AyalaLand
LOGISTICS HOLDINGS CORP.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **AYALALAND LOGISTICS HOLDINGS CORP.** will be conducted virtually via http://www.ayalagroupshareholders.com/ on **WEDNESDAY, 21 APRIL 2021** at **2:00 o'clock in the afternoon**, with the following

AGENDA[1]

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report
5. Ratification of the Acts of the Board of Directors and Officers
6. Election of Directors (Including the Independent Directors)
7. Election of External Auditor and Fixing of its Remuneration
8. Consideration of Such Other Business as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record at the close of business on **8 MARCH 2021** shall be entitled to notice of, and to vote at, this meeting.

Given the current circumstances, stockholders may only attend the meeting by appointing the Chairman of the meeting as their proxy, by remote communication or by voting *in absentia*. Stockholders intending to participate by remote communication should notify the Company on or before 12 April 2021.

Duly accomplished proxies shall be submitted on or before 12 April 2021 to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City or by email to corporate.secretary@ayalalandlogistics.com. Validation of proxies is set for 14 April 2021.

Stockholders may vote by remote communication or *in absentia* subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes *in absentia* will be set forth in the Information Statement[2].

Stockholders of record as of 8 March 2021 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before 14 April 2021[3].

All communications should be sent by email corporate.secretary@ayalalandlogistics.com on or before the designated deadlines.

Makati City, 19 February 2021.

JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary

---

[1] *See next page for the explanation for each agenda item.*

[2] *Stockholders should notify the Company at* corporate.secretary@ayalalandlogistics.com *of their preference to receive hard copies of the Information Statement and other ASM materials on or before 19 March 2021.*

[3] *The inclusion of the proposed agenda item is in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.*

EXPLANATION OF AGENDA ITEMS

Call to order

The Chairman will formally open the meeting at approximately 2:00 o'clock in the afternoon.

Certification of notice and quorum (and rules of conduct and procedures)

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Company has set up a designated online web address which may be accessed by the stockholders to register and vote on the matters at the meeting *in absentia*[4]. A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting:

(i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corporate.secretary@ayalalandlogistics.com and shall be limited to the items in the Agenda.

(ii) In the event that physical attendance will be allowed at the meeting –

a. Anyone who wishes to make a remark shall identify himself after being acknowledged by the Chairman and shall limit his remarks to the item in the Agenda under consideration;

b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he can write his vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.

(iii) Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the meeting.

(iv) Stockholders must notify the Company on or before 12 April 2021 of their intention to participate in the Meeting by remote communication to be included in determining the existence of a quorum, together with the stockholders who voted *in absentia* and by proxy.

(v) Voting shall only be allowed for stockholders registered in the Voting *in Absentia* and Shareholder (VIASH) System or through authorizing the Chairman of the meeting as proxy.

(vi) Stockholders voting *in absentia*, who have previously registered in the VIASH System, may cast their votes electronically at any time using the VIASH System prior to or during the meeting.

(vii) All the items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.

(viii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one vote.

(ix) The Inspectors of Proxies and Ballots Committee will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

(x) The meeting proceedings shall be recorded in audio and video format.

(xi) A link to the recorded webcast of the meeting will be posted on the Company's website after the meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the matters arising from the meeting conducted.

Approval of minutes of previous meeting

The minutes of the meeting held on 13 April 2020 are available at the Company's website, https://www.ayalalandlogistics.com.

A resolution approving the minutes will be presented to the stockholders and approved by the vote of the stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Annual report

The President and Chief Executive Officer, Maria Rowena M. Tomeldan, will deliver a report to the stockholders on the significant operational and financial performance as well as the milestones and achievements of the Company for the year 2020, and the outlook for 2021.

The Annual Report which contains the messages from the Chairman and President will be posted on the Company's website, https://www.ayalalandlogistics.com.

The Audited Financial Statements (AFS) as of 31 December 2020 will be presented to the stockholders for their approval. The AFS will be included in the Information Statement that may be accessed by the stockholders at the Company's website, ttps://www.ayalalandlogistics.com. The Audit Committee has recommended to the Board the approval of the AFS, and the Board will approve the AFS on 23 February 2021.

A resolution noting the report and approving the consolidated audited financial statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Ratification of the acts of the Board of Directors and officers

The acts of the Board and its Committees were those adopted since the annual stockholders' meeting on 13 April 2020 until 21 April 2021. They include the approval of agreements, projects, investments, treasury-related matters and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its Committees or in the general conduct of business.

---

[4] *The detailed instructions pertaining to the URL and the use thereof will be provided in the Information Statement.*

A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Election of directors (including the independent directors)

The Corporate Governance and Nomination Committee of the Board would have evaluated and determined that the nine (9) nominees to the Board, including the nominees for independent directors, have all the necessary qualifications to serve as directors and the expertise and competence, individually and collectively, to enable the Board to fulfill its roles and responsibilities and manage the Company to achieve its objectives.

The profiles of the candidates to the Board of Directors will be provided in the Information Statement.

Election of external auditor and fixing of its remuneration

The Audit Committee of the Board will endorse to the stockholders the appointment of SyCip Gorres Velayo & Co. (SGV & Co.) as the external auditor for the ensuing year as well as its proposed remuneration. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

The profile of SGV & Co. will be provided in the Information Statement.

A resolution for the appointment of the external auditor, SGV, and for the approval of its remuneration will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the outstanding capital stock voting *in absentia* or voting through the Chairman of the meeting as proxy.

Consideration of Such Other Business as May Properly Come Before the Meeting

The Chairman will open the floor for comments and questions by the stockholders, and take up agenda items received from stockholders on or before 14 April 2021 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines[5].

[5] *SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put items on the Agenda for Regular/Special Stockholders' Meetings": https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-special-stockholders-meetings/.*

PROXY

This undersigned stockholder of **AYALALAND LOGISTICS HOLDINGS CORP**. (the "Company") hereby appoints the Chairman of the meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the Annual Meeting of Stockholders to be held on **21 April 2021 (Wednesday) at 2:00 p.m.** by remote communication and at any adjournments thereof for the purpose of acting on the following matters:

It is understood that if you sign without otherwise marking the form, the shares will be voted for the election of all nominees and for the approval of the matters stated below and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or recommended by management of the Board of Directors. .

Hereunder are the matters to be taken up during the meeting. Please indicate your proposed selection by firmly placing an "X" in the appropriate box:

1. Approval of the Minutes of the 13 April 2020 Annual Stockholders' Meeting ☐ For ☐ Against ☐ Abstain

2. Approval of Annual Report for Calendar Year (CY) 2020 (including the Consolidated Audited Financial Statements for the CY ended 31 December 2020) ☐ For ☐ Against ☐ Abstain

3. Ratification of All Acts of the Board of Directors and Officers During the Preceding Year ☐ For ☐ Against ☐ Abstain

4. Election of the Nine (9) Directors (Including the Three (3) Independent Directors)

   ☐ Vote equally for nominees listed below:

	No. of Votes
☐ Bernard Vincent O. Dy	________
☐ Jose Emmanuel H. Jalandoni	________
☐ Maria Rowena M. Tomeldan	________
☐ Jaime Alfonso E. Zobel de Ayala	________
☐ Felipe U. Yap	________
☐ Nathanael C. Go	________
Independent Directors	
☐ Rex Ma. A. Mendoza	________
☐ Renato O. Marzan	________
☐ Cassandra Lianne S. Yap	________

5. Appointment of SyCip Gorres Velayo & Co. as External Auditor for the Ensuing Fiscal Year and Fixing of its Remuneration ☐ For ☐ Against ☐ Abstain

6. At its discretion, the proxy is authorized to vote on such matters as may properly come before the meeting ☐ For ☐ Against

____
Printed Name of Stockholder

____
Signature of Stockholder

Date: ______________

IF THE STOCKHOLDER IS A CORPORATION, A SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION AUTHORIZING THE CORPORATE OFFICER WHO SIGNED THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT corporate.secretary@ayalalandlogistics.com.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS ON THE VOTING IN ABSENTIA & SHAREHOLDER (VIASH) SYSTEM AND/OR NOTIFIES THE COMPANY BY EMAIL BY 12 APRIL 2021 OF HIS INTENTION TO PARTICIPATE IN THE MEETING BY REMOTE COMMUNICATION.

STOCKHOLDERS PARTICIPATING BY REMOTE COMMUNICATION WILL NOT BE ABLE TO VOTE UNLESS THEY REGISTER IN THE VIASH SYSTEM OR AUTHORIZE THE CHARIMAN TO VOTE AS PROXY, ON OR BEFORE 12 APRIL 2021.

A SCANNED COPY OF THIS PROXY SHOULD BE SENT TO THE CORPORATE SECRETARY AT corporate.secretary@ayalalandlogistics.com **ON OR BEFORE 12 APRIL 2021 WHICH IS THE DEADLINE FOR SUBMISSION OF PROXIES.**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT OF
AYALALAND LOGISTICS HOLDINGS CORP.
(the "Registrant", "Company" or "ALLHC")
PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter **AYALALAND LOGISTICS HOLDINGS CORP.**

   REPUBLIC OF THE PHILIPPINES
3. Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **163671**

5. BIR Tax Identification Code **000-804-342-000**

   3RD FLOOR GLORIETTA 5, AYALA CENTER, MAKATI CITY **1223**
6. Address of Principal Office Postal Code

7. Registrant's telephone number, including area code **(632) 8884-1106**

8. Date, Time and Place of the Meeting of Security Holders

Date	:	**21 APRIL 2021**
Time	:	**2:00 P.M.**
Place where the Chairman will preside over the virtual meeting	:	**28/F Tower One and Exchange Plaza Ayala Triangle Ayala Avenue, Makati City**

Online web address/URL
(for participation by remote communication and for voting in absentia) - http://www.ayalagroupshareholders.com/

9. Approximate Date on which the Information Statement is First to be Sent or given to Security Holders

   Date 24 MARCH 2021

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class *(As of 28 February 2021)*	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	**6,301,591,987**
Bank Loans Payable (consolidated)	**-nil-**

11. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes __x__ No ______

    4,890,453,098 common shares are listed in the Philippine Stock Exchange

INFORMATION REQUIRED IN INFORMATION STATEMENT

Part I

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders (hereafter, the "annual stockholders' meeting" or "meeting")**

(a)

Date:	**21 April 2021 (Wednesday)**
Time:	**2:00 p.m.**
Place where the Chairman will preside over the virtual meeting :	**28/F Tower One and Exchange Plaza Ayala Triangle Ayala Avenue, Makati City**

Online web address/URL:
(for participation by remote communication and for voting in absentia) - http://www.ayalagroupshareholders.com/

Complete mailing address of principal office of the Registrant/Company:

3rd Floor Glorietta 5, Ayala Center, Makati City 1223

(b) Copies of this Information Statement may be accessed by the Company's stockholders beginning **24 March 2021** at the Company's website.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

Item 2. **Dissenters' Right of Appraisal**

Sections 41 and 80 of the Revised Corporation Code of the Philippines ("Revised Corporation Code") provide for the instances where the stockholder shall have the right to dissent and demand payment of the value of his shares, as follows:

(a) in case of amendment to the articles of incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares; or of authorizing preferences in any respect superior to those of outstanding shares of any class; or of extending or shortening the term of corporate existence;
(b) in case of sale, lease, exchange, transfer, mortgage, pledge or disposition of all or substantially all of the corporate property and assets;
(c) in case of merger and consolidation; and
(d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Section 81 of the Corporation Code provides:

Section 81. How Right is Exercised.- The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair market value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholders' shares, or the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom, shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the share to the corporation.

There are no matters to be taken up or acted upon at the meeting which may give rise to the exercise of appraisal right by a stockholder.

Item 3. **Interest of Certain Persons in, or Opposition to, Matters to be Acted Upon**

(a) No current director or officer of the Company, or nominee for election as director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

(b) No director of the Company intends or has expressed an intention to oppose any action to be taken during the annual stockholders' meeting.

B. <u>CONTROL AND COMPENSATION INFORMATION</u>

Item 4. **Voting Securities and Principal Holders Thereof**

(a) Number of Outstanding Shares as of 28 February 2021

Common Shares : **6,301,591,987**

Number of Votes Entitled : one (1) vote per share

(b) All stockholders of record as of **8 March 2021** are entitled to receive notice and to vote at the annual stockholders' meeting.

(c) **Manner of Voting**

Sections 6 and 8, Article II of the Company's By-laws[1] (the "Amended By-laws") provide:

"6. Proxies- Proxies shall be in writing and signed by the stockholder and in accordance with existing laws, rules and regulations of the Securities and Exchange Commission. xxx
Each share of stock is entitled to one (1) vote, provided the share has not been declared delinquent.
(As amended at the Regular Meeting of the Board of Directors on 11 November 2020.)

8. Voting - A stockholder entitled to vote may vote in person, through remote communication, or *in absentia*, electronically or otherwise or may be represented by proxy at any regular or special meeting, subject to compliance with the rules and regulations as may be issued by the Securities and Exchange Commission from time to time; and provided, that the shares have not been declared delinquent. Stockholders casting votes through remote communication or *in absentia*, electronically or otherwise, shall be deemed present for purposes of determining the existence of a quorum.

The election of directors shall be by ballot and each stockholder may vote such number of share for as many persons as are directors to be elected, or he may give to one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.
(As amended at the Regular Meeting of the Board of Directors on 11 November 2020.)"

These are consistent with Secs. 23 and 57 of the Revised Corporation Code.

On 23 February 2021, the Board ratified and approved the internal guidelines for participation of stockholders by remote communication or *in absentia* for the 2021 annual stockholders' meeting. The stockholders may vote electronically or *in absentia* using the online web address, http://ayalagroupshareholders.com/, subject to validation procedures. The detailed instructions for electronic voting *in absentia* are provided in **Annex "A"** hereof.

(d) **Security Ownership of Certain Record and Beneficial Owners and Management**

i. Security Ownership of Record and Beneficial Owners of more than 5% as of 28 February 2021:

---

[1] Amendments to the By-laws were approved by the Board on 11 November 2020 and approved by the Securities and Exchange Commission on 4 March 2021

Title of Class	Name & address of record owner & relationship with issuer	Name of Beneficial Owner & relationship with record owner	Citizenship	No. of Shares Held	Percent (%)
Common	Ayala Land, Inc. (ALI) [2] 31/F Tower One and Exchange Plaza, Ayala Triangle, Makati City -Stockholder	ALI [3]	Filipino	4,467,752,834 (direct)	70.90%
Common	PCD Nominee Corporation (Filipino) G/F MSE Bldg., Ayala Ave., Makati City	PCD Participants acting for themselves or for their customers[4]	Filipino	1,037,360,346	16.46%

ii. Security Ownership of Directors and Management as of 28 February 2021

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial ownership	Citizenship	Percent of Class (%)
Directors				
Common	Bernard Vincent O. Dy	2 (direct)	Filipino	0.00%
Common	Felipe U. Yap	3,010,000 (direct) 28,000,000 (indirect)*	Filipino	0.49%
Common	Jose Emmanuel H. Jalandoni	2 (direct)	Filipino	0.00%
Common	Maria Rowena M. Tomeldan	2 (direct) 149,000 (indirect)	Filipino	0.00%
Common	Jaime Alfonso E. Zobel de Ayala	1 (direct)	Filipino	0.00%
Common	Nathanael C. Go	1,025,000 (direct) 34,375,000 (indirect)	Filipino	0.56%
Common	Rex Ma. A Mendoza	1 (direct)	Filipino	0.00%
Common	Renato O. Marzan	1 (direct)	Filipino	0.00%
Common	Cassandra Lianne S. Yap	1,638,000 (indirect)	Filipino	0.03%
Officers				
Common	Augusto D. Bengzon	0	Filipino	0.00%
Common	Francis M. Montojo	0	Filipino	0.00%
Common	June Vee D. Monteclaro-Navarro	0	Filipino	0.00%
Common	Nimfa Ambrosia L. Perez-Paras	0	Filipino	0.00%
Common	Francis Paolo P. Tiopianco	0	Filipino	0.00%
Common	Amelia Ann T. Alipao	0	Filipino	0.00%
	Total	**68,197,009**		**1.08%**

* Includes share subscriptions under the Employees Stock Ownership (ESOWN) Plan

None of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or More

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

iv. Change in Control of Registrant

No change in control in the Company has occurred since the beginning of its last fiscal year.

(e) **Foreign Ownership Level as of 28 February 2021**

Kind of Shares	Total Outstanding Shares	Shares Owned by Foreigners	Percent of Ownership
Common	6,301,591,987	99,808,677	1.58%

[2] Ayala Land, Inc. is the parent of the Company
[3] Under the By-laws and the Corporation Code, the ALI Board has the power to decide how ALI's shares are to be voted.
[4] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD Participant. There is no PCD Participant who owns more than 5% of the shares of the Company.

Item 5. **Directors and Executive Officers**

Article Sixth of the Articles of Incorporation of the Company provides:

"SIXTH: That the number of directors of the said corporation shall be nine (9) and that the names and residences of the directors of the said corporation who are to serve until their successors are elected and qualified as provided by the By-laws, xxx".

Attendance of Directors

The record of attendance of the directors at the meetings of the Board of Directors of the Company (the "Board") for calendar year 2020 is as follows:

Directors	No. of Board Meetings Attended/Held (in 2020 and during the incumbency of the director)	Percent Present
Bernard Vincent O. Dy	6/6	100%
Felipe U. Yap	6/6	100%
Jose Emmanuel H. Jalandoni	6/6	100%
Maria Rowena M. Tomeldan	6/6	100%
Jaime Alfonso E. Zobel de Ayala	3/3	100%
Nathanael C. Go	6/6	100%
Rex Ma. A. Mendoza	6/6	100%
Renato O. Marzan	6/6	100%
Cassandra Lianne S. Yap	5/5	100%
Augusto D. Bengzon*	3/3	100%
Victor C. Say**	0/1	0%

* Resigned as director and replaced by Mr. Jaime Alfonso E. Zobel de Ayala on 14 May 2020
** Term ended on 13 April 2020

The officers, unless removed by the Board, shall serve as such until their successors are elected or appointed.

(a) **Information required of Directors and Executive Officers**

i. **Directors and Executive Officers**

The following persons, who constitute the final list of candidates for election as directors presented and approved by the Corporate Governance and Nomination Committee (which is composed of Mr. Renato O. Marzan, Chairman, Mr. Rex Ma. A. Mendoza and Ms. Cassandra Lianne S. Yap, members) have been nominated to the Board for the ensuing year and have accepted their nomination:

Name	Age (as of 31 Jan. 2021)	Citizenship
Bernard Vincent O. Dy	57	Filipino
Felipe U. Yap	83	Filipino
Jose Emmanuel H. Jalandoni	53	Filipino
Maria Rowena M. Tomeldan	59	Filipino
Jaime Alfonso E. Zobel de Ayala	30	Filipino
Nathanael C. Go	45	Filipino
Rex Ma. A. Mendoza – Independent Director	58	Filipino
Renato O. Marzan – Independent Director	72	Filipino
Cassandra Lianne S. Yap – Independent Director	31	Filipino

All of the above nominees are incumbent directors of the Company and were nominated for re-election as directors.

In accordance with SRC Rule 38 and Section 2, Article III (The Independent Director) of the Company's By-laws, the Company's Corporate Governance and Nomination Committee evaluated the qualifications of the nominees and prepared the final list of nominees prior to the annual stockholders' meeting. Only such nominees whose names appear in the final list of candidates are eligible for election as directors, including independent directors. No other nomination shall be entertained or allowed on the floor during the annual stockholders' meeting. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Messrs. Bernard Vincent O. Dy, Jose Emmanuel H. Jalandoni, Jaime Alfonso E. Zobel de Ayala and Ms. Maria Rowena M. Tomeldan were nominated by ALI. Mr. Felipe U. Yap was nominated by F. Yap Securities, Inc. Mr. Nathanael C. Go was nominated by Mr. David C. Go. All nominees to the Board and their nominators are stockholders of the Company.

Messrs. Rex Ma. A. Mendoza and Renato O. Marzan were nominated as independent directors of the Company by ALI. Ms. Cassandra Lianne S. Yap was nominated as independent director of the Company by Lucky Securities, Inc. As verified by the Corporate Governance and Nomination Committee, all three nominees are not related to ALI.

The list of the directors and officers as well as a summary of the qualifications and date when first elected of the incumbent directors, nominees for directors for election at the annual stockholders' meeting and incumbent officers are set forth in **Annex "B".** The Certificates of Qualification of the Independent Directors are attached to this Information Statement as **Annex "B-1"**.

ii. Significant Employees

The Company's entire work force is considered as significant employees. The entire work force is expected to work as a team to attain the Company's objectives. There is no employee who is expected to make individually on his own a significant contribution to the business of the Company.

iii. Family Relationships

The independent director, Ms. Cassandra Lianne S. Yap, is the niece of a director, Mr. Felipe U. Yap. Ms. Yap is qualified to be an independent director under Sec. 1.9, Art. III of the Company's Manual on Corporate Governance (revised as of 11 November 2020).

There are no other family relationships (up to fourth civil degree) either by consanguinity or affinity among the abovenamed directors and executive officers.

iv. Involvement in Certain Legal Proceedings

None of the abovementioned directors and executive officers is involved in any of the following events or legal proceedings that occurred during the past five (5) years up to the date of filing of this Information Statement which are material to an evaluation of the ability and integrity of the said directors and executive officers:

a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
b. Any conviction by final judgment in a criminal proceeding, domestic or foreign or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

The pending legal proceedings involving the Company or any of its subsidiaries or affiliates which may be considered significant are discussed in **Annex "C"**.

(b) Certain Relationships and Related Transactions

The Company and its subsidiaries in their normal course of business, have entered into transactions with related parties principally consisting of noninterest-bearing advances, reimbursement of expenses, purchase of real estate property and purchase and sale of shares of stock, construction contracts, marketing, leasing, management and administrative service agreements. As disclosed in Note 17 of the Notes to Consolidated Financial Statements, the Company and the related parties have common stockholders.

The Company negotiates transactions with related parties on an arm's length basis, with due consideration of current market prices at the time of the transactions.

The Company's employees are required to disclose any business or family-related transactions with the Company to ensure that potential conflicts of interest situations are brought to the attention of Management.

There was no transaction during the last two (2) years, without proper disclosure, to which the Company was a party, in which any of the following persons had or is to have a direct or indirect material interest:

a. Any director or executive officer of the Company;
b. Any nominee for election as a director;
c. Any security holder named in Item 4 (d) (i) and (ii) above; and
d. Any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any of the persons named in the immediately preceding subparagraphs (a) (b) and (c) hereof.

(c) **Ownership Structure and Parent Company**

As of 28 February 2021, ALI owns 70.90% of the total outstanding shares of the Company.

(d) **Disagreement with Registrant**

To date, no director has resigned or declined to stand for re-election to the Board of Directors due to any disagreement with the Company relating to the Company's operations, policies or practices.

Item 6. **Compensation of Directors and Executive Officers**

(a) **Executive Compensation**

Information as to aggregate compensation paid or accrued during the last two (2) fiscal years and the ensuing fiscal year to the Company's Chief Executive Officer and four (4) other most highly compensated executive officers.

Summary Compensation Table
Annual Compensation

Name	Calendar Year	Salary (in ₱000s)	Bonus (in ₱000s)	Other Annual Compensation (in ₱000s)
Maria Rowena M. Tomeldan* (President/CEO)	2019 2020 2021	- - -	- - -	- - -
Francis M. Montojo ** (Chief Finance Officer/Compliance Officer/ Chief Risk Officer)	2019 2020 2021	- - -	- - -	- - -
Patrick John C. Avila (Head, Industrial Parks and Real Estate Logistics Group)	2020 2021	- -	- -	- -
Marita C. Cabral (Head, Human Resources)	2020 2021	- -	- -	- -
Maria Norina U. Raniel (Head, Commercial Leasing Group)	2020 2021	- -	- -	- -
CEO and four most highly compensated Exec. Officers	2019 Actual 2020 Actual *2021 (projected)*	- - -	- - -	- - -
All other officers*** and directors∞ as a group unnamed	2019 Actual 2020 Actual *2021 (projected)*	3,460.00 3,740.00 *4,190.00*	- -	- -

* Elected as President of the Company on 19 February 2018 to present
** Elected as Chief Finance Officer/Compliance Officer effective 15 December 2018 and as Treasurer effective 1 January 2019; resigned as Treasurer on 14 May 2020; appointed Chief Risk Officer on 11 November 2020
*** Vice President and up; excludes managers and staff
∞ Compensation consists of per diems; excludes ESOWN Plan shares

Starting in 2019, the management fees accrued/paid by the Company to ALI cover part of the compensation of executive officers of ALLHC (i.e., President/CEO, CFO/Treasurer, Group heads). In 2019 and 2020, the per diems of the ALI nominee-directors including that of the President, were paid to the nominating company, ALI or Ayala Corporation. For 2021, the directors will receive per diems as compensation, the amounts of which were approved by the stockholders in 2017.

The total annual compensation of all directors and senior personnel from managers and up was paid in cash.

(b) **Compensation of Directors**

Section 11 of Article III of the Amended By-laws provides that directors are entitled to receive, through a Board resolution, such per diems, fees and compensation for their services. The Personnel and Compensation Committee recommend to the Board of Directors the fees and compensation of directors attending board meetings and other committee meetings, with due consideration to the size and scope of operations of the Company.

Section 11 of Article III of the Amended By-laws provides that the total yearly compensation of directors shall in no case exceed ten percent (10%) of the net income before tax of the Corporation during the preceding year. This is consistent with Sec. 29 of the Revised Corporation Code.

(i) Standard Arrangement

The Board of Directors are entitled to receive such compensation as fixed by the Board for services as director. The directors receive as compensation, per diems fixed by the Board of Directors, and approved by the stockholders.

During the annual stockholders' meeting on 13 January 2017, the stockholders approved the resolution fixing the director's per diem of directors starting 2017 as follows:

Board meeting fee per meeting attended	P40,000.00
Committee meeting fee per meeting attended	P30,000.00

The total compensation, consisting of per diems, received by/accrued to each director in 2020 are as follows:

Director	**Total Remuneration/Per Diem**
Jose Emmanuel H. Jalandoni*	P330,000.00
Felipe U. Yap	330,000.00
Bernard Vincent O. Dy*	240,000.00
Maria Rowena M. Tomeldan*	570,000.00
Jaime Alfonso E. Zobel de Ayala*	120,000.00
Nathanael C. Go	240,000.00
Rex Ma. A. Mendoza	690,000.00
Renato O. Marzan	630,000.00
Cassandra Lianne S. Yap	410,000.00
Augusto D. Bengzon	180,000.00
Victor C. Say**	0

*Per diems were paid to their nominating company, ALI and Ayala Corporation
** term ended on 13 April 2020

(ii) Other Arrangement

None of the non-executive directors has been contracted and compensated by the Company for services other than those provided as a director. The Company has no arrangement with regard to the compensation of its non-executive directors other that the compensation received as herein stated.

In 2020, the members of the Board who are officers of ALI or are executive officers of the Company were paid, through their nominating company, ALI or Ayala Corporation, per diems for Board and committee meetings attended. One of the Company's non-executive directors availed of the stock grant in 2018 under the ESOWN

Plan of the Company. The details of the ESOWN Plan are discussed in Item 6 (d) – Warrants and Options Outstanding below. There were no stock grants after 2018.

(c) **Employment Contracts/Termination of Employment/Change-in Control Arrangements**

The present executive officers of the Company are regular employees of ALI and are covered by their respective engagement/employment contracts with ALI which provide for their functions corresponding to their position/rank.

There are no special terms or compensatory plans or arrangements relative to the resignation, termination of employment of such executive officers. No incumbent executive officer has been granted an ESOWN benefit by the Company.

The Company has no change-in-control arrangements with its executive officers.

(d) **Warrants and Options Outstanding**

In August 2015, the Board of Directors of the Company approved the Terms and Conditions of its ESOWN Plan covering 250 million common shares of the Company for its directors and employees as of June 30, 2015. The ESOWN Shares were issued in two (2) tranches: (i) Tranche 1 – covering 32 million shares; and (ii) Tranche 2 – covering 218 million shares (First Availment - 43 million shares, and Second Availment- 175 million shares).

Total number of shares subscribed under the ESOWN Plan are as follows: Tranche 1- 29,161,115 shares (excluding 144,485 shares returned to the Plan Pool); Tranche 2- First Availment- 26,629,700 shares; Tranche 2- Second Availment – 103,692,268 shares. Exercise price was P1.00 per share for Tranche 1 and P1.68 per share for Tranche 2. Except for Mr. Felipe U. Yap, no other incumbent director or executive officer of the Company was granted any ESOWN Plan shares.

There was no ESOWN availment after 31 December 2018.

Item 7. **Independent Public Accountants**

Pursuant to the General Requirements of SRC Rule 68 (3)(b)(iv)(ix) (Qualification and Reports of Independent Auditors), SyCip Gorres Velayo & Co. (SGV) was appointed by the stockholders of the Company as its external auditor for this audit period. Upon the recommendation of its Audit Committee (composed of Mr. Rex Ma. A. Mendoza, Chairman, Atty. Renato O. Marzan and Ms. Cassandra Lianne S. Yap, members) to the Board, the same accounting firm is being recommended for appointment at the annual stockholders' meeting.

Founded in 1946, SGV is the largest auditing firm in the Philippines today and is a member practice of Ernst & Young Global Limited since 2002. It offers services on assurance, tax, consulting, strategy and transactions.

Mr. Carlo Paolo V. Manalang is the Partner-in-Charge assigned to handle the Company's audit for 2020. This is his third year as Partner-in-Charge of the audit. There has been no resignation, dismissal or change in the external auditor of the Company for the past three (3) fiscal years.

As provided in the Corporation's Revised Corporate Governance Manual (as of November 2020), the Corporation is required to change the external auditor or rotate the partner every five (5) years. .A two-year cooling-off period shall be observed in the re-engagement of the same signing partner or individual auditor. There were no disagreements with external auditor on matters relating to accounting principles or practices or financial disclosures for the same period.

The representatives of SGV are expected to be present during the annual stockholders' meeting of the Company. They are not expected to make a statement but may do so if they so desire. They are ready to answer questions, if any, on the 2020 audited financial statements of the Company.

(a) Audit and Audit-Related Fees

The Company paid the following audit and non-audit service fees, including Value Added Tax, in the past two (2) years:

Audit and Audit-Related Fees:

	CY 2020	CY 2019
Professional Fees (SGV)	₱1,950,000.00	₱1,923,857.00
Value Added Tax	234,000,00	230,863.00
Total Audit Fees	2,184,000.00	2,154,720.00

The non-audit services fees:

	CY 2020	CY2019
Other Fees*	₱60,000.00	₱60,000.00
Value Added Tax	7,200.00	7,200.00
Total Non-Audit Fees	₱67,200.00	₱67,200.00

* SGV fees for the validation of stockholders' votes during the annual stockholders' meeting

The appointment of SGV and fixing of the auditor's fee will be presented to the stockholders for their approval at the annual stockholders' meeting.

(b) Tax Fees

There were no tax advisory services rendered by the auditor or any other entity to the Corporation in 2020.

Item 8. **Compensation Plans**

There are no matters or actions to be taken up in the meeting with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10. **Modification or Exchange of Securities**

There are no matters or actions to be taken up for the modification of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

The audited financial statements as of 31 December 2020, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as **Annex "D"**. The Schedules required under Part IV(c) of Rule 68 are also attached to Annex "D" and will be included in the Annual Report (SEC Form 17-A).

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to merger, consolidation, acquisition by sale, or liquidation of the Company.

Item 13. **Acquisition or Disposition of Property**

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. **Restatement of Accounts**

There was no restatement of account for CY 2020.

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of Annual Stockholders' Meeting (ASM) held on 13 April 2020 covering the following matters:

i. Approval of minutes of the 2019 annual stockholders' meeting
ii. Annual Report for calendar year 2019 (including consolidated audited financial statements (FS) for the calendar year ended 31 December 2019)
iii. Ratification of all acts and resolutions of the Board of Directors and Management beginning 12 April 2019 until 13 April 2020
iv. Election of directors (including the Independent Directors)
v. Appointment of external auditor and fixing of its remuneration
vi. Other Mattes which include update on the impact of Covid-19 and the initiatives undertaken by the Corporation to ensure the safety of its employees, workers, tenants and customers.

Copy of the 2020 ASM minutes may be accessed at https://www.ayalalandlogistics.com/wp-content/uploads/2020/04/ALLHC-minutes-of-13Apr2020-Final.pdf

(b) Approval of the annual report of Management for the year ended 31 December 2020, including the Company's 2020 audited consolidated financial statements and supplementary schedules.

Item 16. **Matters Not Required to be Submitted**

The Board approved the amendment of the Company's By-laws on 11 November 2020. The amendment of By-laws will not require the approval of the stockholders as the power to amend the By-laws has been delegated to the Board of Directors on 12 April 2019. The SEC approved the Amended By-laws on 4 March 2021.

Item 17. **Amendment of Charter, By-laws or Other Documents**

On 11 November 2020, the Board approved the amendment of the By-laws pursuant to the authority to amend By-laws delegated to the Board by the stockholders on 12 April 2019. The amendments to the By-laws do not require approval of the stockholders. The Amended By-laws were approved by the SEC on 4 March 2021. The salient amendments to the By-laws include:

1. Stockholders' meetings must be held at the principal office or any place where the office of the company is located Stockholders' meetings to be held any day in April as fixed by the Board
2. Special meetings may be called by stockholders owning 1/3 of the outstanding capital stock of the Company
3. Sending of notices to stockholders will be, by default, through electronic transmission
4. Sending of notice of meeting: 21 days before regular meetings and seven (7) days before special meetings
5. Stockholders' meetings may be held virtually, unless a physical meeting is requested by stockholders representing 10% of the outstanding capital stock within to (2) weeks from announcement of the virtual meeting
6. Stockholders' vote may be: in person, by proxy, through remote communication, *in absentia*, electronically or otherwise
7. Stockholders may propose any other matter for inclusion in the agenda at any regular or special meeting, subject to reasonable advance notice and other guidelines as may be approved by the Board of Directors
8. Board to fix record date of stockholders entitled to notice and vote
9. Closing of stock and transfer book: 20 days before the regular stockholders' meetings or seven (7) days before a special stockholders' meeting
10. Included qualifications for nomination or election of directors
11. Emergency action by Board in case remaining directors cannot constitute a quorum (due to vacancy) to prevent grave, substantial or irreparable loss or damage, vacancy to be temporarily filled by officers by unanimous vote of remaining directors.
12. Board may also meet through remote communication or such other alternative modes approved by the SEC
13. Directors with interest in a related party transactions shall timely and fully disclose material facts and subject to further compliance with SEC requirements. Also, Material RPT shall be approved by 2/3 of all directors including majority of Independent Directors
14. Board to hold six (6) meetings a year with 2/3 of all Board members constituting a quorum
15. Total yearly compensation of directors shall not exceed 10% of net income before tax of the Corporation during the preceding year.
16. Added Compliance Officer in list of officers

17. Moved the provisions on Chairman and Vice-Chairman to Article III as these positions are no longer considered officers
18. Cash dividend payouts may be done through electronic means such as bank transfers and stockholders to provide their account details
19. Stockholders shall appoint the auditors during their annual meeting and fix the auditor's fees
20. Inclusion of arbitration as alternative mode for settlement of intra-corporate disputes.

Item 18. **Other Proposed Actions**

(a) Ratification of all acts and resolutions of the Board of Directors and Officers since the annual stockholders' meeting on 13 April 2020 until 21 April 2021, which include, among others:

i. Approval of contracts, projects and investments, applications for listing of shares with the Philippine Stock Exchange
ii. Approval of 2020 audited financial statements, management representation letter and 2021 internal audit plan
iii. Election of officers
iv. Appointment of chairmen and members of the Board Committees
v. Ratification and confirmation of the actions of the Board Committees
vi. Updating the list of attorneys-in-fact of the Company for various transactions
vii. Updating of list of bank counterparty risk limits and bank signatories
viii. Sale of accounts receivables
ix. Amendments to various provisions of the By-laws
x. Schedule of the 2021 annual stockholders' meeting
xi. Appointment of SGV as the external auditor and fixing of its remuneration

(b) Election of the members of the Board including the independent directors for the ensuing year; and
(c) Appointment of the external auditor and fixing of its remuneration.

Item 19. **Voting Procedures**

(a) Vote required

The affirmative vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting is required for approval of the matters presented to the stockholders for decision. The election of directors is by plurality of votes.

(b) Method by which votes will be counted: Straight and cumulative

In all items for approval, each stockholder as of the Record Date may vote the number of shares of stock standing in his/her name on the books of the Company. Each share represents one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia.*

In the case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected, or he/she may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he/she may distribute them on the same principle among as many nominees as he/she may see fit; provided that, the whole number of votes cast by him/her shall not exceed the number of shares owned by him/her multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary on or before 12 April 2021.

A stockholder may vote electronically *in absentia* using the online web address, http://ayalagroupshareholders.com/, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes shall be counted and tabulated by the Company's Inspectors of Proxies and Ballots Committee (composed of Atty. June Vee D. Monteclaro-Navarro, Chairman, Ms. Francis M. Montojo and Ms. Michelle Marie T. Valbuena as members) and the results will be validated by an independent third party.

Item 20. Participation of Shareholders by Remote Communication

To comply with applicable regulations prohibiting mass gatherings, identifying authorized persons outside residence, and/or requiring social distancing to prevent the spread of COVID-19 (the "Regulations") and to ensure the safety and welfare of our stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication, as set forth below, and by voting *in absentia*, as provided in Item 4(c) and Item 19 above, or voting through the Chairman of the meeting as proxy. For the avoidance of doubt, stockholders shall not be allowed to physically attend the meeting and may only participate through the means identified above.

The live webcast of the meeting shall be accessible through the following online web address: http://www.ayalagroupshareholders.com/. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by email to corporate.secretary@ayalalandlogistics.com on or before 12 April 2021, of their participation in the meeting by remote communication. Stockholders may email questions or comments prior to or during the meeting at the following email address: corporate.secretary@ayalalandlogistics.com. The detailed instructions for participation through remote communication are attached as **Annex "A"**.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 18 March 2021.

AYALALAND LOGISTICS HOLDINGS CORP.
By:

JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary

ANNEX "A"

2021 ANNUAL STOCKHOLDERS' MEETING
OF
AYALALAND LOGISTICS HOLDINGS CORP.
(THE "MEETING")

REQUIREMENTS AND PROCEDURE FOR
ELECTRONIC VOTING *IN ABSENTIA*
AND
PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Voting *in Absentia* & Shareholder (VIASH) System.

I. ELECTRONIC VOTING IN ABSENTIA

1. Stockholders as of record date of 8 March 2021 ("Stockholders") have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation in the VIASH System. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the VIASH System. To register in the VIASH System, Stockholders shall simply follow the instructions sent in the e-mail.

2. Otherwise, Stockholders may access the link http://www.ayalagroupshareholders.com/ to create an account and register in the VIASH System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 4 below.

3. All registered accounts shall be subject to the validation process set forth. The deadline for registration to vote *in absentia* is **12 April 2021** ("Registration Deadline"). The VIASH System will be open for registration on 19 March 2021.

4. The following are needed for registration:

    4.1 For individual Stockholders –

    4.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.1.2 A scanned-copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    4.1.3 A valid and active e-mail address;
    4.1.4 A valid and active contact number;

    4.2 For Stockholders with joint accounts –

    A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

    4.3 For Stockholders under Broker accounts –

    4.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
    4.3.2 A recent photo of the stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    4.3.4 A valid and active e-mail address;
    4.3.5 A valid and active contact number;

4.4 For corporate Stockholders –

4.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format). The file size should be no larger than 5MB;
4.4.2 A recent photo of the Stockholder's representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
4.4.3 A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file-size should be no larger than 5MB;
4.4.4 A valid and active e-mail address of the Stockholder's representative;
4.4.5 A valid and active contact number of the Stockholder's representative.

Important Notes:

- Stockholders who are also stockholders as of record date of the other publicly-listed corporations in the Ayala group need only to register one account in the VIASH System. The digital absentee ballot for each corporation shall be separately accessed from the Stockholder's Dashboard in the VIASH System and votes shall be cast per corporation.

- Considering the prevailing extraordinary circumstances in relation to COVID-19, the Company shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

- Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the Meeting as proxy, by submitting a duly accomplished proxy form, on or before 12 April 2021.

5. The validation process in the VIASH System will be concluded by the Corporation no later than three (3) business days from the date of the Stockholder's complete registration. The Stockholder's dashboard in the VIASH System will indicate the status of registration.

   Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

6. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot in the VIASH System and the registered Stockholder may vote as follows:

   6.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
   6.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

   Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

   The VIASH System will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

   After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

7. The Office of the Corporate Secretary will tabulate all votes cast *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.

II. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders as of 8 March 2021 ("Stockholders") are required to register in the VIASH System to participate in the Meeting on 21 April 2021 by remote communication. A Meeting livestreaming access button will be available in the Stockholder's dashboard in the VIASH System on the date set for the Meeting as indicated in the Corporation's Notice of the Meeting.

2. The procedure and requirements for registration in the VIASH System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on 12 April 2021 [Registration Deadline].

3. In addition to their registration in the VIASH System, Stockholders are requested to notify the Company by e-mail to corporate.secretary@ayalalandlogistics.com by **12 April 2021** [Notification Deadline] of their intention to participate in the Meeting by remote communication.

4. Only the Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum at the Meeting.

5. Stockholders participating by remote communication may vote anytime until the end of the Meeting using the digital ballot in the VIASH System.

6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to corporate.secretary@ayalalandlogistics.com.

7. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to corporate.secretary@ayalalandlogistics.com.

For any clarifications, please contact our Office of the Corporate Secretary through corporate.secretary@ayalalandlogistics.com.

ANNEX "B"

DIRECTORS AND KEY OFFICERS
(as of 31 December 2020)

The write-ups below include positions held as of 31 December 2020 and in the past five (5) years, and personal data as of 31 December 2020 of directors and executive officers.

Board of Directors:

Jose Emmanuel H. Jalandoni
Felipe U. Yap
Bernard Vincent O. Dy
Maria Rowena M. Tomeldan
Jaime Alfonso E. Zobel de Ayala
Nathanael C. Go
Rex Ma. A. Mendoza
Renato O. Marzan
Cassandra Lianne S. Yap

Jose Emmanuel H. Jalandoni, Filipino, 53, has served as the Chairman of the Company since April 12, 2018. He was the President of the Company from February 24, 2016 to February 19, 2018. He is a Senior Vice President and a member of the Management Committee of ALI. He is the Group Head of ALI's commercial businesses including malls, offices, hotels, resorts and Chairman of ALI Capital Corporation. He is Chairman of AREIT, Inc. and Director of Cebu Holdings, Inc., other publicly-listed subsidiaries of ALI. His other significant positions are: Chairman of the Board of ALI Commercial Center, Inc., ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., AsiaTown Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati North Hotel Ventures, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., North Triangle Hotel Ventures., Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Sicogon Town Hotel, Inc., Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine FamilyMart CVS, Inc., Philippine Integrated Energy Solutions, Inc., Station Square East Commercial Corporation. He joined ALI in 1996 and held various positions in the Company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Felipe U. Yap, Filipino, 83, has been Vice Chairman from February 24, 2016. He was Chairman of the Board of Directors of the Company from 2000 to February 2016 and its Vice Chairman from 1993 to 2000. His other significant positions include: Chairman of the Board and Chief Executive Officer of publicly-listed companies Lepanto Consolidated Mining Company, and Manila Mining Corporation, of Far Southeast Gold Resources, Inc., Lepanto Investment and Development Corporation, Diamant Manufacturing and Trading Corporation, Diamond Drilling Corporation of the Philippines, and Shipside, Inc.; Chairman of the Board of publicly-listed company Zeus Holdings, Inc., Kalayaan Copper-Gold Resources, Inc., and Yapster e-Conglomerate, Inc.; Director of Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corp. (PASAR), FLT Prime Insurance Corporation, Orion Land Inc. and Tutuban Properties, Inc. He graduated with a degree in. B.A. Philosophy from the University of San Carlos in Cebu. He has extensive experience in the mining industry. He served as Chairman of the PSE Board of Governors from 2000 to 2002.

Bernard Vincent O. Dy, Filipino, 57, has been a director of the Company since February 24, 2016. He served as its Chairman from February 24, 2016 to April 12, 2018. He is the President and Chief Executive Officer of ALI and concurrently serves as a Senior Managing Director and member of the Ayala Group Management Committee of Ayala Corporation. He is also the Chairman of Cebu Holdings, Inc. and Director AREIT, Inc. and MCT Bhd of Malaysia. All are publicly listed companies. Prior to being the President of ALI, he was the Head of its Residential Business, Commercial Business and Corporate Marketing and Sales. His other significant positions include: Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corporation, Amaia Land Corporation, Bellavita Land Corporation, Altaraza Development Corporation Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway

Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corporation., Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., and Nuevocentro, Inc. He also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc. He is also President of President of Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; Fort Bonifacio Development Corporation; Aurora Properties Incorporated; Vesta Property Holdings, Inc.; Ceci Realty Inc.; Alabang Commercial Corporation; and Accendo Commercial Corporation. Mr. Dy also serves as Director of Avida Land Corporation, Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation, and AKL Properties, Inc. He is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police. He has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985, He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

Maria Rowena Victoria M. Tomeldan, Filipino, 59, is the President and Chief Executive Officer of AyalaLand Logistics Holdings Corp, a publicly-listed subsidiary of ALI, which developed and manages Laguna Technopark, Cavite Technopark, Laguindingan Technopark, Pampanga Technopark, Tutuban Center and South Park Center, since February 19, 2018. She has been a director of the Company since February 26, 2016. Her other significant positions include: Chairman of the Board of Laguna Technopark, Inc., Ecozone Power Management, Inc., LCI Commercial Ventures, Inc, Unity Realty & Development Corp.; Chairman and President of AMSI, Inc., Orion Property Development, Inc.; FLT Prime Insurance Corporation, and ESTA Galleria Inc., which is the distributor of premium quality tiles, general lighting and other building materials. She was a board member of the International Council of Shopping Centers (ICSC), Asia Pacific Advisory Board from 2008 until 2020. She is a 2015 ICSC Trustees Distinguished Service Awardee. She graduated with an AB Economics degree, cum laude from the University of the Philippines, Diliman in 1983 and earned her Masters in Business Administration degree from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

Jaime Alfonso E. Zobel de Ayala, 30, has been a Director of the Company since May 14, 2020. He currently heads the Business Development Unit of Ayala Corporation where he leads Ayala's Business Development team in analyzing new sectors/markets outside of Ayala Corporation's core businesses in the Philippines and in the Asia region. He is also a Board of Director of BPI Capital Corporation and BPI Direct BanKo, Inc, MCT Berhard (Malaysia) and ACE Enexor, Inc. Prior to this, he was the Head of Fixed-Mobile Convergence (Product Management) and Head of Business Development (Prepaid Division) of Globe Telecom. During his stint in Globe, he led the development and marketing strategy of Globe Switch, the most successful digital app in company history. Prior to joining the Ayala Group, he worked as a Macro-Sales analyst at Goldman Sachs in Singapore. He graduated from Harvard University in 2013, taking up Government as his primary concentration and Visual and Environmental Studies as his secondary concentration. In 2019, He obtained a master's degree in Business Administration at Columbia Business School, New York (Dean's List).

Nathanael C. Go, Filipino, 45, has been a Director of the Company since January 13, 2017. He is also the President of United Sustainment Solutions Corporation, United Harvest Corporation, Mighty and Strong (MAS) Food Corporation and Grenelle Central Corporation. Mr. Go graduated magna cum laude from Georgetown University with a BS degree in Foreign Service and completed his graduate studies in International Political Economy from the University of Warwick as a British Chevening scholar. Mr. Go worked in the Public Affairs practice of Burson Marstellar Beijing, and before that was a senior member of the Policy and Strategy Division of the National Security Council, Philippines.

Rex Ma. A. Mendoza, Filipino, 58, has been an Independent Director of the Company since February 26, 2016 and its Lead Independent Director since July 18, 2017. He is the President & CEO of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He currently serves as the lead independent director of Globe Telecom, Inc. (publicly-listed company) and an independent director of two (2) listed firms, the National Reinsurance Corporation of the Philippines and ALI. He is also a director of Esquire Financing, Inc., the Cullinan Group, TechnoMarine Philippines, Seven Tall Trees Events Company, Inc., and Mobile Group, Inc. Mr. Mendoza is a member of Bro. Bo Sanchez' Mastermind Group, and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

Renato O. Marzan, Filipino, 72, has been an Independent Director of the Company since January 13, 2017. He is currently the Chairman of the Board of Directors of UBS Securities Philippines, Inc. (USPI), a wholly-owned subsidiary of UBS AG. He has been an independent director of the USPI since May 2010. He is also a consultant and director in a number of private corporations. He was formerly connected with Ayala Corporation where he retired in December 31, 2008. At the time of his retirement, he was the General Counsel, Managing Director and the Group Head of the Corporate Governance and Legal Affairs Group of the corporation. In such capacity, he exercised direct supervision and oversight over the Legal Division, Office of the Corporate Secretary, the Compliance Unit and the Internal Audit of the corporation. He played an important role in the adoption and implementation of the principles and best practices of good corporate governance in the Ayala Group of Companies. During his career in Ayala, he also served as a director and corporate secretary of a number of companies within the Ayala Group. He graduated *magna* cum laude with a degree of Bachelor of Arts major in Philosophy in 1969, and cum laude with a degree of Bachelor of Laws in 1973, both from San Beda College. Prior to joining Ayala in 1978, he was in the active practice of law.

Cassandra Lianne S. Yap, Filipino, 31, has been an Independent Director of the Company since April 13, 2020. She is the Vice President and Corporate Secretary of Zamcore Realty & Development Corp. She is also the Executive Vice-President of Ferenzo Holdings & Development Corp. and FelCris Hotels & Resorts Corp. She graduated in 2011 with a degree in Psychology from Kwantlen Polytechnic University in British Columbia.

<u>Nominees to the Board of Directors for election at the stockholders' meeting:</u>

All incumbent directors were nominated for re-election as directors at the 2021 annual stockholders' meeting.

<u>Management/Key Executive Officers</u>

Maria Rowena M. Tomeldan*	-	President & Chief Executive Officer
Augusto D. Bengzon	-	Treasurer
Francis M. Montojo	-	Chief Finance Officer, Compliance Officer & Chief Risk Officer
June Vee D. Monteclaro-Navarro	-	Corporate Secretary
Nimfa Ambrosia L. Perez-Paras	-	Assistant Corporate Secretary
Francis Paolo P. Tiopianco	-	Assistant Corporate Secretary

*please refer to her profile above

Augusto D. Bengzon, Filipino, 58, is the Treasurer of AyalaLand Logistics Holdings Corp. since May 14, 2020. He served as a Director of the Company from July 18, 2017 to May 14, 2020. He joined ALI in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Compliance Officer & Treasurer. He is a Director of AREIT, Inc. and Treasurer of Cebu Holdings, Inc., another publicly-listed subsidiary of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director, Treasurer & Compliance Officer of Anvaya Cove Golf and Sports Club Inc.; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier, Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Fe del Mundo Medical Center Phil, Inc. and Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Francis M. Montojo, Filipino, 38, has served as the Chief Finance Officer and Compliance Officer of the Company since 15 December 2018 and its Chief Risk Officer effective 11 November 2020. She served as the Treasurer of the Company from 1 January 2019 to 14 May 2020. She joined Ayala Land, Inc. in July 2012 under the Strategic Landbank Management Group which is involved in Ayala's township developments as Controls and Analysis Head and Chief Accountant. In May 2015, she was assigned to Ayala's Healthcare business and served as the Chief Finance Officer of Mercado General Hospital, Inc. and the Treasurer of QualiMed Physician Associates, Inc. from May 2016 to December 2018. She graduated with a degree in Bachelor of Science in Accountancy from St. Paul University Manila in 2003 and has eight years of public practice from 2004 to 2012 with PricewaterhouseCoopers Manila, focused on consumer, industrial products and services. She is a Certified Public Accountant.

June Vee D. Monteclaro-Navarro, Filipino, 49, has served as the Corporate Secretary of the Company since 24 February 2016. She is a Vice President of ALI; Corporate Secretary of Cebu Holdings, Inc.; and Assistant Corporate Secretary of AREIT, Inc., all publicly-listed companies. She is a Director (management position) and Corporate Secretary of Ayala Group Legal. Currently, she is also the-Corporate Secretary of Alveo Land Corp., Avida Land Corp., AKL Properties, Inc., ALI Eton Property Development Corporation and Altaraza Development Corporation; and the Assistant Corporate Secretary of Alinet.com, Inc.. Prior to joining ALI in 2007, she was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan. She graduated from the University of St. La Salle in Bacolod with a Bachelor of Arts with a Major in Economics and a Bachelor of Commerce with a Major in Data Processing in 1993. She earned a Bachelor of Laws degree from the University of the Philippines in 1997. She finished the Program on Negotiation at Harvard Law School in 2012 and the Leadership in Corporate Counsel Executive Education at Harvard Law School in 2016.

Nimfa Ambrosia L. Perez-Paras, Filipino, 55, has served as the Assistant Corporate Secretary of the Company since 24 February 2016. She is a Senior Counsel 2 at the Ayala Group Legal. She is the Assistant Corporate Secretary of listed companies namely: ALI and Cebu Holdings, Inc. (CHI). She heads and handles various corporate secretarial functions for affiliates of CHI and for a number of companies within the Ayala Group. She was the Assistant Corporate Secretary of Integrated Micro-Electronics, Inc. from April 2014 to April 2015. Prior to joining Ayala Group Legal in February 2014, she was a State Counsel at the Department of Justice. She also worked at the Regional Trial Courts of Makati and Quezon City. In the private sector, she worked as Legal Counsel for Coca-Cola Bottlers Philippines, Inc., RFM Corporation, and Roasters Philippines, Inc. She graduated with a Bachelor of Laws degree from Manuel L. Quezon School of Law in 1990. She finished the Program on Negotiation and Leadership at Harvard Law School in 2018.

Francis Paolo P. Tiopianco, Filipino, 36, is the legal counsel of the Company and has been the Assistant Corporate Secretary since April 12, 2019. He is also the Assistant Corporate Secretary of Orion Land Inc., Orion Property Development, Inc., Tutuban Properties, Inc. and Unity Realty & Development Corporation. He served as Counsel for Ayala Group Legal from 2019-2020. Prior to joining Ayala Group Legal in February 2019, he was a senior law clerk in the Supreme Court under Associate Justice Francis H. Jardeleza, and was formerly an associate at SyCip Salazar Hernandez & Gatmaitan. He was admitted to the Philippine Bar in 2013, placing 10th in the Philippine Bar examinations. He holds a Master of Laws degree from the University of Cambridge, where he was a Chevening-Cambridge Trust scholar. He graduated cum laude from the University of the Philippines College of Law in 2012 and obtained a bachelor's degree in Management Economics from the Ateneo de Manila University in 2005.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **REX MA. A. MENDOZA**, Filipino, of legal age and a resident of No. 10 San Antonio St., Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AYALALAND LOGISTICS HOLDINGS, INC. ("ALLHC")** and have been its independent director since February 26, 2016.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

Company/Organization	Position/Relationship	Period of Service
TechnoMarine Enterprises Philippines, Inc.	Member, Board of Directors	2001 to present
Cullinan Group, Inc.	Member, Board of Directors	2008 to present
Seven Tall Trees Events Company, Inc.	Member, Board of Directors	2008 to present
Esquire Financing, Inc.	Member, Board of Directors	2013 to present
Rampver Financials Inc.	Member, Board of Directors	2014 to present
Globe Telecom Inc.*	Independent Director	2014 to present
FLT Prime Insurance	Member, Board of Directors	2016 to present
National Reinsurance Corporation of the Philippines*	Independent Director	2019 to present
Seedbox Technologies, Inc.	Member, Board of Directors	2019 to present
Singapore Life Philippines, Inc.	Chairman, Board of Directors	2019 to present
Mobile Group, Inc.	Member, Board of Directors	July 30, 2020 to present
Anvaya Beach and Nature Club, Inc.	Member, Board of Directors	December 10, 2020 to present
Ayala Land, Inc.*	Independent Director	April 22, 2020 to present

*publicly-listed company on the Philippine Stock Exchange

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **AYALALAND LOGISTICS HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of Ayalaland Logistics Holdings, Inc. and its subsidiaries and affiliates other than the relationships provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of Ayalaland Logistics Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 26th day of February 2020 at Makati City.

REX MARIA A. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 0 3 2021 day of ____________ at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P6999664A issued at DFA Manila, Philippines on May 02, 2018.

Doc. No. 192;
Page No. 40;
Book No. XXIV;
Series of 2021.

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY, PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-150 until December 31, 2021
Roll of Attorneys No. 58335
IBP No. 136251 – 12/21/2020 – Makati City
PTR No. 8533980ME – 01/04/2021 – Makati City
MCLE Compliance No. VI-0009490-06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO O. MARZAN**, Filipino, of legal age and a resident of 35 Bonifacio St., Ayala Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director **AYALALAND LOGISTICS HOLDINGS, INC. ("ALLHC")** and have been its independent director since January 13, 2017.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
UBS Securities Philippines, Inc.	Chairman-Independent Director	May 2010 to Present
Private holding companies:		
Capa Property Holdings, Inc.	Director/CorpSec	2002 to present
Kalima Holdings, Inc.	Director CorpSec	2006 to present
Kaseriya Holdings, Inc.	Director CorpSec	2011 to present
Estrellamar Holdings, Inc.	Director CorpSec	2012 to present

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **AYALALAND LOGISTICS HOLDINGS, INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of AyalaLand Logistics Holdings, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of AyalaLand Logistics Holdings, Inc. of any changes in the abovementioned information within (5) five days from occurrence thereof.

Done this 22nd day of February at Makati City, Metro Manila, Philippines..

RENATO O. MARZAN
Affiant

SUBSCRIBED AND SWORN to before me this ____day of FEB 26 2021 at MAKATI CITY, affiant appeared and exhibited to me his Passport No. P3161193B issued at Manila, Philippines on 12 September 2019.

Notary Public

RIZZA ANNE O. SY
NOTARY PUBLIC
ROLL NO. 64676
MAKATI CITY, PHILIPPINES

RIZZA ANNE O. SY
Notary Public - Makati City
Appt. No. M-187 until December 31, 2020
Extended until June 30, 2021
Roll of Attorneys No. 64676
Lifetime IBP No. 018509 - 01/04/18 - Bulacan
PTR No. 8533982ME - 01/04/2021 - Makati City
MCLE Compliance No. VI - 0009493 - 06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

Doc. No. 152; Page No. 32;
Book No: IX; Series of 2021

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Cassandra Lianne S. Yap, of legal age and a resident of 1970 Kasoy Street, Dasmarinas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of AyalaLand Logistics Holdings Corp. for its Annual Stockholders Meeting to be held on April 13, 2020.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
FERENZO HOLDINGS & DEVELOPMENT CORP.	Executive Vice President	Since 2016
ZAMCORE REALTY & DEVELOPMENT CORP	Vice President and Corporate Secretary	Since 2011
FELCRIS HOTELS & RESORTS CORP.	Executive Vice President	Since 2011

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AyalaLand Logistics Holding Corp,, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director of Ayala Corporation/ its subsidiaries and affiliates:

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
FELIPE U. YAP	Ayala Land Logistics Holdings Corp.	Uncle

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

7. I shall inform the Corporate Secretary of AyalaLand Logistics Holdings Corp. of any changes in the abovementioned information within five days from its occurrence.

Done, this __day of FEB 22 2021, at Makati City.

CASSANDRA LIANNE S. YAP
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of FEB 22 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me /her Passport No. _________ issued at Manila on ____________.

Doc. No. V7;
Page No. 12;
Book No. III;
Series of 2021.

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC CITY OF MAKATI
UNTIL DECEMBER 31, 2022
IBP NO. 75729-LIFETIME MEMBER
MCLE COMPLIANCE NO. VI-0024312
APPOINTMENT NO. M-183 (2019-2020)
PTR NO. 8531011 JAN. 4, 2021
MAKATI CITY ROLL NO. 40091
GROUND FLOOR 8747 PASEO DE
ROXAS, LEPANTO BLDG.

ANNEX "C"

I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Business Development

AyalaLand Logistics Holdings Corp. (ALLHC/Company/Issuer), a 70.90%-owned subsidiary of ALI, is into the development of world-class industrial parks, commercial centers, warehouses, and providing logistics facilities to make doing business easier and more convenient, through the following subsidiaries:

(i) Laguna Technopark, Inc.
(ii) Unity Realty & Development Corp.
(iii) LCI Commercial Ventures, Inc.
(iv) Ecozone Power Management, Inc.
(v) Orion Land Inc.
(vi) Tutuban Properties, Inc.
(vii) Orion Property Development, Inc.

With the focus on real estate logistics, the Company's other subsidiaries whose operations are not related to real estate logistics namely, Orion Maxis Inc., Orion Solutions, Inc., Orion I Holdings Philippines, Inc., Orion Beverage, Inc., Luck Hock Venture Holdings, Inc., TPI Holdings Corporation and FLT Prime Insurance Corporation, have been rationalized.

B. Business of Issuer

(i) Principal Products and Services

Orion Land Inc. (OLI)

- OLI was organized in 1996 as a holding company. On 29 November 2017, OLI expanded its activities into property development and leasing by acquiring the 5-storey mall and the 6-storey BPO office (collectively, South Park Center) located in Muntinlupa. Currently, it has converted certain areas of the mall to a mixed-use development to include office spaces for lease and other uses such as office for government agencies, worship centers, clinics and training centers.
    - Tutuban Properties, Inc. (TPI), a wholly-owned subsidiary of OLI, organized in 1990, holds the lease and development rights over a 20-hectare market district in downtown Divisoria, the country's oldest and biggest trading district. On the property sits the Tutuban Center (the "Center"), an integrated wholesale and retail complex, recognized as the premier shoppers' bargain district in the Philippines.
        - TPI Holdings Corporation (THC), a wholly-owned subsidiary of TPI, was organized in 2005 and holds titles to certain parcels of land in Batangas. The dissolution of the company through shortening of its corporate term to until 31 December 2017 has been approved by its Board of Directors but THC has yet to file its application for dissolution with the SEC.
- Orion Property Development, Inc. (OPDI), a wholly-owned subsidiary of OLI, organized in 1993, handles property development. Its present landholdings include properties in Batangas and San Vicente, Palawan.
        - LCI Commercial Ventures, Inc. (LCVI), a wholly-owned subsidiary of OPDI, organized in 1990, is into warehouse leasing.

Laguna Technopark, Inc. (LTI)

- On 30 April 2018, ALLHC entered into a Deed of Exchange with ALI whereby ALI agreed to subscribe to 1,225,370,620 additional shares in ALLHC in exchange for ALI's 30,186 shares in LTI, with a fair market value of P3,030,750,000.00. On 6 March 2019, ALLHC obtained the certificate of approval of confirmation of valuation from SEC, thus effecting the consolidation of LTI's results of operations for the period from 1 May 2018 to 31 December 2018 in the Company's financial reports.

  LTI was organized in 1990 to engage in the business of real estate development. LTI started the development of Laguna Technopark with an initial land area of 224 hectares in Biñan and Sta. Rosa, Laguna. To-date, the industrial estate now has eight (8) Phases which covers 470-hectare development that caters to light and medium, non-polluting enterprises, from both global and local markets. In 2015, LTI developed Cavite Technopark, a 118-hectare property located in Naic, Cavite, which are also intended for light to medium, non-polluting enterprises.

Subsequently, in 2017, additional 17-hectares were acquired as expansion in Cavite Technopark. In 2019, LTI acquired from Ayala Corp. a 62-hectare property in Habini Bay, Misamis Oriental for development of the Laguindingan Technopark.

- *Ecozone Power Management, Inc.* (EPMI) is a wholly-owned subsidiary of LTI, organized in 2010, with primary business engaged in retail electricity supply to locators within the industrial parks in the Laguna and Batangas as well as other commercial establishments.

Unity Realty & Development Corp. (URDC)

In July 2019, the Company acquired 100% of the shares of URDC. URDC, organized in 1997, is a real estate holding company. It owns the 192-hectare property in Mabalacat. Pampanga, which is being developed as Pampanga Technopark.

FLT Prime Insurance Corporation (FPIC)

- FPIC, a 78.77%-owned subsidiary of ALLHC, was incorporated in 1977, and operates as a non-life insurance company. With the shift in focus to real estate as the core business of the ALLHC Group, FPIC did not comply with the paid-up capital requirement for non-life insurance companies, and has applied for, and was granted in April 2017, a servicing license by the Insurance Commission (IC). As a servicing company, its authority is limited to: (i) accepting contract price payment from the policyholders; (ii) paying or settling claims under its non-life coverage; and/or (iii) such other related services. In September 2020, the company requested the IC for termination of the servicing license and termination of the appointment of an overseer, and reiterated its request for the release of its security deposit, after having complied with requirements of the IC and the publication of a notice of withdrawal on 9 February 2020. The IC, in a letter dated 4 January 2021, approved the termination of the servicing agreement and reconsidered the appointment of the overseer. Considering that the required one-year period from publication of the notice of withdrawal will end on February 9, 2021, the IC agreed to release the security deposit less the amount to cover any outstanding liabilities of the company to its policyholders and creditors, and subject to submission of certain requirements.

Item 2. Legal Proceedings

a. *"Lavine Loungewear vs. First Lepanto-Taisho Insurance Corp. (now FPIC), et. al."*
Civil Case No. 68287
G.R. Nos. 197219, 197227, 197244,197867 and 198481 / CA GR CV No. 90499
For: Sum of Money

Status: Case remanded to trial court to resolve Motion to Consign Amount and Motion to Fix Amount to be Consigned by FPIC

A complaint for sum of money (representing insurance proceeds) with issuance of Temporary Restraining Order (TRO) and Injunction was filed on 24 January 2001 with the Pasig Regional Trial Court (RTC)-Branch 71, against the Company's subsidiary, FPIC, by its insured, Lavine Loungewear Mfg. Inc. (Lavine). Prior to the filing of the suit, there was an intra-corporate dispute between two groups of stockholders of Lavine, each group claiming to be the owner of Lavine and therefore entitled to receive the insurance proceeds. Since FPIC could not determine which group of Lavine stockholders to pay, FPIC only made partial payment on the claim.

On 2 April 2001, the RTC rendered a Decision finding FPIC liable to pay Lavine the amount of P18,250,000 with 29% interest per annum from October 1998 until full payment. A Special Order for Execution Pending Appeal was also issued by the Court. As a result, certain assets of FPIC were garnished/attached. FPIC then filed a Petition with prayers for TRO and Injunction with the Court of Appeals (CA)-10th Division, which reliefs were granted by the court.

On 29 May 2003, the CA-10th Division, in its Consolidated Decision, ruled to set aside the RTC Decision dated 2 April 2001 and declared null and void the Special Order dated 17 May 2002 and the Writ of Execution dated 20 May 2002, and remanded the case to the lower court for pre-trial conference on the Second Amended Answer-in-Intervention; and payment of proceeds to Lavine (if adjudged entitled to said proceeds) be withheld until a decision on the rightful members of the Board of Directors of Lavine is issued by the intra-corporate court. The Intervenors Harish Ramnani (a party to the intra-corporate dispute) filed a Motion for Reconsideration (MR) with the CA-10th Division, to which FPIC filed its Opposition dated 15 July 2003 together with a Motion for Immediate Lifting of Garnishment.

On 20 April 2004, the CA resolved to lift the order of levy and notices of garnishment on the real and personal properties and bank deposits of FPIC which were made pursuant to the Special Order dated 17 May 2002 and Writ of Execution dated 20 May 2003 which were declared null and void by the CA.

A Petition for Review (PR) was filed by Intervenors with the Supreme Court (SC) to set aside the CA Decision of 29 May 2003. The SC, in its Decision dated 25 August 2005, affirmed the CA Decision dated 29 May 2003. Said SC Decision became final and executory.

Separately, FPIC filed an appeal with the CA of the RTC Decision dated 2 April 2001. The CA issued a Decision dated 30 September 2010 which affirmed the RTC Decision dated 2 April 2001 in all respects and ruled relative to FPIC that FPIC is liable for P18,250,000.00 and liable to pay 29% interest (i.e., twice the interest ceiling of 14.5%) as provided under Section 243 of the Insurance Code of 1978; and attorney's fees as it compelled plaintiff-appellee, through intervenors, to file the instant suit to collect money due from it.

On 5 November 2010, FPIC filed an MR of the CA Decision dated 30 September 2010. The CA issued a Resolution dated 9 June 2011 which modified the CA Decision insofar as it held FPIC is liable for the sum of P10,145,760.11 with 6% interest p.a. from 26 November 2001 and 12% p.a. from finality of resolution until fully paid; and deleted the award of 10% attorney's fees.

FPIC filed its PR on Certiorari with the SC on 29 July 2011. The SC-First Division, in its Resolution dated 1 October 2019, denied the PR and affirmed the CA Resolution of 9 June 2011, with modification that the legal interest imposed on the respective balance of the insurance proceeds shall be 6% per annum from 26 November 2001 and another 6% per annum from finality of the resolution until fully paid, and remanded the case to the RTC Br. 71, Pasig City for the computation of the amount of the loan to BDO.

On 12 December 2019, FPIC filed wth the SC a Motion for Leave to be Allowed to Consign and/or Deposit the Judgment Amount plus Interests, and a Motion to Fix the Amount to be Consigned at P21,154,589.73, inclusive of interests.

The SC issued a resolution dated 29 July 2020 directing the RTC Pasig Br. 71 to resolve the Motion to Consign and Motion to Fix the Amount to be Consigned. On 7 December 2020, the SC made an Entry of Judgment certifying that the SC Resolution is final and executory and recorded in the Book of Entries of Judgment.

FPIC filed a with the trial court a Motion to Resolve dated 20 December 2020 which is pending resolution.

b. *FLT Prime Insurance Corporation vs. Solid Guaranty, Inc.*
Civil Case No. 14-381
(Makati RTC Branch 59)
CA G.R. CV No. 110458
For: Recovery of Sum of Money and Damages

Status: Solid Guaranty held liable to pay FPIC. Petition for Review filed by Solid Guaranty and pending with the SC.

On 2 April 2014, a complaint for recovery of sum of money and damages was filed by FPIC against its reinsurer, Solid Guaranty, Inc. (SGI), in view of the latter's refusal to pay the amount of P10,721,938.50 representing SGI's 45% share in the final settlement amount paid by FPIC to its assured Top Forest Developers, Inc..

Defendant SGI filed its Answer with Counterclaim dated 21 May 2014, and a Motion to Set Case for Preliminary Hearing Based on Affirmative Defenses dated 21 May 2014, to which FPIC filed its Comment. The Court, in its Resolution dated 24 September 2014, denied the said motion for utter lack of merit.

Subsequently, Defendant filed a Motion to Dismiss (MTD) which was denied by the court in its Resolution dated 8 September 2014. Defendant filed an MR of the Resolution dated 24 September 2014, which was denied by the court.

The case was referred to Judicial Dispute Resolution (JDR) hearing on 28 September 2015 and mid-trial JDR on 4 May 2016. As the parties failed to reach a settlement, the case proceeded. Case was re-raffled to RTC 59.

Defendant filed a MTD while FPIC filed a Motion for Summary Judgment. On 26 July 2017, the court issued a Resolution which denied Defendant's MTD and granted FPIC's Motion, and judgment was rendered in favor of plaintiff FPIC and ordered defendant to pay the amount of P10,721,938.50 with interest for the delay at the rate of 13.71% per annum commencing on 7 January 2011 or thirty days after the Advance Facultative Cash Call was made on the defendant on 8 December 2013 until fully paid, attorney's fees in the amount of P500,000.00, and costs of suit.

With the denial by the RTC of Defendant's Motion for Recusal and Motion for Partial Reconsideration (MPR) (Grant of Plaintiff's Motion for Summary Judgment), Defendant filed a Notice of Appeal which was given due course.

The CA-Special Third Division issued a Resolution dated 3 July 2019 which denied the MR for lack of merit. Defendant-appellant filed a PR to the SC questioning the CA resolution.

On October 16, 2019, the First Division of the Supreme Court has issued a Resolution, without giving due course to the PR, resolved to require the respondent FPIC to Comment thereon (not to file a motion to dismiss) with ten (10) days from notice. On February 3, 2020, FPIC filed its Comment to the defendant's PR. The PR is pending with the SC.

ANNEX "D"

I. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Review of 2020 Consolidated Results of Operations versus 2019

For the year ended 31 December 2020, AyalaLand Logistics Holdings Corp. ("ALLHC" or the "Group") registered P3.72 billion in revenues versus P5.35 billion the year prior, experiencing a 30% drop. However, net income grew by 10% to P703 million from P641 million in 2019. The performance is driven by sale of industrial lots, stable warehouse and office leasing operations, and sale of none-core assets.

Earnings per share for the year ended 31 December 2020 was P0.11 which was 10% higher than P0.10 last year.

Business Segments

Challenged by the COVID-19 crisis, the Group's performance was driven by industrial lots sales and steady warehouse and office leasing. The breakdown of the revenues are as follows:

		Amount – P' million		
Segment	**2020**	**2019**	**2020 vs. 2019**	**Change**
Real estate sales	1,275.5	1,809.1	(533.6)	(29%)
Rental	872.8	1,140.9	(268.1)	(23%)
Sale of electricity	1,568.4	2,396.0	(827.6)	(35%)
Total	3,716.7	5.346.0	(1,629.3)	(30%)

Real estate sales. This segment pertains to sale of industrial lots. Industrial lot sales revenues stood at P1.28 billion, 29% lower compared to 2019's post of P1.81 billion, with sales coming from the domestic market. In 2020, the Group sold industrial lots in Pampanga, Cavite, and Laguindingan.

Rental. This segment covers operations of warehouse and commercial leasing.

> **Commercial leasing.** The combined revenues of Tutuban Center and South Park Center amounted to P519.6 million which was 39% less than P854.2 million revenue last year due to rent reprieve but tempered by steady office leasing revenues. The Group ended with 90K sqm total commercial leasing GLA and lease-out rate of 80% versus 92% last year.
>
> **Warehouse leasing.** Growth in GLA drove revenues to increase by 23% to P353.2 million from P286.7 million in 2019. ALogis Alviera, ALogis Biñan and ALogis Naic were operational in 2020 since its deliveries in Q1 2019. The lease-out rate for all warehouses was at 81%.

Sale of electricity. This pertains to retail electricity supply service to industrial park locators and external commercial customers. EBITDA margin registered at 3%. Revenue from power was 35% down to P1,568 million due to the lower demand from customers as many businesses slowed down or closed as a result of the government-mandated community quarantine (CQ) for most part of 2020.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P2,732.0 million in 2020 compared to P3,974.8 million in 2019 or 31% lower due to lower sales of industrial land sold and power sale, management fees, and depreciation, as a consequence of the series of CQs.

Operating expenses of P205.6 million incurred in 2020 which was lower than last year of P292.4 million mainly driven by set up of provisions for impairment losses and lower taxes and licenses.

Project and Capital Expenditures

The Group spent P1 billion in capital expenditures to support the completion of new projects and aggressive expansion, of which P42 million was spent for land development cost, P750 million for building improvements, and P208 million for land acquisition.

Operations during the COVID-19 Pandemic

With the implementation of CQs which started mid-March 2020, the Company's priority was to ensure the safety and well-being of its employees, workers, merchants, locators, and customers.

Initiatives taken by the Company include:

- For employees: work-from-home arrangement, regular staff meetings to monitor staff needs and conditions, and online training courses for its employees
- For workers: financial assistance and basic needs and amenities to front-liners on-duty.
- For mall merchants: rent reprieve and discounts for common area charges during the CQ period
- For medical front-liners: employees helped fund three (3) hospitals designated as COVID centers through ALI's fundraising campaign, *Ayala Land Pays It Forward*, and assisted in the procurement of much needed medical equipment and supplies for these hospitals.
- For customers: to ensure health and safety, the Company's properties and premises were regularly disinfected and sanitized.

Towards the end of 2020, as businesses slowly re-open, the Company has adopted a work schedule for the re-integration of its employees in its offices and ensured that the government-imposed health protocols in its establishments are observed for the safety and well-being of its customers and tenants.

Financial Condition

The COVID-19 pandemic resulted to a slowdown of operations but ALLHC's balance sheet remained healthy with enough capacity to undertake its growth plan and meet existing obligations.

Total Assets of the Group stood at P19.35 billion as of 31 December 2020, slightly lower than P19.37 billion last year.

Total liabilities decreased to P7.51 billion versus P8.19 billion last year due to the settlement of installment due to the purchase of URDC.

The impact of adoption of new accounting standard for leases in 2020 resulted to the recognition of P1.27 billion right-of-use asset and P1.75 billion lease liabilities.

Total Equity registered at P11.84 billion was 6% higher than the equity of P11.18 billion last year due to impact of net income during the year negated by the decline in market value of financial asset at fair value through other comprehensive income.

Financing Through Loans

As of 31 December 2020, the Group had no outstanding loans from any financial institution.

Prospects for the future

The Group will continue to pursue its vision of energizing and supporting communities in key areas across the country. Tutuban will continue to work on new mall offerings and bazaars, and full operations while observing the safety protocols for COVID-19. South Park will continue with its transformation into a mixed-use development, conversion of retail spaces to storage areas and launching of new mall merchants.

As part of its short-term plans, the Group will continue to increase in gross leasable area in warehousing with expansion and look into possible new businesses or potential partnerships.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31-Dec-2020	31-Dec-2019
Current Ratio	Current Assets / Current Liabilities	1.35: 1 6,664,248 / 4,921,888	1.09: 1 6,038,158 / 5,554,888
Debt to Equity Ratio	Total Liabilities / Equity	0.63: 1 7,513,456 / 11,840,774	0.73: 1 8,192,312 / 11,176,197
Capital Adequacy Ratio	Equity / Total Assets	0.61 11,840,774 / 19,354,230	0.58: 1 11,176,197 / 19,368,509
Book Value per Share	Equity / Total # of Shares	1.88 11,840,774/ 6,301,592	1.77 11,176,197 / 6,301,592
Income per Share	Net Income / Total # of Shares	0.11 681,962 / 6,252,148	0.10 595,838 / 6,226,225

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2020, the Group has P1.35 worth of current assets for every peso of current liabilities as compared to P1.09 as of 31 December 2019. The Group has sufficient current assets to support its current liabilities as of the period, slightly higher than last year.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2019, debt-to-equity ratio was lower.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2020, the Group's Capital Adequacy Ratio was slightly higher at 0.61 compared to same period last year's 0.58.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2020, the Group's book value per share of P1.88 was 6.2% higher than as of 31 December 2019.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding. As of 31 December 2020, the Group reported a P0.11 income per share which was 10%, higher than last year.

(i) ***Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.***

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) ***Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation***

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

(iii) ***Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.***

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) ***Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.***

For 2020, the Group's budgeted total capital expenditures was P2.16 billion for projects and spent P 1 billion as of 31 December 2020 for land development, building improvements, and land acquisition. This was financed through internally generated funds and advances.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

The COVID-19 crisis and government-mandated CQ are expected to have an impact on net sales or revenues from continuing operations especially for commercial leasing and power segments. With the development and availability of vaccines for COVID-19 in the country, it is hoped that businesses will gradually return to pre-COVID levels.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

a. Financial Assets at fair value through other comprehensive income stood at P606.4 million, 5.9% lower than the P644.7 million as of 31 December 2019.

b. FVPL Investments posted a 5.8% increase mainly due to market value adjustment as of year-end.

c. Amounts owed by related parties posted at P921.8 million or 16.9% increase from P788.5 million as of 31 December 2019 due to intercompany loans granted to affiliates.

d. Receivables-net of current portion increased to P728.5 million or 51.7% higher due to installment receivables from lot sales.

e. Property & equipment – at cost decreased to P27.2 million or 28.3% due to depreciation and amortization during the year.

f. Software costs decreased by 69.8% to P0.43 million due to depreciation during the year.

g. Deferred tax assets increased from P24.3 million to P58.2 million due mainly provision on impairment of accounts receivables. Due to the impact of reduced provision on impairment of accounts receivables, thus, related deferred tax assets decreased.

h. Accounts Payable & Accrued Expenses decreased by 38.1% to P1,653.1 million from P2,773.2 million due mainly due to installment obligation to the sellers of URDC shares.

i. Current portion of deferred rent income increased to P15.60 million due to advance payment of rent by tenants.

j. Amounts owed to related parties principally consisting of interest-bearing advances and intercompany charges, increased by 15.4% to P2,674.4 million from P2,317.2 million as of 31 December 2019 which was used to fund land acquisitions and development costs.

k. Slight increase in Total Lease liabilities by 1.0% from P1,733.45 million to P1,751.37 million.

l. Rental and other deposits-net of current portion registered at P210.4 million, 10.3% lower due to reclassification from current portion of rental and other deposits which decreased by 4.9% from P517.86 million to P492.53 million.

m. Deferred income tax liability – net decreased by 11.1% from P125.2 million to P111.3 million due to the impact of adjustment on the recognition of PFRS 16.

n. Unrealized valuation loss on AFS increased to negative P626.7 million or 6.6% due to the decline in value of the Cyber Bay shares.

o. Retained Earnings increased to P1,737.7 million or 63.0% increase due to net income during the year.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

2019 Consolidated Results of Operations versus 2018

For the year ended 31 December 2019, AyalaLand Logistics Holdings Corp. ("ALLHC" or "the Group"), formerly Prime Orion Philippines, Inc., registered a robust growth with consolidated revenues and net income of P5,345.98 million and P641.4 million, which were 58% and 15% higher versus last year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) margin improved by 4% points to 29% versus last year.

Business Segments

The strong performance was driven by higher industrial lots sold and supported by growth in retail electricity supply and leasing businesses with revenues as follow:

	Amount – P' million			
Segment	**2019**	**2018**	**2019 vs 2018**	**Change**
Real estate sales	1,809.1	785.8	1,023.3	130%
Rental	1,140.9	843.2	297.7	35%
Sale of electricity	2,396.0	1,735.0	661.0	38%
Others	0.0	6.0	(6.0)	(100%)
Total	5.346.0	3,370.0	1,976.0	58%

Real estate sales. This segment pertains to sale of industrial lots. In 2019, the Group secured Laguindingan Technopark (62 hectares) and Pampanga Technopark (192 hectares). Driven by the strong demand, revenues significantly increased with lots sold in Laguna, Pampanga and Cavite Technoparks.

Rental. This segment covers operations of warehouse, retail and office leasing.

Retail and office leasing. The combined revenues of Tutuban Center and South Park amounted to P854.2 million which grew by 25% versus P683.5 million revenue last year. The Group ended with 84K total retail and commercial leasing GLA and maintained its % lease-out at 92%.

Warehouse leasing. Total revenues of warehouse grew by 79% to P286.7 million from P159.7 million in 2018. Additional GLA in Laguna and Alviera help boost the topline. 2019 ended with 97% lease-out rate or 8% points increase from last year.

During the year, the Group launched portion of redeveloped Lepanto warehouse with 11K GLA and Alviera Warehouse with 12K GLA. It also opened an expansion in Alviera for 19K GLA and in Laguna for 14K GLA.

Sale of electricity. This pertains to retail electricity supply service to industrial park locators and external commercial customers. EBITDA margin is maintained at 3%.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P3,974.8 million in 2019 and P2,625.3 million in 2018 or 50% higher driven by costs for additional industrial land sold and power sale, management fees, and depreciation.

Operating expenses of P292.4 million incurred in 2019 which is higher than last year of P158.4 million mainly driven by set up of provisions in relation to the requirements of the accounting standards.

Project and Capital Expenditures

The Group spent P4.6 billion in capital expenditures to support the completion of new projects and aggressive expansion, of which P2.6 million was spent for land acquisition, P1.0 billion for development costs and P800 million for equity purchase.

Financial Condition

ALLHC's balance sheet remained healthy with enough capacity to undertake its growth plan and meet existing obligations.

Total assets of the Group stood at P19,368.5 million as of 31 December 2019 versus P12,974.4 million last year which mainly increased due to acquisitions of Pampanga Technopark, Laguindingan Technopark and South Park land.

Total liabilities amounted to P8,192.3 million versus P3,100.1 million last year which increased due to obligations and advances made in relation to the Group's investments in land, development and equity purchase.

The impact of adoption of new accounting standard for leases in 2019 resulted to P1,327.0 million right of use asset and P1,733.4 million lease liabilities.

Total Equity registered at P11,176.2 million was 13% higher than the equity of P9,874.2 million last year due to impact of net income, disposal of shares held by a subsidiary, and issuance of shares recognized during the year.

Financing Through Loans

As of 31 December 2019, the Group had no outstanding loans from any financial institution.

Prospects for the future

The Group will continue to reinforce and solidify its vision of energizing and supporting communities and jumpstart development in more non-urban areas. With the addition of new industrial estates in key areas -- Pampanga and Misamis Oriental, it is aligned towards this goal. Furthermore, Tutuban will continue having new mall offerings while South Park is maximizing value of the mall through its transformation into a mixed-use development.

The short-term plan involves increasing gross leasable area in warehousing with expansion in Laguna, Cavite and Porac, Pampanga.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31-Dec-2019	31 Dec- 2018
Current Ratio	Current Assets Current Liabilities	1.18: 1 6,682,904/5,641,246	2.38: 1 5,320,576/2,240,072
Debt to Equity Ratio	Total Liabilities Equity	0.73: 1 8,192,312/ 11,176,197	0.31: 1 3,100,143/9,874,250
Capital Adequacy Ratio	Equity Total Assets	0.58: 1 11,176,197/ 19,368,509	0.76: 1 9,874,250/12,974,393
Book Value per Share	Equity Total # of Shares	1.77 11,176,197/ 6,301,592	1.61 9,874,250/6,148,456
Income per Share	Net Income Total # of Shares	0.10 595,838/6,226,225	0.08 441,908/5,350.484

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2019, the Group has P1.18 worth of current assets for every peso of current liabilities as compared to P2.38 as of 31 December 2018. The Group has sufficient current assets to support its current liabilities as of the period, although the ratio is lower than last year.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2018, debt-to-equity ratio was higher.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2019, the Group's Capital Adequacy Ratio was lower at 0.58 compared to same period last year's 0.76.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2019, the Group's book value per share of P1.77 was10.4% higher than as of 31 December 2018.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding. As of 31 December 2019, the Group reported a P0.10 income per share which was 15.9%, higher than same period of last year.

(i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation

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

(iii) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For 2019, the Group budgeted total capital expenditures of P4.6 billion million for projects and spent P3.7 billion as of 31 December 2019. This was financed through internally generated funds and advances.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

There are no known trends, events or uncertainties that have material impact on net sale/revenues/income from continuing operation.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

a. Cash and cash equivalents stood at P177.6 million, 19.3% lower than the P220.1 million as of 31 December 2018. Cash were used to fund for capital expenditures.

b. Receivables posted a 27% increase mainly due from receivables from Mabalacat industrial lot sales and LTI leasing.

c. Real estate inventories registered at P2,085.0 million, 61% higher than the P1,289.2 million as of 31 December 2018 driven mainly by more areas for sale in Pampanga and Laguindingan Technopark.

d. Amounts owed by related parties posted at P788.5 million or 16% decrease from P936.5 million as of 31 December 2018 due to collection to fund for the acquisition of land and development.

e. Other current assets posted at P977.7 million, 63% higher due to input vat on the acquisition of land and development costs.

f. Receivables-net of current portion increased to P480.3 million or 968% higher due to installment payments of customers that bought industrial lots in Pampanga Technopark.

g. Right of use asset amounting to P1,327.0 million was recognized in 2019 to adopt the new accounting standard for leases.

h. Investment Property increased by 51% to P10,254.5 million due to acquisition of land in Pampanga and Laguindingan Technopark and South Park land.

i. Plant, property & equipment – at cost decreased to P37.9 million or 10% due to depreciation and amortization during the year.

j. Software costs decreased by 51% to P1.4 million due to depreciation during the year.

k. Deferred tax assets increased from P14.2 million to P24.29 million due mainly to adoption of new accounting standards on leases and provision on impairment of accounts receivables.

l. Other non-current assets decreased by 21% to P548.5 million as of 31 December 2019 from P699.1 million due to reclassification of deferred input vat to current and decrease on advances to suppliers and contractors.

m. Accounts payable and accrued expenses increased by 87% to P2,773.2 million mainly due to installment obligation to the sellers of land in Pampanga Technopark.

n. Current portion of deferred rent income decreased by 78% due to realization during the year.

o. Amounts owed to related parties principally consisting of interest-bearing advances and intercompany charges, increased to P2,317.2 million from P234.3 million as of 31 December 2018 which is used to fund land acquisitions, development costs, and equity purchase.

p. Rental and other deposits-net of current portion registered at P234.8 million, 54% higher due to increase in rental, security, customer deposits and construction bonds paid by tenants to the Group on leased properties.

q. Deferred rent income decreased by 33% to P6.9 million due to reclass to realized income.

r. Deferred tax liability – net decreased by 42% from P215.3 million to P125.2 million due to the impact of PFRS 16 adoption.

s. Equity reserves increased by 18% to P1,598.2 million due to the acquisition of 20% equity in LTI.

t. Shares held by a subsidiary was reduced by 89% from P1,279.0 million to P144.4 million due to the sale of shares held by OLI.

u. Revaluation increment on PPE decreased by 6% due to realized portion of LCI revaluation increment.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

<u>Calendar Year ended 31 December 2018</u>

<u>Review of 2018 Consolidated Results of Operations versus 2017</u>

For the year ended 31 December 2018, Prime Orion Philippines, Inc. ("POPI" or "the Group") generated consolidated revenues and net income of P3,370.0 million and P554.7 million, which were higher than last year's consolidated revenue and net income by 452% and 2,890%, respectively. The significant growth was largely attributed to the industrial lot sales of (LTI, revenue from retail electricity supply and improved leasing income from commercial properties.

Total Cost and Expenses for the year increased by 300% on account of cost of sales and services of LTI, cost of retail electricity supply and operating expenses of Tutuban and South Park.

Business Segments

The strong performance was driven by industrial lot sold and revenue from retail electricity supply with the support of growth in leasing business as follow:

	Amount – P' million			
Segment	**2018**	**2017**	**2018 vs 2017**	**Change**
Real estate sales	785.8	-	785.8	100%
Rental	843.2	501.8	341.4	68%
Sale of electricity	1,735.0	-	1,735.0	100%
Others	6.0	108.7	(102.7)	(94%)
Total	3,370.0	610.5	2,759.5	452%

Real estate sales. This segment pertains to sale of industrial lots. In 2018, the Group sold industrial lots in Laguna and Cavite.

Rental. This segment covers operations of warehouse, retail and commercial leasing.

Sale of electricity. This pertains to retail electricity supply service to industrial park locators and external commercial customers. EBITDA margin is at 3%.

Expenses

Consolidated costs of real estate and services costs from rental and sale of electricity amounted to P2,625.3 million in 2018 and P351.7 million in 2017 or 646% higher driven by costs for industrial land sold and power sale.

Operating expenses of P158.41 million incurred in 2018 is lower than last year of P341.5 million mainly due to provisions set up in 2017.

Financial Condition

Total Assets of the Group registered at P12,974.4 million as of 31 December 2018, or a 45% improvement compared to P8,923.5 million as of 31 December 2017 due to the addition of the assets of LTI. Total Liabilities was P3,100.1 million, 86% higher than the P1,666.7 million liabilities as of 31 December 2017.

Total Equity registered at P9,874.3 million was 36% higher than the equity of P7,256.9 million as of 31 December 2017 due to the additional ALI subscription under the share exchange.

Financing Through Loans

As of 31 December 2018, the Group had no outstanding loans from any financial institution.

Prospects for the future

The Group envisions to become the leading real estate logistics and industrial estate developer and operator in the Philippines through LTI with plans to expand in Cavite and Misamis Oriental. Increase leasing business in Tutuban and South Park by maximizing value through the transformation into a mixed-use development.

The short term plan involves increasing gross leasable area in warehousing with expansion in Laguna and Porac, Pampanga.

Key Variable and Other Qualitative and Quantitative Factors

Ratio	Formula	31 Dec- 2018	31-Dec-17
Current Ratio	Current Assets Current Liabilities	2.37: 1 5,320,576/ 2,240,072	2.91: 1 2,373,733/ 816,981
Debt to Equity Ratio	Total Liabilities Equity	0.31: 1 3,100,143/ 9,874,250	0.23: 1 1,666,689/ 7,256,856
Capital Adequacy Ratio	Equity Total Assets	0.76: 1 9,874,250/ 12,974,393	0.81: 1 7,256,856/ 8,923,545
Book Value per Share	Equity Total # of Shares**	1.61 9,874,250/ 6,148,456	1.48 7,256,856/ 4,896,455
Income per Share	Net Income Total # of Shares	0.08 441,908/ 5,350,484	0.01 33,143/ 4,155,983

**includes the 1,225,370,620 additional subscription of ALI under the Deed of Exchange dated 30 April 2018; POPI obtained certificate of approval of confirmation of valuation on 6 March 2019.

Current ratio shows the Group's ability to meet its short-term financial obligation. As of 31 December 2018, the Group has P2.37 worth of current assets for every peso of current liabilities as compared to P2.91 as of 31 December 2017. The Group has sufficient current assets to support its current liabilities as of the period.

Debt to Equity ratio indicates the extent of the Group's debt which is covered by shareholders' fund. It reflects the relative position of the equity holders. The higher the ratio, the greater the risk being assumed by the creditors. A lower ratio generally indicates greater long-term financial safety. Compared to 31 December 2017, debt-to-equity ratio was higher.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity (excluding non-controlling interests) over Total Assets. It measures the financial strength of the Company. As of 31 December 2018, the Group's Capital Adequacy Ratio is lower at 0.76 compared to same period last year's 0.81.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. As of 31 December 2018, the Group's book value per share of P1.61 was 8% higher than as of 31 December 2017.

Income per share is calculated by dividing net income by the weighted average number of shares issued and outstanding. As of 31 December 2018, the Group reported a P0.08 income per share which was 936%, higher than same period of last year.

(i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company and its subsidiaries' liquidity increasing or decreasing in any material way.

(ii) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation

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

(iii) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For 2018, the Group budgeted total capital expenditures of P717.0 million for projects. This will be financed through internally generated funds and bank loans. A total of P279.2 million was already spent as of 31 December 2018.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales or revenues or income from continuing operations should be described.

There are no known trends, events or uncertainties that have material impact on net sale/revenues/income from continuing operation.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

The Group did not recognize income or loss during the period that did not arise from continuing operations.

(vii) Causes of Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%).

Significant changes mainly from consolidation of LTI and EPMI financials, unless otherwise stated are as follows:

a. Cash and cash equivalents stood at P220.1 million, 14% lower than the P255.0 million as of 31 December 2017.

b. Increase in Short term investments was due to additional placements made during varying periods to maximize cash management.

c. Receivables_posted a 313% increase mainly due from receivables from industrial lot sales, LTI leasing and retail electricity customers.

d. Real estate inventories registered at P1.3 billion, 387% higher than the P264.5 million as of 31 December 2017.

e. Available for Sale (AFS) financial assets decreased by 100% as of 31 December 2018 due to the reclassification requirements based on the accounting standards to Financial assets at fair value through other comprehensive income.

f. Accounts owed by related parties increased to P936.5 million or 139% increase from P392.3 million as of 31 December 2017 due to increase in intercompany advances made to certain ALI subsidiaries made by the Company's subsidiaries.

g. FVPL Investments posted a P4.5 million increase due to unit investment trust fund in OLI and LTI.

h. Other current assets posted at P534.9 million, 49% higher due to consolidation of LTI other current assets.

i. Investment properties increased by 14% as an impact of facility upgrades in TPI and consolidating LTI warehouses.

j. Property and equipment_posted a 13% increase due to capital expenditures in TPI and LCI net of depreciation and amortization.

k. Software costs was reduced by 41% to P2.9 million due to depreciation during the year.

l. Other non-current assets also increased by 55% from P488.7 million as of 31 December 2017 to P756.7 million due to deposits, advances to suppliers and deferred input vat.

m. Accounts payable and accrued expenses increased by 150% or P891.2 million.

n. Amounts owed to related parties principally consisting of interest bearing and non-interest bearing advances, increased to P234.3 million from P19.4 million as of 31 December 2017.

o. Rental and other deposits registered at P664.9 million, 105% higher due to increase in rental, security, customer deposits and construction bonds paid by tenants to the Group on leased properties.

p. Capital stock and additional paid-in capital significantly increased as a result of additional equity stake by ALI in the Company.

q. Equity reserves decreased mainly as an effect of LTI shares swap.

r. Unrealized gain (loss) on AFS financial assets decreased due to reclassification requirements from retained earnings to other comprehensive income based on the new accounting standards amounting to P527 million loss.

s. Non-controlling Interests increased due to consolidation of LTI.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

oOo

Upon written request of stockholder, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A, free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

AyalaLand Logistics Holdings Corp.
3rd Floor Glorietta 5
Ayala Center, Makati City 1223

Attention: Ms. Francis M. Montojo
Chief Finance Officer and Compliance Officer

II. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. Market Information

The Company's Common Shares are listed and principally traded in the PSE. The high and low sales prices* of the Company's securities for each quarter are indicated in the table below:

	High	Low
Calendar Year 2020		
1st Quarter (Jan. – Mar. 2020)	₱3.03	₱1.10
2nd Quarter (Apr.- June 2020)	1.98	1.49
3rd Quarter (Jul. – Sept. 2020)	2.65	1.60
4th Quarter (Oct. – Dec. 2020)	3.75	2.35
Calendar Year 2019		
1st Quarter (Jan. – Mar. 2019)	₱3.24	₱2.36
2nd Quarter (Apr.- June 2019)	4.06	2.82
3rd Quarter (Jul. – Sept. 2019)	4.31	3.28
4th Quarter (Oct. – Dec. 2019)	3.78	2.85
Calendar Year 2018		
1st Quarter (Jan. – Mar. 2018)	₱ 4.10	₱ 2.04
2nd Quarter (Apr. – June 2018)	3.64	2.58
3rd Quarter (Jul. – Sept. 2018)	3.24	2.45
4th Quarter (Oct. – Dec. 2018)	2.57	2.16

*provided by PSE Corporate Planning and Research Department/ PSE Market Information

Stock price as of latest practicable trading date of 18 March 2021 is P2.92 per share.

B. Holders

As of 28 February 2021, the Company had 749 stockholders. The following are the top 20 stockholders of the Company (as of 28 February 2021) based on the list provided by the Company's Stock and Transfer Agent, BDO Unibank, Inc. Central Operations Group- Securities Operations:

	Name	Number of Shares	Percentage (%)
1	Ayala Land, Inc.	4,467,752,834	70.889
2	PCD Nominee Corporation (Filipino)	1,037,360,346	16.462
3	F. Yap Securities, Inc.	312,363,100	4.957
4	ESOWN Administrator 2019	103,548,180	1.643
5	PCD Nominee Corporation (non-Filipino)	97,467,677	1.547
6	Orion Land Inc.	49,444,216	0.785
7	ESOWN Administrator 2018	25,793,700	0.409
8	YHS Holdings Corporation	22,900,000	0.363
9	Caridad Say	22,370,000	0.355
10	Victor Say	21,072,000	0.334
11	SEC Account FAO: Various Customers of Guoco Securities (Philippines), Inc.	18,076,380	0.287
12	David C. Go	16,000,000	0.254
13	Vichelli Say	10,000,000	0.159
14	Coronet Property Holdings Corp.	6,000,000	0.095
15	Federal Homes, Inc.	5,492,000	0.087
16	Eleonor Go	5,400,000	0.086
17	PLLIM Investments, Inc.	4,600,000	0.073
18	Dao Heng Securities (Phils.), Inc.	4,015,000	0.064
19	Kristine Chai Gaisano	3,900,000	0.062
20	ESOWN Administrator 2015	3,728,485	0.059

C. Dividends

There were no dividend declarations for the years 2018 to 2020.

Dividend Policy

As provided in the By-laws, dividends shall be declared only from surplus profit and shall be payable at such times and in such amounts as the Board of Directors may determine. The dividends shall be payable in cash or in shares of stock from the unissued stock of the Company, or both as the Board may determine. No dividend shall be declared that will impair the capital of the Company.

Cash dividends are subject to the approval of the Board of Directors but no stockholder approval is required. For stock dividends, approval of the Board and the stockholders holding two-thirds of the capital stock of the Company are required.

D. Recent Sales of Unregistered Securities

The Company has not sold any unregistered securities within the past three fiscal years.

The Company issued common shares under its Employees Stock Ownership Plan (Tranche 2) in 2018 as stated in Item 6 (d) of the DIS. The corresponding request for exemption from the registration requirement of the ESOWN Plan shares was filed with, and approved by, the SEC in October 2017. The SEC approved the exemption under Sec. 10.2 of the Securities Regulation Code (SRC) as the issuance of the shares was of limited character and limited only to the qualified employees of the issuer and registration was not necessary for interest of the public and protection of the investors.

In June 2019, the Company issued 1,225,370,620 shares to ALI pursuant to the Deed of Exchange executed in April 2018. The exchange of shares was with a stockholder exclusively.

In September 2019, the Company issued 49,444,216 shares from its unissued and unsubscribed shares to its subsidiary, Orion Land, Inc. The sale was an exempt transaction under Sec. 10.1 (e) of the SRC as it was a sale of capital stock to its own stockholders exclusively, where no commission other remuneration is paid or given directly in connection with the sale of capital stock. The Company has applied for the listing of said shares with the PSE.

In 2019, the Company issued a call for payment of unpaid subscriptions (excluding ESOWN shares). In 2020, the Company held a public auction of the delinquent shares.

E. Corporate Governance

In 2017, the Corporation adopted a Manual on Corporate Governance (the "Manual") in compliance with the SEC directive. The Manual was updated in 2019 and 2020.

In 2020, the Company approved the amendment of certain provisions of the Manual which include, among others,
- (i) Requirement for three independent directors or 1/3 of the Board, whichever is higher;
- (ii) Quorum requirement for Board meetings is two-thirds (2/3) of the entire Board;
- (iii) Setting a Board diversity policy with respect to gender, such that the Corporation shall strive to have two (2) female directors by 2025;
- (iv) Non-executive directors and independent directors shall hold no more than five (5) directorships in any group of listed companies;
- (v) The Board allowed to meet by remote communication and other alternative modes of communications allowed by the Securities and Exchange Commission;
- (vi) Required minimum number of hours of continuing annual training of directors and key officers;
- (vii) Requiring a director to inform the Chairman and Corporate Governance and Nomination Committee before accepting a new directorship;
- (viii) The total compensation of directors shall not exceed ten percent (10%) of the income before tax of the Corporation during the preceding year;
- (ix) The Corporation has the option to hold stockholders' meeting virtually or by remote communication except upon request for a physical meeting by stockholder owning at least ten percent (10%) of its outstanding capital stock;
- (x) Notice of stockholders' meetings may be sent by electronic transmission or personal delivery or such other manner allowed by the SEC;
- (xi) Updated provision on the voting right of stockholders to include voting by remote communication or *in absentia*, electronically or otherwise and procedure for nomination of directors;

(xii) Updated provision on right of minority shareholders to propose agenda items subject to reasonable advance notice and other guidelines provided by the Board consistent with applicable laws, rules and regulations of the SEC;
(xiii) A Corporate Governance and Nomination Committee shall be composed of three (3) independent directors;
(xiv) A Related Party Transactions Review Committee shall be composed of three (3) independent directors;
(xv) The Chief Risk Officer (CRO) to report to the Board Risk Oversight Committee instead of Audit Committee;
(xvi) Deletion of provision that the Chief Audit Executive shall be concurrent CRO;
(xvii) The Chairman and Vice Chairman are not considered officers of the Corporation and updated functions of the Chairman;
(xviii) The Compliance Officer was included in list of officers of the Corporation;
(xix) Commitment of the Board to full disclosure of material information dealings, including non-financial information, with emphasis on the management of material economic, environment, social and governance issues of the business, which underpin sustainability, in line with the guiding principles and content elements of the Integrated Reporting framework and the Global Reporting Initiative Standards 2016;
(xx) Inclusion and holding of analyst's briefings as channels of dissemination of public, material and relevant information; and
(xxi) Setting arbitration as the alternative mode of intra-corporate dispute settlement, except those (i) involving claims of more than P1 million; (ii) those involving valuation of shares in appraisal proceedings; and (iii) those involving criminal offenses and interests of third persons.

The Board, together with top Management, approved the Corporation's updated vision and mission and core values. The Board sets the strategic objectives of the Company and ensures that the implementation of the strategies are in accordance with good governance practices and that internal control mechanism and procedures are in place. To evaluate performance, the Board and the committees conduct an annual self-assessment. The self-assessment forms are collated by the Compliance Officer and the results are reported to the Board and the respective committees. Every three (3) years, the Company will engage an external facilitator for the assessment of the Board's performance as provided in the Manual starting in 2019.

The Company's website, www.ayalalandlogistics.com, is updated regularly and contains the corporate information on the business and management of the Group, company policies, corporate governance reports and disclosures of the Company for the investors, stakeholders and public in general.

There was no material deviation from the Company's Manual. Mr. Felipe U. Yap, 83 years of age, was nominated and elected during the 2020 stockholders' meeting despite a provision in the Manual setting 80 years old as the retirement age for directors. The Corporate Governance and Nomination Committee and the Board approved his nomination in consideration of his relevant qualifications, competence and invaluable contribution to the Company. The Company has complied with the provisions of the Code of Corporate Governance for Publicly-Listed Companies (the "Code") (SEC Memorandum Circular No. 19, Series of 2016).

For the ensuing year, the Company will continue to improve its systems and procedures, and consider holding media briefings depending on the requirements of the Corporation.

Audited Consolidated Financial Statements of the Company

Please refer to the attached FS for the calendar year ended 31 December 2020. Please refer to the following additional components of the financial statements as required under SRC Rule 68 (as amended in October 2019):

1. Auditor's Report;
2. Reconciliation of Retained Earnings Available for Dividend Declaration as of 31 December 2020;
3. Map of the ALLHC Group of Companies showing the relationships between and among the parent company and its subsidiaries; and
4. Schedule showing financial soundness indicators for 2019 and 2020.

AyalaLand
LOGISTICS HOLDINGS CORP.

Minutes of the Annual Stockholders' Meeting
13 April 2020, Monday, 10:00 AM
Conducted virtually via **https://asm.ayala.com/ALLHC2020**

	No. Outstanding and Voting Shares	Percentage of Total
Shareholders present:	5,321,122,202	84.44%

Directors Present:

Jose Emmanuel H. Jalandoni	*Chairman of the Board* *Chairman, Executive Committee*
Felipe U. Yap	*Vice-Chairman of the Board* *Member, Executive Committee*
Maria Rowena M. Tomeldan	*President* *Chairman, Corporate Governance and Nomination Committee* *Chairman, Personnel and Compensation Committee* *Member, Executive Committee* *Chairman, Sustainability Committee* *Member, Board Risk Oversight Committee*
Bernard Vincent O. Dy	-
Augusto D. Bengzon	*Member, Audit Committee* *Chairman, Related Party Transactions Review Committee*
Nathanael C. Go	-
Rex Ma. A. Mendoza	*Lead Independent Director* *Chairman, Audit Committee* *Member, Board Risk Oversight Committee* *Member, Corporate Governance and Nomination Committee* *Member, Personnel and Compensation Committee* *Member, Related Party Transactions Review Committee* *Member, Sustainability Committee*
Renato O. Marzan	*Independent Director* *Chairman, Board Risk Oversight Committee* *Member, Sustainability Committee* *Member, Audit Committee* *Member, Related Party Transactions Review Committee* *Member, Corporate Governance and Nomination Committee* *Member, Personnel and Compensation Committee*

Others present:
Cassandra Lianne S. Yap[1]

---

[1] Nominee for independent director

1. Call to Order

After the national anthem, the Chairman, Mr. Jose Emmanuel H. Jalandoni, called the meeting to order at 10:00 A.M. He stated that the Corporation is holding the meeting in virtual format, for the first time in its history, because of the current health crisis. He then welcomed the stockholders, who have joined in the live webcast of the proceedings, and thank the shareholders who were participating in the meeting through the voting in absentia system or their appointment of the Chairman as proxy. The other members of the Board, and other officers, and representatives of SyCip Gorres Velayo & Co. (SGV), the external auditor, of the Corporation joined the meeting through the live webcast.

2. Notice of Meeting

The Corporate Secretary, Ms. June Vee D. Monteclaro-Navarro, certified that on 24 March 2020, the notice of the meeting and the Definitive Information Statement (DIS) were sent to each stockholder of record as of 28 February 2020 in three (3) ways: first, by email to all stockholders who have provided us with their e-mail addresses, second, by posting on our Corporation's website and third, by disclosure in the Philippine Stock Exchange in accordance with the By-Laws and applicable rules, including our Internal Guidelines on Participation in Stockholders' Meeting by Remote Communication and Voting in Absentia under Extraordinary Circumstances, which are embodied in our DIS that the Securities and Exchange Commission approved.

3. Determination of Quorum

The Secretary certified that there was a quorum for the meeting with stockholders owning 5,321,122,202 shares, or 84.44% of the total outstanding and voting shares, present in person or by proxy.

4. Procedures for Discussion and Voting

The Chairman noted that although the Corporation is holding this meeting in a virtual format because of government regulations that prevent the holding of in-person meetings, it strived to provide the shareholders the opportunity to participate in the meeting to the same extent possible as in an in-person meeting.

Thereafter, the Secretary explained that the rules of conduct and the voting procedures are set forth in the DIS and in the Explanation of Agenda Items, which forms part of the Notice of the Annual Stockholders' Meeting. She highlighted the following points to our stockholders who joined the meeting on live webcast: (i) stockholders who registered under the Voting in Absentia & Shareholder (VIASH) System or who notified the Corporation by email to corporate.secretary@ayalalandlogistics.com by March 31, 2020 of their intention to participate in the meeting by remote communication may send their questions or comments to corporate.secretary@ayalalandlogistics.com.; (ii) the questions or comments received before 10:30 a.m. will be read during the Q and A period, which will take place after Other Matters, under item 9 of the agenda and management will reply to questions and comments not taken up during the meeting by email; (iii) there are five (5) resolutions proposed for adoption by the stockholders in the meeting and each proposed resolution will be shown on the screen as the same is being taken up; (iv) stockholders could cast their votes on these proposed resolutions and in the election of directors beginning March 31, 2020 through our VIASH System and the polls will remain open until the end of the meeting for stockholders who had successfully registered to cast their votes electronically using our Voting in Absentia and Shareholder System; and (v) as of March 31, 2020, after the end of the proxy validation process. stockholders owning 5,293,170,248 voting shares representing 99.87% of the total voting shares represented in this meeting, and 84% of the total outstanding voting shares had cast their votes on the items for consideration. The Secretary noted that she will be referring to the results of this preliminary tabulation when she reports the voting results throughout the meeting, and the results of the final tabulation of votes, with full details of the affirmative and negative votes and abstentions, will be reflected in these minutes.

5. Approval of the Minutes of the 12 April 2019 Annual Stockholders' Meeting

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 12 April 2019. He stated that an electronic copy of the minutes is available on the website of the Corporation.

Upon the request of the Chairman, the Secretary presented Resolution No. S-01-2020 proposed by management for adoption and the voting results. The following resolution was shown on the screen:

Resolution No. S-01-2020

> **RESOLVED**, to approve the minutes of the annual stockholders' meeting held on 12 April 2019.

As tabulated by the Inspectors of Proxies and Ballots Committee and validated by SGV, the votes for the adoption of Resolution No. S-01-2020 for the approval of the minutes are as follows:

	For	Against	Abstain
Number of Voted Shares	5,300,092,183	0	0
% of Shares of Shareholders Present	100%	0%	0%

6. Annual Report

President's Report

The pre-recorded report of the President, Ms. Maria Rowena M. Tomeldan, was shown.

In her report, Ms. Tomeldan began by stating that the past year was indeed a fruitful year for the Corporation. The Philippines' robust economic performance bolstered the Corporation's mission to be a co-catalyst of progress by supporting businesses in the retail, logistics and industrial sectors.

The Corporation's net income grew by 15% to Php641 Million while revenues reached Php5.3 Billion. The growth is driven by strong performances in the sale of industrial lots, and in warehouse and commercial leasing operations.

In 2019, the Corporation launched the 105-hectare Laguindingan Technopark in Misamis Oriental, which will boost trade and commerce in the Northern Mindanao corridor, and acquired land in Mabalacat City, Pampanga, which will be the future site of the 192-hectare Pampanga Technopark. Ms. Tomeldan further stated that to encourage more economic activity, the Corporation continued to expand warehouse operations and added 33,000 square meters in gross leasable area with the opening of standard factory buildings in Laguna Technopark in Sta. Rosa and Biñan, and in Alviera Industrial Park in Porac, Pampanga. The Corporation likewise marked a milestone with the expansion of the standard factory buildings also in Alviera Industrial Park.

Ms. Tomeldan noted that the Corporation continues to work towards uplifting the lives of people through its projects. Together with the local government, it assisted in putting up an e-library for the municipality of Naic, Cavite for continuous learning and education. Tutuban Center also converted its former activity center into an indoor basketball court, becoming a compelling neighborhood sports hub. Other initiatives such as regular medical missions and clean-up drives were undertaken for the communities. The developments of the Corporation have generated currently about 120,000 jobs in the areas where it is present.

Ms. Tomeldan added that the success of the Corporation is not only measured by profitability and market standing as management intends to continue to create value and make a positive impact in the communities where the Corporation is present.

Ms. Tomeldan further stated that the global COVID-19 situation that everyone is facing now had awakened a deeper sense of community among the people. In line with the Ayala Group's initiatives to address the pandemic, the Corporation is extending assistance to those affected. It granted a rent-free period to mall merchants that have closed stores, waived parking fees for the customers of essential establishments, and provided the Corporation's front liners with basic necessities and allowances. The Corporation also continues to provide support to those merchants/tenants which remain operational with skeletal workforce in all its developments.

In closing, Ms. Tomeldan, the shareholders and stakeholders for their unwavering support and trust of the Corporation's strategies and plans. She thanked the directors for their guidance and commitment to the organization, and the employees for their dedication to the Corporation's long-term growth plans.

A visual presentation was shown simultaneously with the President's report.

The report of the President was followed by an audio-visual presentation.

Upon the request of the Chairman, the Secretary presented Resolution No. S-02-2020 proposed by management for adoption and the voting results. The following resolution was shown on the screen:

Resolution No. S-02-2020

> **RESOLVED**, to note the Corporation's Annual Report, which consists of the President's Report and the audio-visual presentation to the stockholders and to approve the consolidated audited financial statements of the Corporation and its subsidiaries as of period ended December 31, 2019, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.

As tabulated by the Inspectors of Proxies and Ballots Committee and validated by SGV, the votes for the adoption of Resolution No. S-02-2020 for the noting of the annual report and the approval of the 2019 consolidated audited financial statements of the Corporation and its subsidiaries are as follows:

	For	Against	Abstain
Number of Shares Voted	5,300,092,183	0	0
% of Shares of Shareholders Present	100%	0%	0%

7. Ratification of all Acts and Resolutions of the Board of Directors and Officers

The Corporate Secretary, upon the Chairman's request, explained that stockholders' ratification was sought for all the acts and resolutions of the Board, the Executive Committee, and other Board Committees, exercising powers delegated by the Board, which were adopted from 12 April 2019 until 13 April 2020 as well as all acts and resolutions of the Board and its Committees which are reflected in the minutes of meetings, including the approval of contracts, projects and investments, appointment of authorized representatives and bank signatories, corporate governance matters, treasury matters, operations updates and other acts covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The Secretary further explained that stockholders' ratification is also being sought for all the acts of the Corporation's officers performed in accordance with the resolutions of the Board, the Executive Committee and other Board Committees as well as the By-Laws, from April 12, 2019 to date. These acts were performed to implement the resolutions of the Board or its Committees, or as part of the Corporation's general conduct of business.

The Secretary then presented Resolution No. S-03-2020 proposed by management for adoption and the voting results. The following resolution was shown on the screen:

Resolution No. S-03-2020

> **RESOLVED**, to ratify each and every act and resolution, from 12 April 2019 to 13 April 2020, of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, from 12 April 2019 to 13 April 2020, of the officers of the Corporation in accordance with the resolutions of the Board, the Executive Committee and other Board committees exercising powers delegated by the Board and pursuant to the By-Laws of the Corporation.

As tabulated by the Inspectors of Proxies and Ballots Committee and validated by SGV, the votes for the adoption of Resolution No. S-03-2020 are as follows:

	For	Against	Abstain
Number of Shares Voted	5,300,092,183	0	0
% of Shares of Shareholders Present	100%	0%	0%

8. Election of Directors

The next item in the Agenda was the election of nine (9) members of the Board of Directors for the ensuing year. The Chairman requested Ms. Tomeldan, the Chairman of the Corporate Governance and Nomination Committee, to explain this item.

Ms. Tomeldan explained that, in accordance with the requirements of the Corporation's By-Laws, the Manual on Corporate Governance, and the rules of the Securities and Exchange Commission, the names of the following nominees to the Board of Directors had been submitted to the Corporate Governance and Nomination Committee, and each one has accepted the nomination in writing:

Bernard Vincent O. Dy
Felipe U. Yap
Maria Rowena M. Tomeldan
Jose Emmanuel H. Jalandoni
Augusto D. Bengzon
Nathanael C. Go
Rex Ma. A. Mendoza
Renato O. Marzan
Cassandra Lianne S. Yap

Messrs. Mendoza and Marzan, and Ms. Yap had been nominated as independent directors.

Ms. Tomeldan further reported that all the nominees possessed all the qualifications and none of the disqualifications under the Corporation's By-Laws and Manual of Corporate Governance, and were eligible to be nominated and elected as directors of the Corporation.

Upon the request of the Chairman, the Secretary reported that each of the nine (9) nominees has garnered at least 4,740,638,418 votes. Given this, she certified that each nominee has received sufficient votes for election to the Board and that Resolution No. S-04-2020 for the election of the nine (9) nominees to the Board has been approved. The following resolution was shown on the screen:

Resolution No. S-04-2020

RESOLVED, to elect the following nominees as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

Bernard Vincent O. Dy
Felipe U. Yap
Jose Emmanuel H. Jalandoni
Augusto D. Bengzon
Maria Rowena M. Tomeldan
Nathanael C. Go
Rex Ma. A. Mendoza *(Independent Director)*
Renato O. Marzan *(Independent Director)*
Cassandra Lianne S. Yap *(Independent Director)*

As tabulated by the Inspectors of Proxies and Ballots Committee and validated by SGV, the final votes received by the nominees are as follows:

Director	Number of Votes
1. Bernard Vincent O. Dy	4,747,610,353
2. Felipe U. Yap	7,487,662,353
3. Jose Emmanuel H. Jalandoni	4,747,610,353
4. Augusto D. Bengzon	4,747,565,353
5. Maria Rowena M. Tomeldan	4,747,565,353
6. Nathanael C. Go	6,978,819,823
7. Rex Ma. A. Mendoza	4,747,610,353
8. Renato O. Marzan	4,747,610,353
9. Cassandra Lianne S. Yap	4,748,595,353

9. Election of External Auditor and Fixing of its Remuneration

As requested by the Chairman, Mr. Rex Ma. A. Mendoza, Chairman of the Audit and Risk Committee, informed the stockholders that the Committee evaluated and was satisfied with the performance during the past year of the Corporation's external auditor, SGV. Thus, the Committee and the Board agreed to endorse once again the election of SGV as the external auditor of the Corporation for the current fiscal year for an audit fee of Four Hundred Seventy-Five Thousand Pesos (Php475,000.00), exclusive of value-added tax and out of pocket expenses up to 10% inflationary allowance.

Upon the request of the Chairman, the Secretary presented Resolution No. S-05-2020 proposed by management for the election of the Corporation's external auditor and fixing of its remuneration. The following resolution was shown on the screen:

Resolution No. S-05-2020

RESOLVED, as endorsed by the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2020 for an audit fee of Php475,000.00 (net of value-added tax and out-of-pocket expenses up to 10% inflationary allowance).

As tabulated by the Inspectors of Proxies and Ballots Committee and validated by SGV, the votes for the adoption of Resolution No. S-05-2020 for the election of the Corporation's external auditor and fixing of its remuneration are as follows:

	For	Against	Abstain
Number of Shares Voted	5,300,092,183	0	0
% of Shares of Shareholders Present	100%	0%	0%

10. Other Matters

Ms. Tomeldan presented an update on the impact of Covid-19 on the Corporation. She noted that the priority of the Corporation is to ensure the safety and well-being of its employees, workers, tenants, and customers. The Corporation immediately undertook the following initiatives: (a) set-up work from home arrangement, conduct regular staff meetings to monitor staff needs and conditions during the enhanced community quarantine (ECQ), and rolled-out online courses to gain training during ECQ for it employees; (b) extended financial assistance to service providers and provided basic needs and amenities for the front-liners on-duty; (c) granted rent reprieve during the enhanced community quarantine period for the merchants, (d) offered free parking for customers of operating establishments and regularly disinfected and sanitized all properties; and (e) raised funding through the contribution of the Corporation employees to help three COVID centers (Philippine General Hospital, Lung Center of the Philippines, Dr. Jose Rodriguez Hospital), assisted in the procurement of medical equipment and supplies for the COVID centers, and extended support to other charitable institutions.

Ms. Tomeldan further stated that with the ECQ, all business segments of the Corporation were affected and that this may result to 4.5% reduction in the Corporation's consolidated revenues versus previous year due to mall shutdown.

After the presentation of the update, the Chairman requested Ms. Ma. Rhodora P. dela Cuesta, the Investor Relations Manager of the Corporation, to read aloud the questions and comments together with the names of the stockholders who sent them. Ms. dela Cuesta then stated that there were no questions or comments from the stockholders.

11. Adjournment

There being no questions or comments from the stockholders, the Chairman adjourned the meeting and informed the stockholders that a link will be posted to the recorded webcast of the meeting on the Corporation's website. Stockholders may raise any issues, clarifications and concerns on the meeting conducted within two weeks from posting of the link by sending an email to corporate.secretary@ayalalandlogistics.com.

JUNE VEE D. MONTECLARO - NAVARRO
Corporate Secretary

Approved:

JOSE EMMANUEL H. JALANDONI
Chairman of the Board and of the Meeting

AyalaLand
LOGISTICS HOLDINGS CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of AyalaLand Logistics Holdings Corp. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company and its subsidiary in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE EMMANUEL H. JALANDONI
Chairman, Board of Directors

MARIA ROWENA M. TOMELDAN
President and Chief Executive Officer

FRANCIS M. MONTOJO
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 23 2021 at MAKATI CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Jose Emmanuel H. Jalandoni	P1697725A	January 21, 2017 – NCR South
Maria Rowena M. Tomeldan	P7954199A	July 16, 2018 – DFA NCR South
Francis M. Montojo	P3957008A	August 8, 2017 – DFA Iloilo

Doc. No. 69 :
Page No 15 :
Book No. IX :
Series of 2021.

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

RIZZA ANNE O. SY
NOTARY PUBLIC
ROLL NO. 64676
MAKATI CITY PHILIPPINES

RIZZA ANNE O. SY
Notary Public – Makati City
Appt No. M-187 until December 31, 2020
Extended until June 30, 2021
Roll of Attorneys No. 64676
Lifetime IBP No. 018509 - 01/04/18 - Bulacan
PTR No. 8533982ME - 01/04/2021 - Makati City
MCLE Compliance No. VI - 0009493 - 06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
AyalaLand Logistics Holdings Corp.
3rd Floor Glorietta 5,
Ayala Center, Makati City

Opinion

We have audited the consolidated financial statements of AyalaLand Logistics Holdings Corp. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Provisions and Contingencies

The Group is involved in certain disputes for which the Group has recognized provisions for probable expenses, which may be incurred, and disclosed relevant information about such contingencies. This matter is important to our audit because the assessment of the potential outcome or liability involves significant management judgment and estimation.

The Group's disclosures about provisions and contingencies are included in Note 28 to the consolidated financial statements.

Audit Response

We reviewed management's assessment on whether any provisions should be recognized, and the estimation of such amounts and performed inspection of relevant supporting documents. We discussed with management the status of the disputes. We also reviewed the disclosures on provisions in the Group's consolidated financial statements.

PFRS 16, Leases – Rent concessions and effects of COVID-19

In 2020, the Group granted various lease concessions such as lease payment holidays or lease reduction to the lessees of its commercial spaces as a response to the laws and regulations issued by the government mandating the granting of certain lease concession during the coronavirus pandemic. The Group evaluated that the lease concessions do not qualify as lease modification and accounted for these in the form of negative variable rent which the Group recorded when the "event or condition" that triggers it occurs (e.g., when the concession is given) regardless of the period to which the concession pertains. The Group's accounting of lease concession under PFRS 16 is significant to our audit because the Group has high volume of lease concessions granted during the period; the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves application of significant judgment and estimation in determining whether the lease concession will be accounted for as lease modification.

Audit Response

We obtained an understanding of the type, extent and periods covered of the various lease concessions granted by the Group, including the determination of the population of the lease contracts covered by the lease concession granted by the Group during the period. We tested the population of lease agreements by comparing the number of locations per operations report against lease contract database (or master list or other schedule/report used by the Group. On a test basis, we inspected the communications of the Group in connection with the lease concessions granted to the lessees and traced these contractual terms and conditions to the calculation of the financial impact of lease concession prepared by the management. We test computed the lease concession impact prepared by management on a sample basis. We obtained management assessment, and a legal opinion from the Group's external legal counsel supporting the assessment that the lease concession granted does not qualify as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.

SGV
Building a better
working world

Other Information

Management is responsible for Other Information. The Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Carlo Paolo V. Manalang

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Accreditation No. 111947-SEC (Group A)
    Valid to cover audit of 2019 to 2023
    financial statements of SEC covered institutions
Tax Identification No. 210-730-804
BIR Accreditation No. 08-001998-127-2019,
    November 27, 2019, valid until November 26, 2022
PTR No. 8534324, January 4, 2021, Makati City

February 23, 2021

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 30)	**₱177,370**	₱177,592
Receivables - current (Notes 5 and 30)	**1,348,543**	2,004,828
Real estate held for sale and development (Note 6)	**3,237,261**	2,085,051
Amounts owed by related parties (Notes 17 and 30)	**921,793**	788,507
Financial assets at fair value through profit or loss (Notes 8 and 30)	**4,741**	4,479
Other current assets (Note 9)	**974,540**	977,701
Total Current Assets	**6,664,248**	6,038,158
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 30)	**728,538**	480,274
Financial assets at fair value through other comprehensive income (Notes 7 and 30)	**606,430**	644,746
Right-of-use asset (Note 27)	**1,267,372**	1,326,964
Investment properties (Note 10)	**9,563,424**	10,254,507
Property and equipment (Note 11)	**27,178**	37,909
Software costs (Note 12)	**428**	1,417
Net pension assets (Note 23)	**9,694**	11,767
Deferred income tax assets - net (Note 24)	**58,228**	24,292
Other noncurrent assets (Notes 13 and 30)	**428,690**	548,475
Total Noncurrent Assets	**12,689,982**	13,330,351
	₱19,354,230	₱19,368,509
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14, 28 and 30)	**₱1,653,121**	₱2,672,653
Current portion of:		
Rental and other deposits (Notes 15 and 30)	**492,532**	517,864
Lease liabilities (Note 27)	**81,872**	30,973
Deferred rent income (Note 27)	**15,596**	2,023
Amounts owed to related parties (Notes 17 and 30)	**2,674,433**	2,317,179
Income tax payable	**4,334**	14,196
Total Current Liabilities	**4,921,888**	5,554,888
Noncurrent Liabilities		
Rental and other deposits - net of current portion (Notes 15 and 30)	**210,423**	234,821
Lease liabilities - net of current portion (Note 27)	**1,669,500**	1,702,477
Retention Payable - net of current portion	**112,081**	86,358
Deferred rent income - net of current portion (Note 27)	**6,537**	6,873
Deferred income tax liabilities - net (Note 24)	**111,352**	125,220
Subscriptions payable (Notes 18 and 30)	**481,675**	481,675
Total Noncurrent Liabilities	**2,591,568**	2,637,424
Total Liabilities	**7,513,456**	8,192,312

(Forward)

	December 31	
	2020	2019
Equity (Note 16)		
Equity attributable to equity holders of the parent		
Paid-in capital	**₱6,184,835**	₱6,173,305
Additional paid-in capital	**6,007,133**	5,999,868
Retained earnings	**1,737,718**	1,065,378
Revaluation increment (Note 10)	**196,808**	203,836
Loss on remeasurement of retirement benefits (Note 23)	**(51,458)**	(50,507)
Unrealized loss on financial assets at fair value through other comprehensive income (Note 7)	**(626,651)**	(587,704)
Shares held by a subsidiary (Note 17)	**(144,377)**	(144,377)
Equity reserves (Note 29)	**(1,601,567)**	(1,598,198)
	11,702,441	11,061,601
Non-controlling interests (Notes 1 and 16)	**138,333**	114,596
Total Equity	**11,840,774**	11,176,197
	₱19,354,230	₱19,368,509

See accompanying Notes to Consolidated Financial Statements.

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share)

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Sale of electricity (Note 26)	**₱1,568,434**	₱2,395,977	₱1,734,957
Real estate sales (Note 26)	**1,275,511**	1,809,120	785,828
Rental (Note 10)	**851,975**	1,085,930	843,147
Insurance premiums and commissions - net	**–**	–	1,633
Others	**20,767**	54,954	4,386
	3,716,687	5,345,981	3,369,951
COSTS AND EXPENSES			
Cost of purchased power and services	**1,510,110**	2,303,069	1,689,281
Cost of real estate sold (Notes 6 and 21)	**666,758**	1,103,637	320,220
Cost of rental services (Notes 10 and 21)	**555,087**	568,137	615,841
Operating expenses (Note 19)	**205,579**	291,803	154,040
Commission and other underwriting expenses	**–**	592	4,347
	2,937,534	4,267,238	2,783,729
OTHER INCOME (CHARGES)			
Reversal of probable losses (Note 28)	**21,000**	32,280	59,070
Interest income (expense) and bank charges - net (Note 22)	**(67,990)**	3,264	34,977
Discount on sale of financial asset (Note 5)	**(29,550)**	–	–
Dividend income (Notes 7 and 8)	**131**	131	165
Unrealized gain (loss) on financial assets at FVPL (Note 8)	**262**	(40)	(108)
Write-off and other charges (Notes 5, 9, 13 and 17)	**–**	(18,771)	–
Interest expense on lease liabilities (Note 27)	**(150,240)**	(151,188)	–
Provision for probable losses (Note 28)	**(5,000)**	(240,647)	–
Gain on sale of investment property (Note 10)	**94,064**	–	722
Others - net (Note 22)	**192,002**	57,520	25,863
	54,679	(317,451)	120,689
INCOME BEFORE INCOME TAX	**833,832**	761,292	706,911
PROVISION FOR INCOME TAX (Note 24)	**131,024**	119,873	152,195
NET INCOME	**₱702,808**	₱641,419	₱554,716
ATTRIBUTABLE TO:			
Equity holders of the Parent	**₱681,962**	₱595,838	₱441,908
Non-controlling interests	**20,846**	45,581	112,808
	₱702,808	₱641,419	₱554,716
EARNINGS PER SHARE (Note 25)			
Basic and diluted, for income for the year attributable to ordinary equity holders of the Parent	**₱0.11**	₱0.10	₱0.08

See accompanying Notes to Consolidated Financial Statements.

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱702,808**	₱641,419	₱554,716
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not to be reclassified to profit or loss in subsequent periods:			
Loss on remeasurement of retirement benefits liability – net of tax (Note 23)	**(951)**	(6,194)	(50)
Unrealized loss on equity financial assets at fair value through other comprehensive income (Note 7)	**(50,631)**	(25,132)	(63,242)
Items that may be reclassified to profit or loss in subsequent years:			
Unrealized gain (loss) on debt financial assets at fair value through other comprehensive income (Note 7)	**15,425**	17,638	(7,454)
	(36,157)	(13,688)	(70,746)
TOTAL COMPREHENSIVE INCOME	**₱666,651**	₱627,731	₱483,970
ATTRIBUTABLE TO:			
Equity holders of the Parent	**₱642,914**	₱581,319	₱372,210
Non-controlling interests	**23,737**	46,412	111,760
	₱666,651	₱627,731	₱483,970

See accompanying Notes to Consolidated Financial Statements.

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
(Formerly Prime Orion Philippines, Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT										
	Capital Stock	Additional Paid-in Capital	Shares Held by a Subsidiary (Note 16)	Equity Reserves (Note 29)	Revaluation Increment (Note 10)	Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Losses on Remeasurement of Retirement Benefits Plan – net of tax (Note 23)	Retained Earnings	Total	Non-controlling Interests	Total
Balances at January 1, 2020	**₱6,173,305**	**₱5,999,868**	**(₱144,377)**	**(₱1,598,198)**	**₱203,836**	**(₱587,704)**	**(₱50,507)**	**₱1,065,378**	**₱11,061,601**	**₱114,596**	**₱11,176,197**
Net income	–	–	–	–	–	–	–	681,962	681,962	20,846	702,808
Other comprehensive income											
Losses on remeasurement of retirement benefit plan (Note 23)	–	–	–	–	–	–	(951)	–	(951)	–	(951)
Unrealized valuation (loss) on financial assets at FVOCI (Note 7)	–	–	–	–	–	(38,097)	–	–	(38,097)	2,891	(35,206)
Total comprehensive income	–	–	–	–	–	(38,097)	(951)	681,962	642,914	23,737	666,651
Collection of subscription receivable (Note 16)	11,530	4,390	–	–	–	–	–	–	15,920	–	15,920
Transfer of equity reserve due to ESOWN shares subscription (Note 29)	–	3,369	–	(3,369)	–	–	–	–	–	–	–
Declaration of dividends								(17,500)	(17,500)		(17,500)
Payment of stock transaction costs (Note 1)	–	(494)	–	–	–	–	–	–	(494)	–	(494)
Realized valuation gain transferred from equity to retained earnings (Note 7)	–	–	–	–	–	(850)	–	850	–	–	–
Transfer of realized valuation increment (Note 10)	–	–	–	–	(7,028)	–	–	7,028	–	–	–
Balances at December 31, 2020	**₱6,184,835**	**₱6,007,133**	**(₱144,377)**	**(₱1,601,567)**	**₱196,808**	**(₱626,651)**	**(₱51,458)**	**₱1,737,718**	**₱11,702,441**	**₱138,333**	**₱11,840,774**

	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT										
	Capital Stock	Additional Paid-in Capital	Shares Held by a Subsidiary (Note 16)	Equity Reserves (Note 29)	Revaluation Increment (Note 10)	Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Losses on Remeasurement of Retirement Benefits Plan – net of tax (Note 23)	Retained Earnings (Deficit)	Total	Non-controlling Interests	Total
Balances at January 1, 2019, as previously reported	₱5,889,195	₱5,772,959	(₱1,279,026)	(₱1,351,940)	₱217,986	(₱579,379)	(₱44,313)	₱619,841	₱9,245,323	₱628,927	₱9,874,250
Effect of adoption of PFRS 16 (Note 2)	–	–	–	–	–	–	–	(164,451)	(164,451)	(7,001)	(171,452)
Balances at January 1, 2019, as restated	5,889,195	5,772,959	(1,279,026)	(1,351,940)	217,986	(579,379)	(44,313)	455,390	9,080,872	621,926	9,702,798
Net income	–	–	–	–	–	–	–	595,838	595,838	45,581	641,419
Other comprehensive income											
Losses on remeasurement of retirement benefit plan (Note 23)	–	–	–	–	–	–	(6,194)	–	(6,194)	–	(6,194)
Unrealized valuation gain (loss) on financial assets at FVOCI (Note 7)	–	–	–	–	–	(8,325)	–	–	(8,325)	831	(7,494)
Total comprehensive income	–	–	–	–	–	(8,325)	(6,194)	595,838	581,319	46,412	627,731
Collection of subscription receivable (Note 16)	234,666	5,833	–	–	–	–	–	–	240,499	–	240,499
Issuance of capital stock (Note 16)	49,444	94,933	–	–	–	–	–	–	144,377	–	144,377
Acquisition of shares held by a subsidiary (Note 16)	–	–	(144,377)	–	–	–	–	–	(144,377)	–	(144,377)
Disposal of shares held by a subsidiary (Note 16)	–	138,397	1,279,026	–	–	–	–	–	1,417,423	–	1,417,423
Payment of stock transaction costs (Note 1)	–	(12,254)	–	–	–	–	–	–	(12,254)	–	(12,254)
Transfer of realized valuation increment (Note 10)	–	–	–	–	(14,150)	–	–	14,150	–	–	–
Acquisition of non-controlling interest (Note 1)	–	–	–	(246,258)	–	–	–	–	(246,258)	(553,742)	(800,000)
Balances at December 31, 2019	**₱6,173,305**	**₱5,999,868**	**(₱144,377)**	**(₱1,598,198)**	**₱203,836**	**(₱587,704)**	**(₱50,507)**	**₱1,065,378**	**₱11,061,601**	**₱114,596**	**₱11,176,197**

	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT										
	Capital Stock	**Additional Paid-in Capital**	**Shares Held by a Subsidiary (Note 16)**	**Equity Reserves (Note 29)**	**Revaluation Increment (Note 10)**	**Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)**	**Losses on Remeasurement of Retirement Benefits Plan – net of tax (Note 23)**	**Retained Earnings (Deficit)**	**Total**	**Non-controlling Interests**	**Total**
Balances at January 1, 2018, as previously reported	₱4,652,268	₱3,942,404	(₱1,279,026)	₱60,810	₱225,595	₱17,748	(₱46,259)	(₱355,159)	₱7,218,381	₱38,475	₱7,256,856
Effect of adoption of PFRS 9	–	–	–	–	–	(527,479)	–	527,479	–	–	–
Balances at January 1, 2018, as restated	4,652,268	3,942,404	(1,279,026)	60,810	225,595	(509,731)	(46,259)	172,320	7,218,381	38,475	7,256,856
Net income	–	–	–	–	–	–	–	441,908	441,908	112,808	554,716
Other comprehensive income											
Losses remeasurement of retirement benefit plan (Note 23)	–	–	–	–	–	–	1,946	(1,996)	(50)	–	(50)
Unrealized valuation loss on financial assets at FVOCI (Note 7)	–	–	–	–	–	(69,648)	–	–	(69,648)	(1,048)	(70,696)
Total comprehensive income	–	–	–	–	–	(69,648)	1,946	439,912	372,210	111,760	483,970
Collection of subscription receivable (Note 16)	4,643	–	–	–	–	–	–	–	4,643	–	4,643
Stock subscriptions through business combination (Note 1)	1,225,370	1,805,380	–	–	–	–	–	–	3,030,750	–	3,030,750
Stock subscription through ESOWN availment (Note 29)	6,914	4,473	–	–	–	–	–	–	11,387	–	11,387
Equity reserves through business combination (Note 1)	–	–	–	(1,392,048)	–	–	–	–	(1,392,048)	–	(1,392,048)
Transfer of equity reserve due to ESOWN shares subscription (Note 29)		20,702		(20,702)	–	–	–	–	–	–	–
Transfer of realized valuation increment (Note 10)	–	–	–	–	(7,609)	–	–	7,609	–	–	–
Increase in NCI through business combination (Notes 1)	–	–	–	–	–	–	–	–	–	498,440	498,440
Cash dividends (Note 16)	–	–	–	–	–	–	–	–	–	(19,748)	(19,748)
Balances at December 31, 2018	₱5,889,195	₱5,772,959	(₱1,279,026)	(₱1,351,940)	₱217,986	(₱579,379)	(₱44,313)	₱619,841	₱9,245,323	₱628,927	₱9,874,250

See accompanying Notes to Consolidated Financial Statements.

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
(Formerly Prime Orion Philippines, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱833,832**	₱761,292	₱706,911
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 12, 19 and 21)	**309,768**	290,893	248,887
Interest expense on lease liabilities (Note 27)	**150,240**	151,188	–
Interest expense and bank charges (Note 22)	**104,755**	50,236	739
Depreciation of right-of-use assets (Note 19, 21 and 27)	**65,192**	64,754	–
Discount on sale of financial asset (Note 5)	**29,550**	–	–
Provision for probable losses (Note 28)	**5,000**	240,647	–
Provision for (reversal of) impairment losses on:			
Receivables (Note 5)	**31,619**	91,959	(2,510)
Real estate held for sale and development	**–**	12,281	–
Other current assets (Note 9)	**–**	1,502	–
Investment properties	**–**	(6,281)	
Write-off and other charges (Notes 5, 9, 13 and 17)	**–**	18,771	–
Loss on retirement of investment properties (Notes 10 and 21)	**–**	25,531	–
Dividend income (Notes 7 and 8)	**(131)**	(131)	(165)
Unrealized loss (gain) on financial assets at FVPL (Note 8)	**(262)**	40	108
Reversal of provision for probable losses (Note 28)	**(21,000)**	(32,280)	(59,070)
Interest income (Note 22)	**(36,765)**	(51,539)	(32,311)
Gain on sale of investment property (Note 10)	**(94,064)**	–	(723)
Operating income before working capital changes	**1,377,734**	1,618,863	861,866
Decrease (increase) in:			
Receivables	**348,889**	(957,519)	11,809
Real estate held for sale and development	**(2,489)**	(830,992)	(507,689)
Inventories	**–**	–	37
Other current assets	**3,161**	(492,099)	(138,816)
Pension assets	**1,367**	(571)	4,177
Other noncurrent assets	**119,785**	139,146	(213,061)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(1,121,907)**	1,160,172	(93,535)
Rental and other deposits	**(51,823)**	80,461	267,607
Deferred rent income (Note 27)	**13,237**	–	–
Net cash flows generated from operations	**687,954**	717,461	192,395
Interest received	**25,422**	51,539	32,206
Interest paid	**(39,028)**	(50,236)	(739)
Income tax paid	**(174,085)**	(27,856)	(855)
Net cash flows from operating activities	**500,263**	690,908	223,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions (deductions from) in amounts owed by related parties	**(124,634)**	148,040	(246,894)
Proceeds from termination of short-term investments	**–**	43,489	–
Dividends received (Notes 7 and 8)	**131**	131	165
Acquisition of:			
Investment properties (Note 10)	**(694,745)**	(3,689,730)	(251,368)
Property and equipment (Note 11)	**(5,821)**	(13,124)	(16,458)
Financial assets at FVOCI (Note 7)	**(1,522)**	(1,108)	(6,385)
Software cost (Note 12)	**–**	(35)	–
Short-term investments (Note 4)	**–**	–	(43,489)

(Forward)

	Years Ended December 31		
	2020	2019	2018
Acquisition of a subsidiary	**₱–**	₱–	₱70,116
Proceeds from sale of:			
Investment properties	**130,123**	–	1,700
Financial assets at FVOCI (Note 7)	**4,632**	–	2,019
Property, plant and equipment	**–**	–	3
Investments in associate	**–**	–	1,888
Net cash flows used in investing activities	**(691,836)**	(3,512,337)	(488,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of shares held by a subsidiary	**–**	1,134,649	–
Collection of subscription receivables (Note 16)	**15,920**	378,897	16,030
Issuance of shares of stocks	**–**	144,377	–
Proceeds from amounts owed to related parties (Notes 17 and 31)	**4,895**	2,152	78
Additions (deductions from) in amounts owed by related parties (Notes 17 and 31)	**313,884**	2,080,984	214,819
Payment of amounts owed to related parties (Notes 17 and 31)	**(4,936)**	(225)	(55)
Payment of subscription cost (Note 1)	**(494)**	(12,254)	–
Payment of principal portion of lease liabilities (Note 27)	**(137,918)**	(149,704)	–
Acquisition of non-controlling interest	**–**	(800,000)	–
Net cash flows from financing activities	**191,351**	2,778,876	230,872
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(222)**	(42,553)	(34,824)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**177,592**	220,145	254,969
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱177,370**	₱177,592	₱220,145

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate and Group Information

Corporate Information
AyalaLand Logistics Holdings Corp. (ALLHC; the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 19, 1989. The Parent Company's registered office address is 3rd Floor Glorietta 5, Ayala Center, Makati City. The Parent Company is a subsidiary of Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC). AC is 47.28% owned by Mermac, Inc. and the rest by the public as at December 31, 2020. Both ALI and AC are publicly-listed companies incorporated in the Philippines. The Parent Company is listed in the Philippine Stock Exchange.

ALLHC and its subsidiaries, collectively referred to as "the Group", have principal business interests in holding companies, commercial leasing, industrial lot sales and development, and retail electricity supply (see Note 26).

The accompanying consolidated financial statements of the Group as of December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018 were approved by the Board of Directors (BOD) in a meeting dated February 23, 2021.

Group Information
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries of the Group:

		Percentage of Ownership		
Subsidiaries	**Nature of Business**	**2020**	2019	2018
Laguna Technopark, Inc. (LTI)	Real Estate Development	**95%**	95%	75%
Ecozone Power Management, Inc. (EPMI)	Purchase, Supply and Delivery of Electricity	**95%**	95%	75%
Unity Realty Development Corporation (URDC)	Real Estate Development	**100%**	100%	−%
Orion Land, Inc. (OLI)	Real Estate and Investment Holding Company	**100%**	100%	100%
Tutuban Properties, Inc. (TPI)	Real Estate, Mall Operations	**100%**	100%	100%
TPI Holdings Corporation (TPIHC)	Investment Holding Company	**100%**	100%	100%
Orion Property Developments, Inc. (OPDI)	Real Estate Development	**100%**	100%	100%
Orion Beverage, Inc. (OBI)*	Manufacturing	**100%**	100%	100%
LCI Commercial Ventures, Inc. (LCVI)	Real Estate, Warehouse Leasing Operations	**100%**	100%	100%
Luck Hock Venture Holdings, Inc. (LHVHI)*	Other Business Activities	**60%**	60%	60%
Orion Maxis, Inc. (OMI)*	Marketing and Administrative Services	**100%**	100%	100%
Orion I Holdings Philippines, Inc. (OIHPI)*	Financial Holding Company	**100%**	100%	100%
FLT Prime Insurance Corporation (FPIC)	Non-Life Insurance Company	**78.77%**	78.77%	78.77%
Orion Solutions, Inc. (OSI)*	Management Information Technology Consultancy Services	**100%**	100%	100%

** Inactive companies approved by their respective BOD for liquidation*

All of the entities in the Group are incorporated in the Philippines.

The voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its ownership interest.

LTI
LTI was incorporated on November 15, 1990 and is based in Laguna. LTI develops industrial parks and leases ready-built factory units and sells industrial lots to local and company locators.

On June 7, 2010, the BOD of LTI approved the setting up of a wholly owned subsidiary, EPMI, primarily to engage in the purchase, supply and delivery of electricity. EPMI was registered with the SEC on August 20, 2010.

URDC
URDC owns a property in Pampanga, a prime location for the new industrial park of ALLHC, which caters to light and medium, non-polluting enterprises, from both global and local markets. The development will complement the overall plans of the Group as it envisions Pampanga Technopark to be a world-class industrial township.

OLI
OLI operates commercial building composed of a 5-storey shopping center and a 6-storey business processing outsourcing office with a gross leasable area of 60,000 square meters located along National Road, Alabang, Muntinlupa City.

TPI
TPI operates the Tutuban Center, a commercial complex located in Manila City. The Tutuban Center, which sits on a 20-hectare property, will be the location of the North-South Railway Project (NSRP) Transfer Station which will interconnect with the LRT 2 West Station (see Note 10).

On April 1, 2015, TPI signed a Memorandum of Understanding (MOU) with the Department of Transportation and Communication (DOTC) (now the Department of Transportation or DOTr) and Philippine National Railways (PNR) to formalize the agreement to cooperate in the finalization and implementation of plans of the North-South Railway Project (NSRP).

LCVI
LCVI was a top manufacturer of ceramic floor and wall tiles in the Philippines and has a manufacturing plant in Laguna. In 2012, LCVI suspended its manufacturing operations and started renting out its warehouses in July 2014.

FPIC
In March 2017, FPIC surrendered its Certificate of Authority as it was no longer compliant with the net worth requirement of ₱550.00 million of the Insurance Commission (IC) as of December 31, 2016.

On April 20, 2017, the IC issued a Servicing License to FPIC, with authority limited to the following:

a. accepting contract price payments from the policyholders;
b. paying or settling claims arising under its non-life coverage; and/or,
c. such other related services.

On September 7, 2018, the IC approved the Servicing Plan of FPIC. Based on the approved plan, FPIC has until April 19, 2019 to service policies expiring in 2019 and 2020 and to settle outstanding liabilities and obligations of FPIC.

On July 11, 2019, FPIC has submitted to the IC its request for the release of the security deposit. Based on IC Circular Letter No. 2013-35 (Guidelines on the Release of Security Deposit), the following applicability conditions have to be met before such request can be made:

1. The Company has no license to do insurance business; and
2. The Company is not under conservatorship, receivership or liquidation of the IC.

The above two (2) conditions have been met by FPIC.

On November 22, 2019, FPIC has applied for the renewal of its Servicing License with the IC for one year or until December 31, 2020. The said renewal of license was made to conform with one year 'waiting period' for the claimants to file, submit or report to the IC any claim against FPIC. The waiting period will commence from the last publication date of the 'Notice to the Public' regarding FPIC's request for the release of its security deposit.

On January 04, 2021, the Insurance Commission has approved FPIC's request for the termination of the servicing proceedings and withdrawal of the security deposit, subject to the following conditions,

1. The Company, through its President, shall submit to the Commission a duly Notarized Undertaking and Quit Claim;

2. With respect to FPIC's request for the withdrawal of security deposit, it is worth stressing that though the said fund is exclusively earmarked for the payment of the company's liabilities to its policyholders, as distinguished from its corporate liabilities, the Commission has opined that the same may be applied to the latter, since any excess in the security deposit will in effect convert the same to its corporate assets.

3. The Commission has approved FPIC's withdrawal of security deposit, which shall be less by the value of the company's outstanding liabilities to its policyholders and other creditors, subject to the company's submission of the original or certified true copy of the notarized list of all outstanding liabilities.

FPIC's full compliance to the above conditions will trigger the Commission to proceed in the processing of the said request by publishing the required Notice of Withdrawal, as well as its issuance of the Certificate of Withdrawal, declaring FPIC's insurance business in the Philippines as officially withdrawn.

Inactive Companies
On September 2, 2016, the BOD of OMI and OSI approved and authorized the dissolution and liquidation of OMI and OSI by shortening their corporate term up to December 31, 2016.

On October 20, 2017, the BOD of OIHPI, OBI, LHVHI and TPIHC approved and authorized the dissolution and liquidation of these companies by shortening their corporate term up to December 31, 2017.

Business Combination
LTI
On April 30, 2018, ALLHC entered into a Deed of Exchange with ALI whereby ALI agreed to subscribe to 1,225,370,620 additional shares in ALLHC in exchange for ALI's 30,186 shares in LTI, with a fair market value of ₱3,030.75 million. Accordingly, the Group paid documentary stamp tax amounting to ₱12.25 million on the original issuance of shares offset against additional paid-in capital.

The acquisition resulted to LTI becoming a subsidiary of ALLHC. Both ALLHC and LTI are under the common control of ALI. The acquisition was accounted for using the pooling of interests method.

Acquisition of URDC
On July 19, 2019, the Parent Company acquired from previous individual stockholders their entire outstanding shares of URDC representing 100% ownership.

The Parent Company partially paid the previous individual stockholders amounting to ₱1,184.70 million representing 50% of the total value of the shares. In September 2020, the Parent Company paid the first installment amounting to ₱716.84 million. The Parent Company will settle the remaining balance amounting to ₱477.89 million on September 16, 2021, this is lodged in Accounts payable and accrued expenses (see Note 14). This is accounted for as acquisition of an asset that does not constitute a business because the Group did not acquire a substantive process that significantly contribute to the ability to create outputs in order to be classified as a business. The Group allocated the acquisition cost to inventory and investment property based on relative fair values (see Notes 6 and 10).

Acquisition of Non-controlling Interest
On June 10, 2019, ALLHC purchased additional 8,051 LTI shares from ALI for a total consideration of ₱800.00 million, resulting to an increase in ownership in LTI from 75% to 95%. Accordingly, non-controlling interest decreased by ₱553.74 million and equity reserve increased by ₱246.26 million.

Material Partly-Owned Subsidiaries with Material Economic Ownership Interest
Information of the subsidiary that have material non-controlling economic interests follows:

LTI

	2020	2019	2018
	(In Thousands, except for %)		
Proportion of equity interests held by non-controlling interest	**1.21%**	1.09%	6.34%
Voting rights held by non-controlling interest	**5%**	5%	25%
Accumulated balances of non-controlling interest	**₱143,033**	₱121,597	₱628,927
Net income allocated to non-controlling interest	**21,436**	45,581	112,808
Comprehensive income allocated to material non-controlling interest	**21,436**	46,412	105,355
Dividends paid to non-controlling interest	**–**	–	20,112

The summarized financial information of LTI provided below. The information is based on amounts before intercompany eliminations.

	2020	2019	2018
	(In Thousands)		
Statement of financial position			
Current assets	**₱2,617,388**	₱2,890,632	₱2,576,505
Noncurrent assets	**2,483,666**	2,272,826	1,387,572
Current liabilities	**756,830**	774,381	1,106,379
Noncurrent liabilities	**1,343,513**	1,490,999	267,389
Statement of comprehensive income			
Revenue	**2,325,769**	3,411,364	2,621,919
Profit attributable to:			
Equity holders of the parent	**407,287**	289,633	335,673
Non-controlling interests	**21,436**	45,581	112,808
Total comprehensive income attributable to:			
Equity holders of the parent	**405,687**	284,918	336,361
Non-controlling interests	**21,436**	50,296	112,120
Statement of cash flows			
Operating activities	**₱584,939**	(₱256,868)	₱76,900
Investing activities	**(325,902)**	(701,276)	(113,390)
Financing activities	**(243,617)**	870,600	59,172
Effect of exchange rates changes	**–**	–	711
Net increase (decrease) in cash and cash equivalents	**₱15,420**	(₱87,544)	₱23,393

2. **Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for the debt and equity financial assets measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency. All amounts are rounded off to the nearest thousand (₱1,000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers affecting the real estate industry.*

a. Deferral of the following provisions of the Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting Real Estate Industry
   - Treatment of land in the determination of the percentage-of-completion (POC);
   - Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
   - Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
   - Accounting to Common Usage Service Area (CUSA) Charges

b. Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) of PIC Q&A 2018-12 and the IFRIC Agenda Decision on Borrowing Cost, for another (three) 3 years or until December 31, 2023.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the group ceases control over a subsidiary.

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

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

Generally, there is a presumption that a majority of voting rights result in control.

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:

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangements; and
c. the Group's voting rights and potential voting rights.

The Group reassesses 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.

The financial statements of the subsidiaries are prepared for the same accounting period as the Parent Company using uniform accounting policies. All significant intercompany transactions and balances between and among the Group, including intercompany profits and unrealized profits, are eliminated in the consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company.

If the Group losses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while the resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. 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 consolidated financial statements of the Group.

- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Group adopted the amendments beginning January 1, 2020. The rent concessions did not have a material impact on the Group as lessees.

Future Changes in Accounting Policies

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

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

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

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

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

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

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

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

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

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

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

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

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the ’10 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 are not expected to have a material impact on the Group.

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

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

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- 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

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

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.

- *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 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
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

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

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

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

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component

- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

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

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. 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. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell but does not expect the provision to have a material impact on the consolidated financial statements.

b. The exclusion of land and uninstalled materials in the determination of POC would have the percentage of completion of real estate projects. The Group does not expect this provision to have any impact on the consolidated financial statements.

c. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The Group does not expect the IFRIC Agenda Decision to have a material impact on the consolidation financial statements as the Group does not have pre-selling activities.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group is still evaluating the approach to be availed among the existing options.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

a. The financial statements are not considered to be in accordance with PFRS and should specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the accounting framework is:

   PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic

b. The Auditor's report will:
   - reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
   - include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Current versus Noncurrent Classification
The Group presents assets and liabilities in its statement of financial position based on a current and noncurrent classification.

An asset is current when it is:
a. Expected to be realized or intended to be sold or consumed in normal operating cycle;
b. Held primarily for the purpose of trading;
c. Expected to be realized within twelve months after the reporting period; or
d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
a. It is expected to be settled in normal operating cycle;
b. It is held primarily for the purpose of trading;
c. It is due to be settled within twelve months after the reporting period; or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Reclassifications
In 2020, the Group assessed that it expects to realize investments in FVOCI more than one year from reporting date, which would require non-current classification. Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the reclassifications have no significant impact on the Group's total assets as of January 1, 2019. Reclassification of FVOCI from current to noncurrent as of December 31, 2019 is presented as follows:

	December 31, 2019 As previously reported	Reclassification	December 31, 2019 As adjusted
Current Assets			
Current portion of FVOCI	₱644,746	(₱644,746)	₱–
Noncurrent Assets			
Noncurrent portion of FVOCI	–	644,746	644,746
	₱644,746	₱–	₱644,746

The reclassifications did not impact the consolidated statement of cash flows for the year ended December 31, 2019.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business at the end of the reporting period. Financial instruments for which the fair value cannot be reasonably determined are carried at cost less any impairment in value.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of change in value.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term Investments, receivables and amounts owed to related parties.

Disposal of financial assets at amortized cost
When financial assets at amortized cost are disposed, these are assessed whether the Group is consistent with its objective of collecting contractual cash flows until maturity. In the event that disposals have been concluded as infrequent and insignificant, the financial assets continue to be accounted at amortized cost (see Note 5).

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

(a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and;
(b) Selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes government securities owned by the Group.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from other credit enhancements (e.g. lessee's deposit) that are integral to the contractual terms.

For trade receivables except real estate receivable, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, instead, recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Vintage approach accounts for expected credit losses by calculating the cumulative loss rates of a given real estate receivable pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model. It allows the evaluation of the loan activity from its origination period until the end of the contract period. In addition to primary drivers like macroeconomic indicators of qualitative factors such as, but not limited to, forward-looking data on inflation rate was added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on the type of facility. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission and refurbishment. As these are future cash flows, these are discounted back to the time of default using the appropriate effective interest rate, usually being the original effective interest rate (EIR) or an approximation thereof.

The Group considers a financial asset in default generally when contractual payments are 30 days past due for commercial leasing and 90 days past due for real estate and property development or when sales are cancelled supported by a notarized cancellation letter executed by the Group and customer. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For other financial assets such as nontrade receivables, insurance receivables, amounts owed by related parties, refundable deposits and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk (i.e., no longer low credit risk). The probability of default and loss given defaults are publicly available and are used by the Group to estimate ECLs. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group's debt instruments at fair value through OCI comprise solely of government securities. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Accounts payable and accrued expenses" (other than "Taxes payable" which is covered by other accounting standard), "Amounts owed to related parties", "Subscriptions payable", "Rental and other deposits" and "Lease liabilities".

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Other Financial Liabilities
This is the category most relevant to the Group and includes liabilities arising from operations.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses on other financial liabilities are recognized in the consolidated statement of income when the liabilities are derecognized, as well as through the amortization process.

The Group’s accounts payable and accrued expenses and rental and others deposits are classified in this category.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

<u>Real Estate Held for Sale and Development</u>
Real estate held for sale and development is carried at the lower of cost and NRV. NRV is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes acquisition cost of the land plus development and improvement costs. Borrowing costs incurred on loans obtained to finance the improvements and developments of real estate held for sale and development are capitalized while development is in progress.

<u>Other Current Assets</u>
Other current assets are resources that the Group expects to consume or realize within its operating cycle. These are carried at cost, less any impairment in value. Included under these are creditable withholding taxes (CWTs), input value added tax (VAT), and prepayments.

CWTs
CWTs represent taxes withheld by the Group’s customer on sale of goods and services which are claimed against income tax due. The excess over the income tax payable is either carried over in the succeeding period for the same purpose or claimed for refund.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of “Other current assets” and Other noncurrent assets” in the consolidated statement of financial position.

Prepayments
Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepaid expenses are apportioned to expense over the period covered by the payment and charged to the appropriate expense accounts when incurred.

Investment Properties
The Group's investment properties include properties utilized in its mall operations, commercial building and certain land and land improvements which are held for rentals while the rest of the land is held for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the investment properties as follows:

	Useful life in years
Land improvements	30
Buildings and improvements	7-40
Machineries and equipment	9-25

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives or the term of the lease, whichever is shorter.

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

The Group classifies its buildings and improvements and land and improvements either as investment property or owner-occupied property based on its current intentions where it will be used. When buildings and improvements as well as land and improvements are held for capital appreciation or when management is still undecided as to its future use, it is classified as investment property. Buildings and improvements and land and improvements which are held for rent are classified as investment properties.

Constructions-in-progress
The Group's constructions-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Property and Equipment
Property and equipment are carried at cost, less accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefit expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of the property and equipment as follows:

	Useful life in years
Leasehold improvements	3-5
Machinery and equipment	5-10
Transportation equipment	5
Furniture, fixtures and equipment	3-5

Leasehold improvements are amortized on a straight-line basis over three (3) to five (5) years or the term of the lease, whichever is shorter.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The residual values, useful lives and depreciation and amortization method are reviewed and adjusted if appropriate, at each end of the reporting period.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are sold or retired, the cost and the related accumulated depreciation and amortization and any impairment in value are derecognized and any gain or loss resulting from their disposal is included in profit or loss.

Software Costs
Acquired software license is capitalized on the basis of costs incurred to acquire and bring to use the specific software. Software license is amortized on a straight-line basis over its estimated useful life of three (3) to four (4) years. Costs associated with the development or maintenance of computer software programs are recognized as expense when incurred in profit or loss.

An item of software license is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the items is derecognized.

The Group's capitalized software costs includes purchase price payments for new software and other directly related costs necessary to bring the asset to its intended use.

Other Noncurrent Assets
Other noncurrent assets consist of advance rental, deferred acquisition cost, refundable deposits, deferred input VAT, spare parts and supplies and other prepayments that will be consumed twelve (12) months after each end of the reporting period.

Deferred Acquisition Costs
Costs incurred in relation to the acquisition of insurance contracts such as commissions are deferred and charged to commission expense in proportion to premium revenue recognized.

Subsequent to initial recognition, these costs are amortized using the 24th method where the deferred acquisition cost pertains to the commissions for the last two months of the year. Amortization is charged to profit or loss. The unamortized acquisition costs are shown as “Deferred acquisition cost” under “Other noncurrent assets”.

Advances to suppliers and contractors
These are carried at cost less impairment losses, if any.

Impairment of Nonfinancial Assets
Inventories and Real Estate Held for Sale and Development
The Group recognizes provision for inventory losses when the net realizable values of inventory items become lower than the costs due to obsolescence or other causes. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods, when identified, are written down to their net realizable values.

Investment Properties, Property and Equipment, Software Costs and Right-of-use Assets
The Group assesses at each end of the reporting period whether there is an indication that investment properties, property and equipment and software costs may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm’s-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset in prior years.

Nonfinancial Other Current and Noncurrent Assets
The Group first assesses whether there are indications of impairment on nonfinancial other current and noncurrent assets. When indicators exist, the Group estimates the recoverable amount of the asset and recognizes impairment loss in profit or loss to reduce the carrying amount to the recoverable value.

Insurance contracts
Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract, there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Group defines significant insurance risk by comparing

benefits paid with benefits payable if the insured event did not occur. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or has expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Recognition and Measurement

a) Premium Revenue
Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method where the provision for unearned premiums pertains to the premiums for the last two months of the year. The portion of the premiums written that relates to the unexpired periods of the policies at financial reporting dates is accounted for as “Reserve for unearned premiums” and shown as part of “Accounts payable and accrued expenses” in the statement of financial position. The related reinsurance premiums ceded that pertain to the unexpired periods at financial reporting dates are accounted for as “Deferred reinsurance premiums” and shown under “Other noncurrent assets” in the consolidated statement of financial position. The net changes in these accounts between financial reporting dates are charged to or credited against profit or loss.

b) Insurance Contract Liabilities
Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Reserve for Unearned Premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods is deferred as reserve for unearned premiums using the 24th method. The change in the reserve for unearned premiums is taken to profit or loss in the order that revenue is recognized over the period of risk.

Claims Provision and Incurred but not Reported (IBNR) losses
Outstanding claims provision are based on the estimated ultimate cost of all claims incurred but not settled at the financial reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date. Provision for IBNR losses is calculated based on standard actuarial projection techniques.

The liability is not discounted for the time value of money and includes IBNR losses. The liability is derecognized when the contract expires, is discharged or is cancelled.

Liability Adequacy Test
At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. In performing the test, current best estimates of future cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to profit or loss by establishing an unexpired risk provision for losses arising from the liability adequacy tests.

c) Reinsurance Assets
The Group cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies for ceded insurance liabilities. Recoverable amounts are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the reinsurance contract.

An impairment review is performed on all reinsurance assets when an indication of impairment arises during the financial reporting year.

Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognized as income and expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance commissions are deferred and subject to the same amortization method as the related acquisition costs; unamortized reinsurance commissions are shown as “Due to reinsurers and ceding companies” and shown as part of “Accounts payable and accrued expenses” in the statement of financial position.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or have expired or when the contract is transferred to another party.

Short-term Insurance Contracts
These contracts include the following:

- Fire insurance contracts cover loss or damage to the insured's properties caused by fire and/or natural calamities like typhoon, lightning, flood and earthquake.
- Motor insurance contracts provide financial protection to vehicle owners against physical loss of or damage to their vehicles and legal liability to third parties and/or passengers due to accident.
- Personal accident insurance contracts provide financial aid to either the insured or his beneficiaries in case of accidental death or disability.
- Marine insurance contracts indemnify the owner and/or assignee of a vessel, plane, goods and/or other transportable properties against sustained loss or damage on land, marine and aerial transit.
- Engineering insurance contracts provide complete protection against loss of or damage to plant, mechanical, electronic and other types of equipment used in construction and/or business operations.
- Extended perils or optional coverages are also available.
- Bonds/suretyship insurance contracts cover undertake to provide the needed guarantee to complete a contractual or civil engineering project.
- Liability insurance contracts indemnify the insured against the financial consequences of accidents to third parties for which he is legally responsible or liable.

Rental and Other Deposits
Customer rental and other deposits represent payments from tenants on leased properties which are refundable at the end of the lease contract. These are initially measured at fair value and subsequently measured at amortized cost.

Subscriptions Payable
Subscriptions payable pertains to the Group’s unpaid subscription of shares of stock of other entities. These are recognized and carried in the books at the original subscription price in which shares of stock will be issued upon payment.

Combinations of Entities Under Common Control
Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts as of date of acquisition. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.

The financial information in the consolidated financial statements are not restated for periods prior to the combination of the entities under common control as allowed by the Philippine Interpretations Committee (PIC) Q&A No. 2012-01.

Asset Acquisitions
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Capital Stock
Common shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to “Additional paid-in capital”. Subscription receivables pertains to the uncollected portion of the subscribed shares and is presented net against capital stock.

Retained Earnings
Retained earnings represent accumulated earnings of the Group.

Equity Reserves
Equity reserves pertain to the excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies.

Treasury Shares and Shares Held by a Subsidiary
Treasury shares are own shares (ALLHC and subsidiaries) acquired by the Group. These are measured at acquisition cost and presented as deduction against equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Parent Company’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

The Parent Company’s shares acquired by a subsidiary is presented as “Shares held by a subsidiary” under the equity section.

Share-based Payments
The Group has equity-settled, share-based compensation plan with its employees. The Group has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Group’s shares at a discounted price. The Group recognizes stock compensation expense over the holding period. These are accounted for as limited-recourse loan-type share plans. Dividends paid on the awards are treated as installment payment against the exercise price of the options. The cost of

equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in "Equity reserves" in equity, in "Personnel expense" account

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expense that are not recognized in the consolidated statement of income for the year in accordance with PFRS.

Revenue Recognition
Revenue from Contract with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air- conditioning and common use service area in its mall retail spaces, wherein it is acting as agent.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sale of Electricity Revenue
The Group recognizes revenue from electricity services over time using the output method as the customer receives and consumes the benefit from the performance of the related utility service. As a practical expedient allowed under PFRS 15, the Group recognizes revenue in the amount to which the Group has a right to invoice since the Group bills a fixed amount for every kilowatt hour of electricity delivered. Electricity is billed every month according to the billing cycles of the customer.

Rental
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Rent Concessions
Rental concessions are treated as reductions to the rental income granted to lessees and accounted for as variable rent.

Real estate sales
The Group derives its real estate revenue from sale of industrial lots. Revenue from sale of industrial lots are recognized over time during the development period (or percentage of completion) since based on the terms and conditions of its contract with the customers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue based on direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

As of December 31, 2020 and 2019, the Group's industrial lots being sold are 100% completed.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability are recognized in the year in which the changes are determined.

Insurance Premiums and Commissions - net
Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method, except for premiums arising from marine cargo where the provision for unearned premiums pertains to the premiums for the last two months of the year. The portion of the premiums written that relates to the unexpired periods of the policies at financial reporting dates is accounted for as “Reserve for unearned premiums” and shown as part of “Accounts payable and accrued expenses” in the consolidated statement of financial position. The related reinsurance premiums ceded that pertain to the unexpired periods at financial reporting dates are accounted for as “Deferred reinsurance premiums” and shown under “Other noncurrent assets” in the consolidated statement of financial position. The net changes in these accounts between financial reporting dates are charged to or credited against income for the period.

Reinsurance commissions are recognized as revenue over the period of the contracts using the 24th method, except for marine cargo where the deferred reinsurance commission pertains to the premiums for the last two months of the year.

The portion of the commissions that relates to the unexpired periods of the policies at the financial reporting date is accounted for as “Due to reinsurers and ceding companies” and shown as part of “Accounts payable and accrued expenses” in the consolidated statement of financial position.

Interest Income
For all financial instruments measured at amortized cost and interest-bearing financial assets classified as financial assets at FVOCI and AFS financial assets, interest income is recorded using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend Income
Dividend income is recognized when the Group’s right to receive the payment is established.

Cost and Expenses

Cost recognition for real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development, professional fees, depreciation, permits and licenses. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Cost of purchased power and services
Purchased power represents the cost of electricity supplied to contestable customers. This includes generation charges, transmission line fees, capacity fees and systems losses which are recognized in profit or loss when the electricity purchased is consumed.

Cost of rental services
Cost of rental services are direct costs incurred in the normal course of the business, are recognized when incurred and generally measured in the amount paid or payable. These comprise cost of rent, utilities, depreciation and others.

Operating Expenses
Operating expenses consist of all expenses associated with the development and execution of marketing and promotional activities and expenses incurred in the direction and general administration of day-to-day operations of the Group. These are generally recognized when the service is incurred, or the expense arises.

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to brokers on the sale of completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of real estate sold" account in the statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Underwriting Expenses
Underwriting expenses pertain to the Company's share in the underwriting expenses incurred by insurance pools in which the Company is a member. An insurance pool is a collective pool of assets from multiple insurance companies and used as a way of providing high risk insurance. Underwriting expenses are recognized by the Company as incurred.

Earnings Per Share
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent Company (after adjusting for interest on any convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Income Tax
Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefits of unused net operating loss carryover (NOLCO) and unused tax credits from excess minimum corporate income tax (MCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry forward of unused NOLCO and MCIT can be utilized, and except if it arises from initial recognition and those associated with the investments in subsidiaries, associates and joint ventures as discussed above.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted at each end of the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in the profit or loss or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Retirement Benefits Costs

The Group has a funded, non-contributory defined benefit retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as retirement benefits costs under "Personnel expenses" in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as “Interest income (expense)” in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Leases effective January 1, 2019</u>
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets
   The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of 20 to 40 years.

   The right-of-use assets are also subject to impairment. Refer to the accounting policies in impairment of non-financial assets.

b) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Leases prior to January 1, 2019</u>
Determination of Whether an Arrangement Contains a Lease
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. A reassessment is made after the inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease Commitments - Group as a Lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rent income from operating leases are recognized as income on a straight-line basis over the lease term or based on the terms of the lease, as applicable. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the

leased asset and recognized over the lease term on the basis as rental income. Variable are recognized as revenue in the period in which they are earned.

Operating Lease Commitments - Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease payments under non-cancellable operating leases are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Foreign Currency Translation
Transactions in foreign currencies are initially recorded in Philippine Peso based on the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Claims
The liabilities for unpaid claim costs (including incurred but not reported losses) and claim adjustment expenses relating to insurance contracts are accrued when insured events occur. The liabilities for unpaid claims are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves is continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense for the period in which the estimates are changed or payments are made. Estimated recoveries on settled and unsettled claims are evaluated in terms of the estimated realizable values of the salvaged recoverables and deducted from the liability for unpaid claims. The unpaid claim costs are accounted as “Claims payable” under “Accounts payable and accrued expenses” account in the consolidated statement of financial position.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is probable.

Segment Reporting
The Group’s operating businesses are recognized and managed according to the nature of the products or services offered, with each segment representing a strategic business unit that serves different markets. The BOD is the chief operating decision maker of the Group. Segment assets and liabilities reported are those assets and liabilities included in measures that are used by the BOD.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

Events After the End of the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures, at the end of the reporting period. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee (effective January 1, 2019)
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The renewal periods for leases of land with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term since it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate. Renewal or termination of lease is subject to mutual agreement with the lessors.

Assessing Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating lease arrangements.

Assessment Whether Rental Concessions fall under Lease Modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various rent concessions it granted to lessees such as rent payment holiday or rent payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making the judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the rent concessions it granted to lessees do not qualify as lease modifications since the term and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concession granted by the Group for the year ended December 31, 2020 amounted to ₱298.90 million (see Note 10).

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for trade receivables from real estate sales, the customer receives a notice of cancellation and does not continue the payments. For rental receivables, the customers receive letter of collection.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently throughout the Group's expected loss calculation.

Sale of real estate receivables
The Group entered into arrangements with banks wherein it discounted its real estate receivables without recourse. The Group believes that the sales transactions are not more than infrequent. Accordingly, the Group continues to present trade receivables at amortized cost as it remains to hold trade receivables with the objective of collecting contractual cash flows until maturity.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes in circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group's lease liabilities amounted to ₱1,751.37 million and ₱1,733.45 million as at December 31, 2020 and 2019, respectively (see Note 27).

Provision for expected credit losses of trade and other receivables
The Group uses a provision matrix to calculate ECLs for trade receivables except for receivables from real estate. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as Gross Domestic Product growth rate and inflation rate. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for real estate receivable. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (gross domestic product and inflation rate) and ECLs is also significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Notes 5 and 19.

Estimating Useful Lives of Depreciable Investment Properties and Property and Equipment
The estimated useful lives used as bases for depreciating and amortizing the Group's investment properties and property and equipment were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets as well as industry standards and averages applicable to the Group's assets. The Group estimates the useful lives of its investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed, at least, annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of these assets increases depreciation and amortization and decreases the carrying value of investment properties and property and equipment.

The carrying value of property and equipment amounted to ₱27.18 million and ₱37.91 million as at December 31, 2020 and 2019, respectively, net of accumulated depreciation, amortization and impairment amounting to ₱84.02 million and ₱67.46 million as at December 31, 2020 and 2019, respectively (see Note 11).

The carrying value of investment properties amounted to ₱9,563.42 million and ₱10,254.51 million as at December 31, 2020 and 2019, respectively (see Note 10).

Information on the estimated useful life of investment properties and property and equipment is included in Note 2.

Determining Retirement Benefits Liability
The cost of defined retirement obligation as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligation are highly sensitive to changes in these assumptions. The assumptions are reviewed at each end of the reporting period.

Current service costs amounted to ₱1.37 million, ₱0.98 million and ₱1.10 million for the years ended December 31, 2020, 2019 and 2018, respectively. As at December 31, 2020 and 2019, net pension assets of the Group amounted to ₱9.69 million and ₱11.77 million, respectively (see Note 23).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Further details about the assumptions used are provided in Note 23.

Assessing Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the reporting period and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Judgments and estimation are required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. However, there is no assurance that the Group will generate sufficient future taxable profits to allow all or part of its deferred income tax assets to be utilized.

Deferred income tax assets recognized in the books amounted to ₱58.23 million and ₱24.29 million as at December 31, 2020 and 2019, respectively (see Note 24).

The temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized, as the management has assessed that it is not probable that sufficient future taxable income will be available for which the benefit of the deferred income tax assets can be utilized, are disclosed in Note 24.

Assessing and Estimating Contingencies and Provisions
The Group is involved in certain disputes for which the Group has recognized provisions for probable expenses, which may be incurred, and disclosed relevant information about such contingencies. Total provision for probable losses amounted to ₱5.00 million, ₱240.65 million and nil for the year ended December 31, 2020, 2019 and 2018, respectively. Total reversal of provision for probable losses amounted to ₱21.00 million, ₱32.28 million and ₱59.07 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 28).

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
	(In Thousands)	
Cash on hand and in banks	**₱177,370**	₱144,644
Cash equivalents	**–**	32,948
	₱177,370	₱177,592

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term 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 at the respective short-term investment rates.

For the years ended December 31, 2020, 2019 and 2018, the interest earned from cash and cash equivalents and short-term investments amounted to ₱3.73 million, ₱3.55 million, and ₱2.04 million, respectively (see Note 22).

5. **Receivables**

This account consists of:

	2020	2019
	(In Thousands)	
Trade debtors		
Land sales	**₱1,302,611**	₱1,577,403
Receivables from tenants	**593,682**	593,052
Retail electricity	**153,995**	329,125
Nontrade receivables	**120,017**	95,301
Insurance receivables	**29,305**	27,371
Others	**198,739**	160,600
	2,398,349	2,782,852
Less allowance for expected credit losses	**321,268**	297,750
	2,077,081	2,485,102
Less noncurrent portion	**728,538**	480,274
	₱1,348,543	₱2,004,828

Receivables from land sales represent amounts arising from sale of industrial lots, which are collectible in monthly installments within two to four years from the date of sale. During the year, the Group sold trade receivables from land sales amounting to ₱718.30 million with a resulting discount on sale amounting to ₱29.55 million.

Receivables from tenants represent the outstanding receivables arising from the lease of warehouse units, retail mall and office spaces and are collectible within 30 days from billing date. This includes both the fixed and contingent portion of lease.

Receivables from retail electricity consist of uncollected and unbilled electricity to customers which are consumed after meter reading cut-off dates. The credit term of these receivables is from 9 to 15 days from the date of billing. This account also consists of electricity sales made by the Group to customers traded through Wholesale Electricity Spot Market (WESM).

Nontrade receivables consist mainly of receivables from the government related to expropriation against certain properties of the Group in Laguna. Nontrade receivables are noninterest-bearing and are due and demandable.

Insurance receivables consist of premium receivables from policyholders, insurance agents and reinsurance companies and reinsurance recoverable on paid and unpaid losses from facultative and treaty reinsurers. These accounts are generally on 90 days term.

Other receivables include noninterest-bearing receivables of OLI from Cosco Land Corporation (CLC) which are due and demandable amounting to ₱160.45 million as at December 31, 2020 and 2019. These receivables are collateralized by the shares of stock of Cyber Bay owned by CLC. The receivables from CLC are fully provided with allowance.

The Group sold receivables on a without recourse basis to partner mortgage bank, BPI Family Bank, Inc. a related party, amounting to ₱718.30 million in 2020. These were sold at a discount of ₱29.55 million with total net proceeds ₱688.93 million.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under the Bayanihan 2 Act, the one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, interest and other charges.

In 2020, the Group, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its tenants as a response to the effect of the COVID-19 pandemic. These reliefs measures include extension of payment terms.

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

In 2019, the Group wrote-off long outstanding receivables amounting to ₱0.28 million presented as "Write off and other charges" in the consolidated statement of income.

The movements of allowance for expected credit losses on receivables follow:

	Trade debtors	Insurance receivables	Non-trade receivables	Others	Total
			(In Thousands)		
At December 31, 2018	₱79,950	₱47,975	₱–	₱170,855	₱298,780
Provisions (Note 19)	38,024	–	39,691	14,244	91,959
Write-off	(42,605)	(33,259)	–	(17,125)	(92,989)
At December 31, 2019	75,369	14,716	39,691	167,974	297,750
Provisions (Note 19)	31,619	–	–	–	31,619
Write-off	–	(5,868)	–	(2,233)	(8,101)
At December 31, 2020	**₱106,988**	**₱8,848**	**₱39,691**	**₱165,741**	**₱321,268**

6. Real Estate Held for Sale and Development

The details of this account follow:

	2020	2019
	(In Thousands)	
Land	**₱3,277,109**	₱2,124,899
Less allowance for impairment losses	**39,848**	39,848
	₱3,237,261	₱2,085,051

Land consists of parcels of land located in Cavite, Misamis Oriental, Laguna, Batangas, Palawan and Pampanga.

The composition of inventoriable costs as at December 31 follows:

	2020	2019
	(In Thousands)	
Land cost	**₱2,795,955**	₱1,710,416
Construction overhead and other related costs	**481,154**	414,483
	₱3,277,109	₱2,124,899

The rollforward analysis of real estate held for sale and development follows:

	2020	2019
	(In Thousands)	
Balance at the beginning of the year	**₱2,124,899**	₱1,316,812
Acquisition	**207,620**	1,129,516
Development costs incurred	**356,672**	593,259
Transfers from (to) investment property (Note 10)	**1,149,721**	(22,905)
Cost of real estate sales (Note 21)	**(561,803)**	(891,783)
	3,277,109	2,124,899
Less allowance for impairment loss	**39,848**	39,848
	₱3,237,261	₱2,085,051

Movements in the allowance for impairment losses follow:

	2020	2019
	(In Thousands)	
Beginning balances	**₱39,848**	₱27,567
Provision (Note 19)	**–**	12,281
	₱39,848	₱39,848

Lot sales recognized for the years ended December 31, 2020 and 2019 amounted to ₱1,275.51 million and ₱1,809.12 million, respectively (₱785.83 million for the year ended December 31, 2018).

Lot inventories recognized as cost of real estate sales amounted to ₱666.76 million and ₱1,103.64 million for the years ended December 31, 2020 and 2019, respectively (₱320.22 million for the year ended December 31, 2018).

In the third quarter of 2020, approximately 40.76 hectares was made available to the market to encourage more industrial companies to invest, develop and facilitate the economic growth in the region. The change in use resulted to the transfer from investment property to inventory amounting to ₱1,147.26 million.

There are no real estate inventories held as collateral as at December 31, 2020 and 2019.

7. Financial Assets at FVOCI

The details of this account follow:

	2020	2019
	(In Thousands)	
Listed equity securities (Note 18)	**₱505,912**	₱556,939
Quoted debt securities	**100,518**	87,807
	₱606,430	₱644,746

Financial assets at FVOCI pertain to investments in equity securities and debt instruments which are not held for trading and which the Group has irrevocably designated at FVOCI, as the Group considers these investments to be strategic in nature.

Listed equity securities include 1,388,101,405 shares of Cyber Bay valued at ₱458.07 million and ₱527.48 million in 2020 and 2019, respectively (see Note 18).

Quoted debt securities pertain to government securities owned by the Group. These are reserved investments in accordance with the provisions of the Insurance Commission as security for the benefit of policy holders and creditors of FPIC.

Movements of unrealized valuation gain (losses) on financial assets at FVOCI follows:

	Equity Holders	Non-controlling Interests	Total
		(In Thousands)	
At December 31, 2018	(₱579,379)	(₱991)	(₱580,370)
Fair value changes	(8,325)	831	(7,494)
At December 31, 2019	(587,704)	(160)	(587,864)
Fair value changes	(38,097)	2,891	(35,206)
Realized valuation gain transferred from equity to retained earnings	(850)	–	(850)
At December 31, 2020	**(₱626,651)**	**₱2,731**	**(₱623,920)**

Proceeds from the sale of financial assets at FVOCI amounted to ₱4.20 million, nil and ₱2.02 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Group made additional investments in equity instruments amounting to ₱1.52 million, ₱1.11 million and ₱6.39 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Interest earned from financial assets at FVOCI amounted to ₱0.11 million, ₱1.96 million and ₱3.41 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Dividend income on financial assets at FVOCI amounted to nil for the years ended December 31, 2020 and 2019 (₱0.04 million for the year ended December 31, 2018).

8. Financial Assets at FVPL

This account pertains to investments in redeemable preferred shares and Unit Investment Trust Fund (UITF) designated as financial assets at FVPL.

Fair value of financial assets at FVPL as at December 31, 2020 and 2019 amounted to ₱4.74 million and ₱4.48 million, respectively, resulting to an unrealized (gain) loss of (₱0.26 million), ₱0.04 million and ₱0.11 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Dividend income earned from these shares amounted to ₱0.13 million for the years ended December 31, 2020, 2019 and 2018.

9. Other Current Assets

This account consists of:

	2020	2019
	(In Thousands)	
Input VAT	**₱561,689**	₱580,904
CWTs	**293,336**	238,054
Refundable deposits	**62,844**	67,793
Prepayments	**54,882**	67,789
Ice and beverages	**2,593**	486
Advances to suppliers and contractors	**1,943**	25,422
	977,287	980,448
Less allowance for impairment losses	**2,747**	2,747
	₱974,540	₱977,701

Input VAT pertains to VAT passed on from purchases of goods or services which is applied against output VAT. In 2019, the Group wrote-off unutilized input VAT amounting to ₱1.31 million presented as "Write off and other charges" in the consolidated statement of income.

Creditable withholding taxes (CWTs) are available for offset against income tax payable in the future periods. In 2019, the Group wrote-off unutilized CWT amounting to ₱9.71 million presented as "Write off and other charges" in the consolidated statement of income.

Refundable deposits pertain to EPMI's utility deposit for the initial set-up of electricity supply by public utility companies and interest earned from these deposits accrue to the customers of the Company. These deposits earn interest equivalent to the Peso Savings Account Interest rate of Land Bank of the Philippines on the first working day of the year, or other government banks subject to approval of ERC and may be refunded or applied to outstanding bill balance or differential billing upon termination of contract. The said deposits are equivalent to one (1) month estimated monthly billing and shall be adjusted annually to reflect the average billing during a one year period; or to replace any deposit previously applied; or to reflect the increase or decrease in load, or the number of the customers.

Prepayments pertain to prepaid insurance, taxes and licenses and other prepaid expenses that are to be amortized over a period of one (1) year.

Advances to contractors and suppliers pertain to advance payment to service contractors for construction services of the Group's real estate held for sale and development.

Movements in the allowance for impairment losses follow:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱2,747**	₱1,439
Provisions (Note 19)	**–**	1,502
Write-off	**–**	(194)
Balances at end of year	**₱2,747**	₱2,747

As at December 31, 2019, finished goods inventories were written off amounting to ₱7.07 million presented as "Write off and other charges" in the consolidated statement of income.

10. Investment Properties

The details of this account follow:

	2020			
	Buildings and Improvements	**Land and Improvements**	**Construction in Progress**	**Total**
		(In Thousands)		
Cost				
At beginning of year	**₱8,972,747**	**₱3,037,624**	**₱998,820**	**₱13,009,191**
Additions	**150,689**	**41,858**	**594,377**	**786,924**
Transfers	**776,165**	**–**	**(776,165)**	**–**
Disposals	**(36,415)**	**(8,062)**	**–**	**(44,477)**
Transfers (Note 6)	**–**	**(1,149,721)**	**–**	**(1,149,721)**
At end of year	**9,863,186**	**1,921,699**	**817,032**	**12,601,917**
Accumulated Depreciation and Amortization				
At beginning of year	**2,726,315**	**25,160**	**–**	**2,751,475**
Depreciation and amortization (Notes 19 and 21)	**290,782**	**1,445**	**–**	**292,227**
Disposals	**(8,418)**	**–**	**–**	**(8,418)**
At end of year	**3,008,679**	**26,605**	**–**	**3,035,284**
Balance before impairment				
Less allowance for impairment losses	**–**	**3,209**	**–**	**3,209**
Net book values	**₱6,854,507**	**₱1,891,885**	**₱817,032**	**₱9,563,424**

	2019			
	Buildings and Improvements	Land and Improvements	Construction in Progress	Total
		(In Thousands)		
Cost				
At beginning of year	₱8,683,051	₱414,058	₱299,312	₱9,396,421
Additions	159,802	2,600,661	929,267	3,689,730
Transfers (Note 6)	229,759	22,905	(229,759)	22,905
Retirements	(99,865)	–	–	(99,865)
At end of year	8,972,747	3,037,624	998,820	13,009,191
Accumulated Depreciation and Amortization				
At beginning of year	2,529,317	24,554	–	2,553,871
Depreciation and amortization (Notes 19 and 21)	271,332	606	–	271,938
Retirements	(74,334)	–	–	(74,334)
At end of year	2,726,315	25,160	–	2,751,475
Balance before impairment	6,246,432	3,012,464	998,820	10,257,716
Less allowance for impairment losses	6,281	3,209	–	9,490
Write-off of impairment losses	(6,281)	–	–	(6,281)
	–	3,209	–	3,209
Net book values	₱6,246,432	₱3,009,255	₱998,820	₱10,254,507

<u>TPI</u>
In 2019, TPI demolished a portion of its buildings and leasehold improvements amounting to ₱44.95 million with remaining book value amounting to ₱18.52 million. Loss on retirement was recognized amounting to ₱13.69 million, net of ₱4.83 million allowance for impairment loss (see Note 21).

Investment properties of TPI substantially represent buildings and leasehold improvements on the land leased from PNR which are utilized in the TPI's mall operations and held for rentals.

In accordance with PFRS 1, the Group closed out the "Revaluation increment" on TPI's investment properties amounting to ₱236.08 million to retained earnings which pertains to the remaining balance of the deemed cost adjustment on investment properties account which arose when it transitioned to PFRS.

<u>LCI</u>
In 2019, LCI demolished two (2) buildings amounting to ₱54.91 million with remaining book value amounting to ₱13.29 million. Loss on retirement was recognized amounting to ₱11.84 million, net of ₱1.45 million allowance for impairment loss (see Note 21).

On July 1, 2014, LCI transferred land and improvements and buildings and improvements from property and equipment to investment properties. Prior to the transfer, the land and improvements and building and improvements are stated at their revalued amounts. Upon transfer to investment property, the revalued amounts of the properties at the date of transfer were considered as its deemed costs in accordance with PAS 40, *Investment Property*.

The excess of appraised values over the acquisition costs of the properties is shown under the "Revaluation increment" account in the consolidated statement of financial position and in the consolidated statement of changes in equity. An amount corresponding to the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost is transferred annually from "Revaluation increment" to "Retained earnings" account in the consolidated statement of financial position.

<u>Fair Value of Investment Properties</u>
The aggregate fair value of the Group's investment properties amounted to ₱17,734.59 million and ₱11,160.64 million as of December 31, 2020 and 2019, respectively. The fair values of the buildings, land and improvements of the Group determined using income approach method considers rental escalation rate for the minimum rental guaranteed for the remaining life of the buildings and building improvements using the discount rate and terminal capitalization rate ranging from 10% to 11% and 5% to 10%, respectively.

The fair values of the investment properties were determined by independent professionally qualified appraisers. The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2020 and 2019:

2020

					Fair value measurement using		
	Observable Inputs	**Valuation Technique**	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservabl e inputs (Level 3)**
					(In Thousands)		
Land properties							
LCVI	**Expected rents and expenses**	**Income approach**	**July 21, 2020**	**₱996,117**	**₱–**	**₱–**	**₱996,117**
LTI	**Expected rents and expenses**	**Income Approach**	**February 5, 2021**	**1,721,793**	**–**	**–**	**1,721,793**
URDC	**Comparable selling price**	**Sales Comparison approach**	**March 10, 2020**	**3,562,976**	**–**	**–**	**3,562,976**
Land improvements							
LCVI	**Expected rents and expenses**	**Income approach**	**July 21, 2020**	**996,117**	**–**	**–**	**₱996,117**
Building							
OLI	**Expected rents and expenses**	**Income approach**	**February 6, 2021**	**7,264,359**	**–**	**–**	**7,264,359**
TPI	**Expected rents and expenses**	**Income approach**	**February 23, 2021**	**3,145,763**	**–**	**–**	**3,145,763**
LCVI	**Expected rents and expenses**	**Income approach**	**July 21, 2020**	**996,117**			**996,117**
LTI	**Expected rents and expenses**	**Income approach**	**February 5, 2021**	**2,744,874**	**–**	**–**	**2,744,874**

2019

					Fair value measurement using		
	Observable Inputs	**Valuation Technique**	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
					(In Thousands)		
Land properties							
LCVI	Comparable selling price	Sales comparison approach	February 11, 2020	₱833,684	₱–	₱–	₱833,684
LTI	Comparable selling price	Sales Comparison approach	October 15, 2019	1,628,520	–	–	1,628,520
URDC	Comparable selling price	Sales Comparison approach	July 19, 2019	1,857,426	–	–	1,857,426
Land improvements							
LCVI	Expected rents and expenses	Income approach	February 11, 2020	833,684	–	–	833,684
Building							
OLI	Expected rents and expenses	Income approach	October 15, 2019	4,994,786	–	–	4,994,786
TPI	Expected rents and expenses	Income approach	October 15, 2019	1,455,578	–	–	1,455,578
LCVI	Expected rents and expenses	Income approach	February 11, 2020	833,684			833,684
LTI	Expected rents and expenses	Income approach	March 20, 2018	1,998,600	–	–	1,998,600

As of December 31, 2019, the fair value of land acquired from the previous stockholders of URDC was determined to be equivalent with the recent acquisition cost paid.

The appraised value was estimated using the following approach:

Income Approach - the fair value of all investment properties derived through converting anticipated future benefits into current property value.

Sales Comparison Approach - the value of the property that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Revaluation Increment
Movement of revaluation increment follows:

	2020	2019
	(In Thousands)	
Beginning balance	**₱203,836**	₱217,986
Transfer of realized valuation increment	**(7,028)**	(14,150)
Balances at end of year	**₱196,808**	₱203,836

Revaluation increment realized through depreciation and transferred to deficit (net of related tax) amounted to ₱7.03 million and ₱14.15 million in 2020 and 2019, respectively.

Consolidated rental revenue from investment properties amounted to ₱851.98 million (net of rent concession amounting to ₱298.90 million), ₱1,085.93 million and ₱843.15 million for the years ended December 31, 2020, 2018, and 2019, respectively. Direct operating expenses incurred for investment properties amounted to ₱555.09 million, ₱568.14 million and ₱615.84 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 21).

Gain on sale on investment properties recognized amounted to ₱94.06 million, nil and ₱0.72 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Construction in progress pertain to buildings under construction to be leased as retail and warehouse spaces upon completion. The construction period normally ranges from within one year to two years depending on the size of the asset.

In 2020, LTI transferred construction cost of completed projects in Naic, Cavite to buildings and improvements amounting to ₱776.17 million.

For 2020, the Group's budgeted total capital expenditures was ₱2.16 billion for projects and spent ₱1 billion as of 31 December 2020 for land development, building improvements, and land acquisition. This was financed through internally generated funds and advances.

The Group's management believes that there were no conditions present in 2020 and 2019 that would significantly reduce the fair value of the investment properties from that determined as stated in table above.

The Group has no restriction on the realizability of its investment properties and no obligation to either purchase, construct or develop or for repairs, maintenance and enhancements.

COVID-19 affected the rental revenue from malls due to the temporary closures during the implementation of the community quarantine. The malls have gradually reopened since the lifting of the enhanced community quarantine (ECQ) on May 16, 2020, subject to safety and protocol standards of the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). The Group's management is continuously assessing the situation given the pandemic's fluid and evolving nature. Except for the significant impact of COVID-19 pandemic to the Group's mall operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.

11. Property and Equipment

The details of this account follow:

2020

	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Total
Cost			*(In Thousands)*		
At beginning of year	**₱2,479**	**₱50,911**	**₱10,968**	**₱41,014**	**₱105,372**
Additions	**253**	**4,714**	**–**	**854**	**5,821**
At end of year	**2,732**	**55,625**	**10,968**	**41,868**	**111,193**
Accumulated Depreciation and Amortization					
At beginning of year	**1,566**	**26,774**	**8,546**	**30,577**	**67,463**
Depreciation and amortization (Notes 19 and 21)	**375**	**6,868**	**716**	**8,593**	**16,552**
At end of year	**1,941**	**33,642**	**9,262**	**39,170**	**84,015**
Net Book Values	**₱791**	**₱21,983**	**₱1,706**	**₱2,698**	**₱27,178**

2019

	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Total
Cost			*(In Thousands)*		
At beginning of year	₱2,479	₱50,911	₱9,738	₱29,120	₱92,248
Additions	–	–	1,230	11,894	13,124
At end of year	2,479	50,911	10,968	41,014	105,372
Accumulated Depreciation and Amortization					
At beginning of year	892	15,410	7,132	26,565	49,999
Depreciation and amortization (Notes 19 and 21)	674	11,364	1,414	4,012	17,464
At end of year	1,566	26,774	8,546	30,577	67,463
Net Book Values	₱913	₱24,137	₱2,422	₱10,437	₱37,909

Gain on sale of property and equipment recognized for the years ended December 31, 2020, 2019 and 2018 amounted to nil, nil and ₱0.003 million, respectively.

12. Software Costs

The details of this account follow:

	2020	2019
	(In Thousands)	
Cost:		
Beginning balances	**₱13,270**	₱15,470
Additions	**–**	35
Retirements	**–**	(2,235)
Ending balances	**13,270**	13,270
Accumulated amortization:		
Beginning balances	**11,853**	12,597
Amortization (Note 19)	**989**	1,491
Retirements	**–**	(2,235)
Ending balances	**12,842**	11,853
Net book values	**₱428**	₱1,417

13. Other Noncurrent Assets

This account consists of:

	2020	2019
	(In Thousands)	
Deferred input VAT	**₱349,160**	₱388,216
Advances to suppliers and contractors	**57,862**	124,401
Refundable deposits	**13,391**	31,067
Others	**8,277**	4,791
	₱428,690	₱548,475

Deferred input VAT arises from the purchase of capital goods by the Group for amortization for a period of 5 years.

Advances to contractors and suppliers pertain to advance payment to service contractors for various renovation and rehabilitation services of the Group's buildings.

Refundable deposits pertain to deposits made to utility companies, other suppliers and various miscellaneous deposits.

In 2019, the Group wrote-off miscellaneous deposits amounting to ₱0.08 million presented as "Write off and other charges" in the consolidated statement of income.

14. Accounts Payable and Accrued Expenses

The details of this account follow:

	2020	2019
	(In Thousands)	
Accrued expenses		
Light and water	**₱121,508**	₱384,233
Professional and management fees	**61,423**	66,857
Commissions	**47,597**	45,528
Contracted services	**19,564**	15,528
Repairs and maintenance	**13,017**	1,308
Taxes and licenses	**11,096**	22,685
Rent (Note 27)	**3,107**	3,882
Subcontractor cost	**723**	2,612
Salaries and benefits	**230**	5,900
Others	**7,108**	9,321
	285,373	557,854
Trade payables	**1,030,603**	1,567,961
Nontrade payables	**203,707**	258,465
Provisions (Note 28)	**50,332**	254,196
Retention payables	**32,011**	–
Claims payables	**24,178**	15,853
Dividend payable	**17,500**	–
Others	**9,417**	18,324
	₱1,653,121	₱2,672,653

Nontrade payables are generally taxes and other payables settled within one (1) year.

Retention payable pertain to retentions from the contractors' progress billings which will be released after the expiration of the project's warranty period. The retention serves as security from the contractor should there be defects in the project.

Claims payables pertain to the estimated ultimate cost of incurred but not settled claims as at the reporting period.

The terms and conditions of the above payables are as follows:

- Trade payables are noninterest-bearing and are normally settled on thirty (30) days' term.
- Accrued payables are noninterest-bearing and are normally settled on sixty (60) days' term or due and demandable.
- All other payables are noninterest-bearing and have an average term of one (1) year.

Dividend payable pertains to the unpaid portion of dividend declared attributable to the non-controlling interest of Laguna Technopark, Inc.

15. Rental and Other Deposits

The details of this account follow:

	December 31, 2020			December 31, 2019		
	Due within One Year	**Beyond One Year**	**Total**	Due within One Year	Beyond One Year	Total
			(In Thousands)			
Security deposits	**₱363,325**	**₱107,795**	**₱471,120**	₱373,456	₱153,341	₱526,797
Rental deposits	**73,343**	**97,192**	**170,535**	108,475	72,214	180,689
Construction bond	**31,164**	**4,158**	**35,322**	29,481	9,266	38,747
Customer deposits	**17,194**	**–**	**17,194**	6,452	–	6,452
Other deposits	**7,506**	**1,278**	**8,784**	–	–	–
	₱492,532	**₱210,423**	**₱702,955**	₱517,864	₱234,821	₱752,685

Tenants are required to post security deposits, which shall be refunded, without interest, within sixty (60) days after the expiration of the lease period, deducting the amount of damages to the leased premises, if any. Interest expense from accretion of security deposits amounted to ₱2.10 million, ₱1.65 million and ₱1.21 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Security deposits also include deposits that may be refunded or applied to any outstanding account of the customers at the end of the retail electricity supply term. The duration of these deposits ranges from six months to three years.

Rental deposits are equivalent to tenant's three month's current rent and shall be increased annually or as is when the rental rate increases. These are paid upon signing of the contract of lease or possession of leased premises, whichever comes first and can be applied as payment for rent due for the last three months of the lease.

Construction bond is tenants' payments as security for repairs or any damaged caused to the Group's property arising out of or in connection to any loss, damage, or destruction to the leased premises as a result of the renovation or construction. The construction bond shall be equivalent to tenant's one month's minimum rent and can be applied as payment for outstanding accounts provided that they are in compliance with the construction guidelines and requirements imposed by the Group.

Customer deposits pertain to reservation deposits of the tenants which will form part of the payment of rent upon commencement of lease.

16. **Equity**

The details of the common shares of the Parent Company follows:

2020

	Number of Shares	Amount
Authorized, ₱1 par value	**7,500,000,000**	**₱7,500,000,000**
Issued	**6,153,452,772**	**₱6,153,452,772**
Subscribed	**148,139,215**	**148,139,215**
Less subscription receivables		**116,757,453**
Issued and outstanding		**₱6,184,834,534**

2019

	Number of Shares	Amount
Authorized, ₱1 par value	7,500,000,000	₱7,500,000,000
Issued	6,148,081,534	₱6,148,081,534
Subscribed	153,510,453	153,510,453
Less subscription receivables		128,287,250
Issued and outstanding		₱6,173,304,737

In 2020, the issued and subscribed capital and additional paid-in capital increased by ₱11.53 million and ₱7.27 million, respectively, arising from the collection of subscription receivables, issuance of shares and ESOWN subscription.

In 2019, the issued and subscribed capital and additional paid-in capital increased by ₱284.11 million and ₱226.91 million, respectively, arising from the collection of subscription receivables and issuance of shares.

In 2018, the issued and subscribed capital and additional paid-in capital increased by ₱1,232.28 million and ₱1,809.85 million, respectively, arising from business combination and ESOWN subscription.

The Parent Company's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of approval	Number of holders as of year end
January 1, 2018	4,501,803,698			876
Add Additional issuance	11,425,000	₱1.00/share	May 19, 1989	
December 31, 2018	4,513,228,698			801
Add:				
Additional issuance	49,444,216	₱2.92/share	September 9, 2019	
Additional issuance	1,225,370,620	₱2.47/share	April 30, 2018	
Additional issuance	359,218,800	₱1.00/share	May 19, 1989	
Additional issuance	819,200	₱1.68/share	November 10, 2015	
December 31, 2019	6,148,081,534			**785**
Add:				
Additional issuance	3,072,000	₱1.00/share	November 10, 2015	
Additional issuance	29,038	₱1.68/share	November 10, 2015	
Additional issuance	2,270,200	₱1.00/share	May 19,1989	
December 31, 2020	6,153,452,772			**784**

Retained Earnings
Retained earnings also include undistributed net earnings amounting to ₱3,751.00 million and ₱3,683.40 million as of December 31, 2020 and 2019, respectively, representing accumulated equity in the net earnings of subsidiaries. These are not available for dividend distribution unless declared by the subsidiaries.

In 2020, Laguna Technopark, Inc., the Parent Company's subsidiary, declared cash dividends for a total amount of ₱350.00 million of which ₱17.50 million is attributable to non-controlling interest.

Shares held by a subsidiary
On September 5, 2019, OLI subscribed to 49,444,216 unissued shares of ALLHC for a total consideration of ₱144.38 million. This is presented as "Shares held by a subsidiary" in the consolidated statement of financial position.

Capital Management
The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources and considering changes in economic conditions and the risk characteristics of the Group's activities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes as at December 31, 2020 and 2019.

As at December 31, 2020 and 2019, the Group considers the following accounts as capital:

	2020	2019
	(In Thousands)	
Capital stock	**₱6,184,835**	₱6,173,305
Additional paid-in capital	**6,007,133**	5,999,868
	₱12,191,968	₱12,173,173

The Group is not subject to externally imposed capital requirements**.**

17. **Related Party Transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group has an approval requirement and limits on the amount and extent on any related party transactions.

The Parent Company and its subsidiaries, in their normal course of business, have entered into transactions with related parties principally consisting of interest and noninterest-bearing advances with no fixed repayment terms and are due and demandable. These transactions are normally settled in cash

Account balances with related parties, other than intra-group balances which were eliminated in consolidation, follows:

As at and for the year ended December 31, 2020

Amounts owed by related parties

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
ALI (a)	**(₱110,106)**	**₱29,968**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ALI (b)	**97,749**	**525,922**	To be settled in cash, 30-days; 2.57%-2.96%	Unsecured, not impaired, and unguaranteed
Entities under common control				
Airswift Transport, Inc. (b)				
Principal	**9,000**	**32,000**	To be settled in cash, 30-days; 2.63%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**1,237**	**2,302**		
North Triangle Hotel Ventures, Inc. (b)				
Principal	**–**	**–**	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Interest	**–**	**86**		
Cebu Holdings, Inc. (b)				
Principal	**(26,000)**	**–**		
Interest	**(134)**	**43**	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Central Block Development, Inc. (b)				
Principal	**(25,400)**	**14,300**	To be settled in cash, 30-days; 2,96% -3.05%	Unsecured, not impaired, and unguaranteed
Interest	**182**	**370**		
HLC Development Corp. (b)				
Principal	**12,500**	**12,500**	To be settled in cash, 30-days; 2.63%	Unsecured, not impaired, and unguaranteed
Interest	**12**	**71**		
Amaia Land Corporation (b)				
Principal	**(8,000)**	**15,700**	To be settled in cash, 30-days; 2.96%	Unsecured, not impaired, and unguaranteed
Interest	**(79)**	**49**		
Amaia Land Corporation (d)	**6,129**	**6,129**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Ayala Land Metro North, Inc. (d)	**6,119**	**6,022**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ESTA Galleria, Inc. (b)				
Principal	**(10,000)**	**–**		
Interest	**259**	**366**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ESTA Galleria, Inc. (d)	**15**	**82**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Crans Montana Property Holdings Corp. (b)				
Principal	**(5,000)**	**1,000**	To be settled in cash, 30-days; 3.05%	Unsecured, not impaired, and unguaranteed
Interest	**(9)**	**4**		
Sicogon Island Tourism Estate Corp. (b)				
Principal	**(3,800)**	**4,200**	To be settled in cash, 30-days; 2.96%	Unsecured, not impaired, and unguaranteed
Interest	**2**	**13**		
Bay City Commercial Corp. (b)				
Principal	**85,000**	**105,000**	To be settled in cash, 30-days; 2.75%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**3,751**	**3,887**		
Ayala Triangle Hotel. (b)				
Interest	**–**	**185**	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Circuit Makati Hotel Ventures, Inc. (b)				
Principal	(₱4,300)	₱–	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Interest	(80)	49		
Amicassa Process Solutions, Inc. (c)	(2,227)	3,543	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Cagayan de Oro Gateway Corp. (b)				
Principal	15,000	15,000	To be settled in cash, 30-days; 2.63%-3.00%	Unsecured, not impaired, and unguaranteed
Interest	(752)	337		
Avida Land Corporation (b)				
Interest	3,649	4,503	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Avida Land Corporation (a)				
Arvo Commercial Corporation (b)				
Principal	(10,000)	10,000	To be settled in cash, 30-days; 2.58% -2.83%	Unsecured, not impaired, and unguaranteed
Interest	965	4,470		
Soltea Commercial Corp (b)				
Principal	(4,600)	5,400	To be settled in cash, 30-days; 2.63%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	233	1,031		
Summerhill Commercial (b)				
Principal	–	–	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Interest	(1,344)	56		
Ten Knots Philippines, Inc. (b)				
Interest	2	38	To be settled in cash and collectible on	Unsecured, not impaired, and unguaranteed
Innove Communications, Inc. (d)	(241)	116	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Ayala Group Counselors Corp. (f)	–	241	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Leisure and Allied Industries Phils., Inc. (d)	–	(51)	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Makati Development Corp. (d)	–	63	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
AMSI, Inc. (d)	(1,128)	194	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Econorth Resort Ventures, Inc. (d)	–	38	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
North Triangle Depot Commercial Corp. (d)	(20)	1	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
South Innovative Theater Mngt, Inc. (d)	29	35	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
North Eastern Commercial (d)	(3,961)	(738)	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Ayala Property Management Corp. (d)	–	1		
North Ventures Commercial (d)	355	356		
PCM Formosa Company Limited (d)	2	606	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Horizon Wealth Holdings, Inc. (d)	1	1	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ALI Commercial Center (c)	(689)	664	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ALI Commercial Center (b)				
Principal	7,000	7,000	To be settled in cash, 30-days; 2.63%	Unsecured, not impaired, and unguaranteed
Interest	10	10		
Ayalaland Estates, Inc.	(1)	–	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
BellaVita Land Corp (b)				
Principal	**₱5,000**	**₱5,000**	To be settled in cash, 30-days; 2.96%	Unsecured, not impaired, and unguaranteed
Interest	**15**	**15**		
Accendo Commercial Corp (b)				
Principal	**6,000**	**6,000**	To be settled in cash, 30-days; 3.05%	Unsecured, not impaired, and unguaranteed
Interest	**56**	**56**		
Capitol Central Commercial Ventures Corp (b)				
Principal	**79,000**	**79,000**	To be settled in cash, 30-days; 2.63%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**309**	**309**		
Cebu District Property Enterprise, Inc. (b)				
Interest	**74**	**74**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Arca South Commercial Ventures Corp. (b)				
Interest	**815**	**815**	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Cavite Commercial Town Center, Inc. (b)				
Principal	**10,000**	**10,000**	To be settled in cash, 30-days; 2.83%	Unsecured, not impaired, and unguaranteed
Interest	**160**	**160**		
Other related parties				
Bank of the Philippine Islands (c)	**(864)**	**(78)**	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Globe Telecom Inc. (c)	**3,725**	**5,630**	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Total		**₱921,793**		

Amounts owed to related parties

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
ALI (i)	**₱731,770**	**₱1,001,220**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Corporation (j)	**–**	**149,539**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Laguna AAA Waterworks Corp (d)	**413**	**413**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Entities under common control				
Ayalaland Malls, Inc. (d)	**(1,884)**	**245**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Property Management Corp. (d)	**206**	**11,997**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Makati Development Corp. (g)	**(64,663)**	**261,021**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Nuevocentro, Inc. (d)	**3,085**	**5,262**	Due and demandable noninterest bearing	Unsecured and unguaranteed
MDC BuildPlus, Inc. (h)	**(14,482)**	**–**	Due and demandable noninterest bearing	Unsecured and unguaranteed
AMSI, Inc. (d)	**(10)**	**1,187**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Innove Communications, Inc. (d)	**(61)**	**96**	Due and demandable noninterest bearing	Unsecured and unguaranteed
APRISA Business Solutions (d)	**644**	**1,046**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ecosouth Hotel Ventures, Inc. (d)	**(5)**	**–**	Due and demandable	Unsecured and unguaranteed
Bonifacio Hotel Ventures, Inc. (d)	**(6)**	**–**	Due and demandable	Unsecured and unguaranteed
Ayala Group Counselors Corp.	**(4,574)**	**61**	Due and demandable noninterest bearing	Unsecured and unguaranteed

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
Ayalaland Metro North, Inc. (b)				
Principal	**(₱2,700)**	**₱7,300**	To be settled in cash, 30-days; 2.96%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**(254)**	**133**		
Station Square (b)				
Interest	**(25)**	**–**		
Avida Land Corp. (d)	**–**	**154,488**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Alveo Land Corp. (b)				
Principal	**(12,000)**	**20,000**	To be settled in cash, 30-days; 3.05%	Unsecured, not impaired, and unguaranteed
Interest	**285**	**924**		
Solinea, Inc. (b)				
Principal	**(10,000)**	**–**		
Interest	**166**	**298**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Summerhill Commercial Ventures (b)				
Principal	**1,500**	**16,500**	To be settled in cash, 30-days; 2.58%-3.0%	Unsecured, not impaired, and unguaranteed
Interest	**220**	**449**		
Taft Punta Engano Property, Inc. (b)				
Principal	**(9,700)**	**31,800**	To be settled in cash, 30-days; 2.75%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**241**	**295**		
Bellavita Land Corp. (b)				
Interest	**(27)**	**–**	Due and demandable	Unsecured and unguaranteed
Avencosouth Corp. (b)				
Principal	**(20,000)**	**–**		
Interest	**(311)**	**–**		
Ayala Hotels, Inc. (b)				
Principal	**(13,300)**	**185,700**	To be settled in cash, 30-days; 2.75%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**3,452**	**3,720**		
Southportal Properties, Inc. (b)				
Principal	**(200)**	**5,000**	To be settled in cash, 30-days; 3.00%	Unsecured, not impaired, and unguaranteed
Interest	**201**	**277**		
AyalaLand Commercial REIT, Inc. (b)				
Principal	**–**	**35,000**	To be settled in cash, 30-days; 2.75%	Unsecured, not impaired, and unguaranteed
Interest	**21**	**67**		
ACCENDO (b)				
Interest	**(330)**	**–**	Due and demandable	Unsecured and unguaranteed
ALI Commercial Center (b)				
Principal	**–**	**–**		
Interest	**(916)**	**252**	Due and demandable noninterest bearing	Unsecured and unguaranteed
North Beacon Commercial Corp. (b)				
Principal	**(600)**	**96,400**	To be settled in cash, 30-days; 2.75%	Unsecured, not impaired, and unguaranteed
Interest	**3,177**	**4,124**		
AREIT, Inc. (b)				
Principal	**91,750**	**97,350**	To be settled in cash, 30-days; 2.63%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**5,629**	**5,717**		
ALI-CII Development Corp. (b)				
Principal	**(3,500)**	**1,500**	To be settled in cash, 30-days; 3.05%	Unsecured, not impaired, and unguaranteed
Interest	**(82)**	**15**		
MDBI Construction Corp. (b)				
Principal	**(47,600)**	**–**		
Interest	**(39)**	**–**		
North Triangle Depot Commercial Corp. (b)				
Principal	**(42,000)**	**–**		
Interest	**73**	**123**	Due and demandable	Unsecured and unguaranteed
Alabang Commercial Corp. (b)				
Interest	**(204)**	**–**		
Adauge Commercial Corp. (b)				
Principal	**–**	**3,000**	To be settled in cash, 30-days; 2.75%	Unsecured, not impaired, and unguaranteed
Interest	**(2)**	**5**		

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
UP North Property Holdings, Inc. (b)				
Principal	**8,000**	**58,000**	To be settled in cash, 30-days; 2.75%-2.96%	Unsecured, not impaired, and unguaranteed
Interest	**1,962**	**2,564**		
Glensworth Development, Inc. (b)				
Principal	**8,000**	**26,000**	To be settled in cash, 30-days; 2.75%-3.00%	Unsecured, not impaired, and unguaranteed
Interest	**620**	**914**		
North Eastern Commercial Corp. (b)				
Principal	**50,930**	**255,930**	To be settled in cash, 30-days; 2.75%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**6,476**	**7,433**		
Ayala Land Offices, Inc. (b)				
Principal	**(13,800)**	**–**		
Interest	**6,840**	**6,864**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Land Estates, Inc. (b)				
Principal	**(10,000)**	**–**		
Interest	**(116)**	**–**		
North Ventures Commercial Corp. (b)				
Principal	**(9,700)**	**55,300**	To be settled in cash, 30-days; 2.75%-3.05%	Unsecured, not impaired, and unguaranteed
Interest	**(713)**	**253**		
Asian I-Office Properties, Inc. (b)				
Principal	**12,600**	**62,600**	To be settled in cash, 30-days; 2.75%	Unsecured, not impaired, and unguaranteed
Interest	**1,379**	**2,041**		
Direct Power Services, Inc. (b)				
Principal	**(40,000)**	**–**		
Interest	**(60)**	**1**	Due and demandable	Unsecured and unguaranteed
Subic Bay Town Center, Inc. (b)				
Principal	**20,000**	**20,000**	To be settled in cash, 30-days; 3.08%	Unsecured, not impaired, and unguaranteed
Interest	**(55)**	**36**		
Vesta Property Holdings, Inc. (b)				
Principal	**(322,000)**	**–**		
Interest	**14,595**	**14,719**	Due and demandable noninterest bearing	Unsecured and unguaranteed
CECI Realty Corp. (b)				
Principal	**25,870**	**55,870**	To be settled in cash, 30-days; 2.75%	Unsecured, not impaired, and unguaranteed
Interest	**4**	**252**		
Makati Cornerstone Leasing (b)				
Principal	**3,000**	**3,000**	To be settled in cash, 30-days; 2.96%	Unsecured, not impaired, and unguaranteed
Interest	**5**	**56**		
First Gateway Real Estate Corp. (b)				
Principal	**–**	**–**		
Interest	**30**	**30**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Other related party				
Globe Telecom, Inc (d)	**37**	**46**	Due and demandable noninterest bearing	Unsecured and unguaranteed
Total		**₱2,674,433**		

As at and for the year ended December 31, 2019

Amounts owed by related parties

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
ALI (a)	₱54,766	₱140,073	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ALI (b)	428,173	428,173	To be settled in cash, 30-days; 4.13%	Unsecured, not impaired, and unguaranteed
Entities under common control				
Airswift Transport, Inc. (b)				
Principal	3,000	23,000	To be settled in cash, 30-days; 6.18%	Unsecured, not impaired, and unguaranteed
Interest	663	1,065		

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
North Triangle Hotel Ventures, Inc. (b)				
Principal	₱–	₱–	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Interest	–	86		
Cebu Property Ventures Dev't. Corporation (b)			To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Interest	(3)	–		
Cebu Holdings, Inc. (b)				
Principal	(2,000)	26,000	To be settled in cash, 30-days; 6.14%	Unsecured, not impaired, and unguaranteed
Interest	177	177		
Central Block Development, Inc. (b)				
Principal	(14,300)	39,700	To be settled in cash, 30-days; 6.25%	Unsecured, not impaired, and unguaranteed
Interest	188	188		
HLC Development Corp. (b)				
Principal	(10,000)	–	To be settled in cash, 30-days; 5.92%	Unsecured, not impaired, and unguaranteed
Interest	(32)	59		
Amaia Land Corporation (b)				
Principal	23,700	23,700	To be settled in cash, 30-days; 4.13%	Unsecured, not impaired, and unguaranteed
Interest	125	128		
Ayala Land Metro North, Inc. (b)				
Principal	(8,300)	–	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	(410)	(97)		
ESTA Galleria, Inc. (b)				
Principal	10,000	10,000	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	107	107		
ESTA Galleria, Inc. (d)	67	67		
Crans Montana Property Holdings Corp. (b)				
Principal	6,000	6,000	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	13	13		
Sicogon Island Tourism Estate Corp. (b)				
Principal	8,000	8,000	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	11	11		
Bay City Commercial Corp. (b)				
Principal	20,000	20,000	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	136	136		
Ayala Triangle Hotel (b)				
Interest	185	185	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Circuit Makati Hotel Ventures, Inc. (b)				
Principal	4,300	4,300	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Interest	129	129		
Amicassa Process Solutions, Inc. (c)	5,770	5,770	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Cagayan de Oro Gateway Corp. (b)				
Interest	1,089	1,089	To be settled in cash, 30-days; 6.17%	Unsecured, not impaired, and unguaranteed
Avida Land Corporation (b)				
Principal	(444,500)	–	To be settled in cash, 30-days; 6.25%	Unsecured, not impaired, and unguaranteed
Interest	(8)	847		
Avida Land Corporation (a)	2,802	2,802		
Arvo Commercial Corporation (b)				
Principal	(34,000)	20,000	To be settled in cash, 30-days; 6.25%	Unsecured, not impaired, and unguaranteed
Interest	2,547	3,505		
Soltea Commercial Corp (b)				
Principal	(16,000)	10,000	To be settled in cash, 30-days; 6.25%	Unsecured, not impaired, and unguaranteed
Interest	(57)	798		
Summerhill Commercial (b)				
Principal	(194,000)	–	To be settled in cash, 30-days; 6.25%	Unsecured, not impaired, and unguaranteed
Interest	(1,631)	1,400		
Ten Knots Philippines, Inc. (b)				
Principal	–	–	To be settled in cash and collectible on	Unsecured, not impaired, and unguaranteed
Interest	–	36		
Nuevocentro, Inc. (c)	13	1,190	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Integrated Microelectronics, Inc. (e)	(₱603)	₱–	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Innove Communications, Inc. (d)	100	357	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Ayala Group Counselors Corp. (f)	–	241	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Leisure and Allied Industries Phils., Inc. (d)	(130)	(51)	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Makati Development Corp. (d)	1	63	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
AMSI, Inc. (d)	1,268	1,322	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Econorth Resort Ventures, Inc. (d)	1	38	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
North Triangle Depot Commercial Corp. (d)	–	21	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
South Innovative Theater Mngt, Inc. (d)	–	6	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
North Eastern Commercial (d)	3,221	3,223	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Ayala Property Management Corp. (d)	–	1		
North Ventures Commercial (d)	1	1		
PCM Formosa Company Limited (d)	603	604	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
ALI Commercial Center (c)	1,118	1,353	To be settled in cash and collectible on demand	Unsecured, noninterest-bearing, not impaired, and unguaranteed
Ayalaland Estates, Inc.		1		
Other related parties				
Bank of the Philippine Islands (c)	(1,464)	785	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Globe Telecom Inc. (c)	822	1,905	To be settled in cash and collectible on demand	Unsecured, not impaired, and unguaranteed
Total		₱788,507		

Amounts owed to related parties

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
ALI (i)	₱206,416	₱269,450	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Corporation (j)	149,539	149,539	Due and demandable noninterest bearing	Unsecured and unguaranteed
Entities under common control				
Ayalaland Malls, Inc. (d)	1,652	2,130	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Property Management Corp. (d)	10,109	11,791	Due and demandable noninterest bearing	Unsecured and unguaranteed
Makati Development Corp. (g)	174,899	325,684	Due and demandable noninterest bearing	Unsecured and unguaranteed
Nuevocentro, Inc. (d)	61	2,176	Due and demandable noninterest bearing	Unsecured and unguaranteed
MDC BuildPlus, Inc. (h)	–	14,482	Due and demandable noninterest bearing	Unsecured and unguaranteed
AMSI, Inc. (d)	(480)	1,197	Due and demandable noninterest bearing	Unsecured and unguaranteed
Innove Communications, Inc. (d)	156	156	Due and demandable noninterest bearing	Unsecured and unguaranteed

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
APRISA Business Solutions (d)	₱401	₱401	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ecosouth Hotel Ventures, Inc. (d)	5	5	Due and demandable noninterest bearing	Unsecured and unguaranteed
Bonifacio Hotel Ventures, Inc. (d)	6	6	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayala Group Counselors Corp.	4,635	4,635	Due and demandable noninterest bearing	Unsecured and unguaranteed
Ayalaland Metro North, Inc. (b)				
Principal	10,000	10,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	387	387		
Station Square (b)				
Interest	25	25	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Avida Land Corp. (d)	154,488	154,488	Due and demandable noninterest bearing	Unsecured and unguaranteed
Alveo Land Corp. (b)				
Principal	32,639	32,639	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest				
Solinea, Inc. (b)				
Principal	10,000	10,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	132	132		
Summerhill Commercial Ventures (b)				
Principal	15,000	15,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	229	229		
Taft Punta Engano Property, Inc. (b)				
Principal	41,500	41,500	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	54	54		
Bellavita Land Corp. (b)				
Interest	27	27	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Avencosouth Corp. (b)				
Principal	20,000	20,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	311	311		
Ayala Hotels, Inc. (b)				
Principal	199,000	199,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	268	268		
Southportal Properties, Inc. (b)				
Principal	5,200	5,200	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	76	76		
AyalaLand Commercial REIT, Inc. (b)				
Principal	35,000	35,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	46	46		
ACCENDO (b)				
Principal	–	–	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	330	330		
ALI Commercial Center (b)				
Principal	–	–	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	1,178	1,178		
North Beacon Commercial Corp. (b)				
Principal	97,000	97,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	947	947		
One dela Rosa Property Development, Inc. (b)				
Principal	5,600	5,600	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	88	88		
ALI-CII Development Corp. (b)				
Principal	5,000	5,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	97	97		
MDBI Construction Corp. (b)				
Principal	47,600	47,600	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	39	39		

(Forward)

Category	Amount of transactions (In Thousands)	Outstanding Balance	Terms	Conditions
Parent				
North Triangle Depot Commercial Corp. (b)				
Principal	₱42,000	₱42,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	50	50		
Alabang Commercial Corp. (b)				
Principal	–	–	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	204	204		
Adauge Commercial Corp. (b)				
Principal	3,000	3,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	7	7		
UP North Property Holdings, Inc. (b)				
Principal	50,000	50,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	602	602		
Glensworth Development, Inc. (b)				
Principal	18,000	18,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	294	294		
North Eastern Commercial Corp. (b)				
Principal	205,000	205,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	957	957		
Ayala Land Offices, Inc. (b)				
Principal	13,800	13,800	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	24	24		
Ayala Land Estates, Inc. (b)				
Principal	10,000	10,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	116	116		
North Ventures Commercial Corp. (b)				
Principal	65,000	65,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	966	966		
Asian I-Office Properties, Inc. (b)				
Principal	50,000	50,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	662	662		
Direct Power Services, Inc. (b)				
Principal	40,000	40,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	61	61		
Subic Bay Town Center, Inc. (b)				
Principal	–	–	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	91	91		
Vesta Property Holdings, Inc. (b)				
Principal	322,000	322,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	124	124		
CECI Realty Corp. (b)				
Principal	30,000	30,000	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	248	248		
Makati Cornerstone Leasing (b)				
Principal	–	–	To be settled in cash, 30-days; 4.125%	Unsecured, not impaired, and unguaranteed
Interest	51	51		
Other related party				
Globe Telecom, Inc (d)	(6)	9	Due and demandable noninterest bearing	Unsecured and unguaranteed
Total		₱2,317,179		

The following describes the nature of the material transactions of the Group with related parties as of December 31, 2020 and 2019:

a. Amounts owed by ALI pertains to rental revenue collected by ALI on behalf of OLI.
b. Amounts owed by related parties are short-term advances made by the Group with interest rate at 2.57% to 3.05 % per annum. Interest income attributable to intercompany loans amounted to ₱32.27 million and ₱46.62 million in 2020 and 2019, respectively.

c. The Group entered into operating lease agreements with entities under common control or significant influence of the Ultimate Parent, on its investment property portfolio.
d. The Group has entered into transactions with related parties consisting of advances and reimbursements of expenses. Services rendered to and received from related parties are made at normal market prices and normally settled in cash.
e. The Group engaged the services of a third-party agency to provide security and maintenance within the Technopark which will be billed to IMI. As of December 31, 2020 and 2019, the total receivable from IMI amounted to nil and ₱0.52 million, respectively.
f. The Group has cash advances to AG Counselors Corp. for the due diligence of a property in Cavite. As of December 31, 2020 and 2019, there was no unliquidated cash advances.
g. The Group has engaged the services of MDC for the technical due diligence, land development of the property in Cavite, Pampanga and Laguindingan and construction of a facility in Laguna. As of December 31, 2020 and 2019, the total payable to MDC amounted to ₱261.02 million and ₱325.68 million, respectively.
h. MDC Build Plus is the contractor of the Group's Standard Factory Building 2 in Phase 7, Laguna Technopark. As of December 31, 2020 and 2019, the retention payable of the Group amounted to nil and ₱14.48 million, respectively.
i. Payable to ALI pertains to management fees. This is due and demandable and noninterest bearing.
j. On August 2, 2019, the Group, through LTI, executed a Deed of Absolute Sale with AC for the purchase of the 624,382 sqm lot located in Laguindingan, Misamis Oriental intended for the currently being developed Laguindingan Technopark project amounting to ₱299.08 million. The 50% of the total purchase price has already been paid during the year resulting to a ₱149.54 million payable to AC as of December 31, 2019.

This assessment is undertaken at each financial year-end by examining the financial position of the related parties and the market in which the related parties operate.

Other transactions with related parties include the following:

- OLI's acquisition of land from Avida (see Note 27).

- On September 5, 2019, OLI subscribed to 49,444,216 unissued shares of ALLHC for a total consideration of ₱144.38 million. This is presented as "Shares held by a subsidiary" in the consolidated statement of financial position (see Note 16).

- On September 9, 2019, OLI sold 215,090,031 issued shares of ALLHC to Avida for a total consideration of ₱628.08 million. This is presented as a reduction to "Shares held by a subsidiary" in the consolidated statement of financial position and the resulting difference between the consideration and the carrying amount is lodged under additional paid-in capital (see Note 16).

- The Parent Company entered into a service agreement with Ayalaland Malls, Inc., and Ayalaland Malls Northeast, Inc. to provide specialized jobs/services/work to the Group. The term of the agreement shall be 3 years starting November 1, 2016 until October 31, 2019 and January 1, 2017 until December 31, 2018, respectively. The service fees arising from these agreements amounted to ₱0.59 million, ₱4.05 million and ₱4.78 million, for the years ended December 31, 2020, 2019 and 2018, respectively.

- The Parent Company, TPI and OLI entered into a master service agreement with Aprisa Business Process Solutions, Inc. to provide data processing services. The agreement is effective from January 1, 2020 until December 31, 2020. The total service fees arising from these agreements amounted to ₱1.96 million and ₱1.75 million, for the years ended December 31, 2020 and 2019, respectively.

- In 2020 and 2019, EPMI recognized sale of electricity to related parties amounting to ₱413.58 million and ₱547.18 million, respectively (see Note 26).

In 2019, the Group wrote-off amounts owed by related parties amounting to ₱0.33 million presented as "Write off and other charges" in the consolidated statement of income.

In 2018, the Group reversed allowance for impairment loss on amounts owed by related parties amounting to ₱1.63 million.

Compensation of key management personnel
The key management personnel of the Group are employees of ALI. As such, the compensation of the said employees is paid by ALI, the necessary disclosures required by PAS 24, *Related Party Disclosure* are included in the financial statements of ALI. Compensation for said employees are billed to the Group and form part of systems cost. Systems cost billed to the Group amounted to ₱47.88 million, ₱53.28 million and ₱45.80 million in 2020, 2019 and 2018, respectively.

Shares Held by a Subsidiary
On June 27, 2017, OLI acquired 512,480,671 shares of the Parent Company with a cost of ₱1,255.58 million.

On September 9, 2019, OLI sold 215,090,031 shares of the Parent Company to Avida Land Corp. ("Avida"), a related party, with a cost of ₱484.54 million for a total consideration of ₱628.08 million. The realized gain on sale was recorded as additional paid-in capital.

On June 3, 2019, OLI sold 323,886,640 shares of the Parent Company to ALI, a related party with a cost of ₱794.49 million for a total consideration of ₱800.00 million. The realized gain on sale was recorded as additional paid-in capital.

On September 5, 2019, OLI subscribed to 49,444,216 shares of the Parent Company in cash amounting to ₱144.38 million. As of December 31, 2020, the listing of these shares are still pending with the Philippine Stock Exchange.

These are presented as Shares held by a subsidiary in the consolidated statements of financial position and statements of changes in equity as at December 31, 2020.

18. **Subscription Payable**

As at December 31, 2020 and 2019, the Parent Company has unpaid subscription in Cyber Bay amounting to ₱481.68 million, which is presented as "Subscriptions Payable" in the consolidated statements of financial position. The movement in investment in Cyber Bay under "Financial assets at fair value through other comprehensive income" follows:

	2020	2019
	(In Thousands)	
Beginning balance	**₱527,479**	₱548,300
Changes in fair value	**(69,405)**	(20,821)
	₱458,074	₱527,479

On April 25, 1995, Central Bay, a wholly-owned subsidiary of Cyber Bay, entered into a Joint Venture Agreement with the Philippine Reclamation Authority (PRA; formerly Public Estates Authority) for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the Project) consisting of three partially reclaimed and substantially eroded islands (the Three Islands) along Emilio Aguinaldo Boulevard in Parañaque and Las Piñas, Metro Manila, with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at Central Bay's option as approved by the PRA, an additional 350 hectares, more or less, to regularize the configuration of the reclaimed area.

On March 30, 1999, the PRA and Central Bay executed an Amended Joint Venture Agreement (AJVA) to enhance the Philippine Government's share and benefits from the Project which was approved by the Office of the President of the Philippines on May 28, 1999.

On July 9, 2002, the Supreme Court (SC) (in the case entitled "Francisco Chavez vs. Amari Coastal Bay and Reclamation Corp.") issued a ruling declaring the AJVA null and void.

Accordingly, PRA and Central Bay were permanently enjoined from implementing the AJVA. On July 26, 2002, Central Bay filed a Motion for Reconsideration (MR) of said SC decision. On May 6, 2003, the SC En Banc denied with finality Central Bay's MR. On May 15, 2003, Central Bay filed a Motion for Leave to Admit Second MR. In an En Banc Resolution of the SC dated July 8, 2003, the SC resolved to admit the Second MR of Central Bay.

On November 11, 2003, the SC rendered a 7-7 split decision on Central Bay's Second MR. Because of the new issues raised in the SC's latest resolution that were never tried or heard in the case, Central Bay was constrained to file on December 5, 2003 a Motion for Re-deliberation of the SC's latest resolution which motion was denied with finality by the SC. With the nullification of the AJVA, Central Bay has suspended all Project operations.

On August 10, 2007, in view of the failure by the PRA to comply with its obligations and representations under the AJVA, Cyber Bay and Central Bay have filed their claims for reimbursement of Project expenses in the amount of ₱10.2 billion with the PRA. Cyber Bay and Central Bay provided the PRA with the summary and details of their claims on September 5, 2007.

On July 15, 2008, Cyber Bay sent a follow-up letter to the PRA.

On November 20, 2009, the Cyber Bay sent a letter to the PRA for the payment of approximately ₱13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

In a letter dated February 8, 2010, the PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of ₱1,004,44 million as the amount due for reimbursement and PRA did not, at that time, find any sufficient basis for the payment of Central Bay's other claims including cost of money, reimbursement of professional and legal fees, interest and bank charges on loan, foreign exchange losses on loans, pre-operating and operating expenses, input tax, and documentary stamp tax. Central Bay then conducted a more thorough internal review of pertinent documents and re-computation of its claims vis-a-vis the findings of PRA.

Thus, on December 13, 2010, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling ₱11,528.57 million (down from the initial claim of ₱13,386.97 million) and not merely ₱1,004.44 million as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of ₱1,004.44 million, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

The money claim of ₱1,027.00 million shall be settled through a conveyance of a portion of the PRA reclaimed land to Central Bay's qualified assignee, as previously approved by the stockholders of the Company during its annual stockholders' meeting held on December 22, 2015.

Central Bay and the PRA, as assisted by the Office of the Government Corporate Counsel (OGCC), entered into a Compromise Agreement with the PRA dated October 14, 2016. The Compromise Agreement shall take force and effect upon approval by the Commission on Audit (COA) and the issuance of the COA of an Order of Judgment to dismiss the money claim of Central Bay in the case docketed as COA CP Case No. 2010-350 and shall bar any future claims arising from or in connection with the Amended Joint Venture Agreement dated 30 March 1999.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval.

On May 23, 2019, the COA rendered a decision rendering the Compromise Agreement as null and void, and partially granting Central Bay's money claims in the total amount of ₱714.94 million (Decision). A Motion for Reconsideration on the Decision was filed with the COA on 25 July 2019.

On July 30, 2020, Central Bay, the wholly owned subsidiary of Cyber Bay, received a notice dated June 8, 2020, that the COA En Banc issued a resolution on January 21, 2020 to deny its Motion for Reconsideration (MR). The MR was filed by Central Bay on July 25, 2019 on the decision declaring the Compromise Agreement with the Philippine Reclamation Authority invalid, and partially granted Central Bay's money claim in the total amount of ₱714.94 million.

On August 19, 2020, Central Bay filed a Petition for Certiorari with G.R No. 252940 to the Supreme Court of the Philippines praying that the COA En Banc resolution be reversed and set aside and that the Compromise Agreement dated October 14, 2016 be approved and adopted.

On September 8, 2020, the Supreme Court En Banc required COA and PRA to comment to the Petition for Certiorari. As at February 23, 2021, Central Bay has yet to receive any submission from COA and PRA.

19. Operating Expenses

The details of this account follow:

	2020	2019	2018
		(In Thousands)	
Personnel expenses (Notes 20)	**₱51,970**	₱41,199	₱29,788
Systems costs (Note 17)	**47,877**	53,283	45,802
Provision for (reversal of) impairment losses (Note 5)	**31,619**	91,959	(2,510)
Professional and legal fees	**27,572**	17,335	14,161
Taxes and licenses	**17,859**	30,041	5,562
Janitorial and security services	**8,386**	21,809	21,978
Depreciation and amortization (Notes 10, 11, and 12)	**5,644**	6,625	12,564
Communication and transportation	**3,195**	3,869	3,644
Supplies and repairs	**2,192**	2,246	1,970
Rental and utilities	**2,119**	5,213	5,534
Depreciation and amortization - Right of use asset (Note 27)	**763**	–	–
Membership dues and subscription	**661**	1,025	611
Representations	**250**	589	661
Insurance	**232**	236	204
Marketing expenses	**134**	–	147
Provision for impairment losses on real estate held for sale and development (Note 6)	**–**	12,281	11,525
Provision for probable losses on input vat (Note 9)	**–**	1,502	3
Others	**5,106**	2,591	2,396
	₱205,579	₱291,803	₱154,040

20. **Personnel Expenses**

	2020	2019	2018
		(In Thousands)	
Compensation and employee benefits	**₱50,603**	₱40,220	₱28,692
Retirement expense (Note 23)	**1,367**	979	1,096
	₱51,970	₱41,199	₱29,788

21. **Cost of Real Estate Sales and Rental Services**

Cost of real estate sales

The details of this account follow:

	2020	2019	2018
		(In Thousands)	
Land and development cost (Note 6)	**₱561,803**	₱891,783	₱289,347
Management fee (Note 17)	**73,633**	157,582	–
Commission	**31,322**	54,272	30,873
	₱666,758	₱1,103,637	₱320,220

Cost of rental services

The details of this account follow:

	2020	2019	2018
Depreciation and amortization (Notes 10 and 11)	**₱304,124**	₱284,268	₱234,374
Taxes and licenses	**115,103**	87,449	27,628
Depreciation and amortization - Right of use asset (Note 27)	**64,429**	64,754	–
Management fees (Note 17)	**19,946**	46,209	56,840
Share in CUSA related expenses	**13,098**	3,164	92,513
Repairs and maintenance	**10,766**	3,292	2,561
Rental (Note 27)	**8,571**	19,253	153,085
Contracted services	**5,323**	5,653	23,024
Insurance	**2,967**	3,887	2,873
Professional fees	**2,055**	858	1,298
Loss on retirement of investment properties (Note 10)	**–**	25,531	–
Dues and fees	**–**	21,565	13,690
Others	**8,705**	2,254	7,955
	₱555,087	₱568,137	₱615,841

22. Interest Income (expense) and Bank Charges - net and Other Income - net

Interest income and bank charges

The details of this account follow:

	2020	2019	2018
		(In Thousands)	
Interest income:			
Cash and cash equivalents and short-term investments (Note 4)	**₱3,731**	₱3,551	₱2,036
Amounts owed by related parties (Note 17)	**32,273**	46,618	29,315
Retirement benefits liability - net (Note 23)	**654**	1,370	960
Interest income on financial assets at FVOCI (Note 7)	**107**	1,961	3,405
	36,765	53,500	35,716
Interest expense and bank charges:			
Interest expense	**100,662**	49,318	726
Bank charges	**4,093**	918	13
	104,755	50,236	739
	(₱67,990)	₱3,264	₱34,977

Other income
Other income, net of other charges, includes collection of forfeited deposits and penalty charges, proceeds from disposal of property and equipment and FVOCI, scraps, reversal of accruals and impairment losses and excess CUSA recoveries.

23. Retirement Benefits Liability

The Group has a funded, noncontributory retirement plan covering all its regular employees. The plan provides for retirement, separation, disability and death benefits to its members. The normal retirement benefit is based on a percentage of the employees' final monthly salary for every year of credited service.

The latest independent actuarial valuation dated February 11, 2021 was determined using the projected unit credit method in accordance with PAS 19 (R).

The following tables summarize the funded status and amounts recognized in the consolidated statements of financial position, and the components of the net retirement benefit costs recognized in the consolidated statements of income for the retirement plan:

	2020	2019
	(In Thousands)	
Retirement benefits asset:		
Present value of obligation (PVO)	**₱13,014**	₱8,620
Fair value of plan assets	**(22,708)**	(20,387)
Overfunded obligation	**(₱9,694)**	(₱11,767)

	2020	2019	2018
		(In Thousands)	
Retirement benefits costs:			
Current service cost (Note 20)	**₱1,367**	₱979	₱1,096
Interest cost (income) - net (Note 22)	**(654)**	(1,370)	(960)
	₱713	(₱391)	₱136

Movements in the retirement benefits asset follow:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**(₱11,767)**	(₱17,390)
Retirement benefits costs	**713**	(391)
Actuarial loss	**1,360**	4,256
Contribution	**–**	(934)
Transfer from affiliates	**–**	2,692
Balances at end of year	**(₱9,694)**	(₱11,767)

Changes in the PVO follows:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱8,620**	₱1,622
Current service cost	**1,367**	979
Interest cost	**293**	125
Actuarial loss	**2,734**	3,202
Transfer from affiliates	**–**	2,692
Balances at end of year	**₱13,014**	₱8,620

Changes in fair value of plan assets follows:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱20,386**	₱19,012
Interest income	**947**	1,495
Actuarial gain (loss) on plan assets	**1,375**	(1,055)
Contribution	**–**	934
Balances at end of year	**₱22,708**	₱20,386

Changes in remeasurement of retirement benefit plan under other comprehensive income follows:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱50,507**	₱44,313
Actuarial loss (gain) on plan assets		
Return loss (gain) on plan assets	**(963)**	1,055
Remeasurement loss due to liability experience	**183**	714
Remeasurement loss (gain) due to liability assumption changes–demographic	**802**	(445)
Remeasurement loss due to liability assumption changes – economic	**929**	4,870
Balances at end of year	**₱51,458**	₱50,507

The categories of plan assets as a percentage of fair value of the total plan assets follows:

	2020	2019
Cash	**2.05%**	8.32%
Fixed income	**97.94%**	91.60%
Others	**0.01%**	0.08%
	100.00%	100.00%

The plan assets are invested in different financial instruments and do not have any concentration risk. The asset allocation of the plan is set and reviewed from time to time by the Trustee taking into account the membership profile and the liquidity requirements of the plan. This also considers the expected benefit cash flows to be matched with asset durations.

As at December 31, 2020 and 2019, the plan assets do not include any debt or equity instruments nor any property occupied, or other assets of the Group's related parties.

The Group does not expect to contribute to the retirement plan in 2021.

The principal assumptions used to determine pension for the Group are as follows:

	2020	2019	2018
Discount rates	**3.79% to 3.99%**	5.15% to 7.40%	7.40% to 8.16%
Salary increase rate	**5.00 to 6.00%**	5.00% to 7.00%	5.00% to 7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease) in significant assumptions	Increase (decrease) in defined benefit obligation
December 31, 2020		
Discount rate	**+1%**	**₱9,193**
	(1%)	**11,907**
Future salary increases	**+1%**	**11,933**
	(1%)	**9,120**
December 31, 2019		
Discount rate	+1%	(₱1,328)
	(1%)	1,673
Future salary increases	+1%	1,655
	(1%)	(1,346)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

The following table shows the maturity profile of the Group's defined benefit obligation based on undiscounted benefit payments:

	2020	2019
	(In Thousands)	
Less than 1 year	**₱194**	₱277
More than 1 year to 5 years	**1,163**	5,782
More than 5 years to 10 years	**11,366**	7,413
More than 10 years to 15 years	**8,011**	9,412
More than 15 years to 20 years	**16,338**	8,307
More than 20 years	**40,329**	24,126

The average duration of the defined benefit obligation is 20.48 to 24.00 years and 17.08 to 24.00 years in 2020 and 2019, respectively.

24. Income Tax

The details of provision for income tax follow:

	2020	2019	2018
		(In Thousands)	
Current	**₱169,623**	₱183,462	₱160,080
Final	**736**	993	855
Deferred	**(39,335)**	(64,582)	(8,740)
	₱131,024	₱119,873	₱152,195

Registration with the Philippine Economic Zone Authority (PEZA) and Board of Investments (BOI) Incentives

LTI
On October 17, 1991, PEZA approved the registration of LTI as a non-pioneer "ecozone developer/operator" of Laguna Technopark Special Economic Zone in Biñan, Laguna. On July 13, 2016, PEZA approved the registration of the LTI as an "ecozone developer/operator" of Cavite Technopark Special Economic Zone in Naic, Cavite.

As a registered ecozone enterprise, LTI is entitled to establish, develop, construct, administer, manage and operate a special export processing zone in accordance with the terms and conditions in the Registration Agreement with PEZA.

LTI pays income tax at the special tax rate of 5% on its gross income earned from sources with the PEZA economic zone in lieu of paying all national and local income taxes. Gross income earned refers to gross sales or gross revenues derived from any business activity, net of returns, and allowances, less cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses. Income generated from sources outside of the PEZA economic zone shall be subject to regular internal revenue taxes.

URDC
The Board of Investments issued a certificate of registration dated December 6, 2019 to URDC in accordance with the existing Omnibus Investment Code. The project located in Mabalacat, Pampanga has been granted an Income Tax Holiday (ITH) for a period of four (4) years from the date of commercial operations.

The reconciliation of the statutory income tax rates to the effective income tax rates follows:

	2020	2019	2018
At statutory tax rates	**30.0%**	30.0%	30.0%
Additions to (reductions in) income taxes resulting from:			
Movements in unrecognized deferred income tax assets	**(6.2)**	5.4	(0.1)
Income subject to lower tax rate	**(4.3)**	(7.6)	(9.3)
Expired NOLCO	**(0.8)**	0.2	(0.1)
Interest income already subjected to final taxes	**–**	0.2	0.2
Nondeductible expenses	**3.1**	2.3	0.4
Provision for impairment losses	**1.3**	–	–
Other nontaxable income	**(0.2)**	–	(1.4)
At effective tax rates	**22.9%**	30.5%	19.7%

Recognized deferred taxes of the Group relate to the tax effects of the following:

	2020	2019
	(In Thousands)	
Deferred income tax asset on:		
Lease liabilities	**₱526,114**	₱514,698
Allowance for impairment losses on receivables	**39,220**	27,743
Remeasurement loss on retirement benefits liability	**380**	2,925
Deferred rent	**–**	2,978
Others	**30,626**	19,089
	596,340	567,433
Deferred income tax liability on:		
Right-of-use asset	**(₱378,571)**	(₱398,089)
Revaluation reserve on investment properties	**(134,563)**	(140,784)
Recovery on insurance	**(98,382)**	(98,382)
Accrued rent income	**(24,749)**	(18,366)
Undepreciated capitalized interest	**(6,466)**	(6,466)
Remeasurement gain on retirement	**(3,306)**	(5,070)
Pension assets	**(2,290)**	–
Unrealized gain on foreign exchange	**(1,137)**	(1,204)
	(649,464)	(668,361)
	(₱53,124)	(₱100,928)

Deferred tax assets and deferred tax liabilities are offset on per entity level and the net amount is reported in consolidated statement of financial position as follows:

Deferred income tax assets - net

	2020	2019
	(In Thousands)	
Deferred income tax asset on:		
Lease liabilities	**₱526,114**	₱79,720
Allowance for impairment losses on receivables	**39,220**	16,792
Remeasurement loss on retirement benefits liability	**380**	1,331
Others	**30,626**	2
	596,340	97,845
Deferred income tax liability on:		
Right-of-use asset	**(378,571)**	(67,819)
Recovery on insurance	**(98,382)**	–
Revaluation reserve on investment properties	**(51,365)**	(2,250)
Accrued rent income	**(4,147)**	(2,280)
Remeasurement gain on retirement	**(2,290)**	–
Pension assets	**(2,220)**	–
Unrealized gain on foreign exchange	**(1,137)**	(1,204)
	(538,112)	(73,553)
	₱58,228	₱24,292

Deferred income tax liabilities - net

	2020	2019
	(In Thousands)	
Deferred income tax assets:		
Lease liabilities	**₱–**	₱434,978
Allowance for impairment losses on receivables	**–**	10,951
MCIT	**–**	5,484
Deferred rent	**–**	2,978
Remeasurement loss on retirement benefits liability	**–**	1,594
Others	**–**	13,603
	–	469,588
Deferred income tax liabilities:		
Revaluation increment on property and equipment	**(83,198)**	(82,844)
Accrued rent income	**(20,602)**	(16,086)
Undepreciated capitalized interest	**(6,466)**	(6,466)
Retirement plan assets	**(1,087)**	(5,070)
Right-of-use asset	**–**	(330,270)
Recovery on insurance	**–**	(98,382)
Revaluation reserve on investment properties	**–**	(55,690)
	(111,352)	(594,808)
	(₱111,352)	(₱125,220)

Deferred income tax assets are recognized only to the extent that taxable income will be available against which the deferred income tax assets can be used. The Group reassesses the unrecognized deferred income tax assets on the following deductible temporary differences, NOLCO and MCIT and recognizes the previously unrecognized deferred income tax assets to the extent that it has become probable that future taxable income would allow the deferred income tax assets to be recovered.

	2020	2019
	(In Thousands)	
NOLCO	**₱91,607**	₱60,776
Allowance for impairment losses on receivables, other current assets, inventories and others	**228,491**	228,491
MCIT	**1,894**	6,812

As of December 31, 2020, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2018	2019-2021	₱34,611	₱–	₱–	₱–	₱34,611
2019	2020-2022	7,839	–	–	–	7,839
		₱42,450	₱–	₱–	₱–	₱42,450

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱49,157	₱–	₱–	₱–	₱49,157

As at December 31, 2020, the Group has MCIT that can be claimed as deduction from future taxable income and tax due, respectively:

Year Incurred	Expiration Date	MCIT
2018	2021	₱477
2019	2022	–
2020	2023	1,417
		₱1,894

The following are the movements in NOLCO as at December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱60,776**	₱209,386
Additions	**49,157**	7,839
Expirations/Application	**(18,326)**	(156,449)
	₱91,607	₱60,776

The following are the movements in MCIT as at December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Balances at beginning of year	**₱6,812**	₱7,133
Additions	**1,417**	3,154
Expirations/Application	**(6,335)**	(3,475)
	₱1,894	₱6,812

25. **Earnings Per Share**

The following table presents information necessary to calculate basic earnings per share:

	2020	2019	2018
		(In Thousands)	
a. Net income attributable to equity holders of the Parent	**₱681,962**	₱595,838	₱441,908
b. Weighted average number of shares	**6,252,148**	6,226,225	5,350,484
Basic/diluted earnings per share (a/b)	**₱0.11**	₱0.10	₱0.08

There are no potentially dilutive common shares as of December 31, 2020, 2019 and 2018.

26. **Segment Information**

Revenue from Contracts with Customers

This account consists of:

	2020	2019
	(In Thousands)	
Sale of electricity	**₱1,568,434**	₱2,395,977
Lot sales	**1,275,511**	1,809,120
	₱2,843,945	₱4,205,097

The Group derives revenue from the transfer of goods and services over time. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Sale of electricity

	2020	2019
	(In Thousands)	
Sales to external customers	**₱1,154,851**	₱1,848,801
Sales to related parties	**413,583**	547,176
	₱1,568,434	₱2,395,977

Lot sales

	2020	2019
	(In Thousands)	
Pampanga	**₱783,650**	₱1,020,019
Cavite	**320,921**	501,657
Laguindingan	**162,872**	–
Laguna	**8,068**	287,444
	₱1,275,511	₱1,809,120

Business Segments
The Group's operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit.

The industry segments where the Parent Company and its subsidiaries operate are as follows:

- Holding Company
- Real estate - commercial leasing and industrial lot sales and development
- Retail electricity supply

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS.

Financial information about the operations of these business segments is summarized as follows:

December 31, 2020

	Holding Company	Real Estate and Property Development	Retail and Electricity Supply	Others	Total	Elimination	Total
				(In Thousands)			
Revenue and income	**₱–**	**₱2,151,848***	**₱1,568,434**	**₱–**	**₱3,720,282**	**(₱3,595)**	**₱3,716,687**
Cost and expenses	**(6,403)**	**(1,408,168)**	**(1,517,865)**	**(6,317)**	**(2,938,753)**	**1,219**	**(2,937,534)**
Other income (charges)	**269,667**	**107,917**	**2,076**	**4,163**	**383,823**	**(329,144)**	**54,679**
Income before income tax	**263,264**	**851,597**	**52,645**	**(2,154)**	**1,165,352**	**(331,520)**	**833,832**
Provision for income tax	**1,417**	**118,360**	**10,647**	**600**	**131,024**	**–**	**131,024**
Net income	**₱261,847**	**₱733,237**	**₱41,998**	**(₱2,754)**	**₱1,034,328**	**(₱331,520)**	**₱702,808**
Segment assets	**₱15,315,694**	**₱17,979,249**	**₱523,913**	**₱1,285,379**	**₱35,104,235**	**(₱15,750,005)**	**₱19,354,230**
Segment liabilities	**₱3,790,733**	**₱5,876,267**	**₱407,561**	**₱493,238**	**₱10,567,799**	**(₱3,054,343)**	**₱7,513,456**

*Includes lot sales amounting to ₱1,275.51 million and rental revenue amounting to ₱851.97 million.

December 31, 2019

	Holding Company	Real Estate and Property Development	Retail and Electricity Supply	Others	Total	Elimination	Total
				(In Thousands)			
Revenue and income	₱–	₱2,895,050*	₱2,395,977	₱54,954	₱5,345,981	₱–	₱5,345,981
Cost and expenses	(29,117)	(1,872,771)	(2,312,310)	(53,040)	(4,267,238)	–	(4,267,238)
Other income (charges)	(25,251)	(289,123)	1,684	(4,761)	(317,451)	–	(317,451)
Income (loss) before income tax	(54,368)	733,156	85,351	(2,847)	761,292	–	761,292
Provision for income tax	13	101,308	17,776	776	119,873	–	119,873
Net income (loss)	(₱54,381)	₱631,848	₱67,575	(₱3,623)	₱641,419	₱–	₱641,419
Segment assets	₱15,335,960	₱17,581,046	₱693,396	₱1,259,930	₱34,870,332	(₱15,501,823)	₱19,368,509
Segment liabilities	₱4,016,626	₱6,104,128	₱629,563	₱485,344	₱11,235,661	(₱3,043,349)	₱8,192,312

*Includes real estate sales amounting to ₱1,809.12 million and rental revenue amounting to ₱10,865.93 million.

December 31, 2018

	Holding Company	Real Estate and Property Development	Retail and Electricity Supply	Others	Total	Elimination	Total
				(In Thousands)			
Revenue and income	₱–	₱1,633,361*	₱1,734,957	₱1,633	₱3,369,951	₱–	₱3,369,951
Cost and expenses	(40,091)	(1,031,287)	(1,689,281)	(21,251)	(2,781,910)	(1,819)	(2,783,729)
Other income (charges)	9,618	112,244	–	16,527	138,389	(17,700)	120,689
Income (loss) before income tax	(30,473)	714,318	45,676	(3,091)	726,430	(19,519)	706,911
Provision for income tax	–	147,291	3,492	1,412	152,195	–	152,195
Net income (loss)	(₱30,473)	₱567,027	₱42,184	(₱4,503)	₱574,235	(₱19,519)	₱554,716
Segment assets	₱11,940,456	₱13,398,367	₱647,277	₱1,386,964	₱27,373,064	(₱14,398,671)	₱12,974,393
Segment liabilities	₱1,217,592	₱2,611,220	₱559,742	₱759,191	₱5,147,745	(₱2,047,602)	₱3,100,143

*Includes real estate sales amounting to ₱785.83 million and rental revenue amounting to ₱843.15 million.

Geographical Segments

The Group does not have geographical segments.

27. **Leases**

The Group has lease contracts for land used in its operations. Leases of land generally have lease terms between 25 and 30 years. The lease contracts are further discussed below.

Set out below are the carrying amounts of right-of-use assets (land) recognized and the movements as of and for the year December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Balance at January 1	**₱1,326,964**	₱1,353,872
Additions	**5,600**	37,846
Depreciation expense (Note 21)	**(65,192)**	(64,754)
Balance at December 31	**₱1,267,372**	₱1,326,964

Set out below are the carrying amounts of lease liabilities and the movements as of and for the year December 31, 2020 and 2019:

	2020	2019
	(In Thousands)	
Balance at January 1	**₱1,733,450**	₱1,694,120
Additions	**5,600**	37,846
Accretion of interest	**150,240**	151,188
Payments	**(137,918)**	(149,704)
Balance at December 31	**₱1,751,372**	₱1,733,450

As of December 31, 2020 and 2019, the maturity analysis of undiscounted lease payments follows:

	2020	2019
	(In Thousands)	
Within one (1) year	**₱156,469**	₱139,655
More than one (1) year but not more than five (5) years	**845,526**	835,867
More than five (5) years	**2,756,212**	2,916,619
	₱3,758,207	₱3,892,141

As of December 31, 2020 and 2019, the following are the amounts recognized in profit or loss:

	2020	2019
	(In Thousands)	
Depreciation expense for right-of-use assets (Notes 19 and 21)	**₱65,192**	₱64,754
Interest expense on lease liabilities	**150,240**	151,188
Rent expense relating to short-term leases (Note 19)	**386**	5,213
Variable lease payments (Note 21)	**8,571**	19,253
	₱224,389	₱240,408

<u>Group as Lessee</u>

TPI

On August 28, 1990, TPI, through a Deed of Assignment, acquired all the rights, titles, interests and obligations of Gotesco Investment, Inc. on a contract of lease of the land owned by PNR for the Tutuban Terminal and where TPI's mall is located. The contract provided for a payment of a guaranteed minimum annual rental, 12% escalation rate every two (2) years, additional ₱10 million every two (2) years, plus a certain percentage of gross sales. The lease covers a period of twenty-five (25) years until 2014 and is automatically renewable for another twenty-five (25) years, subject to compliance with the terms and conditions of the lease agreement.

On December 22, 2009, TPI renewed its lease contract with PNR for another twenty-five (25) years beginning September 5, 2014, the end of the original lease agreement.

LTI
On August 7, 2017, LTI entered into a Contract of Lease with ALI to lease a parcel of land located in Brgy. Loma, Biñan, Laguna with an area of approximately 54,190 square meters (sqm) primarily for the construction, development and operation of Standard Factory Buildings (SFBs).

The contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease covers a period of twenty-five (25) years until December 31, 2041 and is renewable, subject to the mutual agreement of the parties and to compliance with the terms and conditions of the lease agreement.

On September 22, 2017, LTI entered into a Contract of Lease with Nuevocentro, Inc., a related party, to lease parcels of land located at the Alviera Industrial Park, Barangay Dolores and Banaba, Porac, Pampanga, with an area of approximately 27,469 sqm primarily for the construction, development and operation of SFBs.

The contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease covers a period of thirty (30) years until October 31, 2047 and is renewable for another ten (10) years, subject to the mutual agreement of the parties and to compliance with the terms and conditions of the lease agreement.

On November 7, 2017, LTI entered into a Contract of Lease with Alveo Land, Corp., a related party, to lease a parcel of land located in Biñan, Laguna with an area of approximately 82,690 sqm primarily for the construction, development and operation of SFBs.

The contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease covers a period of twenty-five (25) years until December 31, 2041 and is renewable, subject to the mutual agreement of the parties and to compliance with the terms and conditions of the lease agreement.

On August 1,2019, LTI entered into a Contract of Lease with Nuevocentro, Inc. to lease a parcel of land located at the Alviera Industrial Park, Barangay Dolores and Banaba, Porac, Pampanga, with an area of approximately 14,163 sqm primarily for the construction, development and operation of SFBs.

The contract provided for a payment of a guaranteed minimum monthly rental with a 10% escalation rate every five (5) years. The lease covers a period of twenty-nine (29) years until October 31, 2047 and is renewable for another ten (10) years, subject to the mutual agreement of the parties and to compliance with the terms and conditions of the lease agreement.

OLI
OLI, by Assignment of Lease executed between ALI and Avida Land Corporation on November 29, 2017, assumed a lease agreement with Avida to lease a land located along National Road, Muntinlupa City with an area of approximately 19,311 square meters (sqm) for the construction, development and operation thereon of a commercial retail development for a period of 50 years.

The lease agreement provides for a rental fee equivalent to 1.50% and 1.00% of gross rental income which will be paid on a monthly basis for the first three years for the retail mall portion and office portion. The rates will increase to 8.60% and 4.50% on the fourth year which will be applicable onwards.

On July 5, 2019, Avida Land, Corp. sold to Orion Land, Inc. (OLI) the parcel of land, previously being leased by OLI where the South Park Mall is located in Muntinlupa City, with a purchase price of ₱772.44 million of which ₱10.00 million was paid during the execution date and the remaining ₱607.95 million and ₱154.49 million after six and twelve months, respectively.

Parent Company
On July 1, 2020, the Parent Company entered into a Contract of Lease with ALI Commercial Logistics Holdings Corporation to lease a building space located at Glorietta 5 Ayala Avenue, Makati with an area of approximately 317.85 sqm primarily for administrative use of the Company.The contract provided for a payment of a guaranteed fixed monthly rental of ₱500 per sqm. The lease covers period covers from July 1, 2020 to December 31, 2023.

Group as a Lessor
The Group has entered into commercial property leases on its buildings. These leases have remaining terms of one (1) year to less than five (5) years except for one (1) tenant with lease term of fifteen (15) years. Renewals are subject to the mutual consent of the lessor and the lessee.

Tenants are required to post security deposits, which shall be refunded, without interest, within sixty (60) days after the expiration of the lease period, deducting the amount of damages to the leased premises, if any. The discounted amount of noncurrent security deposits amounted to ₱107.80 million and ₱153.34 million as at December 31, 2020 and 2019, respectively (See Note 15).

Accretion of interest amounted to ₱2.10 million, ₱1.65 million and ₱1.21 million for the years ended December 31, 2020, 2019 and 2018, respectively. The net present value of the Group's security deposits were determined using discount rate ranging from 3.99% to 7.22%.

The Group recognized deferred rent income amounting to ₱22.13 million and ₱8.90 million as of December 31, 2020 and 2019, respectively, of which the current portion amounted to ₱15.60 million and ₱2.02 million as of December 31, 2020 and 2019, respectively, and noncurrent portion amounted ₱6.54 million and ₱6.87 million as at December 31, 2020 and 2019.

As of December 31, 2020 and 2019, future minimum rentals receivable under non-cancellable operating leases of the Group follows (amounts in thousands):

	2020	2019
Less than one (1) year	**₱718,899**	₱380,668
More than one (1) year but not more than five (5) years	**3,276,534**	981,328
More than five (5) years	**975,498**	76,596
	₱4,970,931	₱1,438,592

28. Provisions and Contingencies

The Group, in the ordinary course of business, is involved in various legal proceedings and assessments that are either pending decision by the courts or under negotiation. Management and its legal counsels believe that the eventual outcome of these lawsuits or claims will not have a material effect on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

The rollforward of the provisions follows:

	2020	2019
	(In Thousands)	
Beginning balance	**₱254,196**	₱111,443
Provisions	**5,000**	240,647
Reversals	**(21,000)**	(32,280)
Settlement	**(187,864)**	(65,614)
	₱50,332	₱254,196

The information normally required under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the proceedings.

29. Share-based Payments

In 2015, the Group introduced the ESOWN Plan (the Plan) wherein grantees (employees within ALLHC Group) may subscribe in whole or in part to the shares awarded to them based on a discounted market price, but in no case lower than the par value, that was determined at grant date. The grantees will pay for the shares subscribed through installments over a maximum period of ten (10) years. To subscribe, the grantee must be an employee, officer or director of the Group as of June 30, 2015. In case the grantee resigns, unsubscribed shares are cancelled and returned to the plan pool, while the subscription payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares.

The BOD of ALLHC approved the allocation of 32 million shares (first tranche) for ESOWN plan which will be taken from the remaining unissued shares (with grant date in 2016) and the increase in authorized of stock of ALLHC, which was approved by the SEC in July 2016 as discussed in Note 16.

In 2017, notice of grant for the 218 million shares (second tranche of ESOWN plan) was issued to employees for the right to subscribe to the common shares of ALLHC at ₱1.68 per share.

The availment period for the first tranche and for the second tranche of ESOWN plan is within 30 days from employees' receipt of notice of grant and within 30 days after one year from employees' receipt of notice of grant, respectively.

The fair values of these options are estimated on the date of grant using the Cox-Ross-Rubenstein option pricing model.

The assumptions used to determine the fair value of the stock options are as follows:

	December 31, 2017
Share price at date of grant	₱2.12
Risk free interest rate	5.6818%
Annualized volatility	49.68%
Annual dividend yield	0%
Exit rates	
Termination for cause	0%
Voluntary Resignation	0%
Involuntary Separation	7.29%

ESOWN availment in 2018 resulted in increase in capital stock and additional paid-in capital of ₱6.91 million and ₱25.17 million, respectively.

30. Financial Instruments

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 December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
		(In Thousands)		
Financial Assets at FVPL	**₱4,741**	**₱4,741**	₱4,479	₱4,479
Financial Assets at FVOCI				
Quoted equity securities	**505,912**	**505,912**	556,939	556,939
Quoted debt securities	**100,518**	**100,518**	87,807	87,807
Refundable Deposits	**76,134**	**76,134**	98,860	96,591
Receivables – net of current portion	**728,538**	**672,388**	480,274	447,997
	₱1,415,843	**₱1,359,693**	₱1,228,359	₱1,193,813
Other Financial Liabilities				
Rental and other deposits	**₱702,955**	**₱686,262**	₱752,685	₱746,734
Subscription payable	**481,675**	**481,675**	481,675	481,675
	₱1,184,630	**₱1,167,937**	₱1,234,360	₱1,228,409

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values at December 31, 2020 and 2019 are set out below:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates its fair values due to the short-term maturity of this financial instrument.

Receivables - current, Accounts Payable and Accrued Expenses and Amounts owed to and by Related Parties

The carrying amounts of the current portion of receivables, accounts payable and accrued expenses and amounts owed by related parties approximate their fair values due to their short-term nature.

Refundable Deposits under Other noncurrent assets and Rental and Other Deposits

The carrying amounts of current portion of rental and other deposits approximates its fair value due to the short-term maturity of this financial instrument. The fair values of noncurrent security deposit recorded under 'Rental and other deposits" and refundable deposits recorded under 'Other noncurrent assets' are determined by discounting future cash flows using the applicable rates of similar types of instruments.

Financial Assets at FVOCI

Equity financial assets that are listed are based on their quoted prices published in markets as at December 31, 2020 and 2019. Debt financial assets that are quoted are based on published market prices as at December 31, 2020 and 2019.

Financial Assets at FVPL

Listed equity securities designated as financial assets at FVPL are based on their quoted prices as at December 31, 2020 and 2019. The fair value of the UITF has been determined based on the net asset values as of reporting date, based on the nature and level of adjustments needed to be made to the NAV and the level of trading in the money market UITF.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Quoted FVOCI financial assets amounting to ₱606.43 million and ₱644.75 million as of December 31, 2020 and 2019, respectively, were classified under Level 1.

FVPL amounting to ₱4.74 million and ₱4.48 million as of December 31, 2020, and 2019, respectively were classified under Level 1.

The fair value disclosure of rental and other deposits and refundable deposits as of December 31, 2020, and 2019, were classified under Level 3.

There have been no reclassifications from Level 1 to Level 2 categories in 2020 and 2019.

Financial Risk Management Objectives, Policies and Capital Management
The Group has various financial instruments such as cash and cash equivalents, receivables, amounts owed by/to related parties, financial assets at FVOCI, FVPL investments, deposits under other noncurrent assets, accounts payable and accrued expenses, rental and other deposits and subscriptions payable. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has other financial liabilities such as accounts payable and accrued expenses and rental and other deposits, which arise directly from its operations.

The main risks from the use of financial instruments are liquidity risk, credit risk and equity price risk. The Group's BOD reviews and approves policies for managing these risks as summarized below.

Liquidity Risk
Liquidity risk arises when there is a shortage of funds and the Group as a consequence could not meet its maturing obligations.

In the management of liquidity, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments:

December 31, 2020

	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
			(In Thousands)			
Accounts payable and accrued expenses	₱1,412,705	₱100,658	₱–	₱144,092	₱112,081	₱1,769,536
Lease liabilities	–	–	–	81,872	1,653,014	1,734,886
Subscription payable	481,675	–	–	–	–	481,675
Rental and other deposits	373,917	25,490	29,401	63,724	210,423	702,955
Amounts owed to related parties	2,674,433	–	–	–	–	2,674,433
	₱4,942,730	₱126,148	₱29,401	₱289,688	₱1,975,518	₱7,363,485

December 31, 2019

	On demand	Less than 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
			(In Thousands)			
Accounts payable and accrued expenses	₱1,373,081	₱205,393	₱–	₱716,840	₱477,893	₱2,773,207
Lease liabilities	–	–	–	30,973	1,702,477	1,733,450
Subscription payable	481,675	–	–	–	–	481,675
Rental and other deposits	603,526	16,429	6,910	65,094	60,726	752,685
Amounts owed to related parties	2,317,179	–	–	–	–	2,317,179
	₱4,775,461	₱221,822	₱6,910	₱812,907	₱2,241,096	₱8,058,196

As at December 31, 2020, the COVID-19 outbreak has no significant impact to the Group's liquidity risk.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade debtors – real estate receivables
For real estate receivables, exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Applying the expected credit risk model did not result in the recognition of an impairment loss for real estate receivables in 2020 and 2019.

Trade debtors - retail electricity
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss pattern. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

To mitigate risk for retail electricity, the Group will collect deposits equivalent to ₱151.45 million to secure credit. Also, as a policy after application of collected deposits, disconnection notices are sent 5 days after the bill due date and disconnections are carried out beginning on the 24 hours after receipt of disconnection notice.

Applying the expected credit risk model did not result in the recognition of an impairment loss for trade debtors – retail electricity in 2020 and 2019.

Trade debtors – receivable from tenants
Credit risk arising from receivables from tenants of leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with 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. The security deposits are considered in the calculation of impairment as recoveries. For existing tenants, the Group has put in place a monitoring and follow-up system. These are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken for further assessment of paying capacity.

Set out below is the information about the credit risk exposure of the Group's trade debtors - receivables from tenants using a provision matrix excluding rental accruals:

			2020		
	Current	**More than 30 days**	**More than 60 days**	**More than 90 days**	**Total**
		(In Thousands, except for %)			
Expected credit loss rate	**5.22%**	**6.90%**	**8.71%**	**35.50%**	**56.34%**
Total gross carrying amount	**₱80,327**	**₱39,092**	**₱49,513**	**₱217,780**	**₱386,712**
Expected credit losses	**5,842**	**7,723**	**9,751**	**39,727**	**63,043**

			2019		
	Current	More than 30 days	More than 60 days	More than 90 days	Total
		(In Thousands, except for %)			
Expected credit loss rate	0.07%	22.16%	34.03%	62.48%	39.56%
Total gross carrying amount	₱429,110	₱33,033	₱22,684	₱108,225	₱593,052
Expected credit losses	286	2,845	1,971	32,922	38,024

Generally, "Trade debtors" under "Receivables" receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Cash in banks and cash equivalents
Credit risk from balances with banks and financial institutions and related parties is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial assets at FVOCI – quoted debt securities
The Group's debt instruments at fair value through OCI comprise solely of government securities. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. Applying the expected credit risk model did not result in the recognition of an impairment loss in 2020 and 2019.

Insurance receivables, non-trade and other receivables
Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. An impairment analysis is performed at each reporting date to consider when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. These receivables are written off when there is no reasonable expectation of recovering the contractual cash flows. Applying the expected credit risk model resulted in the recognition of an impairment loss amounting to ₱39.95 million and ₱91.60 million in 2020 and 2019, respectively. Total write offs amounted to ₱5.87 million and ₱92.90 million in 2020 and 2019, respectively (see Note 5).

The Group's maximum exposure to credit risk as of December 31, 2020 and 2019 is equal to the carrying values of its financial assets, except for "Trade debtors" under "Receivables" in the statements of financial position. The details follow:

	2020			
	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
		(In Thousands)		
Cash in banks	**₱177,270**	**₱10,046**	**₱167,324**	**₱10,046**
Trade debtors				
Land sales	**1,302,611**	**1,275,511**	**–**	**1,275,511**
Retail electricity	**153,995**	**151,453**	**2,542**	**151,453**
Receivables from tenants	**387,481**	**155,580**	**231,901**	**155,580**
Insurance receivables	**29,305**	**–**	**29,305**	**–**
Nontrade receivables	**280,834**	**–**	**97,419**	**–**
Others	**244,892**	**–**	**244,892**	**–**
Financial assets at FVOCI – quoted debt securities	**100,518**	**–**	**100,518**	**–**
	₱2,676,906	**₱1,592,590**	**₱873,901**	**₱1,592,590**

	2019			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
		(In Thousands)		
Cash in banks	₱144,644	₱–	₱144,644	₱–
Cash equivalents	32,948	–	32,948	–
Trade debtors				
Land sales	1,577,403	1,809,120	–	1,577,403
Retail electricity	329,125	182,118	147,007	182,118
Receivables from tenants	593,052	558,164	28,937	564,115
Insurance receivables	27,371	–	27,371	–
Nontrade receivables	95,301	–	95,301	–
Others	160,600	3,811	150	156,639
Financial assets at FVOCI – quoted debt securities	87,807	–	87,807	–
	₱3,048,251	₱2,553,213	₱564,165	₱2,480,275

As at December 31, 2020, the COVID-19 outbreak has no significant impact to the Group's credit risk.

Equity Price Risk
Equity price risk is the risk that the fair values of equities decrease as the result of change in the levels of equity indices and the value of individual stock. The equity price risk exposure arises from the Group's investment in stocks. Equity investment of the Group is categorized as financial assets at FVOCI.

The Group measures the sensitivity to its equity securities by using Philippine Stock Exchange index fluctuations and its effect to respective share prices.

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

The basic sensitivity analysis assumes that the stock's standard deviation on its historical yield for the past one year provides the basis for reasonably possible change in prices of the stock investment. The Group establishes the relative range of stock investment yields based on historical standard deviation for one year.

The following table demonstrates the sensitivity to reasonable possible change in equity prices, with all other variables held constant:

Change in PSEi index	Effect on equity Increase (decrease) 2020	2019
	(In Thousands)	
+5.00%	**₱25,083**	₱32,253
(5.00%)	**(25,083)**	(32,253)

The impact on the Group's equity already excludes the impact on transactions affecting the consolidated statements of income.

31. Notes to Statements of Cash Flows

Changes in the Group's liabilities arising from financing activities follow:

	January 1, 2020	**Cash Flows**	**Non-cash Changes**	**December 31, 2020**
		(In Thousands)		
Amounts owed to related parties	**₱2,317,179**	**(₱34,976)**	**₱392,230**	**₱2,674,433**
Lease liabilities	**1,733,450**	**(137,918)**	**155,840**	**1,751,372**
Total liabilities from financing activities	**₱4,050,629**	**(₱172,894)**	**₱548,070**	**₱4,425,805**

	January 1, 2019	Cash Flows	Non-cash Changes	December 31, 2019
		(In Thousands)		
Amounts owed to related parties	₱234,268	₱1,927	₱2,080,984	₱2,317,179
Lease liabilities	1,694,120	(149,704)	189,034	1,733,450
Total liabilities from financing activities	₱1,928,388	(₱147,777)	₱2,270,018	₱4,050,629

	January 1, 2018	Cash Flows	Non-cash Changes	December 31, 2018
		(In Thousands)		
Amounts owed to related parties	₱19,427	₱23	₱214,818	₱234,268

In 2020, significant non-cash transactions of the Group and the Parent Company pertain to:

- The Group recognized interest expense from accretions of security deposits amounting to ₱2.10 (see Notes 27 and 15).
- The Group recognized interest expense lodged under "interest expense" (see Note 22) from accretion of discount of long-term payable amounting to ₱20.22 million.
- The Group has an interest payable amounting to ₱43.41 million related to short term loans included in "Amounts owed to related parties" (see Note 17).
- The Group recognized interest income lodged under interest income (expense) and bank charges - net (see Note 22) from accretion of discount of long-term receivable amounting to ₱2.04 million.
- The Group recognized unrealized loss amounting to ₱38.10 million of which ₱2.89 million is attributable to non-controlling interest (see Note 7).
- The Group transferred from equity to retained earnings realized valuation gain from sale of FVOCI amounting to ₱0.85 million (see Note 7).
- The Group transferred from equity reserve to additional paid-in capital amounting to ₱3.37 million for the fully paid portion of ESOP receivables.
- The Group transferred from investment property to inventory amounting to ₱1,147.26 million due to change is use (see Notes 6 and 10).

- The Group realized revaluation increment through depreciation and transferred to retained earnings amounting to ₱7.03 million (see Note 10).
- The Group has unpaid income tax amounting to ₱4.33 million lodged under "Trade Payables" (see Note 14).
- The Group recognized ₱0.95 million from remeasurement of pension (see Note 23).
- The Group has unpaid construction in progress lodged under "Trade Payables" amounting to ₱92.18 million (see Note 14).

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
AyalaLand Logistics Holdings Corp.
3rd Floor Glorietta 5,
Ayala Center, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of AyalaLand Logistics Holdings Corp. and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated February 23, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Carlo Paolo V. Manalang

Carlo Paolo V. Manalang
Partner
CPA Certificate No. 111947
Accreditation No. 111947-SEC (Group A)
Valid to cover audit of 2019 to 2023
financial statements of SEC covered institutions
Tax Identification No. 210-730-804
BIR Accreditation No. 08-001998-127-2019,
November 27, 2019, valid until November 26, 2022
PTR No. 8534324, January 4, 2021, Makati City

February 23, 2021

AyalaLand Logistics Holdings Corp.
3rd Floor Glorietta 5, Ayala Center, Makati City

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2020

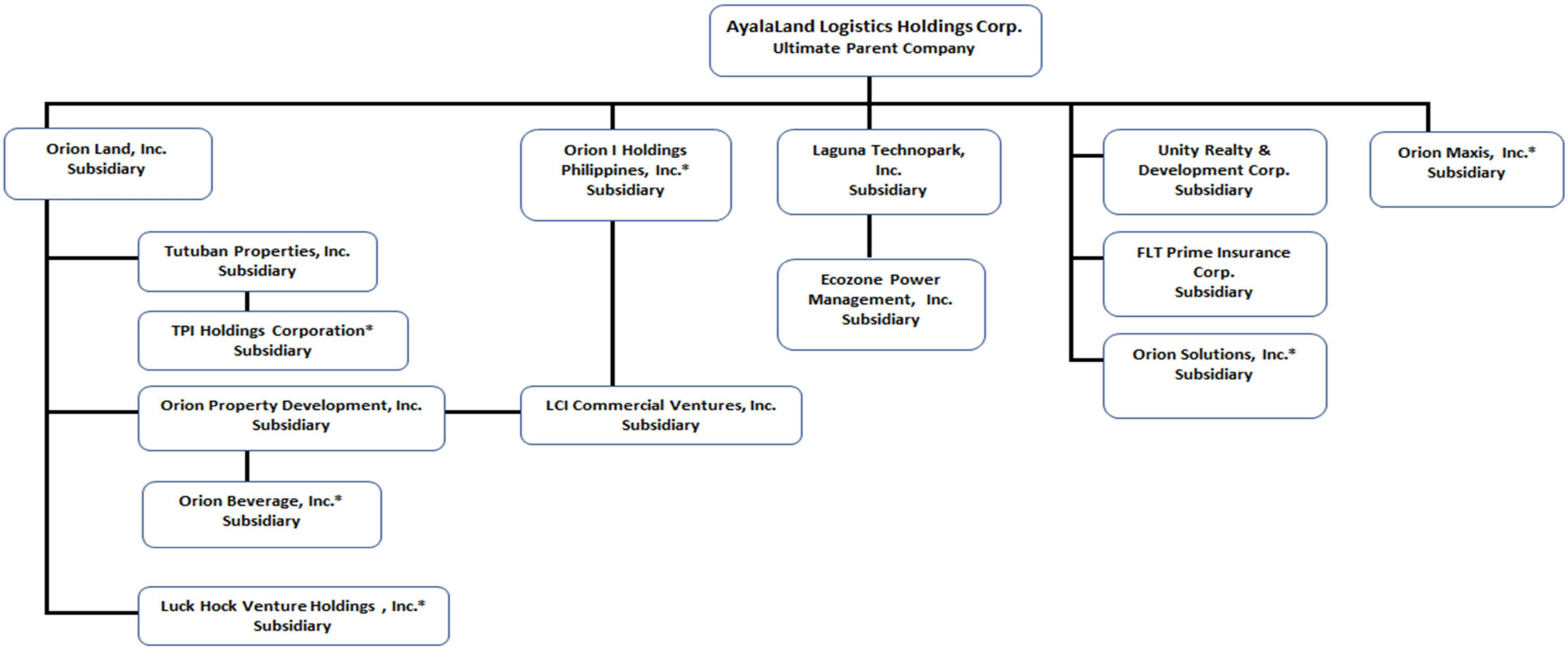
(Figures based on functional currency audited financial statements)

		Amounts (In Thousands)
Unappropriated Retained Earnings, *as of 31 December 2019*		(106,206)
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	254,816	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Recognized deferred tax asset that increased the net income	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	-	
Add: Non-Actual Losses		
Depreciation on revaluation increment (after tax)	-	
Unrealized actuarial loss	-	
Movement in deferred tax during the year	-	
Sub-total	-	
Net Income actually earned during the period		**254,816**
Add (Less):		
Shares held by subsidiary		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**148,610**

SCHEDULE II
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED

	Formula	(One Year) 31-Dec-20	(One Year) 31-Dec-19
Return on assets	Net Income / Average Assets	0.04	0.04
Return on equity	Net Income / Average Equity	0.06	0.06
Gross profit margin	Gross profit / Total Revenues	0.26	0.26
Net profit margin	Net income / Sales revenue	0.19	0.12
Cost to income ratio	Cost and expenses / Revenues	0.74	0.74
Current ratio	Current Assets / Current Liabilities	1.35	1.09
Quick ratio	Current Assets less Inventory / Current Liabilites	0.70	0.82
Solvency ratio	After tax net profit(loss) + Depreciation / Long Term Liabilities + Short Term Liabilities	0.14	0.11
Asset to equity ratio	Total Assets / Equity	1.63	1.73
Debt to equity ratio	Total Liability / Equity	0.63	0.73
Interest rate coverage ratio	EBITDA / Interest expense	5.74	6.67
Gross Profit Margin	Sales - COGS or COS / Sales	0.26	0.26
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	31.17	31.24

SCHEDULE III
AYALALAND LOGISTICS HOLDINGS CORP.
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2020



** Inactive*

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
AS AT DECEMBER 31, 2020
AMOUNTS IN THOUSANDS *(Except for Number of Shares)*

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount shown in the Statement of Financial Position	Income Received and Accrued
A. CASH IN BANK AND CASH EQUIVALENTS			
SAVINGS/CURRENT ACCOUNT (PESO)			
BDO Unibank, Inc.		1,296	1
Bank of the Philippine Islands		154,632	741
Development Bank of the Philippines		-	-
Metropolitan Bank and Trust Company		1,073	-
Rizal Commercial Banking Corp.		780	0
United Coconut Planters Bank		13,662	24
Sub-total		171,443	766
SAVINGS/CURRENT ACCOUNT (FCDU)			
Bank of the Philippine Islands		5,631	24
BDO Unibank, Inc.		51	-
		5,682	24
		177,125	**790**
B. SHORT TERM INVESTMENTS			
Rizal Commercial Banking Corp		-	-
		-	-
C. INVESTMENT IN BONDS AND OTHER SECURITIES			
Available for sale investments:			
Listed equity securities			
Asia United Bank	500	2	
Cyber Bay Corporation	1,388,101,404	458,073	
Philippine Long Distance Telephone Company	500	90	
Top Frontier Holdings, Inc.	4,200	588	
Canlubang Golf & Country Club	-	-	
Makati (Sports) Club, Inc.	-	-	
Philippine Central Depository, Inc.	5,000	500	
Sta. Elena Golf Club-A	3	15,000	
Alviera Country Club (Class C)	1	950	
Alabang Country Club	1	6,400	
Zeus Holdings, Inc.	1,175,600	1,176	
MERALCO	59,837	18,934	
PLDT	419,688	4,199	
	1,389,766,734	505,912	-
Quoted debt securities			
Ayala Corporation	5,000	4,135	-
AMALGAMATED 7-57	-	333	5
AMALGAMATED-RTB 10-04	-	5,451	163
CHINABANK- RTB 10-04	-	10,901	325
FIRST METRO 20-17	-	21,989	536
FIRST METRO-RTB 10-04	-	11,992	358
Rizal Commercial Banking Corp.- RTB 10-60	-	8,842	536
Rizal Commercial Banking Corp.- RTB 7-51	-	1,505	201
Rizal Commercial Banking Corp.	-	10,901	325
Rizal Commercial Banking Corp.- RTB 10-04	-	3,197	154
SECURITY BANK 20-13	-	1,842	88
Retail Treasury Bond	5,000,000	5,605	-
BDO Unibank, Inc. UITF	13,000,000	13,825	-
	18,005,000	100,518	2,691
TOTAL INVESTMENTS IN BONDS & OTHER SECURITIES		**606,430**	**2,691**

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
As of December 31, 2020
AMOUNTS IN THOUSANDS

Account Type	Balance at Beginning period	Additions	Deductions		Current	Not Current	Balance at End Period
			Amounts Collected	Amounts Written off			
Advances to employees for company expenses	915	18	539	-	151	242	393
Salary loan	229	113	-	-	-	342	342
Car loan	1,232	-	295	-	-	938	938
Others	317	2,328	266	-	51	2,328	2,379
	2,693	2,459	1,100	-	202	3,850	4,052

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
As of December 31, 2020
AMOUNTS IN THOUSANDS

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Accounts Written off*	Current	Not Current	Balance at end period
Orion I Holdings Philippines, Inc./Subsidiary	199,153	-	-	-	-	199,153	199,153
FLT Prime Insurance Corp./Subsidiary	12	-	(12)	-	-	-	-
Tutuban Properties, Inc./Subsidiary	73,448	-	(4,372)	-	69,076	-	69,076
Unity Realty & Development Corp./Subsidiary	-	28,036	-	-	28,036	-	28,036
Orion Land Inc./Subsidiary	-	202	-	-	202	-	202
Laguna Technopark, Inc./Subsidiary	13,012	-	(4,911)		8,101		8,101
	285,625	**28,238**	**(9,295)**	**-**	**105,415**	**199,153**	**304,568**

** The amounts receivable from OE Holdings, Inc and Orion Maxis Inc. were no longer recoverable since these companies are already for dissolution/liquidation.*

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
As of December 31, 2020

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under the caption "Current Portion of long-term debt" in related balance sheet	Amount shown under the caption "Long-Term Debt" in related balance sheet
	NOT APPLICABLE		

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)
As of December 31, 2020
AMOUNTS IN THOUSANDS

Name of Related Party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2020
AMOUNTS IN THOUSANDS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
As of December 31, 2020

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held Directors, officers and employees	Number of shares held by Others
COMMON SHARES	**7,500,000,000**					
ISSUED		6,153,452,772		4,467,752,834	72,581,159	
SUBSCRIBED		148,139,215		49,444,216		
		6,301,591,987		4,517,197,050	72,581,159	