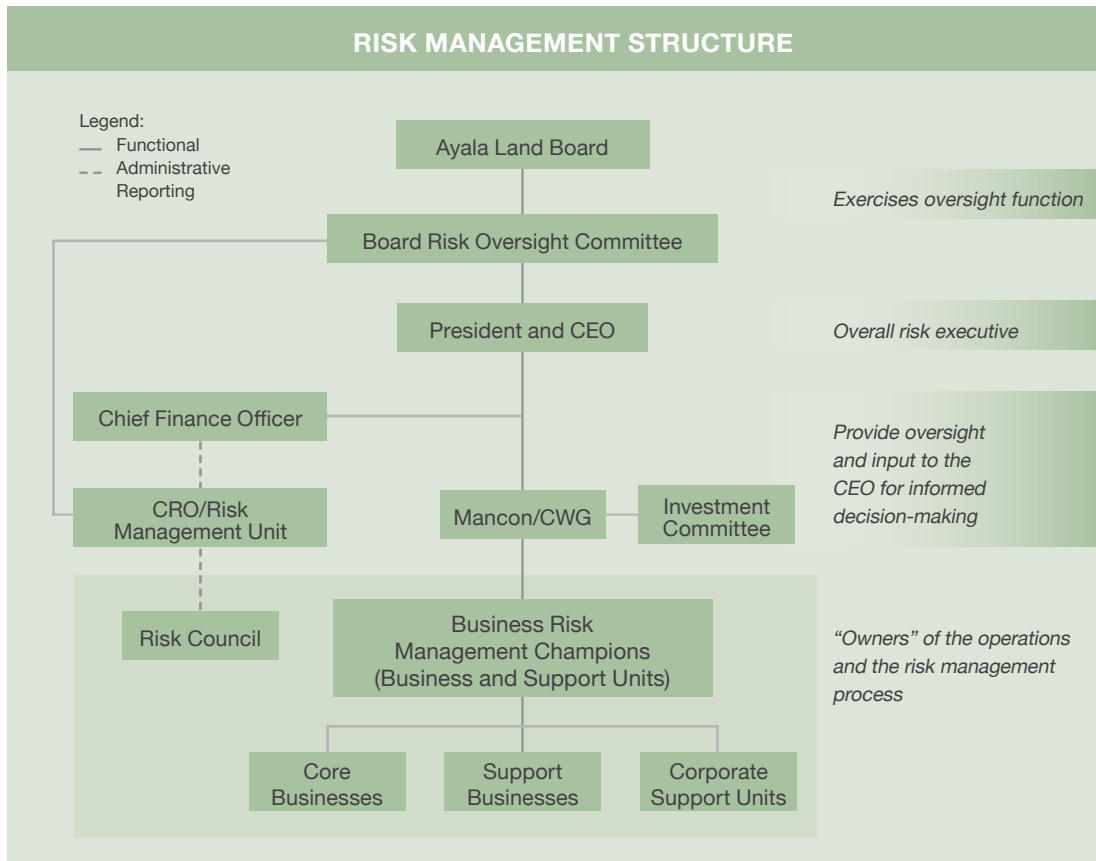
Threats posed by the COVID-19 pandemic became the company’s top risk, adding to those previously identified and prioritized in the 2019 senior management revisit of the risks faced by key business units.

The Board Risk Oversight Committee ensures that Ayala Land exercises sound risk management, consistent with its function of reviewing and evaluating the adequacy and effectiveness of the company’s risk management practices and processes.

The committee held two meetings in 2020 to provide insights on the current pandemic as well as on emerging risks and opportunities and to review the results of the 2019 risk revisit.

Risk management practice is embedded in all Ayala Land business units and operations, maintaining the highest level of risk management maturity through constant communication and periodic performance reviews at the business unit level. These reviews facilitate the tracking of identified risks, and their behavior and impact on business operations thereby enabling proactive and timely control or intervention as well as capturing potential opportunities the risks may bring.

The Risk Council complements the business units by providing a multi-disciplinary and holistic view for the further processing of risks. Through these cross-functional discussions, risk interdependencies are identified and key risk concerns are subjected to further review resulting in better risk understanding, collaboration, and management.



CORPORATE GOVERNANCE AND RISK MANAGEMENT

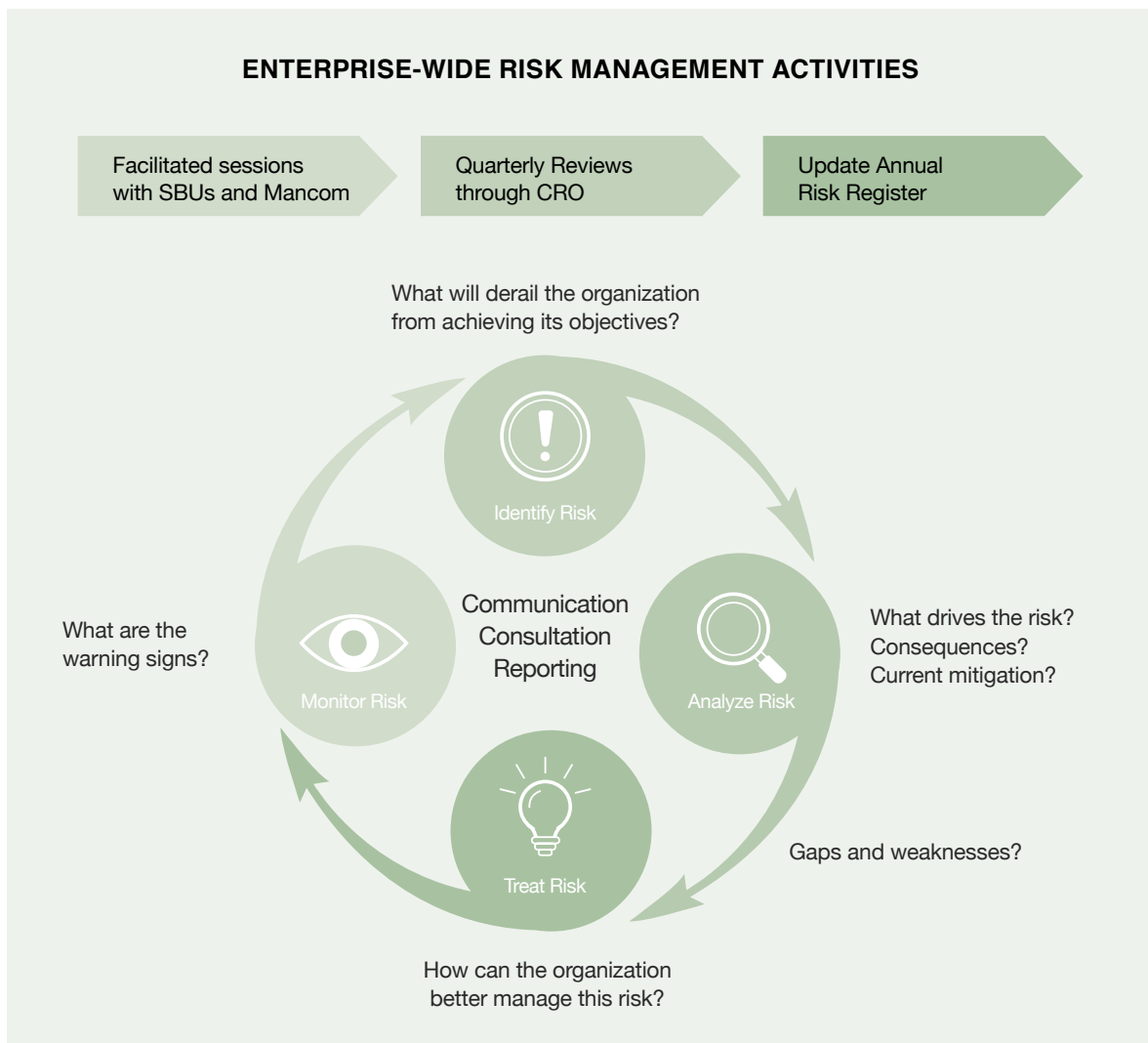
COVID-19 Impact

The pandemic has impacted the company operationally and financially. Ongoing construction activities had to be suspended given the restrictions on the movement of people, leading to delays in project delivery. Completion of projects that were not deferred or cancelled was prioritized over new launches.

Revenues from commercial operations declined as foot traffic and consumption fell. The cost of completing

projects and commercial operations increased, given the additional spending for mandated safety protocols.

To manage the impact of the pandemic, management immediately adopted cost containment measures, implemented plans to generate and maintain liquidity, and protect the balance sheet, while ensuring the health and safety of employees.



Other Key Risks and Mitigating Measures

KEY RISK	RISK DESCRIPTION
Project Execution and Timely Delivery Risk	Reduced mobility, manpower scarcity, and additional protocols related to the resumption of construction activities have significantly increased the pressure to deliver projects in a timely manner while keeping development costs within competitive levels and ensuring compliance with statutory and quality standards.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Implementation of pre-construction initiatives and catch-up plans • Continued design and specification standardization and modularization • Optimal usage of new construction methods and resumption of the modernization program • Intensified usage of digital platforms • Sustained employee engagement and people development programs • Strengthened the quality review process and improved quality consciousness among employees and other stakeholders involved in project execution and delivery • Continued on-the-spot checks and audits of offices, operations, and records of third-party contractors and vendors to ensure code-related compliance 	

KEY RISK	RISK DESCRIPTION
Financial Risk	Ensuring liquidity and a healthy balance sheet is all the more critical amidst the pandemic. An adequate funding capacity that would support recovery and capture opportunities for growth must be set in place.
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Establishment of a three-layered approach to liquidity through the prudent management of cash, money market placements, and high-quality and marketable securities • Maintained ample short-term revolving facilities, obtained long-term debt funding on a timely basis and at optimal terms and conditions, and set a program for the sale of receivables • Active monitoring and management of a mix of short- and long-term, fixed and floating rate, and local and foreign currency borrowings, and spreading out debt maturities within predetermined limits to mitigate exposure to refinancing, interest rate, and currency risks • Maintaining strong credit rating and support of the local debt capital market • Continuous monitoring of contingent liability level in order to complete committed projects even during a financial downturn and to observe financial covenants on maximum gross debt-to-equity ratio • Set counterparty bank limits for cash and investable funds to ensure these are invested only with counterparties of the highest credit standing 	

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KEY RISK	RISK DESCRIPTION
Government, Political Risk	<p>The growth of the country's real estate industry is largely driven by the overall political and economic situation. As Ayala Land expands into different growth centers, the need to maintain healthy relationships with regulators and local government units becomes more acute.</p> <p>All of the company's government-related contracts must be reviewed to ensure full compliance with agreements and correctness of conduct.</p> <p>Political risk is projected to increase with the upcoming general elections in 2022.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Conducted reviews of all government-related contracts to ensure compliance with stipulations • Maintained open communication with proper government representatives and authorities to address potential issues in a timely manner • Preserved healthy relationships with regulators and local governments to ensure smooth business operations, address permit-related issues, and avoid violations and penalties 	

KEY RISK	RISK DESCRIPTION
Regulatory Risk	<p>Changes in regulations as well as code or standards-related issues may affect Ayala Land's compliance record, delivery schedule, and development cost. The increasing portfolio of properties and operations underscores the importance of timely renewals and processing of permit-related requirements.</p> <p>Amendments and new laws in relation to data privacy necessitate continuous monitoring to proactively prepare the organization for compliance and avoid penalties and negative citations.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Keeping abreast of new laws, codes, and standards, or amendments therein • Participation in consultative meetings called by regulators • Prompt correction of deficiencies arising from new laws and regulations • Diligent monitoring of permit renewals ahead of stipulated dates and deadlines • Review of processes to ensure that permits are applied and released within acceptable timeframes to prevent project delays and operational disruptions • Compliance with government policies on anti-competitive behavior such as collusion with competitors, monopolistic practices, and price-fixing. There has been no case filed with the Philippine Competition Commission involving Ayala Land and its businesses. • Legal research on the rights of legitimate claimants, including indigenous people, in the acquisition and development of land, ensuring that social concerns and regulatory issues are adequately addressed 	

KEY RISK	RISK DESCRIPTION
Environmental Risks <GRI 304, 307; SASB IF-RE-450; TCFD Strategy, Risk Management>	<p>Ayala Land has to contend with earthquakes and volcanic eruption hazards given the country's location in the Pacific Ring of Fire and the company's vast portfolio of properties. The incidence of typhoons and other extreme weather events has also increased due to climate change.</p> <p>To further improve its environmental risk management, Ayala Land confirmed its support to the Task Force on Climate-related Financial Disclosures (TCFD) framework together with other companies within Ayala group. Initial steps have been taken such as identifying forward plans and actions, including the engagement of third-party consultants to kick-off the program in determining the impact of climate change based on globally accepted scenarios.</p>

MITIGATING MEASURES	
<ul style="list-style-type: none"> • Strict conduct of technical due diligence and environmental scanning for fault lines and possible flooding, among other naturally occurring events, in the company's properties and adjacent areas before any development is started • Faithful compliance with applicable national and local codes, standards, and regulations, including building and fire codes • Establishment of 24/7 operation centers nationwide to monitor and track weather conditions, and facilitate readiness, early mitigation, and quick response to disasters, whether natural or man-made • Conservation and protection of indigenous biodiversity and identification of native flora and fauna, integrating such findings into the company's business model, development plans, and operations, which currently cover 4,870 hectares of high-biodiversity land • Continuous improvement in managing corporate Environmental, Social and Governance (ESG) risks • Implementation of a carbon neutrality program covering commercial leasing assets • Adoption of insurance programs for operating properties and construction sites to ensure loss mitigation and recovery for physical damages and business interruption arising from disasters 	

KEY RISK	RISK DESCRIPTION
Partnerships and Alliances Risk	<p>The operational and financial impact of the pandemic on its merchants, vendors, contractors, and suppliers may adversely affect Ayala Land's products, services, and businesses.</p> <p>Any failure of suppliers or contractors to deliver projects on time or to fully comply with regulatory requirements can affect the company's reputation and expose it to serious legal issues. Any delay or failure by partner-landowners in meeting their deliverables or condition precedents can also impact development timelines.</p>

MITIGATING MEASURES	
<ul style="list-style-type: none"> • Provided assistance to affected contractors, vendors, and suppliers • Granted rent condonation to mall merchants impacted by the pandemic • Invited new, capable, and competent vendors with local support capability to address challenges in mobility • Increased engagement of tried-and-tested contractors • Continued partnering arrangements with select vendors and suppliers • Enhanced vendor management programs • Tightened agreements and contracts on partner deliverables • Started projects only when deliverables were fully met 	

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KEY RISK	RISK DESCRIPTION
Cyber Risk	Ayala Land's increasing dependence on IT, the shift to digital platforms, and the large volume of data the company has in safekeeping have given rise to serious exposure to cyberattacks and data breaches.
MITIGATING MEASURES	
<ul style="list-style-type: none"> Investment and deployment of technological and administrative solutions to address unauthorized access, control, and manipulation of data and critical information stored in the company's IT systems and infrastructure Penetration testing and dissemination of information on security-related policies to the entire organization Employing latest technology solutions in collaboration with specialist firms and industry partners Conduct of awareness programs that enhance organizational knowledge of cyber security and data privacy compliance 	

KEY RISK	RISK DESCRIPTION
Marginalization by Competitors <GRI 206>	The rapid adoption of e-commerce by customers during the pandemic may adversely impact the company's business model and practices. In addition, competition is getting better and more aggressive in terms of business expansion and product offerings.
MITIGATING MEASURES	
<ul style="list-style-type: none"> Enhanced focus on customer-centricity through improved customer service and customer experience Continuous improvement of project delivery and product quality Acquisition of land bank needed for medium-term requirements and ensuring a pipeline of inventory for fast-moving products Continued mixed-use approach in property development Continued digital transformation and greater availability of contactless transactions 	

KEY RISK	RISK DESCRIPTION
Organizational Risk	<p>Organizational development and employee engagement is a top priority for Ayala Land. Personnel attrition due to poaching and the natural tendency to look for other opportunities is a constant concern.</p> <p>The pandemic caused enormous strain on workforce availability, with restrictions on mobility resulting in manpower scarcity in areas requiring on-site services.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> Facilitated work-from-home arrangements, enabling the organization to function under the new normal Conducted various programs and activities to strengthen employee engagement and care during the pandemic Ensured adequate number of qualified personnel to achieve optimal work conditions and meet the demands of the business Carried out periodic organizational climate surveys to determine employee engagement levels, address areas of concern, empower people, and create opportunities for professional development Adopted programs such as succession planning, cross-posting, streamlining of organizational structure and operations, and employee retention programs 	

KEY RISK	RISK DESCRIPTION
Major Security, Health, and Safety Risks <GRI 416>	<p>Ensuring security, safety, and healthy surrounding is always a challenge given the large number of people entering Ayala Land’s properties and projects, more so given the stringent health protocols enforced due to the pandemic.</p> <p>The company emphasizes the need for a very high level of diligence so that customers, workers, and the general public always have safe experiences in its shopping centers, managed estates, and construction sites.</p>
MITIGATING MEASURES	
<ul style="list-style-type: none"> • Full compliance with mandated safety and health protocols and guidelines from regulators and local government units • Establishment of laboratories, testing centers, and quarantine centers for employees and other stakeholders in support of government efforts to contain the spread of COVID-19 • Mandatory training of all personnel and supervision and safety inspections of all critical and hazardous activities before the start of any work in operating properties and construction sites • Designation of safety officers who are empowered to override project managers and declare work stoppage if they believe safety standards and practices are not being met • Tightened monitoring of all environmental, health, and safety permits and licenses of all projects • Proactive maintenance practices and procedures to prevent serious and unscheduled operational losses resulting from equipment breakdowns and other utility disruptions • Periodic emergency response and management exercises in all buildings and estates to protect life and property and maintain business continuity • Establishment of geographic sub-crisis management teams, aligned with the government’s mandatory incident command system, for proper and efficient emergency and disaster management • Intensified accident and loss-preventive programs through a central occupational health and safety committee • Collaboration and networking with proper authorities in addressing and managing security-related risks 	

2020 ALI GROUP CONSOLIDATED AWARDS

AYALA LAND AWARDS

2019 ASEAN Corporate Governance Scorecard

Top 3 in the Philippines
Top 20 in the ASEAN Region

Cambridge IFA

3G ESG Championship Award - Philippines

Carbon Disclosure Project

A- Leadership Rating on Climate Change

S&P Global

Member of the 2021 Sustainability Yearbook and
Dow Jones Sustainability Index

Euromoney 2020 Real Estate Survey

1st Overall Developer in the Philippines
1st Mixed-use
1st Innovative Green
1st Residential
1st Retail/Shopping
1st Office/Business
1st Industrial/Warehouse

FinanceAsia Best Managed Companies 2020

5th Best Managed Company
2nd Best CEO

Institutional Investor Magazine

2nd Most Honored Company
2nd Best CEO
1st Best CFO
2nd Best ESG
2nd Best IR Program

IR Magazine

Best IR during a Corporate Transaction for AREIT's IPO

Philippine Chamber of Commerce Inc

2020 Excellence in Ecology and Economy Awards - Special
Citation

Asia Pacific Stevie Awards

Gold Award Innovation in Product Design and Development
Living, Learning, and Working Environments (Nuvali T.R.E.E.)
Gold Award Innovation in Product Design and Development
in NGO Services (Alviera's Alay para sa Sapang Uwak)
Bronze Award Innovation in Annual Reports
(2018 Integrated Report)
Bronze Award Innovation in House/Internal Organs
(Groundbreakers 2018)

2020 International Business Awards

Grand Stevie Winner
Silver Stevie Most Valuable Corporate Response category
(Ayala Land Pays It Forward Campaign)
Silver Stevie Best House Organ – For Employees,

Publications category (Groundbreakers 2019 Digital Edition)
Bronze Stevie One with you when it matters the most
Corporate Overview category – (Ayala Land Corporate Video)

55th Anvil Awards

Gold Anvil Public Relations Tool - External
(2018 Integrated Report)
Silver Anvil Public Relations Program on a Sustained Basis –
Environment/Science and Technology
(Carbon NeutrALity)
Silver Anvil Public Relations Program on a Sustained Basis
– Good Governance/Social Responsibility/Responsible
Citizenship (Carbon NeutrALity)
Silver Anvil Public Relations Program Directed at Specific
Stakeholders – Community (NUVALI T.R.E.E.)
Silver Anvil Public Relations Tool – Internal
(Groundbreakers 2018)
Silver Anvil Public Relations Tool – Exhibit and Special Event
Milestone (Festival of Lights: Reimagine Magic)

SUBSIDIARY AWARDS

ALP

Asia Pacific Property Awards

Best High-Rise Architecture (Parklinks North Tower)

ALVEO

2020 International Business Awards

Bronze Stevie – Company of the Year
(Real estate large category)

Asia Pacific Stevie Awards

Bronze Award – Excellence in Innovation in Consumer
Product and Service Industries

Home Builder Awards

Best Residential Development Company 2020 – Philippines

Asia Pacific Property Awards

Best Office Development – Philippines
(Cerca Enterprise Plaza)
Best Residential High-Rise Development – Philippines
(Parkford Suites)

International Business Magazine Awards 2020

Best Real Estate Company Philippines 2020

2020 PropertyGuru Philippine Property Awards

Special Recognition in Building Communities
Special Recognition in Corporate Social Responsibility
Best Condo Development – Philippines (Portico)
Best High-End Condo Development - Metro Manila (Portico)
Best Condo Interior Design (Portico)
Best Condo Development – Visayas (Solinea)
Best High-End Condo Development - Metro Manila
(Orean Place)

Best Condo Architectural Design - Highly Commended
(Orean Place and Portico)
Best Landscape Architectural Design - Highly Commended
(Portico and Solinea)

Avida

Asia Pacific Property Awards

Best Residential High-Rise development (Avida Tower Verge)
High Commendation for an Apartment/Condominium (Avida Towers Abreeza and Avida Towers Serin)

55th Anvil Awards

Silver Anvil Public Relations Tool – Website/Blog
(Avida Pursuit of Passion)

BellaVita

Professional Regulation Commission (PRC)

Certificate of 100% Compliance to R.A. 8981

PAG-IBIG Fund STAR

Top 10 Developers in South Luzon

Ayala Malls

2020 International Business Awards

Gold Stevie Best web writing/content (Pasyal)
Gold Stevie Cause and Green category
(Ayala Malls World Animal Day)
Gold Stevie Art, Entertainment and Public Category/Music
(Awaken Amazing Thrills Ben & Ben Tour in 12 AyalaMalls)
Bronze Stevie Most Valuable Corporate Response category
(Beyond Retail Partnerships)
Bronze Stevie Brand and Experiences/Brand activation
(The Stylist Closet)
Bronze Stevie Best use of Social Media campaign
(Keep Amazing Going)
Bronze Stevie Brand Experiences/CSR event
(Metro Yummy Picks)
Bronze Stevie Best Blog, Website category (Pasyal)

Ad Stars 2020

Crystal Award Film Craft Art Direction – Production category
("Small Moments")

55th Anvil Awards

Silver Anvil for Public Relations Program on a Sustained
Basis – Good Governance/Social Responsibility/
Responsible Citizenship (AyalaMalls Wishing Tree)
Silver Anvil Public Relations Tool – Exhibit and Special Event
Milestone (Fashion Weekend Davao AyalaMalls Abreeza)

Sunstar Best of Cebu

Best Personal Shopper (AyalaMalls Neighborhood Assistant)

AREIT

FinanceAsia

Deal of the Year, South East Asia (AREIT IPO)

The Asset Country Awards 2020

Best IPO in the Philippines (AREIT IPO)

5th Annual ALB Philippine Law Awards 2020

Equity Market Deal of the Year

Annual International Finance Law Review (IFLR)

Equity Deal of the Year

AyalaLand Hotels

World Travel Awards 2020

Philippines' Leading Hotel Group (Seda Hotels)

TripAdvisor

Travellers' Choice (Seda BGC, Seda Centrio, Seda Abreeza,
Seda NUVALI, Seda Atria, Seda Capitol Central,
Seda Vertis North)

Agoda

Customer Review Award (Seda BGC, Seda Centrio, Seda
Abreeza, Seda NUVALI, Seda Atria, Seda Capitol Central,
Seda Vertis North, Seda Ayala Center Cebu, Seda Lio,
Seda Residences Makati)

DOT Tourism Standards Awards (2020-2022)

Asean MICE Venue Award - Meeting Room Category
(Seda Abreeza)

DestinAsian Readers' Choice Awards

Top 5 Best Hotels in the Philippines – (Raffles Makati)

Condé Nast Traveler's Readers' Choice Awards

Top 1 in the Philippines (Raffles Makati)
Top 20 Hotels in Asia (Raffles Makati)

Philippine Tatler

Best Restaurants (Raffles Makati - Mireio)
Best Restaurants (Fairmont Makati - Spectrum)

El Nido Resorts

Condé Nast Traveler's Readers' Choice Awards

Top Resorts in Asia (Apulit, Lagen and Pangulasian)

Luxury Lifestyle Awards

Top 7 – Best Luxury Villa in the Philippines (Apulit)

Haute Grandeur Global Hotel Awards

Best Hotel View on a Global Level (Pangulasian)
Best Island Hotel in Asia (Pangulasian)
Best Romantic Hotel in Asia (Pangulasian)
Best Beach Hotel in the Philippines (Pangulasian)

Agoda

Customer Review Award
(Apulit, Lagen, Miniloc and Pangulasian)

2020 World Travel Awards

Philippines' Leading Boutique Resort (Pangulasian)

FINANCIAL REVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of 2020 Operations

Ayala Land endured the severe impact of COVID-19 in 2020, recording a 43% decline in consolidated revenues to PHP96.27 billion from PHP168.79 billion and a 74% drop in net income to PHP8.73 billion from PHP33.19 billion. Key indicators improved steadily from the third quarter to the fourth, with total revenues increasing by 49% to PHP32.95 billion and net income rising by 28% to PHP2.36 billion, sustaining the momentum for recovery.

Real Estate revenues, composed of Property Development, Commercial Leasing, and Services, registered at PHP85.97 billion, a 46% decline from PHP157.85 billion due to construction restrictions, lower bookings, and limited mall and hotel operations.

Capital expenditures amounted to PHP63.67 billion, within the revised full-year budget of PHP70.0 billion. Financial sustainability initiatives strengthened the balance sheet with the net gearing ratio improving to 0.74:1 from 0.78:1 in FY 2019.

Business Segments

Property Development. This segment includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and operations of MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia. The Property Development business generated revenues of PHP57.86 billion, a 47% decrease from PHP109.69 billion due to construction restrictions and lower bookings.

Residential. Revenues from the sale of residential lots and units and MCT Bhd's operations declined by 44% to PHP47.79 billion from PHP86.09 billion. However, in the fourth quarter, revenues reached PHP21.6 billion, a 54% improvement from the third quarter.

AyalaLand Premier posted revenues of PHP15.01 billion, a decline of 39% from PHP24.45 billion, due to the lower percentage-of-completion (POC) of West Gallery Place in Bonifacio Global City (BGC), Park Central South Tower and Garden Tower 2 in Makati Commercial Business District, and Arbor Lanes in Arca South, Taguig; lower bookings from Park Central North Tower in Makati CBD; and combined lower bookings and POC of The Alcoves in Cebu and Cerilo in NUVALI, Laguna.

ALVEO recorded revenues of PHP8.05 billion, a decline of 58% from PHP19.00 billion owing to lower POC of High Park 2 in Vertis North and Park Triangle Residences in BGC; lower bookings from Orea Place 1 & 2 in Vertis North, Quezon City; The Residences at Evo City 1 in Kawit, Cavite; Venido in Biñan, Laguna; and combined lower bookings and POC of Travertine in Portico, Pasig City.

Avida meanwhile registered revenues of PHP14.42 billion, a 47% decrease from PHP27.36 billion, attributed to lower bookings from The Montane in BGC, Avida Towers Asten 3 in Makati, Avida Towers Sola 1 and 2 in Vertis North, Avida Northdale Settings in NUVALI, Avida Towers Vireo 1 in Arca South, and Avida Towers Prime Taft 3 in Manila.

Amaia reached PHP4.69 billion in revenues, a 36% reduction from PHP7.37 billion due to lower bookings from Skies Cubao Tower 2, Quezon City; Skies Shaw Tower 1, Mandaluyong City; and Skies Sta. Mesa and Skies Avenida Tower 1, both in Manila. **BellaVita**, meanwhile, recognized revenues of PHP790.65 million, 34% less than PHP1.20 billion because of lower bookings from projects in Cagayan de Oro, Batangas, and Laguna.

MCT Bhd contributed PHP4.85 billion in revenues, a 28% decline from PHP6.71 billion, as the inventory of projects in Lakefront and Cybersouth are almost sold out and construction activities in the second and fourth quarters were limited under Malaysia's movement control order. These factors offset the contribution from projects under Market Homes, MCT Bhd's affordable housing segment.

Office for Sale. Revenues from the sale of office units went down by 72% to PHP3.51 billion from PHP12.34 billion, owing to limited inventory and lower incremental completion of remaining projects such as ALVEO Financial Tower in Makati CBD, and Park Triangle Corporate Plaza, Park Triangle Tower, and High Street South Corporate Plaza 2 in BGC.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots dropped by 42% to PHP6.56 billion from PHP11.27 billion mainly due to slower take-up of inventory in Broadfield in Biñan, Laguna and limited inventory in Altaraza in San Jose del Monte, Bulacan; Evo City; and NUVALI.

Sales Reservations. Despite limited sales mobility, reservations registered at PHP81.90 billion, 56% of the 2019 level, translating to an average of PHP6.82 billion monthly sales. Fourth-quarter sales reservations reached 55 to 75% of pre-COVID levels due to sustained property demand, totaling PHP21.08 billion, equivalent to average monthly sales of PHP7.0 billion.

Local and overseas Filipinos accounted for 89% of total sales with the balance of 11% from other nationalities. Representing 74% of total Filipino sales, sales from local Filipinos amounted to PHP60.41 billion, 42% lower year-on-year. On the other hand, sales from overseas Filipinos, 15% of total Filipino sales, amounted to PHP12.61 billion, a decline of 35% year-on-year. Meanwhile, sales from other nationalities amounted to PHP8.87 billion, a 60% drop, primarily as sales to mainland Chinese buyers decreased by 70% to only PHP2.52 billion. Mainland Chinese buyers comprise 28% of sales from other nationalities.

Project Launches. A total of 13 projects worth PHP10.59 billion were launched in 2020. In the first quarter, there were five of these projects, altogether valued at PHP4.99 billion—Avida Greendale Settings at Alviera in Porac, Pampanga; Amaia Steps Aria at The Junction Place in Quezon City; Amaia Scapes Cabuyao Series 3 area 2, and BellaVita Alaminos 2, both in Laguna. No new residential projects were launched in the second quarter.

With demand improving in the third quarter, three sequel projects were launched amounting to PHP2.19 billion—Andacillo Phase 3A in NUVALI; Amaia Scapes Series 4A in Sta. Maria, Bulacan; and BellaVita Alaminos 2. In the fourth quarter, five sequel projects worth P3.41 billion were inaugurated—Andacillo Phase 4 in NUVALI, Amaia Scapes Gen. Trias S3 and S4 in Cavite, and two tranches of additional units in BellaVita Alaminos 2.

Commercial Leasing. This segment is responsible for the operation of shopping centers, office buildings, and hotels and resorts. Total revenues from commercial leasing declined by 44% to PHP21.86 billion from PHP39.31 billion given limited mall and hotel operations.

Shopping Centers. Revenues from shopping centers dropped by 59% to PHP9.06 billion from PHP22.02 billion. Operating GLA and foot traffic as a percentage of pre-COVID levels improved towards the end of the year. In the fourth quarter, operating GLA reached 64% from 62% in the third. Likewise, foot traffic reached 35 to 45% in the fourth quarter from 30 to 35% in the previous quarter as less strict general community quarantine restrictions and holiday-related shopping came into play. Average tenant sales also improved, reaching 53% in the fourth quarter from 41% in the third. These improvements resulted in PHP1.69-billion mall revenues in the last three months, a 10% recovery quarter-on-quarter.

The average occupancy rate for all malls and stable malls were at 85% and 90%, respectively. Total malls GLA stands at 2.12 million sq. meters.

Offices. Revenues from office leasing was sustained at PHP9.41 billion from PHP9.67 billion on account of continuous BPO and headquarter office operations. The average occupancy rate for all offices and stable offices were at 88% and 94%, respectively. Total office leasing GLA increased to 1.23 million sq. meters with the completion of BGC Corporate Center 2 in October and Central Bloc Corporate Center 2 in December.

Hotels and Resorts. Full-year revenues from hotels and resorts ended 56% lower to PHP3.39 billion from PHP7.62 billion. However, the launching of a total of 41 travel bubbles by El Nido Resorts and Lio Estate in the second half of the year drove a 52% increase in revenues from the third to the fourth quarter, amounting to PHP787 million. The travel bubbles were launched in close coordination with the Department of Tourism and the Palawan local government.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Average occupancy was at 41% for all hotels and 44% for stable hotels. Meanwhile, average occupancy for all and stable resorts stood at 16%.

The hotels and resorts segment ended 2020 with a total of 4,030 rooms in its portfolio, completing 345 rooms in the first half with the opening of Seda Central Bloc in Cebu and additional rooms in Seda Residences Ayala North Exchange and Seda BGC.

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

There are 660 hotel rooms under the international brand component—312 from Fairmont Hotel and Raffles Residences and 348 from Holiday Inn & Suites, both of which are in the Ayala Center, Makati CBD.

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

Services. This segment is composed of the company's construction business through Makati Development Corporation (MDC); property management, through Ayala Property Management Corporation (APMC); businesses engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy); and the airline, AirSWIFT. Total revenues of this segment amounted to PHP6.25 billion, 29% lower than PHP8.85 billion, due to the restricted construction activity of MDC, lower power consumption of power subsidiary customers during the lock down, and extremely limited operations of AirSWIFT.

Construction. Net construction revenues totaled PHP3.28 billion, only 3% lower than the PHP3.40 billion last year.

Property Management and Others. APMC, power services companies and AirSWIFT registered revenues of PHP2.97 billion, 46% less than PHP5.45 billion the previous year.

Blended EBITDA margins of the Services segment stood at 7%, lower than 10% in 2019, owing to expenses related to COVID-19.

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

Equity in net earnings of associates and joint venture companies, particularly Ortigas and FBDC companies, declined by 39% to PHP586.50 million from PHP965.79 million.

Interest income from real estate sales increased by 9% to PHP8.60 billion from PHP7.89 billion in 2019 driven by increased sale of real estate receivables. Meanwhile, interest and investment income registered a 58% drop to PHP394.70 million from PHP930.45 million due to lower balances and yields from short-term investments.

Other income, composed mainly of marketing and management fees from joint ventures, decreased by 38% to PHP723.27 million from PHP1,157.94 million. This decline was largely due to the higher base in 2019 given the gain recognized from the sale of Vertex One office building in Santa Cruz, Manila to Manila Jockey Club, Inc.

Expenses

Total expenses stood at PHP81.22 billion, 31% lower than PHP117.96 billion in 2019, as real estate expenses decreased by 40% to PHP56.67 billion from PHP94.75 billion.

General and administrative expenses (GAE) declined by 14% to PHP8.01 billion from PHP9.37 billion on account of a lower topline. This resulted in a GAE ratio of 8.3% and an EBIT margin of 25.9%.

Interest, other financing charges and other expenses, which includes interest expense related to PFRS 16 (Leases) totaled PHP16.53 billion. This was a 19% increase from PHP13.84 billion due to higher discounting cost related to the sale of accounts receivables, interest expense from the higher average loan balance, and bank charges related to loan prepayments. The average cost of debt registered at 4.7%, 50 basis points lower than the 5.2% at the end of December 2019. Of the total debt, 95% is locked in fixed rates, while 96% is contracted for a long-term basis.

Capital Expenditures

Capital expenditures reached PHP63.67 billion for full-year 2020. These were mainly spent for the completion of residential and commercial leasing assets. Forty-five percent (45%) was spent on residential projects, 23% on commercial projects, 15% on land acquisition, and 14% on estate development. The full-year capex estimate was reduced to PHP70.0 billion from the original estimate of PHP110.0 billion.

Financial Condition

Financial sustainability initiatives strengthened the balance sheet, improving the net gearing ratio to 0.74:1 from 0.78:1 in FY 2019. Total borrowings registered at PHP211.95 billion, which translated to a debt-to-equity ratio of 0.81:1 from 0.87:1.

Cash and cash equivalents, including short-term investments and financial assets at fair value through profit or loss, stood at PHP18.36 billion, leading to a current ratio of 1.62:1.

Return on equity was at 4.03% as of December 31, 2020.

	End-December 2020	End-December 2019
Current ratio ¹	1.62:1	1.30:1
Debt-to-equity ratio ²	0.81:1	0.87:1
Net debt-to-equity ratio ³	0.74:1	0.78:1
Profitability Ratios:		
Return on assets ⁴	1.53%	5.43%
Return on equity ⁵	4.03%	16.66%
Asset to Equity ratio ⁶	2.77:1	2.94:1
Interest Rate Coverage Ratio ⁷	2.96	6.27

¹ Current assets / current liabilities

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

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

⁴ Net income / average total assets

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

⁶ Total assets / Total stockholders' equity

⁷ EBITDA / Interest expense

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

The company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created in FY 2020.

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

As Audit Committee members, our roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Directors. We assist the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to the following:

- Integrity of Ayala Land Inc.'s (the "Company") financial statements and the financial reporting process;
- Appointment, re-appointment, remuneration, qualifications, independence, and performance of the independent auditors and integrity of the audit process as a whole;
- Effectiveness of the internal control systems and the risk management process;
- Performance and leadership of the internal audit function;
- Compliance with applicable legal and regulatory requirements; and
- Preparation of the Committee year-end report for approval of the Board and for inclusion in the Annual Report.

In compliance with the Audit Committee Charter, we confirm that:

- An independent director chairs the Audit Committee. Two out of the three members of the Committee are independent directors.
- We had five meetings in 2020 with the following attendance rate:

Directors	No. of Meetings Attended/Held	Percent Present
Jaime C. Laya	2/2	100%
Cesar V. Purisima	3/3	100%
Antonino T. Aquino	5/5	100%
Rizalina G. Mantaring	2/2	100%
Rex Ma. A. Mendoza	3/3	100%

- We recommended to the Board of Directors the re-appointment of SGV & Co. as independent external auditor for 2021, based on the review of their performance and qualifications, including consideration of management's recommendation.
- We reviewed and discussed the quarterly consolidated financial statements and the annual consolidated financial statements of Ayala Land, Inc. and subsidiaries, including Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2020, with the Company's management and SGV & Co. These activities were performed in the following context:
 - That management has the primary responsibility for the financial statements and the reporting process; and
 - That SGV & Co. is responsible for expressing an opinion on the conformity of the Company's consolidated audited financial statements with the Philippine Financial Reporting Standards.

- We reviewed and approved the management representation letter before submission to the Company's independent auditors.
- We discussed and approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV & Co. We also discussed the results of their audits and their assessment of the Company's internal controls and the overall quality of the financial reporting process.
- We reviewed the reports of the Internal Auditors, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal controls and compliance issues. All the activities performed by Internal Audit were conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.
- We reviewed and approved all audit, audit-related, and permitted non-audit services provided by SGV & Co. to Ayala Land, Inc. and the related fees for such services. We also assessed the compatibility of non-audit services with the auditor's roles and responsibilities to ensure that such services will not impair their independence.
- We reviewed and discussed the adequacy of the Company's enterprise-wide risk management process, including major risk exposures, related risk mitigation efforts and initiatives, and status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements as of and for the year ended December 31, 2020 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

February 16, 2021



CESAR V. PURISIMA
Committee Chair



REX MA. A. MENDOZA
Member



ANTONINO T. AQUINO
Member

Ayala Land, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2020 and 2019
and Years Ended December 31, 2020,
2019 and 2018

and

Independent Auditor's Report



A member firm Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ayala Land, Inc.
31st Floor, Tower One and Exchange Plaza, Ayala Triangle
Ayala Avenue, Makati City

Opinion

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers). This is based on the monthly project accomplishment report prepared by the third party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellations.

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period and obtained the supporting details of POC reports showing the completion of the major activities of project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and the portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Accounting for Lease Concessions

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of Covid-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver. The Group accounted for the lease concessions in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting for lease concession under PFRS 16 is significant to our audit because there were numerous lease concessions granted to lessees during the period; the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves the application of significant judgment in determining whether or not the lease concession is a lease modification.

The disclosures related to the lease concession granted by the Group are included in Notes 3 and 33 to the consolidated financial statements.

Audit Response

We determined the population of lease contracts and obtained an understanding of the type, extent and periods covered under the various lease concessions granted by the Group to the lessees during the year.

On a sample basis, we tested the population of lease agreements covered by the lease concessions by comparing the lease contracts under the operations report against lease contract database which include contract number, contract name, contract type and rental rate, among others.

On a test basis, we obtained and inspected the communications of the Group to the lessees and traced the relevant information to the schedule of calculation of the amounts of lease concession. On a sample basis, we test computed the amounts of lease concessions. We obtained management's assessment supporting the conclusion that the lease concessions granted by the Group to the lessees do not qualify as lease modifications. We reviewed the legal opinion issued by the Group's external legal counsel to support the Group's assessment and conclusion about the waiver of its right to collect rent and other charges from lessees. We involved our internal specialist in evaluating the legal basis supporting management assessment. We also reviewed the disclosures relating to the lease concessions.

Impairment Testing of Property and Equipment and Right-of-Use Assets of Hotels and Resorts Segment

In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and right-of-use assets, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, gross margin, as well as external inputs such as discount rates. In addition, because of the coronavirus pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. Accordingly, such impairment assessment and testing is a key audit matter in our audit.

The disclosures in relation to property and equipment and right-of-use assets are included in Note 3 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in estimating the recoverable amount. These assumptions include occupancy rates, average room rates, gross margin as well as external inputs such as discount rate. We compared the key assumptions used such as occupancy rates, average room rates and gross margin against industry forecasts and with historical information, adjusted to take into consideration the impact associated with the coronavirus pandemic. We tested the discount rate by comparing against market data. We also reviewed the Group's disclosures about these assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use assets.

Consolidation Process

The consolidated financial statements of the Group represents the consolidation of the financial statements of Ayala Land, Inc. and its various direct and indirect subsidiaries. We consider the Group's consolidation process as a key audit matter because of the complexity arising from the numerous component entities within the Group requiring layers of consolidation, voluminous intercompany transactions within the Group that require elimination, monitoring of fair value adjustments arising from business combinations, and adjustments to non-controlling interests. Note 1 to the consolidated financial statements provides the relevant information on the Group's subsidiaries.

Audit Response

We obtained an understanding of the Group's consolidation process and the Group's process for identifying related parties and related party transactions and the reconciliation of intercompany balances. We tested significant consolidation adjustments, including elimination, deferral and realization of profit or recoveries from intercompany transactions and balances, amortization/depreciation/reversal of fair value adjustments arising from business combinations, the currency translation adjustments, movements in non-controlling interests and other equity adjustments. We evaluated whether the accounting policies of the Group has been consistently applied.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

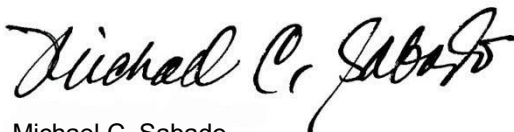
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-4 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-073-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534357, January 4, 2021, Makati City

February 23, 2021

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

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	₱17,037,347	₱20,413,041
Short-term investments (Notes 5 and 29)	358,120	617,149
Financial assets at fair value through profit or loss (Notes 6 and 29)	965,171	485,436
Accounts and notes receivable (Notes 7 and 29)	101,145,909	105,039,306
Inventories (Note 8)	146,743,592	120,287,686
Other current assets (Note 9)	58,020,962	48,591,632
Total Current Assets	324,271,101	295,434,250
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7 and 29)	46,021,255	45,563,869
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10 and 29)	1,511,443	1,529,179
Investments in associates and joint ventures (Note 11)	26,601,254	25,317,581
Right-of-use assets (Note 33)	13,008,175	13,564,472
Investment properties (Note 12)	222,684,850	243,043,448
Property and equipment (Note 13)	43,446,968	43,062,357
Deferred tax assets - net (Note 23)	12,121,515	11,527,645
Other noncurrent assets (Notes 14 and 26)	31,827,813	34,880,477
Total Noncurrent Assets	397,223,273	418,489,028
	₱721,494,374	₱713,923,278
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 16 and 29)	₱9,131,325	₱18,032,830
Accounts and other payables (Notes 15 and 29)	144,625,922	162,979,169
Income tax payable	1,455,612	2,123,379
Current portion of lease liabilities (Note 33)	466,801	724,859
Current portion of long-term debt (Notes 16 and 29)	18,732,401	17,250,706
Deposits and other current liabilities (Note 17)	25,317,246	25,472,581
Total Current Liabilities	199,729,307	226,583,524
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16 and 29)	184,087,192	175,813,345
Pension liabilities (Note 26)	3,020,797	1,987,605
Lease liabilities - net of current portion (Note 33)	17,289,042	16,738,846
Deferred tax liabilities - net (Note 23)	7,148,534	6,090,754
Deposits and other noncurrent liabilities (Notes 18 and 29)	50,040,170	44,003,636
Total Noncurrent Liabilities	261,585,735	244,634,186
Total Liabilities	461,315,042	471,217,710

(Forward)

	December 31	
	2020	2019
Equity (Note 19)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	₱62,931,992	₱62,772,446
Retained earnings	161,660,724	156,940,236
Stock options outstanding (Note 28)	21,593	42,279
Remeasurement loss on defined benefit plans (Note 26)	(818,101)	(337,210)
Fair value reserve of financial assets at FVOCI (Note 10)	(748,220)	(457,358)
Cumulative translation adjustments	167,395	250,440
Equity reserves (Note 1)	585,256	(7,056,459)
Treasury stock	(1,260,780)	(1,104,353)
	222,539,859	211,050,021
Non-controlling interests (Note 19)	37,639,473	31,655,547
Total Equity	260,179,332	242,705,568
	₱721,494,374	₱713,923,278

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2020	2019	2018
REVENUE (Note 20)			
Real estate sales (Notes 20 and 30)	₱85,965,453	₱157,848,573	₱155,954,816
Interest income from real estate sales (Notes 7 and 20)	8,602,775	7,890,972	7,042,078
Equity in net earnings of associates and joint ventures (Notes 11 and 20)	586,502	965,787	749,924
	95,154,730	166,705,332	163,746,818
Interest and investment income (Notes 6, 21 and 25)	394,701	930,445	958,236
Other income (Notes 21 and 24)	723,268	1,157,935	1,540,717
	1,117,969	2,088,380	2,498,953
	96,272,699	168,793,712	166,245,771
COSTS AND EXPENSES			
Cost of real estate sales (Note 22)	56,673,184	94,751,939	101,079,130
General and administrative expenses (Notes 22, 26 and 28)	8,011,813	9,367,359	9,101,328
Interest and other financing charges (Note 22)	12,745,720	12,199,758	9,594,003
Other expenses (Note 22)	3,788,771	1,644,982	1,270,281
	81,219,488	117,964,038	121,044,742
INCOME BEFORE INCOME TAX	15,053,211	50,829,674	45,201,029
PROVISION FOR INCOME TAX (Note 23)			
Current	4,687,956	12,455,010	13,390,637
Deferred	(628,983)	859,633	(1,406,197)
	4,058,973	13,314,643	11,984,440
NET INCOME	₱10,994,238	₱37,515,031	₱33,216,589
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 27)	₱8,727,155	₱33,188,399	₱29,240,880
Non-controlling interests	2,267,083	4,326,632	3,975,709
	₱10,994,238	₱37,515,031	₱33,216,589
Earnings Per Share (Note 27)			
Net income attributable to equity holders of Ayala Land, Inc.:			
Basic and diluted	₱0.59	₱2.25	₱1.98

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	₱10,994,238	₱37,515,031	₱33,216,589
Other comprehensive income (loss)			
<i>Item that may be reclassified to profit or loss in subsequent years:</i>			
Cumulative translation adjustment	(237,531)	(617,831)	451,195
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Fair value reserve of financial assets at FVOCI (Note 10)	(426,088)	(3,220)	71,938
Remeasurement gain on pension liabilities (Note 26)	(686,987)	(167,754)	(85,381)
Income tax effect	206,096	50,326	25,614
	(1,144,510)	(738,479)	463,366
TOTAL COMPREHENSIVE INCOME	₱9,849,728	₱36,776,552	₱33,679,955
Total comprehensive income attributable to:			
Equity holders of of Ayala Land, Inc.	₱7,872,357	₱32,449,920	₱29,701,637
Non-controlling interests	1,977,371	4,326,632	3,978,318
	₱9,849,728	₱36,776,552	₱33,679,955

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

Attributable to equity holders of Ayala Land, Inc.

	Capital Stock		Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)		Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Non-Controlling Interests	Total Equity
	(Note 19)				(Note 19)	(Note 19)										
As of January 1, 2020	₱16,051,984	₱48,598,641	₱1,878,179	₱8,000,000	₱148,940,236	₱42,279	₱337,210	₱457,358	₱250,440	₱211,050,021	₱1,104,353	₱7,056,459	₱1,104,353	₱211,050,021	₱31,655,547	₱242,705,568
Net income	-	-	-	-	8,727,155	-	(480,891)	(290,862)	(83,045)	-	-	-	-	8,727,155	2,267,083	10,994,238
Other comprehensive loss	-	-	-	-	-	-	(480,891)	(290,862)	(83,045)	-	-	-	-	(854,798)	(289,712)	(1,144,510)
Total comprehensive income	-	-	-	-	8,727,155	-	-	-	-	-	-	-	-	7,872,357	1,977,371	9,849,728
Cost of stock options	-	132,606	-	-	-	(20,686)	-	-	-	-	-	-	-	111,920	-	111,920
Collection of subscription receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	26,940	-	26,940
Stock options exercised	14,845	396,672	(411,517)	-	-	-	-	-	-	-	-	-	(156,427)	-	(156,427)	
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposal of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	7,641,715	-	7,641,715	7,641,715	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,937,740	
Cash dividends declared	-	-	-	-	(4,006,667)	-	-	-	-	-	-	-	-	(4,006,667)	(831,185)	(4,937,852)
As of December 31, 2020	₱16,066,829	₱49,127,919	(₱2,262,756)	₱8,000,000	₱153,660,724	₱21,593	(₱818,101)	(₱748,220)	₱167,395	(₱748,220)	₱167,395	₱565,256	(₱1,260,750)	₱222,539,859	₱37,639,473	₱260,179,332
As of January 1, 2019, as previously reported	₱16,041,530	₱47,985,990	(₱1,676,556)	₱8,000,000	₱124,090,020	₱65,462	(₱219,782)	(₱454,138)	₱688,271	(₱454,138)	₱688,271	(₱7,400,945)	-	₱187,299,852	₱32,921,345	₱220,221,197
Effect of adoption of PFRS 16, Leases	-	-	-	-	(616,823)	-	-	-	-	-	-	-	-	(616,883)	(299,348)	(916,031)
Balances at January 1, 2019, as restated	16,041,530	47,985,990	(1,676,556)	8,000,000	123,473,337	65,462	(219,782)	(454,138)	868,271	(454,138)	868,271	(7,400,945)	-	186,683,169	32,621,997	219,305,166
Net income	-	-	-	-	33,188,399	-	(117,428)	(3,220)	(617,831)	-	-	-	-	33,188,399	4,326,632	37,515,031
Other comprehensive loss	-	-	-	-	-	-	(117,428)	(3,220)	(617,831)	-	-	-	-	(738,479)	-	(738,479)
Total comprehensive income	-	-	-	-	33,188,399	-	(117,428)	(3,220)	(617,831)	-	-	-	-	32,449,920	4,326,632	36,776,552
Cost of stock options	-	166,039	-	-	-	(23,183)	-	-	-	-	-	-	-	142,856	-	142,856
Collection of subscription receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	255,443	-	255,443
Stock options exercised	10,454	446,612	(457,066)	-	-	-	-	-	-	-	-	-	(1,104,353)	-	(1,104,353)	
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	344,486	-	344,486	(3,991,324)	
Cash dividends declared	-	-	-	-	(7,721,500)	-	-	-	-	-	-	-	-	(7,721,500)	(1,301,758)	(9,023,258)
As of December 31, 2019	₱16,051,984	₱48,598,641	(₱1,878,179)	₱8,000,000	₱148,940,236	₱42,279	(₱337,210)	(₱457,358)	₱250,440	(₱457,358)	₱250,440	(₱7,056,459)	(₱1,104,353)	₱211,050,021	₱31,655,547	₱242,705,568

Attributable to equity holders of Ayala Land, Inc.

	Remeasurement										Total	Non-Controlling Interests	Total Equity	
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Stock Options Outstanding	Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)				Treasury Stocks (Note 19)
As of January 1, 2018, as previously reported	P16,031,596	P47,454,241	(P1,537,126)	P8,000,000	P101,976,450	P89,064	(P160,015)	P40,530	P1,001,986	(P6,152,115)	P-	P166,754,611	P25,508,747	P192,263,358
Effect of adoption of new accounting standards	-	-	-	-	358,605	-	-	(563,987)	-	-	-	(205,392)	205,392	-
Balances at January 1, 2018, as restated	16,031,596	47,454,241	(1,537,126)	8,000,000	102,335,055	89,064	(160,015)	(523,467)	1,001,986	(6,152,115)	-	166,549,219	25,714,139	192,263,358
Net Income	-	-	-	-	29,240,880	-	(59,767)	69,329	451,195	-	-	29,240,880	3,975,709	33,216,589
Other comprehensive income (loss)	-	-	-	-	-	-	(59,767)	69,329	451,195	-	-	460,757	2,609	463,366
Total comprehensive income	-	-	-	-	29,240,880	-	(59,767)	69,329	451,195	-	-	29,701,637	3,978,318	33,679,955
Cost of stock options	-	132,121	-	-	-	(33,602)	-	-	-	-	-	98,519	-	98,519
Collection of subscription receivable	-	-	-	-	-	-	-	-	-	-	-	270,132	-	270,132
Stock options exercised	9,934	399,628	(409,562)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of control on previously held interest	-	-	-	-	-	-	-	-	(584,910)	-	-	(584,910)	4,773,524	4,188,614
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(1,248,830)	-	(1,248,830)	(509,596)	(1,758,426)
Cash dividends declared	-	-	-	-	(7,485,915)	-	-	-	-	-	-	(7,485,915)	(1,035,040)	(8,520,955)
As of December 31, 2018	P16,041,530	P47,985,990	(P1,676,556)	P8,000,000	P124,090,020	P65,462	(P219,782)	(P454,138)	P868,271	(P7,400,945)	P-	P187,299,852	P32,921,345	P220,221,197

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱15,053,211	₱50,829,674	₱45,201,029
Adjustments for:			
Interest and other financing charges (Note 22)	12,745,720	12,199,758	9,594,003
Depreciation and amortization (Notes 12, 13, 14, 22 and 33)	9,572,572	9,058,710	6,318,929
Dividends received from investees (Note 11)	758,714	386,241	331,461
Provision for impairment losses (Note 22)	977,849	568,775	146,974
Cost of share-based payments (Note 28)	111,920	142,856	98,519
Unrealized (gain) loss on financial assets at fair value through profit or loss (Note 6)	40,116	1,965	(4,633)
Gain on sale of investment in associates and jointly controlled entities	-	-	(588)
Gain on sale of property and equipment (Note 21)	(23,265)	(40,870)	(46,570)
Gain on business combination (Note 21)	-	-	(59,475)
Equity in net earnings of associates and joint ventures (Note 11)	(586,502)	(965,787)	(749,924)
Interest income	(8,971,289)	(8,780,320)	(7,952,628)
Operating income before changes in working capital	29,679,046	63,401,002	52,877,097
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable – trade	683,154	14,849,682	(83,557,042)
Inventories (Note 8)	(10,253,170)	(5,315,783)	12,136,508
Other current assets (Note 9)	(8,477,188)	(4,520,502)	3,629,678
Increase (decrease) in:			
Accounts and other payables	(16,164,090)	(15,725,408)	25,998,377
Deposits and other current liabilities (Note 17)	(155,341)	(3,071,965)	15,430,961
Pension liabilities (Note 26)	346,206	319,979	(45,240)
Cash generated from operations	(4,341,383)	49,937,005	26,470,339
Interest received	8,925,394	8,768,302	7,940,610
Income tax paid	(5,355,723)	(11,683,232)	(12,832,593)
Interest paid	(11,735,785)	(11,009,836)	(9,810,439)
Net cash provided by (used in) operating activities	(12,507,497)	36,012,239	11,767,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short-term investments	397,875	2,490,543	2,519,341
Sale/redemption of financial assets at FVTPL	1,917,237	765,763	71,690
Sale of investments in FVOCI (Note 10)	21,112	56,858	51,384
Disposal of property and equipment (Note 13)	161,997	124,832	3,744,743
Disposal of investment properties (Note 12)	2,203,774	3,669,275	1,722,933
Disposal of investments in associates and jointly controlled entities	326,602	-	83,957

(Forward)

	Years Ended December 31		
	2020	2019	2018
Additions to:			
Short-term investments	(P138,846)	(P22,293)	(P865,006)
Financial assets at fair value through profit or loss	(2,437,088)	(776,919)	(2,696)
Financial assets at FVOCI (Note 10)	(98,951)	(93,463)	-
Investments in associates and joint ventures (Note 11)	(1,837,901)	(1,529,688)	(3,724,958)
Investment properties (Note 12)	(5,544,790)	(29,215,224)	(32,803,016)
Property and equipment (Note 13)	(3,098,436)	(10,519,576)	(2,842,787)
Net decrease (increase) in:			
Accounts and notes receivable - nontrade (Note 7)	2,046,114	(564,222)	41,657,193
Other noncurrent assets (Note 14)	2,865,904	(6,957,950)	(7,906,689)
Net decrease in cash from business combination (Note 24)	-	-	(4,684,335)
Net cash used in investing activities	(3,215,397)	(42,572,063)	(2,978,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 16)	226,900,910	165,401,684	128,994,834
Payments of short and long-term debt (Note 16)	(225,720,204)	(140,675,538)	(119,970,061)
Payments of principal portion of lease liability (Note 33)	(1,334,674)	(1,179,645)	-
Increase (decrease) in deposits and other noncurrent liabilities	5,706,022	(6,241,773)	(5,584,237)
Acquisition of non-controlling interest (Note 19)	-	(3,646,838)	(1,758,426)
Increase in non-controlling interests	235,994	-	-
Proceeds from IPO sponsorship (Note 19)	12,343,461	-	-
Proceeds from capital stock subscriptions (Note 19)	26,940	255,443	270,132
Acquisition of treasury shares (Note 19)	(156,427)	(1,104,353)	-
Dividends paid to non-controlling interests	(931,185)	(1,301,758)	(1,035,040)
Dividends paid to equity holders of Ayala Land, Inc. (Note 19)	(4,397,061)	(7,754,047)	(7,181,498)
Net cash provided by (used in) financing activities	12,673,776	3,753,175	(6,264,296)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,049,118)	(2,806,649)	2,525,375
EFFECT OF CHANGES IN FOREIGN CURRENCY	(326,576)	(776,880)	473,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,413,041	23,996,570	20,998,089
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P17,037,347	P20,413,041	P23,996,570

See accompanying Notes to Consolidated Financial Statements.

For a complete copy of Ayala Land's 2020 Audited Financial Statements including its notes, please see https://ir.ayalaland.com.ph/wp-content/uploads/2021/03/ALIS_CFS1220-Ayala-Land-Inc-and-Subs_SEC_SIGNED_S.pdf

SUSTAINABILITY REPORTING INDEX

For a more detailed disclosure in line with GRI Standards, SASB Standards and TCFD Guidelines, please visit our sustainability microsite at <https://ir.ayalaland.com.ph/sustainability/>.

Dimension	Material Topic	<IR>	GRI Standards	SASB	TCFD	UN SDGs	Page Number(s)
Economic	Project Delivery, Quality and Responsibility	Natural and Manufactured Capital	-	-	Strategy Risk Management	9, 11	1-5; 12-21 30-51 98-111; 133
	Business Ethics	Corporate Governance	205 206	-	Governance	-	112-130
	Indirect Economic Impacts	Social and Relationship Capital	203	-	-	1, 3, 8, 9, 10, 11	1-5; 85-86 96; 98-111
	Supply Chain Management	Social and Relationship Capital	204 308	-	Strategy	9, 11, 12	106-107
Environmental	Resource Efficiency	Natural and Manufactured Capital	301 302 303 306	IF-RE-130 IF-RE-140 IF-RE-410	Metrics and Targets	9, 11, 12, 13, 14, 15	80-97
	Environmental Compliance	Natural and Manufactured Capital	307	-	Risk Management	11, 12, 14, 15	80-97; 135
	Land Use, Ecological Impact and Biodiversity	Natural and Manufactured Capital	304	-	Risk Management	14, 15	80-97; 135
	Climate Action	Natural and Manufactured Capital	305	IF-RE-450	Strategy Metrics and Targets	13	80-97; 135
Social	Talent Attraction, Retention and Development	Human Capital	401 402 404	-	-	8	100-107
	Workforce Health and Safety	Human Capital	403	-	-	3, 8	102-104; 137
	Customer Relationship	Social and Relationship Capital	-	-	-	11	30-51; 98-99
	Community Engagement and Impact	Social and Relationship Capital	411 413	-	-	1, 3, 8, 11	1-5; 12-21 108-109
	Customer Health and Safety	Human Capital	416	-	-	3	1-5; 12-21 30-51 102-104; 137
	Labor Practices	Human Capital	405 406 407 408 409	-	-	3, 8	100-102 106-107

SUPPLEMENTAL ENVIRONMENTAL SECTION TABLES

For a comprehensive disclosure of sustainability data and performance across material economic, environmental and social topics, please visit <https://ir.ayalaland.com.ph/sustainability/sustainability-data-and-performance/>.

Table A: Boundary of Environmental Data				
No. of Buildings/Projects Covered	2020	2019	2018	2017
Commercial Properties				
Malls	45	42	39	39
Offices	50	43	36	26
Hotels	15	14	10	9
Resorts*	9	10	10	6
District Cooling System	12	11	7	5
Construction Projects	129	273	248	174
Residential Properties	143	149	135	131
Estates and Carparks				
Estate	23	22	20	13
Carpark	27	27	27	9
Airline**	4	4	-	-
Industrial Park***	3	-	-	-

*El Nido Cove excluded in 2020 report due to ongoing renovations.

**AirSWIFT operations added starting 2019.

***Operations of industrial parks under ALLHC added starting 2020.

Table B: Ayala Land Group Total Emissions				
in t-CO2e	2020	2019	2018	2017
Scope 1	44,667	66,603	31,388	16,761
Scope 2	126,037	214,227	257,679	262,619
Scope 3	140,867	252,757	305,221	364,653

Notes:

1. Emissions declared are market-based. Emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard, with emission factors calculated by our retail electricity suppliers.
2. For Scope 1 emissions, reference for the GWPs (global warming potential) is the 2014 IPCC 5th Assessment Report. Gasses reported include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O).
3. For properties that shifted to purchasing electricity from renewable energy power plants which are accompanied by iRECs (International REC Standard) certification, Scope 2 emissions are considered zero from the date of shifting.

Table C: 2020 Emissions by Property Type			
in t-CO2e	Scope 1	Scope 2	Scope 3
Malls	1,352	39,618	50,455
Offices	1,343	44,181	43,797
Hotels	1,346	16,160	1,284
Resorts	3,517	-	440
District Cooling System	65	-	2,064
Construction Projects	8,520	18,190	-
Residential Properties	1,353	-	42,325
Estates	5	6,012	-
Carparks	4	1,311	-
Airline	6,805	235	502
Industrial Parks	-	329	-
Refrigerants	20,358	-	-
Total	44,667	126,037	140,867

STATEMENT OF MANAGEMENT RESPONSIBILITY

Ayala Land's 2020 Integrated Report

The management of Ayala Land, Inc. applied their collective mind in the preparation of Ayala Land's 2020 Integrated Report in accordance with the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework.

This was supervised by the President and CEO, Mr. Bernard Vincent O. Dy and the Chief Finance Officer and Compliance Officer, Mr. Augusto D. Bengzon, who are responsible for the integrity of this report.

This report contains certain forward-looking statements that may involve risks or uncertainties as they relate to future events and circumstances that may be beyond Ayala Land's control.

In addition, regulations of the Philippine Stock Exchange (PSE) prohibit making price sensitive forecasts without considerable independent review and process. The management therefore advise readers to use caution regarding interpreting any forward-looking statements in this report.



Bernard Vincent O. Dy
President and CEO



Augusto D. Bengzon
Chief Finance Officer
and Compliance Officer



INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL AS Philippines Branch (“DNV”) has been commissioned by the management of Ayala Land Inc. (“ALI”, SEC Identification Number: 152747) to undertake an independent assurance of the sustainability/non-financial disclosures in ALI’s 2020 Integrated Report (the “Report”) in its printed format for the year ended 31st December 2020. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV’s assurance methodology VeriSustain™¹, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with the Global Reporting Initiative’s (“GRI’s”) Principles for Defining Report Content and Report Quality and the Sustainability Accounting Standards Board’s (“SASB’s”) industry-specific Standards. The verification engagement was carried out from December 2020 to March 2021.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to assurance of non-financial sustainability disclosures in this Report. We are providing a ‘limited level’ of assurance based on DNV’s VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the sustainability management, performance, and reporting practices of ALI’s suppliers, contractors, and any third party mentioned in the Report. The Company’s position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work.

Responsibilities of the Management of Ayala Land Inc. and of the Assurance Provider

The Board of ALI has sole responsibility for the preparation of the Report and is responsible for all information provided in the Report as well as the processes for collecting, analysing, and reporting the information presented in the Report. ALI has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the “<IR> Framework”) and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards 2016, selected GRI Standards (2018 and 2020) as well as the SASB Standards 2018 (Real Estate) and TCFD for climate-related financial disclosures.

DNV’s assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included limited level of verification of sustainability performance disclosures for the identified material topics of ALI as identified under the reporting boundary brought out in the Report in the section “Material Aspects,” i.e., covering entities over which ALI has operational control or has seconded employees in operations. Our verification applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Basis of our Opinion and Limitations

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Real Estates and its key stakeholders. A multi-disciplinary team of sustainability and assurance specialists reviewed non-financial disclosures related to the Head Office at Makati City, and selected sites of ALI (Ayala North Exchange and One Ayala Construction) in the Philippines, based on DNV’s sampling plan. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments as one-to-one discussions and onsite location assessments were not feasible. We undertook the following activities:

¹ The VeriSustain protocol is available on dnv.com.

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Dated 1st March 2021

- Review of the non-financial sustainability disclosures in this Report;
- Review of approaches to materiality determination and stakeholder engagement. DNV did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the reporting framework adopted by ALI;
- Interviews with selected members of the leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support the issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and findings were discussed and resolved with the Corporate Sustainability Team;
- Planned site visits—Ayala North Exchange and One Ayala Construction—to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites for remote assessment or verification;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on our risk-based approach, i.e., relevance of identified material topics and sustainability context of the business; and
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and timing, and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that ALI's 2020 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

The Report has brought out formal and non-formal modes of engagement that ALI has established to identify stakeholders' concerns with whom ALI shall actively engage to help the internal stakeholders of ALI, identify and deliver on its sustainability focus area and commitment towards enhancing land and enriching lives and is detailed in the section of social engagement of this Report.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

The Report describes that there are no changes in the list of material topics as identified through a structured process in its 2020 Report and these material topics are still relevant. The material topics under four focus areas are mapped to identified sustainable development goals, considering the significance of their impacts on communities, business partners, workforce and the environment.

Responsiveness

The extent to which an organization responds to stakeholder issues.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

The Report brings out the Company's responses to identified material topics and significant issues which have arisen during the reporting period through disclosures on Risk assessment outcomes including mitigation measures, process of governance, organizations strategies and related management approaches. Further, the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards, including the organization's ability to create value on the six capitals of <IR> framework. However, the Report could further bring out the long- and medium-term targets related to identified material topic, its linkages to Capitals, and key changes in identified Capitals based on <IR> framework.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

The majority of the performance disclosures verified through offsite verification, i.e., at the Head Office and sampled sites, and through desk reviews and remote verification, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

The Report discloses the Company's non-financial disclosures based on <IR> framework and performance during the reporting period 2020 related to its material issues using appropriate GRI Topic Specific Standards and Sustainability Accounting Standards Board (SASB) disclosures, for the identified boundary of operations and covering the Company's approaches to value creation and responses to key challenges faced.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent, and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion based on the reported data and information.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. It has complied with the DNV Code of Conduct² during the assurance engagement and maintain independence wherever required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

² The DNV Code of Conduct is available from the DNV website (www.dnv.com)



DNV has provided assurance to Ayala Corporation, Manila Water Company Inc., AC Energy Philippines, Inc, Globe Telecom, Inc and the Bank of Philippine Islands. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any service to ALI in 2020 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL AS Philippines Branch

<p>Soh, Mui Yan</p> <p>Digitally signed by Soh, Mui Yan Date: 2021.03.31 17:55:04 +08'00'</p>	<p>Mak, Heng Chwin</p> <p>Digitally signed by Mak, Heng Chwin Date: 2021.03.31 21:04:07 +08'00'</p>	<p>Vadakepatth, Nandkumar</p> <p>Digitally signed by Vadakepatth, Nandkumar Date: 2021.03.31 15:30:38 +05'30'</p>
<p>Mui Yan Soh Lead Assessor DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Heng Chwin Mak Regional Manager APAC IME, DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Vadakepatth Nandkumar Assurance Reviewer DNV Business Assurance India Private Limited.</p>

31st March 2021, Manila, Philippines

 DNV GL AS Philippines Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

CORPORATE INFORMATION

AYALA LAND, INC.

31F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, 1226 Philippines
Tel (632) 7908 3111
Fax (63 2) 7848 5336

Corporate Website: www.ayalaland.com.ph
Investor Relations Website: ir.ayalaland.com.ph

STAKEHOLDER INQUIRIES

For inquiries or concerns from analysts, institutional investors, the financial community, customers, and the general public, please contact:

Customer, Media and General Inquiries:

inquiry@ayalaland.com.ph

Investor Communications:

investorrelations@ayalaland.com.ph

Corporate Governance:

corporatesecretary@ayalaland.com.ph

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificates, please contact:

BPI Stock Transfer Agency
3F Buendia Center
372 Senator Gil Puyat Ave.
Makati City, Philippines
Tel (632) 8580 4693 to 95
Email: stocktransferoffice@bpi.com.ph

Produced by:

Investor Communications and Compliance

Michael Blase V. Aquilizan

Michael Anthony L. Garcia

Sustainability

Fiona Aira P. Cerdan

Anna Maria M. Gonzales

Editorial Consultant: Leah B. del Castillo

Design and Layout: Perez Numedia, Inc.

Concept: Wunderman Thompson

Contributors:

Finance Group, Strategic Business Units and
Corporate Communications



Ayala Land, Inc.
31F Tower One, Ayala Triangle
Ayala Avenue, Makati City, 1226 Philippines
Tel (632) 7908 3111 • Fax (632) 8848 5336
www.ayalaland.com.ph | ir.ayalaland.com.ph