

SEC Number: 152-747
File Number: _____

AYALA LAND, INC.

(Company's Full Name)

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

(Company Address)

(632) 7908-3111

(Telephone Number)

September 30, 2022

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2022**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **000-153-790-000**
4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization:
Makati City, Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of issuer's principal office and postal code:
31F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 7908-3111**
9. Former name, former address, former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of September 30, 2022

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	14,759,239.931
Preferred shares	12,442,624,223

Amount of Debt Outstanding
P120,250,000,000.00

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

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

12. Indicate by check mark whether the registrant:

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

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2022

(Amounts in Thousands)

	September 2022 Unaudited	December 2021 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱17,383,899	₱13,971,437
Short-term investments (Note 5)	344,374	325,641
Financial assets at fair value through profit or loss (Note 6)	961,415	700,803
Accounts and notes receivable (Note 7)	105,108,638	100,097,451
Inventories (Note 8)	166,702,686	148,156,725
Other current assets (Note 9)	64,073,689	65,300,897
Total Current Assets	354,574,701	328,552,954
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 7)	48,518,545	43,663,620
Financial assets at fair value through other comprehensive income	994,321	981,270
Investments in associates and joint ventures (Note 10)	30,404,617	28,152,733
Right of use assets	12,626,123	12,156,240
Investment properties – net	238,495,863	243,397,632
Property and equipment – net	39,423,941	41,778,353
Deferred tax assets - net	14,064,303	12,890,122
Other noncurrent assets (Note 11)	32,764,633	33,891,439
Total Noncurrent Assets	417,292,346	416,911,409
Total Assets	₱771,867,047	₱745,464,363
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 12)	₱7,356,899	₱16,782,500
Accounts and other payables (Note 13)	139,733,607	136,690,396
Income tax payable	520,346	506,638
Current portion of lease liabilities	590,542	599,363
Current portion of long-term debt (Note 12)	10,548,482	26,173,997
Deposits and other current liabilities (Note 14)	29,324,261	27,471,315
Total Current Liabilities	188,074,137	208,224,209
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	217,928,434	180,140,242
Pension liabilities	2,201,429	2,103,735
Lease liabilities – net	17,649,581	17,237,991
Deferred tax liabilities - net	5,769,849	6,520,263
Deposits and other noncurrent liabilities (Note 15)	53,965,826	60,735,602
Total Noncurrent Liabilities	297,515,119	266,737,833
Total Liabilities	485,589,256	474,962,042

(Forward)

	September 2022 Unaudited	December 2021 Audited
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	80,206,296	79,897,468
Retained earnings	180,260,396	168,980,632
Remeasurement loss on defined benefit plans	14,439	(33,279)
Fair value reserve of financial assets at FVOCI*	(947,496)	(880,895)
Cumulative translations adjustments	377,395	261,612
Equity reserves (Note 16)	3,817,290	1,289,611
Treasury Stock	(19,063,518)	(16,894,380)
	244,664,802	232,620,769
Non-controlling interests	41,612,989	37,881,552
Total Equity	286,277,791	270,502,321
Total Liabilities and Equity	₱771,867,047	₱745,464,363

*Fair Value through other Comprehensive Income

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

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	2022		2021	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
REVENUE				
Real estate	₱30,589,312	₱80,138,627	₱21,696,629	₱ 64,787,545
Interest income from real estate sales	1,295,710	4,064,185	1,752,791	5,352,030
Equity in net earnings of associates and joint ventures	377,952	911,880	207,749	738,697
	32,262,974	85,114,692	23,657,169	70,878,272
Interest and Investment Income	116,281	244,200	52,999	169,367
Other income	593,286	951,938	(63,347)	1,556,069
	709,567	1,196,138	(10,348)	1,725,436
	32,972,541	86,310,830	23,646,821	72,603,708
COSTS AND EXPENSES				
Real estate	20,843,353	50,834,939	15,172,535	43,786,124
General and administrative expenses	1,733,118	5,062,750	1,502,873	4,676,251
Interest and other financing charges	3,198,570	8,886,338	2,307,308	8,183,102
Other charges	(300,782)	1,240,114	1,019,406	2,577,738
	25,474,259	66,024,141	20,002,122	59,223,215
INCOME BEFORE INCOME TAX	7,498,282	20,286,689	3,644,699	13,380,493
PROVISION FOR INCOME TAX				
Current	3,029,110	4,944,477	581,619	2,919,876
Deferred	(1,680,452)	(961,649)	(76,521)	(52,781)
	1,348,658	3,982,828	505,098	2,867,095
NET INCOME	₱6,149,624	₱16,303,861	₱3,139,601	₱10,513,398
Net income attributable to:				
Equity holders of Ayala Land, Inc.	₱5,262,644	₱13,342,166	₱2,547,407	₱8,588,643
Non-controlling interests	886,980	2,961,695	592,194	1,924,755
	₱6,149,624	₱16,303,861	3,139,601	10,513,398
Earnings Per Share				
Basic	₱0.35	₱0.89	₱0.17	₱0.58
Diluted	0.35	0.89	0.17	0.58

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

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	2022		2021	
	Jul to Sep	Jan. to Sep	Jul to Sep	Jan to Sep
NET INCOME	₱6,149,624	₱16,303,861	₱3,139,601	₱10,513,398
<i>Item that may be reclassified to profit or loss in subsequent years:</i>				
Cumulative translation adjustment	105,221	157,110	202,174	165,656
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>				
Fair value reserve of financial assets at FVOCI	16,887	(51,818)	57,406	269,612
Remeasurement gain (loss) on pension liabilities	60,786	63,624	(24,919)	(56,283)
Income tax effect	(15,196)	(15,906)	6,230	14,071
	167,698	153,010	240,891	393,056
Total comprehensive income for the period	₱6,317,322	₱16,456,871	₱3,380,492	₱10,906,454
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	₱5,374,232	₱13,439,066	₱2,649,736	₱8,784,181
Non-controlling interests	943,090	3,017,805	730,756	2,122,273
	₱6,317,322	₱16,456,871	₱3,380,492	₱10,906,454

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

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.												
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Remeasurement Gain (Loss) on Defined Benefit Plans (Note 26)	Fair value reserve of financial assets at FVOCI (Note 10)	Cumulative Translation Adjustments (Note 19)	Equity Reserves (Note 19)	Treasury Stocks (Note 19)	Total	Non- Controlling Interests	Total Equity
As of January 1, 2022	₱16,687,844	₱65,494,263	(₱2,284,639)	₱25,000,000	₱143,980,632	(₱33,279)	(₱880,895)	₱261,612	₱1,289,611	(₱16,894,380)	232,620,769	₱37,881,552	270,502,321
Net income	-	-	-	-	13,342,166	-	-	-	-	-	13,342,166	2,961,695	16,303,861
Other comprehensive income (loss)	-	-	-	-	-	47,718	(66,601)	115,783	-	-	96,900	56,110	153,010
Total comprehensive income	-	-	-	-	13,342,166	47,718	(66,601)	115,783	-	-	13,439,066	3,017,805	16,456,871
Cost of stock options	-	64,058	-	-	-	-	-	-	-	-	64,058	-	64,058
Collection of subscription receivable	-	-	200,365	-	-	-	-	-	-	-	200,365	-	200,365
Stock options exercised	14,172	448,708	(418,477)	-	-	-	-	-	-	-	44,403	-	44,403
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	(2,169,138)	(2,169,138)	-	(2,169,138)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	2,527,679	-	2,527,679	-	2,527,679
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,911,550	1,911,550
Cash dividends declared	-	-	-	-	(2,062,402)	-	-	-	-	-	(2,062,402)	(1,197,918)	(3,260,320)
As of September 30, 2022	₱16,702,016	₱66,007,029	(₱2,502,753)	₱25,000,000	₱155,260,396	₱14,439	(₱947,496)	₱377,395	₱3,817,290	(₱19,063,518)	₱244,664,800	₱41,612,989	₱286,277,789
As of January 1, 2021	₱16,066,829	₱49,149,512	(₱2,262,756)	₱8,000,000	₱153,660,724	(₱818,101)	(₱748,220)	₱167,395	₱585,256	(₱1,260,780)	₱222,539,859	₱37,639,473	₱260,179,332
Change in accounting policy:													
PFRS 15 adjustments	-	-	-	-	(127,158)	-	-	-	-	-	(127,158)	83,802	(43,356)
Capitalized borrowing costs – PAS 23	-	-	-	-	1,223,707	-	-	-	-	-	1,223,707	-	1,223,707
As of January 1, 2021, as restated	₱16,066,829	₱49,149,512	(₱2,262,756)	₱8,000,000	₱154,757,273	(₱818,101)	(₱748,220)	₱167,395	₱585,256	(₱1,260,780)	₱223,636,408	₱37,723,275	₱261,359,683
Net income	-	-	-	-	8,588,643	-	-	-	-	-	8,588,643	1,924,755	10,513,398
Other comprehensive income (loss)	-	-	-	-	-	(42,212)	154,892	82,858	-	-	195,538	197,518	393,056
Total comprehensive income	-	-	-	-	8,588,643	(42,212)	154,892	82,858	-	-	8,784,181	2,122,273	10,906,454
Cost of stock options	-	110,087	-	-	-	-	-	-	-	-	110,087	-	110,087
Collection of subscription receivable	-	-	278,345	-	-	-	-	-	-	-	278,345	-	278,345
Stock options exercised	11,389	344,884	(356,273)	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	(988,017)	(988,017)	-	(988,017)
Sale of non-controlling interest	-	-	-	-	-	-	-	-	977,989	-	977,989	-	977,989
Net change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	379,432	379,432
Cash dividends declared	-	-	-	-	(2,062,426)	-	-	-	-	-	(2,062,426)	(771,405)	(2,833,831)
As of September 30, 2021	₱16,078,218	₱49,604,483	(₱2,340,684)	₱8,000,000	₱161,283,490	(₱860,313)	(₱593,328)	₱250,253	₱1,563,245	(₱2,248,797)	₱230,736,567	₱39,453,575	₱270,190,142

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

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

For the Periods Ended September 30

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱20,286,689	₱13,380,493
Adjustments for:		
Depreciation and amortization	7,103,288	6,622,487
Equity in net earnings of investees	(911,880)	(738,697)
Interest and other charges	8,886,338	8,183,103
Interest and other income	(2,918,860)	(5,521,397)
Provision for doubtful accounts	17,704	167,593
Operating income before changes in working capital	32,463,279	₱22,093,582
Decrease (increase) in:		
Accounts and notes receivable	(2,097,961)	5,508,207
Real estate inventories	(9,778,416)	(4,374,301)
Other current assets	1,257,414	(7,695,774)
Increase (decrease) in:		
Accounts and other payables	7,542,435	3,512,134
Pension liabilities	145,412	(34,506)
Other current liabilities	(4,263,888)	(1,723,059)
Cash generated from (used for) operations	25,268,275	₱17,286,283
Interest received	4,019,139	5,521,397
Income tax paid	(4,930,769)	(3,691,253)
Interest paid - net of amount capitalized	(7,074,485)	(8,183,103)
Net cash used in operating activities	₱17,282,160	₱10,933,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Investments	(₱9,529,276)	(₱12,338,931)
Property and equipment	(911,292)	(448,522)
Short term investments	(204,554)	(109,754)
Financial asset at FVPL	-	250,665
Decrease (increase) in:		
Noncurrent accounts and notes receivable	(8,864,588)	(5,566,197)
Other assets	(586,200)	830,946
Net cash provided by (used in) investing activities	(20,095,910)	(₱17,381,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short-term / long-term loans	₱135,459,720	₱123,335,300
Payments of short-term / long-term loans	(123,529,443)	(119,229,150)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	(4,618,878)	661,000
Noncontrolling interest in consolidated subsidiaries	1,967,569	1,814,103
Equity reserves	2,527,679	39,797
Gain on sale of noncontrolling interest in AREIT, Inc.		938,193
Capital stock	308,826	388,433
Purchase of treasury shares	(2,169,138)	(988,018)
Dividends paid to non-controlling interest	(1,197,918)	(771,405)
Dividends paid to equity holders of Ayala Land, Inc.	(2,722,170)	(2,059,058)
Net cash provided by financing activities	₱6,026,247	₱4,129,195
NET DECREASE IN CASH AND CASH EQUIVALENTS	₱3,212,497	(₱2,319,274)
EFFECT OF CHANGES IN FOREIGN CURRENCY	199,965	149,483
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,971,437	17,037,347
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱17,383,899	₱14,867,556

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

AYALA LAND, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Ayala Land, Inc. (the Company, Parent Company, or ALI) is domiciled and was incorporated on June 30, 1988, in the Republic of the Philippines. The Company's parent is Ayala Corporation (AC). AC is a publicly-listed company, 47.91%-owned by Mermac, Inc., and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

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

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

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

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

Soltea Commercial Corp.	12	12
Soltea Commercial Corp.	60	60
CMPI Holdings, Inc.	60	60
ALI-CII Development Corporation (ALI-CII)	50	50
Roxas Land Corporation (RLC)	50	50
Adaage Commercial Corporation (Adaage)	60	60
Ayalaland Estates, Inc.	100	100
Prima Gaedi Development Corp	100	-
Redheap Holdings Inc.	100	-
Rookwood Properties, Inc.	100	-
Javantiger, Inc.	100	-
Ayalaland MetroNorth, Inc. (AMNI)	100	100
Verde Golf Development Corporation	100	100
North Triangle Depot Commercial Corporation (NTDCC)	73	73
Ayalaland-Tagle Properties, Inc.	55	55
BGWest Properties, Inc. (BGW)	50	50
Lagdigan Land Corporation	60	60
Central Bloc Hotel Ventures	100	100
Cebu Leisure Company, Inc.	100	100
CBP Theatre Management Inc.	100	100
Taft Punta Engaño Property Inc. (TPEPI)	55	55
Cebu Insular Hotel Company, Inc. (CIHCI)	37	37
Solinea, Inc.	35	35
Amaia Southern Properties, Inc. (ASPI)	35	35
Alabang Commercial Corporation (ACC)	50	50
South Innovative Theater Management (SITMI)	50	50
ALI Commercial Center Inc.	100	100
AMC Japan Concepts, Inc.	75	75
AyalaLand Logistics Holdings Corp.	71	71
FLT Prime Insurance Corp.	56	56
Orion Solutions, Inc	71	71
Orion I Holdings Philippines, Inc.	71	71
OE Holdings, Inc.	71	71
Orion Land Inc.	71	71
Lepanto Ceramics, Inc.	71	71
Laguna Technopark, Inc. (LTI)	71	71
Unity Realty & Development Corp.	71	71
Ayalaland Malls Synergies, Inc.	100	100
Ayala Malls Zing (AMZING), Inc.	100	-
Ayala Land Malls, Inc.	100	100
AyalaLand Malls Vismin, Inc.	100	100
AyalaLand Malls NorthEast, Inc.	100	100
Construction:		
Makati Development Corporation (MDC)	100	100
MDC Subic, Inc.	100	100
MDC Build Plus, Inc.	100	100
MDC Concrete, Inc. (MCI)	100	100
MDC Equipment Solutions, Inc. (MESI)	100	100
MDBI Construction Corp.	67	67
Hotels and Resorts:		

Ayala Hotels, Inc. (AHI)	50	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100	100
ALI Makati Hotel & Residences, Inc.	80	80
ALI Makati Hotel Property, Inc.	80	80
Asian Conservation Company Limited and Subsidiary	100	100
Enjay Hotels, Inc. (Enjay)	100	100
Greenhaven Property Venture, Inc. (GPVI)	100	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63	63
Bonifacio Hotel Ventures, Inc.	100	100
Southcrest Hotel Ventures, Inc.	67	67
Northgate Hotel Ventures, Inc.	70	70
North Triangle Hotel Ventures, Inc.	100	100
Ecosouth Hotel Ventures, Inc.	100	100
Sentera Hotel Ventures Inc.	100	100
Econorth Resorts Ventures, Inc.	100	100
ALI Triangle Hotel Ventures, Inc.	100	100
Circuit Makati Hotel Ventures, Inc.	100	100
Capitol Central Hotel Ventures, Inc.	100	100
Arca South Hotel Ventures, Inc.	100	100
Sicogon Town Hotel, Inc.	100	100
Bay Area Hotel Ventures, Inc.	100	100
Makati North Hotel Ventures, Inc.	100	100
One Makati Hotel Ventures, Inc.	100	100
Sicogon Island Tourism Estate, Corp.	77	77
Asiatown Hotel Ventures, Inc.	100	100
One Makati Residential Ventures, Inc.	100	100
ALI Makati Hotel & Residences, Inc.	20	20
ALI Makati Hotel Property, Inc.	20	20
Ten Knots Phils., Inc. (TKPI)	60	60
Bacuit Bay Development Corporation	60	60
Lio Resort Ventures Inc.	60	60
North Liberty Resort Ventures Inc.	60	60
Paragua Eco-Resort Ventures Inc.	60	60
Lio Tourism Estate Management Corp.	60	60
Ten Knots Development, Corp. (TKDC)	60	60
Chirica Resorts Corp.	60	60
Kingfisher Capital Resources Corp.	60	60
Pangulasian Island Resort Corporation	60	60
Integrated Eco-resort Inc.	100	100
Property Management:		
Ayala Property Management Corporation (APMC)	100	100
Prime Support Services, Inc.	100	100
Ayala Theatres Management, Inc. and Subsidiaries	100	100
DirectPower Services, Inc. (DirectPower)	100	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100	100
Entertainment:		
Five Star Cinema, Inc.	100	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50	50

Others:

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

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

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

Changes in the group structure in 2022

- a. Ayala Malls Zing (AMZING), Inc. was incorporated on December 3, 2021. The Company is 100% owned by ALI. The primary purpose of the Company is to engage in online and/or digital businesses that support Ayala Malls and other businesses of Ayala Land Inc.
- b. On March 9, 2022, the Executive Committee of Ayala Land, Inc. (ALI) approved ALI's subscription to 252,136,383 AREIT primary common shares, in exchange for six office buildings located in Cebu with an aggregate value of P11,257,889,535.91, under a property-for-share swap as validated by a third-party fairness opinion.

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

On April 27, 2022, Ayala Land, Inc. sold 87,370,000 shares of AREIT, Inc. (AREIT) at a transaction price of P39.70 per share, equivalent to P3.47 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares aggregated to P2.53 billion out of the P3.40 net proceeds. This transaction was executed in relation to the property-for-share swap transaction with AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 60.32% from 66.11%.

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

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

- c. AyalaLand Estates, Inc. (ALEI) purchased 100% equity interest of the following companies:

Company Name	Acquisition Date	No. of Common Shares	Amount
Redheap Holdings Inc.	1-Jun-22	100,000	₱1,000,000
Prima Gaedi Development Corp.	13-Jun-22	100,000	₱1,000,000
Rookwood Properties, Inc.	22-Jun-22	125,000	₱1,250,000
Javantiger, Inc.	5-Jul-22	100,000	₱1,000,000

2. Basis of Financial Statement Preparation

Basis of Preparation

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

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

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

Statement of Compliance

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

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

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

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

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

On November 3, 2022, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and its subsidiaries.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of September 30, 2022 and December 31, 2021.

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies

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

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

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

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

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

New Standards, Interpretations, and Amendments

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

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

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

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

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

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

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

The amendments have no material impact on the Group.

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

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

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments have no material impact on the Group.

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

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

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

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

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments have no material impact on the Group.

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

Effective beginning on or after January 1, 2025

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

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

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

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

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

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

Deferred Effectivity

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

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

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

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

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

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

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

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

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.

- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

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

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

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

4. Cash and Cash Equivalents

This account consists of the following:

(In Thousands)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on Hand	₱ 73,231	₱66,575
Cash in Banks	14,523,214	11,745,823
Cash Equivalents	2,787,454	2,159,039
	₱ 17,383,899	₱13,971,437

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

5. Short-term Investments

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

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

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

6. Financial Assets at FVPL

This account consists of the following:

(In Thousands)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in Arch Capital Fund	₱ 309,183	₱293,778
Investment in Unit Investment Trust Fund (UITF)	652,232	407,025
	₱ 961,415	₱700,803

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

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

7. Accounts and Notes Receivables

The account consists of:

(In Thousands)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade:		
Residential	₱106,669,030	₱98,489,459
Shopping Centers	5,555,346	5,654,697
Construction Contracts	2,842,100	2,142,028
Corporate Business	3,118,223	3,041,826
Management fees	189,400	127,766
Others	4,437,291	4,736,218
Advances to other companies	17,046,312	16,940,104
Accrued receivables	8,824,767	8,208,571
Receivables from related parties (Note 18)	6,460,096	5,958,742
Receivables from employees	811,181	755,814
	155,953,746	146,055,225
Less allowance for impairment losses	2,326,562	2,294,154
	153,627,184	143,761,071
Less noncurrent portion	48,518,545	43,663,620
	₱105,108,639	₱100,097,451

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

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

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

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

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

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

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

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

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

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

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

As of September 30, 2022, (unaudited) aging analysis of past due but not impaired trade receivables presented per class are as follows:

(In Thousands)	Neither Past Due nor Impaired	Past Due but not impaired					Total Past Due but not impaired	Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days			
Trade:									
Residential	₱80,983,735	₱10,939,540	₱1,575,831	₱562,220	₱2,086,763	₱10,456,439	₱25,620,793	₱64,502	₱106,669,030
Shopping Centers	3,437,933	221,000	403,553	212,490	202,556	-	1,039,599	1,077,814	5,555,346
Construction Contracts	914,391	292,694	172,010	260,199	308,794	737,956	1,771,653	156,056	2,842,100
Corporate Business	2,031,455	33,888	20,594	3,839	201,509	173,087	432,917	653,851	3,118,223
Management Fees	80,309	-	19,749	20,591	24,106	28,015	92,461	16,630	189,400
Others	3,297,050	727,441	18,932	12,062	50,077	107,745	916,257	223,984	4,437,291
Advances to other companies	9,300,815	43,180	-	4,667	1,033,703	6,530,222	7,611,772	133,725	17,046,312
Accrued Receivables	7,315,321	227,374	72,622	19,153	1,100	1,189,197	1,509,446	-	8,824,767
Related Parties	6,460,096	-	-	-	-	-	-	-	6,460,096
Receivables from employees	678,297	11,527	6,566	4,843	13,012	96,936	132,884	-	811,181
	₱114,499,402	₱12,496,644	₱2,289,857	₱1,100,064	₱3,921,620	₱19,319,597	₱39,127,782	₱2,326,562	₱155,953,746

8. Inventories

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

9. Other Current Assets

This account consists of:

(In Thousands)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Value-added input tax	P12,509,877	P12,387,774
Prepaid expenses	17,677,225	19,174,874
Advances to contractors	21,209,385	23,641,576
Creditable withholding taxes	9,180,271	8,096,828
Materials, parts and supplies – at cost	1,305,320	810,731
Others	2,191,613	1,189,113
	P 64,073,689	P65,300,897

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

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

Advances to contractors represent prepayments for the construction of inventories.

Creditable withholding taxes are applied against income tax payable.

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

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

10. Investment in Associates and Joint Ventures

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

(In Thousands)	Percentage of Ownership		Carrying Amounts	
	As of September 30 2022	As of December 31 2021	As of September 30 2022	As of December 31 2021
Joint Ventures:				
Emerging City Holdings, Inc. (ECHI)	50%	50%	P 3,878,632	P3,871,455
ALI-ETON Property Development Corporation (ALI ETON)	50%	50%	6,392,914	5,084,364
AKL Properties, Inc. (AKL)	50%	50%	3,178,806	3,108,096
Berkshires Holdings, Inc. (BHI)	50%	50%	1,918,575	1,915,164
Cebu District Property Enterprise, Inc. (CDPEI)	50%	50%	1,738,067	1,629,807
ALVEO-Federal Land Communities, Inc.	50%	50%	1,155,854	1,122,005
AyaGold Retailers, Inc. (AyaGold)	50%	50%	141,473	145,537
BYMCW, Inc.	30%	30%	60,941	54,717
SIAL Specialty Retailers, Inc. (SIAL Specialty)	50%	50%	26,462	26,462
			18,491,724	16,957,607
Associates:				
Ortigas Land Corporation (OLC)	21%	21%	9,446,514	9,016,865
Bonifacio Land Corp. (BLC)	10%	10%	1,435,870	1,401,225
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	787,893	541,604
Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	199,399	199,259
Lagoon Development Corporation	30%	30%	43,217	36,173
			11,912,893	11,195,126
			P 30,404,617	P28,152,733

Financial information of the associates with material interest:

On February 26, 2021, White Knight Holdings, Inc., a wholly-owned subsidiary of ALI completed the sale of its 39.20% share in the outstanding capital stock of Mercado General Hospital, Inc., the holding company for the QualiMed healthcare network of hospitals and clinics to Healthway Philippines, Inc, a wholly-owned subsidiary of Ayala Healthcare Holdings, Inc. The original cost of the investment amounted to ₱365.9 million and the sale resulted to a gain of ₱807.6 million recorded under other income.

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

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

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

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

Below is the summarized financial information for OLC:

Ortigas Land Corporation (in Thousands)	As of September 30, 2022	As of December 31, 2021
Current assets	30,157,347	25,229,814
Noncurrent assets	22,692,648	19,702,848
Current liabilities	(16,806,903)	(14,584,974)
Noncurrent liabilities	(22,374,990)	(18,784,134)
Equity	13,668,101	11,563,554
The proportion of the Group's ownership	21.1%	21.1%
Group's share in identifiable net assets	2,870,301	2,439,910
Carrying amount of the investment	9,446,514	9,016,865
Fair value adjustments	6,576,213	6,602,256
Negative Goodwill	148,046	148,046
Dividends received	8,256	33,558
Revenue	8,664,241	8,418,096
Cost and expenses	(6,559,082)	(6,646,415)
Net income (continuing operations)	2,105,159	1,771,681
Group's share in net income for the year	439,205	373,825
Total comprehensive income	2,105,159	1,771,681
Group's share in total comprehensive income for the year	439,205	373,825

Bonifacio Land Corporation (BLC)

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

Below is the summarized financial information of BLC:

Bonifacio Land Corporation (In Thousands)	As of September 30, 2022	As of December 31, 2021
Current assets	9,799,994	8,474,309
Noncurrent assets	32,362,040	32,866,620
Current liabilities	(2,413,944)	(2,204,975)
Noncurrent liabilities	(7,718,535)	(7,351,740)
Equity	32,029,555	31,784,214
Less: noncontrolling interest	14,404,554	14,054,976
Equity attributable to Parent Company	17,625,001	17,729,238
The proportion of the Group's ownership	10.1%	10.1%
Group's share in identifiable net assets	1,780,125	1,790,653
Carrying amount of the investment	1,435,870	1,401,225

Negative Goodwill	(344,255)	(389,428)
Dividends received	-	35,125

Revenue	3,500,457	3,685,650
Cost and expenses	(2,079,702)	(2,543,308)
Net income (continuing operations)	1,420,755	1,142,342
Net income attributable to minority interest	(669,414)	(526,941)
Net income attributable to parent	751,341	615,401
Group's share in net income for the year	75,885	62,156
Total comprehensive income attributable to parent	751,341	615,401
Group's share in total comprehensive income for the year	75,885	62,156

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

(In Thousands)	As of September 30, 2022	As of December 31, 2021
Carrying amount	1,030,509	777,036
Share in net income (loss) from continuing operations	5,915	(113,230)
Share in total comprehensive income (loss)	5,915	(113,230)
Dividend Received	-	9,000

Emerging City Holdings, Inc. (ECHI)

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

(In Thousands)	As of September 30, 2022	As of December 31, 2021
Current assets	9,858,829	8,532,495
Noncurrent assets	32,362,050	32,871,398
Current liabilities	(2,742,723)	(2,627,269)
Noncurrent liabilities	(7,718,535)	(7,351,740)
Equity	31,759,620	31,374,884
Less: minority interest	23,436,820	22,230,335
Equity	8,322,800	9,144,549
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,161,400	4,572,275
Carrying amount of the investment	3,878,632	3,871,455
Dividends received	170,750	170,750

Revenue	3,501,889	3,872,498
Cost and expenses	(2,085,498)	(2,475,532)
Net income (continuing operations)	1,416,390	1,396,966
Net income attributable to minority interest	(1,031,423)	(980,460)
Net income attributable to parent	384,968	416,506
Group's share in net income for the period	708,195	208,253
Total comprehensive income attributable to parent	1,417,085	416,506
Group's share in total comprehensive income for the period	708,542	208,253

ALI-ETON Property Development Corporation (AEPDC)

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

Below is the summarized financial information for AEPDC:

(In Thousands)	As of September 30, 2022	As of December 31, 2021
Current assets	17,754,915	13,811,748
Noncurrent assets	4,302,370	4,014,578
Current liabilities	(7,382,462)	(5,822,376)
Noncurrent liabilities	(948,849)	(928,951)
Equity	13,725,974	11,074,998
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	6,862,987	5,537,499
Carrying amount of the investment	6,392,914	5,084,364
Fair value adjustments	470,073	453,135
Negative Goodwill	-	-
Dividends received	-	-
Revenue	1,150,503	825,159
Cost and expenses	(1,033,404)	(708,347)
Net income (continuing operations)	117,099	116,812
Group's share in net income for the period	58,549	58,406
Total comprehensive income attributable to parent	117,099	116,812
Group's share in total comprehensive income for the period	58,549	58,406

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

(In Thousands)	As of September 30, 2022	As of December 31, 2021
Carrying amount	8,220,178	8,001,788
Share in net income (loss) from continuing operations	161,813	305,223
Share in total comprehensive income (loss)	161,813	305,223

11. Other noncurrent assets

This account consists of:

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Advances to contractors	P8,613,462	P8,453,875
Prepaid expenses	14,650,402	14,954,424
Leasehold rights	3,510,332	3,398,659
Deferred input VAT	1,209,126	1,515,092
Deposits - others	2,187,714	2,005,003
Investment in bonds	2,309,440	2,309,440
Net pension assets	49,040	10,961
Development rights	37,678	37,678
Others	197,440	1,206,307
	P32,764,633	P33,891,439

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

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

Leasehold rights consist of the following:

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

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

Movements during the period are as follows:

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Balance at the beginning of the year	₱3,398,659	₱3,506,816
Additions	153,142	-
Amortization	(41,469)	(108,157)
Balance at the end of the period	₱3,510,332	₱3,398,659

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

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

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

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

12. Short-Term and Long-Term Debt

The short-term debt amounting to ₱7,356.9 million and ₱16,782.5 million as of September 30, 2022 and December 31, 2021, respectively, represents both peso and foreign currency-denominated bank loans. Peso-denominated short-term loans had a weighted average cost of 2.20% and 2.14% per annum for the first nine months of 2022 and 2021, respectively.

In compliance with BSP rules on directors, officers, stockholders and related interests, certain long-term debt with a carrying value of ₱4,992.8 million and ₱6,368.9 million as of September 30, 2022 and 2021 are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱3,403.5 million and ₱2,288.9 million as of September 30, 2022 and 2021, respectively, which is accounted as part of the "Investment properties" account.

Long-term debt consists of:

	September 30, 2022 Unaudited	December 31, 2021 Audited
	<i>(In Thousands)</i>	
Parent Company:		
Bonds:		
Due 2022	-	₱22,650,000
Due 2023	₱7,000,000	7,000,000
Due 2024	15,000,000	3,000,000
Due 2025	23,250,000	23,250,000
Due 2026	16,000,000	16,000,000
Due 2027	15,000,000	8,000,000
Due 2028	22,000,000	10,000,000
Due 2029	14,000,000	-
Due 2031	3,000,000	3,000,000
Due 2033	2,000,000	2,000,000
Fixed rate corporate notes (FXCNs)	4,612,500	4,650,000

	September 30, 2022	December 31, 2021
	Unaudited	Audited
	<i>(In Thousands)</i>	
Php - denominated long-term loans	68,415,187	76,814,570
US Dollar - denominated long-term loans	7,328,125	6,374,875
	P197,605,813	182,739,445
Subsidiaries:		
Bank loans - Philippine Peso	P28,645,037	P21,719,292
Bonds	3,000,000	3,000,000
Bank loans - Malaysian Ringgit	600,677	1,246
	P32,245,714	P24,720,538
	P229,851,527	P207,459,983
Less unamortized transaction costs	1,374,611	1,145,744
	P228,476,915	P206,314,239
Less current portion	10,548,482	26,173,997
	P217,928,434	P180,140,242

ALI Parent

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

Year Issued	Term (Years)	Interest rate	Principal Amount (In thousands)	Carrying Value (In thousands)		Features
				September 30, 2022	2021	
2012	10	6.00%	5,650,000	-	P5,650,000	Fixed rate bond due 2022
2013	20	6.00%	2,000,000	P1,987,391	1,986,794	Fixed rate bond due 2033
2015	7	4.50%	7,000,000	-	6,987,688	Fixed rate bond due 2022
2016	9.5	4.75%	7,000,000	6,974,813	6,969,407	Fixed rate bond due 2025
2016	10	4.85%	8,000,000	7,967,951	7,961,918	Fixed rate bond due 2026
2016	7	3.89%	7,000,000	6,988,283	6,980,787	Fixed rate bond due 2023
2017	10	5.26%	7,000,000	6,981,651	6,979,065	Fixed rate bond due 2027
2018	10	5.92%	10,000,000	9,924,859	9,916,583	Fixed rate bond due 2028
2019	7	6.37%	8,000,000	7,944,304	7,934,304	Fixed rate bond due 2026
2019	5	4.76%	3,000,000	2,984,010	2,978,436	Fixed rate bond due 2024
2019	7.3	4.99%	1,000,000	968,335	963,622	Fixed rate bond due 2027
2020	2	3.00%	10,000,000	-	9,970,491	Fixed rate bond due 2022
2020	5	3.86%	6,250,000	6,203,428	6,192,684	Fixed rate bond due 2025
2021	4	3.63%	10,000,000	9,924,286	9,903,889	Fixed rate bond due 2025
2021	10	4.08%	3,000,000	2,979,221	2,977,789	Fixed rate bond due 2031
2022	6	5.81%	12,000,000	11,915,091	-	Fixed rate bond due 2028
2022	2	4.40%	12,000,000	11,880,449	-	Fixed rate bond due 2024
2022	5	6.21%	7,000,000	6,924,470	-	Fixed rate bond due 2027
2022	7	6.80%	14,000,000	13,846,714	-	Fixed rate bond due 2029
Total				P116,395,256	P94,353,457	

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

Bonds:

Philippine Peso 10-year Bonds due 2022

In April 2012, the Parent Company issued its P5,650.0 million bonds due 2022 at a fixed rate equivalent to 6.0% p.a. PhilRatings assigned a PRS Aaa rating on the bonds. The Parent Company fully paid the bonds in April 2022.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022

In April 2015, the Parent Company issued a total of P7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.50% p.a. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. The Parent Company fully paid the bonds in April 2022.

Philippine Peso 2-year Bonds due 2022

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

Philippine Peso 7-year Bonds due 2023

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

Philippine Peso 5-year Bonds due 2024

In September 2019, the Parent Company issued and listed on the PDEX its ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.76% p.a. The Bonds represent the second tranche of debt securities issued under the Parent Company's 2019 Program, and were rated PRS Aaa with a Stable Outlook by PhilRatings.

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

In April 2016, the Parent Company issued and listed on the PDEX a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of debt securities issued under the Parent Company's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 5-year Bonds due 2025

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

Philippine Peso 4-year Bonds due 2025

In May 2021, the Parent Company issued and listed on the PDEX its ₱10,000.0 million fixed rate bonds due 2025 at a rate equivalent to 3.63% p.a. The Bonds represent the sixth tranche of debt securities issued under the Parent Company's 2019 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

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

In March 2016, the Parent Company issued and listed on the PDEX a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. This is the first tranche of the tranche of debt securities issued under the Parent Company's 2016 Program. The Bonds were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings. In May 2019, the Parent Company issued and listed on the PDEX ₱8,000.0 million fixed rate bonds due 2026 at a rate equivalent to 6.37% p.a. The Bonds, the first tranche of Parent Company's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

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

In May 2017, the Parent Company issued its ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.26% p.a. The Bonds, the fourth tranche of the Parent Company's 2016 Program, were listed on the PDEX and were rated PRS Aaa with a Stable Outlook by PhilRatings. In November 2019, the Parent Company issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.99% p.a. The Bonds, the third tranche of bonds issued under the Parent Company's 2019 Program, were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2028

In April 2018, the Parent Company issued and listed on the PDEX a total of ₱10,000.0 million fixed rate bonds due 2028 at a rate equivalent to 5.92% p.a. and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.92% p.a. or the prevailing 5-year

benchmark plus 75 bps. The Bonds represent the fifth tranche of the of debt securities issued under the Parent Company's 2016 Program. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings.

Philippine Peso 6-year Bonds due 2028

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

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

In July 2022, the Parent Company issued a total of ₱33,000.0 million fixed rate bonds, broken down into ₱12,000.0 million bonds due 2024 at a rate equivalent to 4.40% p.a., ₱7,000.0 million bonds due 2027 at a rate equivalent to 6.21% p.a. and a ₱14,000.0 million bond due 2029 at a rate equivalent to 6.81% p.a. The offering is the third tranche of debt securities issued under the Parent Company's 2021 Program. The Bonds were listed on the PDEX and were assigned an issue credit rating of PRS Aaa, with a Stable Outlook by PhilRatings.

Philippine Peso 10-year Bonds due 2031

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

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033

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

Philippine-denominated Long-term Loans:

Philippine Peso 10-year and 3-month Notes due 2023

In December 2012, the Parent Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.50% p.a. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date. As of September 30, 2022 and 2021, the remaining balance of the notes amounted to ₱4,612.5 million and ₱4,650.0 million, respectively.

Philippine Peso-denominated Long-term Loans

In August to September 2015, the Parent Company assumed an aggregate of ₱15,526.9 million various long-term facilities of some subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.50% to 4.70% p.a. and terms ranging from 4.4 years to 10.5 years. In March 2016, the Company additionally assumed from ALI Makati Hotel Property, Inc. US\$30.0 million in long-term loans from the Bank of the Philippine Islands. The loan carried a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR) and is repricable quarterly. The loan was prepaid in December 2018. In August 2022, coinciding with the repricing date of the Parent Company's ₱10,000.0 million 10.5-year long-term facility, the Company executed a Deed of Assignment with a domestic bank. The Parent Company assigned the remaining balance of the loan amounting to ₱7,872.0 million to Avida Land, Corp. (₱4,086.0 million), Alveo Land, Corp. ((₱2,880.0 million) and Accendo Commercial, Corp. ((₱906.0 million) (collectively the "Assigned Loan"). The Assigned Loan carries a floating rate applicable for the

remaining 3.5 years of the long-term facility. As of September 30, 2022 and 2021, the remaining balance of the assumed long-term facilities amounted to ₱1,907.8 million and ₱9,820.9 million, respectively.

In March 2017, the Parent Company executed a ₱10,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn an initial ₱5,000.0 million. The balance of ₱5,000.0 million was drawn in April 2017. The loan carries a fixed interest rate of 4.95% p.a. and a term of 10 years. As of September 30, 2022 and 2021, the remaining balance of long-term facilities amounted to ₱9,250.0 million and ₱9,475.0 million, respectively.

In March 2018, the Parent Company executed a ₱5,000.0 million long-term facility with a domestic bank, in which the Parent Company had simultaneously drawn the entire facility amount. As of September 30, 2022 and 2021, the remaining balance of long-term facility amounted to ₱4,775.0 million and ₱4,812.5 million, respectively.

In January 2020, the Parent Company executed and availed a ₱5,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.50% p.a. for the initial 5 years. In December 2020, the Parent Company also executed and availed a ₱10,000.0 million 10-year long-term facility with a domestic bank. The loan carries a fixed interest rate of 4.0% p.a. for the first 7 years. Both loans will be repriced on the 5th and 7th anniversary with the remaining balance of ₱4,975.0 million and ₱9,636.0 million, respectively.

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

On December 16, 2021, the SEC approved and made effective the merger of CHI, AiO, ASCVC and CBDI with and into ALI, with ALI as the surviving entity (the "Merger"). ALI shall be the surviving entity in the Merger and shall possess all the rights, privileges and immunities of CHI, AiO, ASCVC and CBDI (the "Absorbed Corporations"), and all properties and liabilities, and all and every other interest of or belonging to the Absorbed Corporations shall be taken and deemed transferred to ALI without further act or deed. With that, the Parent Company assumed an aggregate of ₱914.1 million long-term facilities of AiO from a domestic bank. As of September 30, 2022 and 2021, the remaining balance of long-term facilities amounted to ₱871.4 million and ₱914.1 million, respectively.

As of September 30, 2022 and 2021, remaining aggregate balance of the Peso-denominated long-term loans amounted to ₱68,415.2 million and ₱76,814.6 million, respectively.

US Dollar-denominated Long-term Loans:

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

As of September 30, 2022 and 2021, the remaining aggregate balance of US Dollar-denominated long term loans amounted to ₱7,328.1 million and ₱6,374.9 million, respectively.

Subsidiaries

The subsidiaries' loans will mature on various dates up to 2032. Peso-denominated loans bear various floating interest rates at 50 bps to 80 bps spread over the benchmark 91-day PHP BVAL Reference Rate (previously PDST-R2) and/or fixed interest rates ranging from 3.27% to 4.83% p.a.

Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to (i) 95.0% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSPOvernightRate) or (ii) the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. or (iii) the average of the Bangko Sentral ng Pilipinas Overnight Deposit Rate and Term Deposit Facility with a term closed to the 90-day interest period.

In September 2022 and 2021, the subsidiaries made a total bank loan availment of ₱8,245.0 million (including the Assigned Loan) and ₱5,830.0 million, respectively. As of September 30, 2022 and 2021, the subsidiaries paid a total bank loan of ₱23,614.1 million and ₱7,349.83 million, respectively. The total outstanding balance of the subsidiaries' loans as of September 30, 2022 and December 31, 2021 amounted to ₱29,245.7 million and ₱21,720.54 million loans, respectively.

Philippine Peso 3.0 Billion Fixed Rate Bonds due 2023

In December 2021, AREIT, Inc. issued a total of ₱3,000.0 million bonds due 2023 at a fixed rate equivalent to 3.04% p.a. The Bonds represent the first tranche of debt securities issued under its ₱15,000.0 million Debt Securities Program registered with the SEC and listed on the PDEX. The Bonds were rated PRS Aaa with a Stable Outlook by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

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

Interest capitalized amounted to ₱459.80 million and ₱548.56 for the first nine months in 2022 and 2021, respectively. The average capitalization rates in 2022 and 2021 is 4.34% and 4.44%, respectively.

Transaction costs capitalized amounted to ₱461.25 million and ₱226.12 million during the first nine months of 2022 and 2021, respectively. Amortization amounted to ₱232.38 million and ₱353.42 million for the first nine months of 2022 and 2021, respectively, and included under "Interest and other financing charges" (see Note 22).

13. Accounts and Other Payables

This account consists of:

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Accounts payable	₱94,499,726	₱87,252,257
Taxes payable	20,888,906	19,413,474
Liability for purchased land	10,731,219	9,576,947
Accrued salaries & employee benefits	4,520,744	5,309,047
Retention payable	3,220,229	5,198,897
Accrued professional & management fees	532,551	2,034,248
Accrued repairs and maintenance	637,013	2,027,742
Interest payable	2,324,269	1,592,727
Accrued utilities	588,994	552,337
Accrued advertising and promotions	826,179	922,513
Accrued rentals	78,864	91,477
Payable to related parties (note 18)	622,129	923,241
Dividends payable	27,214	686,982
Other accrued expenses	235,570	1,108,507
	₱139,733,607	₱136,690,396

14. Deposits and other current liabilities

This account consists of:

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Security and customers' deposits	₱27,699,154	₱27,231,492
Other current liabilities	1,625,107	239,823
	₱29,324,261	₱27,471,315

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

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

15. Deposits and other noncurrent liabilities

This consists of:

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Deposits	₱25,441,362	₱38,714,953
Contractors payable	5,665,398	3,167,215
Liability for purchased land	12,101,232	12,835,369
Retentions payable	9,413,726	4,174,016
Deferred Output VAT	870,962	1,048,615
Subscriptions payable	256,128	256,068
Other liabilities	217,017	539,366
	₱53,965,826	₱60,735,602

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

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

Contractors' payable represents estimated liability on property development.

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

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

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

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

16. Equity

Capital Stock

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

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

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

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

Treasury Shares

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

On June 14, 16, 20, 23, 24, 27, 28, 29, 30, 2022, Ayala Land, Inc. (ALI) purchased a total of 22,956,400 common shares at an average price of P28.31/share for a total consideration of P649.86 million under its share buyback program.

During the third quarter of 2022, Ayala Land, Inc. (ALI) purchased a total of 28,047,400 common shares at an average price of P27.27/share for a total consideration of P764.76 million under its share buyback program.

Declaration of Cash Dividends

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

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

Employee Stock Ownership Plan

On September 9, 2022, further to the disclosure last May 19, 2022, the Securities and Exchange Commission approved the application for exemption from the registration requirements for the additional 100,000,000 common shares allocated for our Employee Stock Ownership Plan (ESOWN). In view of the foregoing, an additional 4,097,954 common shares were issued to the eligible subscribers of the 2022 ESOWN Grant at Php30.29 per share. The option price is the average price of the common shares at the Philippine Stock Exchange over the last 30-day trading as of February 14, 2022, less 15% discount. As a result of the additional subscriptions, the number of issued and outstanding common shares are now 15,395,366,537 and 14,762,076,694, respectively.

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

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

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

On February 23, 2021, the Board of Directors at its regular meeting approved the amendment of the Employee Stock Ownership Plan (the "Plan") to increase the share allocation for ESOWN grants from 2.5% to 3.0% of the authorized capital stock. This was likewise presented and approved by stockholders during the Company's Annual Stockholders' Meeting on April 21, 2021.

Equity Reserve

On April 27, 2022, Ayala Land, Inc. sold 87,370,000 shares of AREIT, Inc. (AREIT) at a transaction price of P39.70 per share, equivalent to P3.47 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares aggregated to P2.53 billion out of the P3.40 net proceeds. This transaction was executed in relation to the property-for-share swap transaction with AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 60.32% from 66.11%.

Cumulative Translation Adjustment

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

17. Business Combinations and Acquisition of Non-Controlling Interests

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

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

On April 27, 2022, Ayala Land, Inc. sold 87,370,000 shares of AREIT, Inc. (AREIT) at a transaction price of P39.70 per share, equivalent to P3.47 billion (exclusive of fees and taxes). ALI's net equity reserve from the sale of AREIT shares aggregated to P2.53 billion out of the P3.40 net proceeds. This transaction was executed in relation to the property-for-share swap transaction with AREIT. As a result, ALI's percentage ownership in AREIT was reduced to 60.32% from 66.11%.

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

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

The merger of the Parent Company and its subsidiaries

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

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

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

18. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

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

a. Transactions with BPI, an associate of AC

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

(In Thousands)	September 30, 2022 Unaudited	December 31, 2021 Audited
Cash in bank	P4,859,298	P3,302,304
Cash equivalents	1,532,309	29,181
Marketable Securities	650,792	197,432
Short-term debt	740,000	1,643,500
Long-term debt	P4,994,225	P6,366,922

a. Outstanding balances from/to related parties

In Thousands	Receivables from Related Parties		Payables to Related Parties	
	September 2022 Unaudited	December 2021 Audited	September 2022 Unaudited	December 2021 Audited
Ayala Corp.	P58,181	P85,968	P151,113	151,145
Associates	5,312,852	4,903,412	329,166	308,758
Other Related Parties:				
Globe Telecom, Inc.	192,414	172,685	9,215	9,542
Bank of the Philippine Islands	185,483	149,912	26,406	45,537
Columbus	42,922	1	-	267,355
Manila Water Company, Inc.	256,703	357,441	34,195	13,825
Manila Water Philippine Ventures Inc.	226,083	144,930	42,018	8,381
Michigan Holdings, Inc.	-	3	-	-
Others	185,458	144,389	30,272	118,698
	1,089,063	969,361	142,106	463,338
	P6,460,096	P5,958,741	P622,385	P923,241

b. Revenues and expenses from/to related parties

In Thousands	Revenues from Related Parties		Expenses from Related Parties	
	September 2022 Unaudited	September 2021 Unaudited	September 2022 Unaudited	September 2021 Unaudited
Ayala Corp.	P6,699	P2,616	P4,723	P9,317
Associates	1,437,027	1,847,169	137,961	226,803
Other Related Parties:				
Bank of the Philippine Islands	500,486	377,482	142,771	182,654
AG Counselors Corp	1	1	49,703	24,447
Globe Telecom, Inc.	75,461	73,734	41,516	47,008
Innovate Communications	8,228	6,571	73,128	72,693
Manila Water Company, Inc.	541,648	317,488	203,202	140,660
Manila Water Philippine Ventures, Inc.	95,861	100,597	220,278	124,523
Michigan Holdings, Inc.	902	902	-	-
Others	66,781	56,792	496,897	772,906
	1,289,368	933,567	1,227,495	1,364,891
	P2,733,094	P2,783,352	P1,370,179	P1,601,011

19. Financial Risk Management Objectives and Policies

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

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

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

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

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

There were no changes in the Group's financial risk management objectives and policies as of September 30, 2022.

Liquidity risk

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

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

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

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

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

Credit risk

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

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

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

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated based on payment track records and other credit information. Under the provisions of the lease contracts, the lessees are required to deposit

with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

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

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of September 30, 2022 and December 31, 2021. The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash & Cash equivalents, short-term investments and current receivables, accounts and other payables, current payables, and short-term debt- Carrying amounts approximate fair values due to relatively short-term maturities of these financial instruments.

Financial assets at FVPL- UITF - These are fund investments. Fair value is based on the net asset value as of reporting dates.

Noncurrent accounts and notes receivables- The fair values of residential accounts and notes receivable from employees are based on the discounted value of future cash flow using the applicable rates for similar types of instruments. The discount rates used ranged from 5.50% to 18.00% as of September 30, 2022 and December 31, 2021, respectively.

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

Financial assets at FVOCI unquoted equity securities - These are carried at cost less allowance for impairment losses because fair values cannot be measured reliably due to the lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - the fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 1.42% to 7.40% and 1.00% to 5.25% as of September 30, 2022 and December 31, 2021 respectively. The fair value of noncurrent unquoted debt instruments with floating rates as estimated using the discounted cash flow- last pricing method.

20. Fair Value Hierarchy

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

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

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

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

The company categorizes trade receivables, investment in bonds classified as loans and receivables, receivables from employees, long-term debt and deposits, and other noncurrent liabilities under level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories on September 30, 2022 and December 31, 2021.

(In Thousands)	September 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at FVPL	₱961,415	₱961,415	₱700,803	₱700,803
Financial Assets at FVOCI				
Unquoted equity securities	583,543	583,543	583,543	583,543
Quoted equity securities	410,778	410,778	397,727	397,727
	₱2,004,516	₱2,004,516	₱1,682,073	₱2,476,614
Financial assets at amortized cost				
Noncurrent trade residential and office development	₱48,000,686	₱50,228,547	₱42,926,431	₱43,149,538
Receivable from employees	811,181	811,181	755,814	755,814
	₱48,811,867	₱51,039,729	₱43,682,245	₱43,682,245
Other financial liabilities				
Long-term debt	₱228,476,915	₱228,126,982	₱206,314,239	₱195,588,364
Deposits and other noncurrent liabilities	53,965,826	52,802,159	59,686,987	51,360,589
	₱ 282,442,741	₱ 280,929,141	₱266,001,226	₱246,948,953

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

2022

(In Thousands)	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
September 30, 2022 (Unaudited)					
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund					
Investment in Arch Capital Fund	Sep. 30, 2022	₱652,232	-	₱652,232	-
	Sep. 30, 2022	309,183	-	-	309,183
		₱961,415	-	₱652,232	₱309,183
Financial assets at fair value through other comprehensive income					
Quoted equity securities	Sep. 30, 2022	₱410,778	₱410,778	-	-
Unquoted equity securities	Sep. 30, 2022	583,543	-	-	583,543
		994,321	410,778	₱-	583,543
		₱ 2,004,516	₱410,778	₱652,232	₱892,726
December 31, 2021 (Audited)					
Financial assets at fair value through profit and loss					
Investment in Unit Investment Trust Fund	Dec. 31, 2021	₱407,025	₱-	₱407,025	₱-
Investment in Arch Capital Fund	Dec. 31, 2021	293,778	-	-	293,778
		₱700,803	₱-	₱407,025	₱293,778
Financial assets at fair value through other comprehensive income					
Quoted equity securities	Dec. 31, 2021	₱397,727	₱397,727	₱-	₱-
Unquoted equity securities	Dec. 31, 2021	583,543	-	-	583,543
		971,270	397,727	₱-	583,543
Total		₱1,682,073	₱397,727	₱407,025	₱877,312

21. Condensed Consolidated Statement of Cash Flows

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

(In Thousands)	Dec. 31, 2021 Audited	Cash Flows Acquisition	Non-Cash Changes	FOREX Movement	September 30, 2022 Unaudited
Short-term debt	₱16,782,500	(9,425,601)	-	-	7,356,899
Current Portion of Long-term debt	26,173,997	(15,625,515)	-	-	10,548,482
Long-term debt-net of current portion	180,140,242	37,019,653	(228,866)	997,405	217,928,434
Dividends Payable	686,982	(2,722,170)	2,062,402	-	27,214
Lease liabilities	17,837,354	(677,542)	1,080,311	-	18,240,123
Deposits & Other noncurrent liabilities	60,735,602	(6,769,776)	-	-	53,965,826
Total liabilities from financing activities	₱302,356,677	1,799,049	- 2,913,847	-	308,066,978

22. Segment information

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

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

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

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

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

Business segments

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

2022

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	P49,458	P1,727	P-	P-	P3,917	P2,712	P2,942	P-	P-	P60,756
Interest income from real estate sales	4,064	-	-	-	-	-	-	-	-	4,064
Rental revenue	-	-	11,188	8,195	-	-	-	-	-	19,383
Intersegment sales	-	-	-	-	-	26,393	-	-	(26,393)	-
Equity in net earnings of associates and joint ventures	904	-	7	-	-	6	(5)	-	-	912
Total revenue	54,426	1,727	11,195	8,195	3,917	29,111	2,937	-	(26,393)	85,115
Real estate costs and expenses	37,859	1,455	5,182	1,796	4,204	27,073	4,686	293	(26,650)	55,898
Gross margin (loss)	16,567	272	6,013	6,399	(287)	2,038	(1,749)	(293)	257	29,217
Interest and investment income										244
Other charges										(1,240)
Interest and other financing charges										(8,886)
Other income										952
Provision for income tax										(3,983)
Net income										P16,304
Net income attributable to:										
Equity holders of Ayala Land, Inc.										13,342
Non-controlling interests										2,962
										P16,304
Other information										
Segment assets	P586,517	P22,526	P212,248	P147,213	P53,366	P46,943	P14,036	P77,497	(P432,948)	P727,398
Investment in associates and joint ventures	30,133	-	43	-	-	61	168	-	-	30,405
	616,650	22,526	212,291	147,213	53,366	47,004	14,204	77,497	(432,948)	757,803
Deferred tax assets	1,978	195	2,007	347	451	151	122	1,893	6,920	14,064
Total assets	P618,628	P22,721	P214,298	P147,560	P53,817	P47,155	P28,530	P79,390	(P426,028)	P771,867
Segment liabilities	P236,300	P12,061	P93,605	P25,208	P21,051	P34,660	P7,544	P198,824	(P149,434)	479,819
Deferred tax liabilities	1,611	-	179	304	10	4	-	(188)	3,850	5,770
Total liabilities	P237,911	P12,061	P93,784	P25,512	P21,061	P34,664	P7,544	P198,636	(P145,584)	P485,589
Segment additions to:										
Property and equipment	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Investment properties	P2,726	P221	P1,049	P1,281	P187	P-	P1,142	P-	P-	P6,606
Depreciation and amortization	P412	P132	P3,330	P1,757	P688	P232	P377	P175	P-	7,103
Non-cash expenses other than depreciation and amortization	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Impairment losses	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-

2021

	Property Development	International	Shopping Centers	Offices	Hotels and Resorts	Construction	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Revenues from contracts with customers	P43,578	P2,568	P-	P-	P1,852	P2,660	P1,732	P-	P-	P52,390
Interest income from real estate sales	5,352	-	-	-	-	-	-	-	-	5,352
Rental revenue	-	-	4,926	7,471	-	-	-	-	-	12,397
Intersegment sales	-	-	-	-	-	24,935	-	-	(24,935)	-
Equity in net earnings of associates and joint ventures	813	-	5	-	-	-	(12)	(67)	-	739
Total revenue	49,743	2,568	4,931	7,471	1,852	27,595	1,720	(67)	(24,935)	70,878
Real estate costs and expenses	34,665	1,923	5,214	1,785	2,856	25,515	2,033	181	(25,710)	48,462
Gross margin (loss)	15,078	645	(283)	5,686	(1,004)	2,080	(313)	(248)	775	22,416
Interest and investment income										169
Other charges										(2,578)
Interest and other financing charges										(8,183)
Other income										1,556
Provision for income tax										(2,867)
Net income										P10,513
Net income attributable to:										
Equity holders of Ayala Land, Inc.										8,589
Non-controlling interests										1,924
										P10,513
Other Information										
Segment assets	P553,513	P20,980	P207,019	P116,731	P52,952	P48,304	P12,188	P99,969	(P414,446)	P697,210
Investment in associates and joint ventures	28,037	-	43	-	-	52	176	-	-	28,308
Deferred tax assets	581,550	20,980	207,062	116,731	52,952	48,356	12,364	99,969	(414,446)	725,518
	1,710	98	1,582	329	425	166	190	1,128	6,208	11,836
Total assets	P583,260	P21,078	P208,644	P117,060	P53,377	P48,522	P12,554	P101,097	(P408,238)	P737,354
Segment liabilities	P238,889	P1,134	P82,615	P28,768	P18,157	P37,752	P5,741	P198,844	(P151,398)	460,502
Deferred tax liabilities	2,574	-	163	164	16	-	-	(138)	3,883	6,662
Total liabilities	P241,463	P1,134	P82,778	P28,932	P18,173	P37,752	P5,741	P198,706	(P147,515)	P467,164
Segment additions to:										
Property and equipment	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Investment properties	P4,247	P-	P2,863	P-	P247	P-	P-	P-	P-	P7,357
Depreciation and amortization	P544	P-	P3,249	P1,449	P661	P199	P352	P168	P-	P6,622
Non-cash expenses other than depreciation and amortization	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-
Impairment losses	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-

23. Long-term Commitments and Contingencies

Contingencies

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

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

24. Events after the Reporting Date

On October 21, 2022, the Board of Directors, at its regular meeting, approved the declaration of cash dividends of P0.1355 per outstanding common share payable on November 18, 2022, to stockholders of common shares as of record date on November 8, 2022.

25. Other Matters

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

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

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

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

Review of 9M 2022 operations vs 9M 2021

Ayala Land made solid progress in the first nine months of 2022 as local business activity accelerated under the Philippines' reopened economy. Its diversified real-estate portfolio generated net income of P13.3 billion, 55% higher than last year, while consolidated revenues grew to P86.3 billion, 19% more in the same period. In the third quarter, the Company posted net income of P5.26 billion, 107% higher year-on-year, while consolidated revenues reached P32.97 billion, 39% more than the same period last year.

Real estate revenues, composed of property development, commercial leasing, and services, amounted to P80.14 billion, 24% higher year-on-year, led by commercial lot sales, construction progress in residential projects, reinstatement of full mall rental rates, contribution of new leasing spaces, and higher hotel room rates.

Capital expenditures for the first nine months of 2022 reached P44.74 billion for the buildup of residential and commercial projects.

The net gearing ratio stood at 0.76:1 as a result of the ongoing thrust to manage debt and liquidity tightly and maintain the strength of the balance sheet.

Business Segments

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

Property Development. This includes the sale of residential lots and units, office spaces, and commercial and industrial lots, and operations of MCT Bhd, Ayala Land's consolidated subsidiary based in Malaysia. Property development revenues totaled P51.19 billion, 11% year-on-year, led by commercial lot sales and the construction progress in its residential projects. A total of P19.81 billion was recorded in the third quarter, a growth of 27% from the same period last year.

Residential. Revenues from the sale of residential lots and units and MCT Bhd's operations improved by 8% to P42.18 billion due to construction progress.

AyalaLand Premier (ALP) recorded revenues of P15.78 billion, 9% higher than the P14.43 billion from last year, attributed to higher incremental POC in Park Central Towers in Makati CBD, Andacillo in Nuvali, and Ayala Greenfield Estates in Calamba, Laguna.

Alveo posted revenues of P9.37 billion, a 9% growth from P8.59 billion, owing to higher incremental POC in Ardia, Vermosa in Imus, Cavite and Corvia, Alviera in Porac, Pampanga.

Avida totaled P10.71 billion in revenues, 12% higher from P9.57 billion, attributed to higher incremental POC of Averdeen Estates in Nuvali, Greendale Settings in Alviera, Pampanga, and higher bookings and incremental in POC in Cloverleaf Tower 2 in Quezon City and Vireo Tower 3 in Arca South, Taguig City.

Amaia meanwhile posted P4.16 billion in revenues, a 31% improvement from P3.18 billion due to higher bookings in Skies Shaw Tower 2 in Mandaluyong City and Scapes General Trias Sectors 3 and 4 in Cavite.

BellaVita recognized revenues of P432 million, a 48% decline from P834 million generated last year due to sold out inventory in its project in Tayabas, Quezon Province and lower bookings in Iloilo and Lian, Batangas.

MCT Bhd contributed revenues of P1.73 billion, 33% lower from P2.57 billion, mainly due to sold out inventory of nearly completed legacy projects and early-stage completion of newly launched projects (Aetas and Casa Bayu).

Office for Sale. Revenues from the sale of office units declined by 39% to P1.78 billion due to the full completion of Alveo's Park Triangle Tower at BGC and moderate take-up on remaining inventory.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots escalated by 77% to P7.23 billion due to strong investor demand at Nuvali, Arca South, and South Coast City estates.

Sales Reservations. Notwithstanding the higher interest-rate environment, the demand for residential products remained resilient. The Company recorded sales reservations of P77.33 billion, 10% more than last year. Sales from local Filipinos, which comprised 65% of the total, amounted to P50.55 billion, 4% lower than last year; however, sales from overseas Filipinos, equivalent to P16.93 billion, and other nationalities, which amounted to P9.85 billion, surged by 58% and 51% year-on-year, respectively, recording a 22% and 13% share to the total. On sales from other nationalities, American buyers comprised 63%, which amounted to P6.17 billion, a 69% jump from last year. Chinese buyers were 6% of the total and amounted to P569 million, reflecting a decline of 26%. Third-quarter sales totaled P28.01 billion, a 28% jump from last year.

Project Launches. Ayala Land launched eight new projects valued at P25.05 billion in the third quarter, bringing the total to 20 projects worth P59.97 billion as of year-to-date September. These include ALP's Lanewood Hills Phase 3 Batches 1 and 2 in Cavite, The Courtyards Phases 2B South and 3B Batch 2 in Vermosa, Cavite, and Parklinks South Tower in Pasig-Quezon City Corridor; Alveo's Versala in Alviera, Pampanga; and Amaia's Scapes Cagayan de Oro Sector 2 and Scapes Trece Martires 2a in Cavite. The company has budgeted P100 billion-worth of launches in 2022.

Commercial Leasing. This involves the operation of shopping centers, office buildings, hotels and resorts, standard factory buildings and warehouses, and co-working spaces. Commercial Leasing revenues accelerated by 64% to P23.30 billion with the reinstatement of full mall rental rates, the contribution of new leasing spaces, and higher hotel room rates. In the third quarter, the Company posted P8.72 billion in revenues, a boost of 83% from the same period last year.

Shopping Centers. Revenues from shopping centers more than doubled to P11.19 billion as local business and consumer activity accelerated under the Philippines' reopened economy. The average occupancy rate for all malls is 80%. Total Malls gross leasable area (GLA) stands at 2.13 million square meters.

Offices. Revenues from office leasing steadily increased by 10% to P8.20 billion as BPO and HQ tenancy remained stable. The average occupancy rate for all offices is 84%. Total office leasing GLA is at 1.36 million square meters.

Hotels and Resorts. Revenues from hotels and resorts also doubled to P3.92 billion boosted by higher room rates. The average occupancy for all hotels was 56% and 28% for all resorts. The hotels and resorts segment ended the first half of 2022 with a total of 4,028 rooms.

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

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

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

Services. This is composed mainly of the Company's construction business through Makati Development Corporation (MDC), property management, through Ayala Property Management Corporation (APMC), and other companies engaged in power services such as Direct Power Services, Inc. (DPSI), Ecozone Power Management, Inc. (EPMI), and Philippine Integrated Energy Solutions, Inc. (PhilEnergy) and airline for the hotels and resorts business, AirSWIFT. Total revenues amounted to P5.65 billion, 29% higher than the previous period.

Construction. Net construction revenues totaled P2.71 billion, 2% higher, lifted by the contribution of external projects.

Property Management, AirSWIFT and Others. APMC, AirSWIFT, and power services companies and combined revenues accelerated by 70% to P2.94 billion on higher AirSWIFT patronage due to more local flights and higher usage of carparks across development.

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

Equity in net earnings of associates and JV companies increased by 23% to P912 million from higher revenues of Ortigas Land, FBDC companies, and our joint venture with Royal Asia, and the absence of losses from Qualimed's operations since its sale in the previous year.

Interest income from real estate sales declined 24% to P4.06 billion from P5.35 billion due to lower accretion income recognized. Meanwhile, interest and investment income increased by 44% to P244 million on account of the interest earned from installment sales and higher yield from short-term investments and cash deposits.

Other income, mainly marketing and management fees from JVs, among others, amounted to P952 million, 39% lower than P1.56 billion in the nine months of 2021, which included the sale of the 39.2% interest in Qualimed to Ayala Corporation.

Expenses

Expenses totaled P66.02 billion, 11% more than last year, given the normalizing business operations. Real estate expenses reached P50.84 billion, up 16%, while general and administrative expenses came 8% higher to P5.06 billion. With higher revenues, the GAE ratio settled at 5.9%, better than 6.4% in the first nine months of 2021. EBIT margin stood at 31.8% from 27.8% in the earlier period.

Interest expense, financing, and other charges, which includes interest expense related to PFRS 16 (Leases) totaled P10.13 billion, 6% lower than last year as a result of our debt refinancing initiatives. The average cost of debt stood at 4.3% from 4.4% at the end of 2021. Of the total debt, 94% is locked-in with fixed rates, while 97% is contracted on a long-term basis.

Capital Expenditures

Capital expenditures reached P44.74 billion in the first nine months of 2022, mainly for residential projects, the development of estates and commercial leasing assets. 55% was spent on residential projects, 17% on estate development, 10% for commercial projects and 14% for land acquisition. The full year capex budget is P90 billion.

Financial Condition

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

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P18.69 billion resulting in a current ratio of 1.89:1.

Total borrowings registered at P235.83 billion which translated to a debt-to-equity ratio of 0.82:1 and a net debt-to-equity ratio of 0.76:1.

Return on equity was at 7.45% as of September 30, 2022.

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

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

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

Income Statement items – Period ending September 30, 2022 versus September 30, 2021

Real estate and hotel revenues increased by 24% driven by strong commercial and industrial lot sales and robust commercial leasing operations.

Interest income from real estate sales down by 24% due to lower accretion income from trade receivables.

Equity in net earnings climbed by 23% mainly from higher earnings from associates and joint ventures.

Interest and investment income increased by 44% on account of higher yield and ADB of short term investments and cash in bank.

Other Income decreased by 39% mainly from one-time gain from the sale of investment in stocks in Mercado General Hospital, Inc. (MGHI) and sale of QualiMed hospital buildings in 2021.

Real estate cost of sales and expenses went up by 16% following the increase in revenues.

General administrative expenses rose by 8% due to higher manpower and overhead costs.

Interest expense and other financing charges declined by 6% mainly from lower discounting cost as lower AR were sold this year and lower bank charges partly offset by increase of interest on debt from higher ADB.

Provision for income tax-current up by 69% as taxable income increased driven by higher revenues.

Provision for income tax-deferred climbed by 1,722% mainly from difference in tax and book base of real estate gross profit.

Balance Sheet items – as of September 30, 2022 (Unaudited) versus December 31, 2021 (Audited)

Cash and cash equivalents rose by 24% mainly from higher inflows from operations driven by increase in revenues.

Short-term investments up by 6% from additional availment of investments.

Financial assets at fair value through profit and loss increased by 37% on account of new placements in BPI money market.

Accounts and notes receivables climbed by 5% mainly from trade receivables from residential business vis-à-vis the increase in revenues.

Inventories grew by 13% due to new land acquisitions and reclassification from investment property.

Noncurrent accounts and notes receivable up by 11% from increased collection of deposits.

Investment in associates and jointly controlled entities increased by 8% from additional infusion to ALI-Eton and equity share in net earnings from associates for the first nine months of 2022.

Property and equipment down by 6% as a result of reclassification to investment property.

Deferred tax asset rose by 9% due to the difference between tax and book basis of accounting for real estate transaction.

Short-term debt decreased by 56% as matured loans were shifted to long term.

The current portion of long-term debt went down by 60% due to more loans are maturing in the next 12 months.

Deposit and other current liabilities grew by 7% mainly from higher collections of deposits from AR sale and reclassification from noncurrent deposits.

Long-term debt increased by 21% from new availments and shifting from short-term debt.

Pension liabilities rose by 5% due to accruals for the first nine months.

Deferred tax liabilities dropped by 12% due to change in actuarial assumptions.

Deposits and other noncurrent liabilities decreased by 11% due decrease in deferred credits and reclassification to current deposits.

Retained earnings grew by 7% mainly from increase in reported net income partly offset by dividends.

Remeasurement loss on defined benefit plans up by 143% due to revaluation of defined benefit plan.

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

Cumulative translation adjustments climbed by 44% mainly due to translation gain of financial statements of MCT Berhad.

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

Treasury stock up by 13% due to buy back of shares.

Noncontrolling interest increased by 10% mainly due to higher earnings contribution of subsidiaries and the block sale of AREIT shares.

PART II - OTHER INFORMATION

Item 3. Developments as of September 30, 2022

- A. New project or investments in another line of business or corporation** None
- B. Composition of Board of Directors**
- | | |
|------------------------------|---------------------------|
| Jaime Augusto Zobel de Ayala | Chairman |
| Bernard Vincent O. Dy | President & CEO |
| Antonino T. Aquino | Non-Executive Director |
| Arturo G. Corpuz | Non-Executive Director |
| Mariana Zobel de Ayala | Non-Executive Director |
| Rizalina G. Mantaring | Lead Independent Director |
| Cesar V. Purisima | Independent Director |
| Rex Ma. A. Mendoza | Independent Director |
| Sherisa P. Nuesa | Independent Director |
- C. Performance of the corporation or result/progress of operations** Please see unaudited consolidated financial statements and management's discussion on the results of operations.
- D. Declaration of dividends**
- P0.1352 cash dividend per outstanding common share
 Declaration date: February 24, 2022
 Record date: March 11, 2022
 Payment date: March 25, 2022
- P0.00474786 cash dividend per outstanding voting preferred share
 Declaration date: May 31, 2022
 Record date: June 9, 2022
 Payment date: June 24, 2022
- E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements** Please refer to the discussion on the changes in group structure in 3Q 2022.
- F. Offering of rights, granting of Stock Options and corresponding plans therefore**
- ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. On April 21, 2021, the stockholders approved to increase the covered shares to 3% of the company's total authorized capital stock.
- As of September 30, 2022, stock options outstanding* are as follows:
- | | |
|-------|--------------------|
| ESOP | None |
| ESOWN | 126,922,413 shares |
- *Outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued
- G. Acquisition of additional mining claims or other capital** None

assets or patents, formula,
real estate

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

Item 4. Other Notes to 3Q 2022 Operations and Financials

- J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents Please see Item 2: Management's Discussion on Results of Operations and Analysis.
- K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period None
- L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities Please see Notes to Financial Statements (note 12).
- M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period **On October 21, 2022**, the Board of Directors, at its regular meeting, approved the declaration of cash dividends of P0.1355 per outstanding common share payable on November 18, 2022, to stockholders of common shares as of record date on November 8, 2022.
- Also, the Board accepted the resignation of Mr. Fernando Zobel de Ayala as director and Chairman effective on September 12, 2022, and considered approved the following as endorsed by our Corporate Governance and Nomination Committee:
1. The election of Mr. Jaime Augusto Zobel de Ayala as Chairman of the Board and Ms. Mariana Zobel de Ayala as director, both to serve the unexpired term of Mr. Fernando Zobel de Ayala.
 2. The appointment of Ms. Mariana Zobel de Ayala as an additional member of the Sustainability Committee to serve until the next organizational meeting of the Board after the annual stockholders' meeting.
- N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, None

restructurings, and discontinuing operations

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

None

P. Other material events or transactions during the interim period

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

On August 16, 2022, the Board of Directors approved in its meeting, Mr. Fernando Zobel de Ayala's medical leave of absence as Chairman of the Board and resignation as Chairman and member of the Executive Committee and member of the Personnel and Compensation Committee. He remains a member of the Board of Directors.

Pursuant to the By-Laws, Vice-Chairman, Mr. Jaime Augusto Zobel de Ayala, will serve as Acting Chairman during the Chairman's leave of absence. Mr. Fernando Zobel Ayala's replacement in the aforementioned Committees will be appointed in due course.

On September 6, 2022, further to the disclosure on August 16, 2022, the Board of Directors, upon the endorsement of the Corporate Governance and Nomination Committee ("CGN Committee"), elected Mr. Jaime Augusto Zobel de Ayala as the Chairman of the Executive Committee and member of the Personnel and Compensation Committee, and Mr. Rex Ma. A. Mendoza as member of the Executive Committee to serve the unexpired term of Mr. Fernando Zobel de Ayala.

As likewise endorsed by CGN Committee, the Board also elected Mr. Cezar P. Consing and Ms. Mariana Zobel de Ayala as advisors to the Board to serve as such effective immediately until the next organizational meeting of the Board after the 2023 annual stockholders' meeting.

Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

None

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general-purpose and expected sources of funds	<p>For the year 2022, Ayala Land is budgeting P90 billion in capital expenditures. Of the total amount, P44.7 billion has been disbursed as of September 30, 2022.</p> <p>The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition.</p>
T. Known trends, events, or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one, or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had a material effect on the financial condition or results of operations	The Company's development operations are dependent on Market conditions and the timing of project launches depend on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

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

	<i>End-September 2022</i>	<i>End-December 2021</i>
Current ratio ¹	1.89:1	1.58:1
Debt-to-equity ratio ²	0.82:1	0.82:1
Net debt-to-equity ratio ³	0.76:1	0.77:1
Profitability Ratios:		
Return on assets ⁴	2.87%	2.13%
Return on equity ⁵	7.45%	5.37%
Asset to Equity ratio ⁶	2.70:1	2.76:1
Interest Rate Coverage Ratio ⁷	4.71	4.01

1 Current assets / current liabilities

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

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

4 Annualized Net income / average total assets

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

6 Total Assets /Total stockholders' equity

7 EBITDA/Interest expense

SIGNATURE

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

Issuer: **AYALA LAND, INC.**

By:



AUGUSTO D. BENGZON
Senior Vice-President
CFO and Treasurer

Date: November 8, 2022

October 13, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

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

Dear Ms. Tom Wong,

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

Please be advised that as of September 30, 2022, the remaining balance of the proceeds from the sale of 87.37 million AREIT Shares, amounts to One Billion One Hundred Sixty Million Eight Hundred Fifty Seven Thousand Seven Hundred Ninety Four and Fifty Two Centavos (Php1,160,857,794.52).

The details of the disbursement for the Third Quarter of 2022 are as follows:

Balance of Proceeds from sale of AREIT Shares as of June 30, 2022	Php1,175,814,997.98
Less: Disbursements from July 1, 2022 to September 30, 2022 (Annex A)	<u>14,957,203.46</u>
Balance of Proceeds from sale of AREIT Shares as of September 30, 2022	<u>1,160,857,794.52</u>

Thank you.

Very truly yours,



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



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

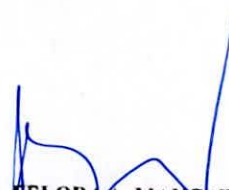
SUBSCRIBED AND SWORN to before me this OCT 13 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

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

Doc No. 127 ;
Page No. 27 ;
Book No. IV ;
Series of 2022 ;

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




MA. FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. MKT8862851 - 01/11/2022 - Makati City
MCLE Compliance No. VII -0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX A- Disbursements from July 1 to September 30, 2022

Disbursing Entity	Project Name	Amount (in PHP)
Ayala Land Inc.	One Vertis Plaza	11,026,165.24
Ayala Land Inc.	Andacillo	3,931,038.22
TOTAL		14,957,203.46

STRICTLY CONFIDENTIAL

REPORT OF FACTUAL FINDINGS

AYALA LAND, INC.

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

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

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **September 30, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the "Company") from the block sale of its shares in **AREIT, Inc.** ("AREIT") on **May 2, 2022**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

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

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We compared the additions and disbursements in the Schedule with the schedule of application of proceeds. No exceptions noted.

- 2 -

3. On a sample basis, we also traced the amounts disbursed for the following projects amounting to P14.96 million for the periods from July 1, 2022 up to September 30, 2022 to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

<u>Distributing Entity</u>	<u>Project Name</u>	<u>Amount</u>
	One Vertis Plaza	P11,026,165
Ayala Land, Inc.	Andacillo	3,931,038
		P14,957,203

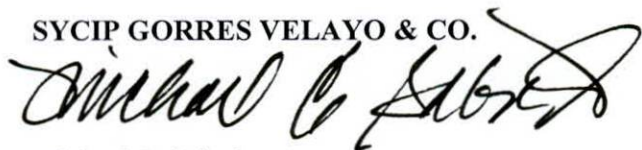
4. On a sample basis, we inquired into and identified the nature of the disbursements. We have noted the Reinvestment Plan dated May 2, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Reinvestment Plan. We have noted that the abovementioned entity and the related projects were included in the Reinvestment Plan, and the amounts disbursed to the entity have not exceeded the planned use. No exceptions noted.

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

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

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

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

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

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

November 11, 2019, valid until November 10, 2022

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

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

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

I certify that on **OCT 13 2022** before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 317 ;
Page No. 65 ;
Book No. 29 ;
Series of 2022.

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