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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

Josephine G. De Asis

Contact Person

(632) 7908-3000

Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

1	7	-	Q
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0	4	2	9
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Month Day
Annual Meeting

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Secondary License Type, if Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

Total Amount of Borrowings

₱40.0 billion bonds

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

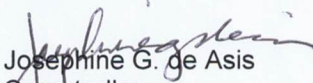
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Certification

I, Josephine G. de Asis, Comptroller, a duly authorized representative of Ayala Corporation (Company) with SEC registration number 34218 with principal office at 32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, do hereby certify and state that:

- 1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 3, series of 2021 and the notice issued by the Securities and Exchange Commission (SEC) on March 17, 2020, the Company is timely filing its March 2022 SEC Form 17-Q by sending the same (in portable document format) through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.
- 2) The information contained in the March 2022 SEC Form 17Q dated May 13, 2022 is **true and correct** to the best of my knowledge.
- 3) I am executing this certification this May 13, 2022 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.


Josephine G. de Asis
Comptroller
Passport No. P0174919B

SEC No. 34218
File No. _____

AYALA CORPORATION

(Company's Full Name)

**32F to 35F, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City**

(Company's Address)

(632) 7908-3000

(Telephone Number)

March 31, 2022

(Quarter Ending)
(Month & Day)

SEC Form 17- Q Quarterly Report

(Form Type)

SECURITIES AND EXCHANGE COMMISSION (SEC)

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2022**
2. SEC Identification No.: **34218**
3. BIR Tax Identification No. **000-153-610-000**
4. Exact name of the registrant as specified in its charter: **AYALA CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: **32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City** Postal Code: **1226**
8. Registrant's telephone number: **(632) 7908-3000**
9. Former name, former address, former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA:

Title of each class	Number of shares issued & outstanding As of March 31, 2022
Preferred A	0*
Preferred B Series 1	20,000,000**
Preferred B Series 2	30,000,000
Voting Preferred	200,000,000
Common	619,703,617***

* net of 12,000,000 treasury shares

** net of 8,000,000 treasury shares

*** net of 14,194,852 treasury shares

Amount of debt outstanding as of March 31, 2022: **₱40.0 billion in bonds******

****amount represents only the debt of Ayala Corporation registered with Philippine SEC. The debt of subsidiaries registered with SEC are reported in their respective SEC17Q report.

11. Are any or all of these securities listed in the Philippine Stock Exchange? Yes ☒ No ☐

As of March 31, 2022, a total of 627,098,147 common shares, 12,000,000 preferred A (ACPA) shares, 28,000,000 preferred B series 1 (ACPB1) shares, and 30,000,000 preferred B series 2 (APB2R) shares are listed in the Philippine Stock Exchange (PSE). A total of 14,194,852 common shares, 12,000,000 ACPA shares and 8,000,000 ACPB1 shares are held in Treasury by the Parent Company.

12. Check whether the registrant:

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

(b) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

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The unaudited interim condensed consolidated financial statements and other parts of the entire SEC 17Q report as of March 31, 2022 make reference to certain financial information and disclosures in the December 31, 2021* annual audited consolidated financial statements. This SEC17Q report should be read in conjunction with that Group's financial statements*.

This SEC17Q report also includes financial and operating data with respect to Ayala's material subsidiaries [Ayala Land, Inc. (ALI), Integrated Micro-Electronics, Inc. (IMI), and AC Energy and Infrastructure Corporation, Inc. (AC Energy or ACEIC) with key subsidiary AC Energy Corporation (ACEN)], associates [Bank of the Philippine Islands (BPI) and Manila Water Company, Inc. (MWC)] and joint venture [Globe Telecom, Inc. (Globe)]. This SEC 17Q should also be read in conjunction with the financial information and operating highlights of these investees as contained in their respective December 31, 2021 audited financial statements, and SEC17A reports; and March 31, 2022 SEC17Q reports, as applicable.**

**The audited consolidated financial reports and SEC 17A report of Ayala Corporation and Subsidiaries as of December 31, 2021 and the SEC 17Q report as of March 31, 2022 are available at the Parent Company's website www.ayala.com.ph.*

***The audited consolidated financial reports and SEC 17A reports as of December 31, 2021 as well as SEC 17Q report as of March 31, 2022, as applicable, of the following companies under the Group are available in the following websites: ALI www.ayalaland.com.ph, IMI www.global-imi.com, ACEIC www.acenergy.com.ph, BPI www.bpi.com.ph, MWC www.manilawater.com, and Globe www.globe.com.ph*

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PART I FINANCIAL INFORMATION

Section 1 Financial Statements

Ayala Corporation and Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
As at March 31, 2022 (With comparative audited figures as at December 31, 2021)
and for the Three Months Period Ended March 31, 2022 and 2021**

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2022 (With Comparative Audited Figures as at December 31, 2021)
(Amounts in Thousands)

	March 2022	December 2021
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱ 88,625,888	₱ 90,483,909
Short-term investments (Note 5)	3,087,594	930,938
Accounts and notes receivable (Note 6)	143,641,263	145,075,394
Inventories (Note 7)	162,342,677	166,406,837
Other current assets (Note 8)	83,899,924	81,941,737
	481,597,346	484,838,815
Assets under PFRS 5 (Note 20)	12,760,586	12,433,522
Total Current Assets	494,357,932	497,272,337
Noncurrent Assets		
Noncurrent accounts and notes receivable (Note 6)	90,882,584	83,301,217
Investments in associates and joint ventures (Note 10)	310,813,775	294,063,019
Investment properties (Note 12)	250,824,739	246,806,097
Property, plant and equipment (Note 12)	99,088,099	96,682,935
Right-of-use assets (Note 9)	21,551,619	20,996,946
Service concession assets (Note 13)	1,462,750	1,481,976
Intangible assets (Note 11)	22,133,905	22,128,005
Deferred tax assets - net (Note 11)	18,727,393	16,294,100
Other noncurrent assets (Note 8)	72,675,663	69,959,308
Total Noncurrent Assets	888,160,527	851,713,603
Total Assets	₱1,382,518,459	₱1,348,985,940
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Note 16)	₱ 43,131,734	₱ 34,712,039
Accounts payable and accrued expenses (Note 14)	162,018,090	168,750,801
Income tax payable	1,106,951	803,495
Current portion of:		
Long-term debt (Note 16)	38,053,406	31,493,713
Lease liabilities (Note 9)	1,706,877	2,110,226
Service concession obligation (Note 13)	40,069	40,069
Other current liabilities (Note 15)	32,404,125	30,184,417
Total Current Liabilities	278,461,252	268,094,760
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	415,432,433	412,310,822
Lease liabilities - net of current portion (Note 9)	26,517,884	25,503,531
Service concession obligation - net of current portion (Note 13)	60,961	60,961
Deferred tax liabilities - net	9,648,390	9,180,901
Pension liabilities	4,005,632	4,020,623
Other noncurrent liabilities (Note 15)	65,103,859	64,501,574
Total Noncurrent Liabilities	520,769,159	515,578,412
Total Liabilities	799,230,411	783,673,172

	March 2022	December 2021
	Unaudited	Audited
Equity		
Equity attributable to owners of the parent company		
Paid-in capital (Note 17)	86,138,584	86,075,527
Share-based payments	44,664	44,664
Remeasurement losses on defined benefit plans	(4,405,702)	(4,798,349)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI)	(2,610,374)	(1,720,601)
Cumulative translation adjustments	1,698,775	1,137,912
Equity reserve	32,301,950	34,262,567
Retained earnings (Note 17)	267,615,198	260,112,458
Treasury stock (Note 17)	(12,382,517)	(12,382,517)
	368,400,578	362,731,661
Non-controlling interests	214,887,470	202,581,107
Total Equity	583,288,048	565,312,768
Total Liabilities and Equity	₱1,382,518,459	₱1,348,985,940

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	For the Periods Ended March 31	
	2022	2021
CONTINUING OPERATIONS		
REVENUE (Note 19)		
Rendering of services	₱36,464,369	₱ 34,510,843
Sale of goods	18,786,448	17,759,186
Share in net profits of associates and joint ventures	9,058,612	6,070,042
Interest income from real estate	1,669,704	1,842,556
	65,979,133	60,182,627
COSTS AND EXPENSES		
Costs of rendering services	31,750,022	26,318,408
Costs of goods sold	13,613,482	13,295,564
General and administrative expenses	5,746,778	7,260,067
	51,110,282	46,874,039
OTHER INCOME (CHARGES) - Net		
Interest income	1,709,439	1,002,730
Other income	1,240,903	1,076,698
Interest and other financing charges	(6,976,832)	(6,743,922)
	(4,026,490)	(4,664,494)
INCOME BEFORE INCOME TAX	10,842,361	8,644,094
PROVISION FOR INCOME TAX		
Current	2,379,074	1,611,789
Deferred	(1,567,125)	(15,835)
	811,949	1,595,954
NET INCOME AFTER TAX	10,030,412	7,048,140
OPERATIONS OF THE SEGMENT UNDER PFRS 5 (Note 20)		
Net income after tax	-	110,893
NET INCOME	₱10,030,412	₱ 7,159,033
Net Income Attributable to:		
Owners of the Parent Company	₱ 7,811,575	₱ 5,375,563
Non-controlling interests	2,218,837	1,783,470
	₱10,030,412	₱ 7,159,033
EARNINGS PER SHARE BEFORE OPERATIONS OF SEGMENT UNDER PFRS 5 (Note 18)		
Basic	₱ 12.05	₱ 8.18
Diluted	₱ 12.03	₱ 8.17
EARNINGS PER SHARE (Note 18)		
Basic	₱ 12.05	₱ 8.04
Diluted	₱ 12.03	₱ 8.03

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2022 and 2021
(Amounts in Thousands)

	For the Periods Ended March 31	
	2022	2021
NET INCOME	₱10,030,412	₱7,159,033
OTHER COMPREHENSIVE LOSS		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising from translations of foreign investments	(12,395)	(475,321)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gains (losses) on defined benefit plans	(176,906)	264,911
Changes in fair values of financial assets at FVOCI - net	(95,929)	(425,994)
	(285,230)	(636,404)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising from translations of foreign investments	472,498	485,705
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gains (losses) on defined benefit plans	582,372	(170,788)
Changes in fair values of financial assets at FVOCI - net	(831,949)	(1,749,889)
	222,921	(1,434,972)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAX	(62,309)	(2,071,376)
TOTAL COMPREHENSIVE INCOME	₱ 9,968,103	₱5,087,657
Total Comprehensive Income Attributable to:		
Owners of the Parent Company	₱ 7,878,529	₱3,536,577
Non-controlling interests	2,089,574	1,551,080
	₱ 9,968,103	₱5,087,657

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Periods Ended March 31, 2022 and 2021 (With Comparative Audited Figures for the Year Ended December 31, 2021)
(Amounts in Thousands)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY										
	Other Comprehensive Income										
	Paid-in Capital	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
	For the Period Ended March 31, 2022 (Unaudited)										
As of January 1, 2021 (Audited)	₱ 86,075,527	₱ 44,664	₱(4,798,349)	₱(1,720,601)	₱1,137,912	₱34,262,567	₱260,112,458	₱(12,382,517)	₱362,731,661	₱202,581,107	₱565,312,768
Net Income	-	-	-	-	-	-	7,811,575	-	7,811,575	2,218,837	10,030,412
Share in other comprehensive income											
(loss) of associates and joint ventures	-	-	582,372	(831,949)	472,498	-	-	-	222,921	-	222,921
Other comprehensive income (loss)	-	-	(189,725)	(54,607)	88,365	-	-	-	(155,967)	(129,263)	(285,230)
Reclassification of fair value gain on investment in equity securities of FVOCI	-	-	-	(3,217)	-	-	3,217	-	-	-	-
Total comprehensive income (loss)	-	-	392,647	(889,773)	560,863	-	7,814,792	-	7,878,529	2,089,574	9,968,103
Exercise of ESOP/ESOWN	63,057	-	-	-	-	-	-	-	63,057	-	63,057
Cash Dividends	-	-	-	-	-	-	(312,052)	-	(312,052)	(1,075,047)	(1,387,099)
Change in non-controlling interests	-	-	-	-	-	(1,960,617)	-	-	(1,960,617)	11,291,836	9,331,219
At March 31, 2022 (Unaudited)	₱ 86,138,584	₱ 44,664	₱(4,405,702)	₱(2,610,374)	₱1,698,775	₱32,301,950	₱267,615,198	₱(12,382,517)	₱368,400,578	₱214,887,470	₱583,288,048

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

	Other Comprehensive Income										Total	Non-controlling Interests	Total Equity
	Paid-in Capital	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve	Reserves under PFRS 5 (Note 20)	Retained Earnings	Treasury Stock				
For the Period Ended March 31, 2021 (Unaudited)													
As of January 1, 2021 (Audited)	₱ 85,613,944	₱ 102,619	₱ (6,351,002)	₱ 40,792	₱ (1,635,505)	₱ 30,741,420	₱ (800,218)	₱ 238,072,873	₱ (6,605,153)	₱ 339,179,770	₱ 203,242,341	₱ 542,422,111	
Net Income	-	-	-	-	-	-	-	5,375,563	-	5,375,563	1,783,470	7,159,033	
Share in other comprehensive income (loss) of associates and joint ventures	-	-	(170,788)	(1,749,889)	485,705	-	-	-	-	(1,434,972)	-	(1,434,972)	
Other comprehensive income (loss)	-	-	422,910	(685,526)	(141,398)	-	-	-	-	(404,014)	(232,390)	(636,404)	
Reclassification of fair value loss on investment in equity securities of FVOCI	-	-	-	50,705	-	-	-	(50,705)	-	-	-	-	
Reserves under PFRS 5 (Note 20)	-	-	-	-	1,283,581	-	(1,283,581)	-	-	-	-	-	
Total comprehensive income (loss)	-	-	252,122	(2,384,710)	1,627,888	-	(1,283,581)	5,324,858	-	3,536,577	1,551,080	5,087,657	
Exercise of ESOP/ESOWN	101,173	(1,269)	-	-	-	-	-	-	-	99,904	-	99,904	
Cash Dividends	-	-	-	-	-	-	-	(312,053)	-	(312,053)	(1,122,064)	(1,434,117)	
Change in non-controlling interests	-	-	-	-	-	4,052,608	-	-	-	4,052,608	13,692,950	17,745,558	
At March 31, 2021 (Unaudited)	₱ 85,715,117	₱ 101,350	₱ (6,098,880)	₱ (2,343,918)	₱ (7,617)	₱ 34,794,028	₱ (2,083,799)	₱ 243,085,678	₱ (6,605,153)	₱ 346,556,806	₱ 217,364,307	₱ 563,921,113	

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

	Other Comprehensive Income									Total	Non-controlling Interests	Total Equity
	Paid-in Capital	Share-based Payments	Remeasurement Gains (Losses) on Defined Benefit Plans	Fair Value Reserve of Financial Assets at FVOCI	Cumulative Translation Adjustments	Equity Reserve	Reserves under PFRS 5	Retained Earnings	Treasury Stock			
For the year ended December 31, 2021 (Audited)												
As of January 1, 2021 (Audited)	₱85,613,944	₱102,619	(₱6,351,002)	₱40,792	(₱1,635,505)	₱30,741,420	(₱800,218)	₱238,072,873	(₱6,605,153)	₱339,179,770	₱203,242,341	₱542,422,111
Adoption of PFRS 15 covered by PIC Q&A 2018-E (Note 2)	-	-	-	-	-	-	-	(1,093,029)	-	(1,093,029)	(1,593,160)	(2,686,189)
Capitalized borrowing costs (Note 2)	-	-	-	-	-	-	-	885,669	-	885,669	1,107,360	1,993,029
As of January 1, 2021 (as Restated)	₱85,613,944	₱102,619	(₱6,351,002)	₱40,792	(₱1,635,505)	₱30,741,420	(₱800,218)	₱237,865,513	(₱6,605,153)	₱338,972,410	₱202,756,541	₱541,728,951
Net income	-	-	-	-	-	-	-	27,774,183	-	27,774,183	8,262,008	36,036,191
Share in other comprehensive income (loss) of associates and joint ventures	-	-	729,731	(1,602,404)	2,027,190	-	-	-	-	1,154,517	-	1,154,517
Other comprehensive income (loss)	-	-	827,518	(125,898)	598,078	-	-	-	-	1,299,698	527,090	1,826,788
Reserves under PFRS 5	-	-	(4,596)	(12,253)	148,149	(66,304)	(64,996)	-	-	-	-	-
Change due to loss of control over a subsidiary	-	-	-	-	-	-	(594,262)	-	-	(594,262)	-	(594,262)
Total comprehensive income (loss)	-	-	1,552,653	(1,740,555)	2,773,417	(66,304)	(659,258)	27,774,183	-	29,634,136	8,789,098	38,423,234
Reclassification of fair value loss on investment in equity securities of FVOCI	-	-	-	(20,838)	-	-	-	20,838	-	-	-	-
Buy-back of common shares	-	-	-	-	-	-	-	-	(5,777,364)	(5,777,364)	-	(5,777,364)
Exercise of ESOP/ESOWN	461,583	(57,955)	-	-	-	-	-	403,628	-	-	-	403,628
Cash dividends	-	-	-	-	-	-	-	(5,548,076)	-	(5,548,076)	(2,418,180)	(7,966,256)
Change in non-controlling interests	-	-	-	-	-	5,585,835	-	-	-	5,585,835	19,734,204	25,320,039
Change due to loss of control over a subsidiary	-	-	-	-	-	(1,434,912)	1,459,476	-	-	24,564	(26,672,981)	(26,648,417)
Business combination during the year	-	-	-	-	-	-	-	-	-	-	392,425	392,425
Others	-	-	-	-	-	(563,472)	-	-	-	(563,472)	-	(563,472)
At December 31, 2021 (Audited)	₱86,075,527	₱44,664	(₱4,798,349)	(₱1,720,601)	₱1,137,912	₱34,262,567	₱-	₱260,112,458	(₱12,382,517)	₱362,731,661	₱202,581,107	₱565,312,768

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Periods Ended March 31, 2022 and 2021
(Amounts in Thousands)

	For the Periods Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	₱ 10,842,361	₱ 8,644,094
Income before income tax from operations of the segment under PFRS 5 (Note 20)	-	918,895
Income before income tax	10,842,361	9,562,989
Adjustments for:		
Interest and other financing charges - net of amount capitalized	6,976,832	7,299,479
Depreciation and amortization	3,782,760	4,868,657
Impairment loss on remeasurement to fair value less costs to sell	-	1,246,709
Provision for impairment/ losses on:		
Receivables (Note 6)	81,204	124,171
Inventory obsolescence (Note 7)	9,375	5,495
Intangibles, property, plant and equipment and other provisions	54,443	339,379
Mark to market gain on financial assets at fair value through profit or loss (FVTPL) and derivative contracts	(61,341)	(26,964)
Dividend and other investment income	(416,527)	(52,317)
Loss (Gain) on sale of:		
Investments	21,491	(2,880)
Other assets	(20,682)	(510,239)
Interest income from real estate and others	(3,379,143)	(2,929,443)
Share in net profit of associates and joint ventures	(9,058,612)	(6,240,596)
Operating income before changes in operating assets and liabilities	8,832,161	13,684,440
Decrease (increase) in:		
Accounts and notes receivable - trade	(477,495)	2,616,250
Inventories	1,691,711	967,300
Service concession asset	-	(2,287,586)
Other current assets	(553,097)	(2,619,381)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,722,466)	639,870
Net pension liabilities	(146,738)	162,045
Other current liabilities	2,102,487	(6,323,372)
Cash generated from operations	6,726,563	6,839,566
Interest received	2,462,856	2,477,780
Interest paid	(5,117,721)	(7,935,815)
Income tax paid	(2,075,618)	(1,805,397)
Net cash provided by (used in) operating activities	1,996,080	(423,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale/maturities of financial assets at FVOCI	260,761	466,258
Sale/maturities of financial assets at FVTPL	20,421	-
Disposals of:		
Property, plant and equipment	94,067	543,766
Investment properties	-	2,726
Additions to short-term investments	(2,156,656)	(133,386)
Additions to:		
Service concession assets	(993)	1,645
Investments in associates and joint ventures	(9,165,171)	(2,218,056)

	For the Periods Ended March 31	
	2022	2021
Property, plant and equipment	(4,262,777)	(3,217,839)
Investment properties	(3,365,789)	(2,034,800)
Financial assets at FVTPL (Note 8)	(188,279)	(694,109)
Financial assets at FVOCI (Note 8)	(161,775)	(332,087)
Financial assets at amortized cost (Note 8)	(2,717,508)	(3,816,445)
Accounts and notes receivable - nontrade	(4,405,653)	(1,857,397)
Intangible assets	(229,475)	(354,428)
Dividends received from associates, joint ventures and investments in equity securities	1,368,244	1,288,938
Acquisitions through business combinations - net of cash acquired	-	(1,315,733)
Decrease (increase) in other noncurrent assets	1,075,760	(2,817,475)
Net cash used in investing activities	(23,834,823)	(16,488,422)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availments of short-term and long-term debt (Note 16)	35,878,134	31,575,367
Payments of short-term and long-term debt (Note 16)	(20,763,302)	(32,951,365)
Dividends paid	(3,832,633)	(3,162,237)
Payment of lease liabilities	(527,284)	(819,582)
Service concession obligation paid	-	(210,534)
Collections of subscriptions receivable	63,057	99,905
Interest paid	(887,977)	(958,883)
Increase in:		
Other noncurrent liabilities	719,506	5,107,035
Non-controlling interests in consolidated subsidiaries	9,331,221	17,958,292
Net cash provided by financing activities	19,980,722	16,637,998
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,858,021)	(274,290)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	90,483,909	114,089,287
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ 88,625,888	₱ 113,814,997 *

*Includes cash and cash equivalents of assets under PFRS 5.

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

AYALA CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporation Information

Ayala Corporation (the Parent Company, Ayala or AC) is the holding company of one of the oldest and largest business groups in the Philippines that traces its history back to the establishment of the Casa Roxas business house in 1834. The Parent Company was incorporated on January 23, 1968, and its Class A Shares and Class B Shares were first listed on the Manila and Makati Stock Exchanges (the predecessors of the PSE) in 1976. In 1997, the Parent Company's Class A and Class B Shares were declassified and unified as Common Shares.

The Parent Company is a corporation having a perpetual corporate term pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines. As of March 31, 2022, the Parent Company is 47.87% owned by Mermac, Inc. and the rest by the public. Mermac, Inc., a private holding company incorporated in the Philippines is the dominant shareholder of Ayala. Ayala's registered office address and principal place of business is 32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Parent Company is organized as a holding company holding equity interests in the Ayala Group (the "Group"), one of the largest and most diversified groups in the Philippines. Ayala's business activities are divided into: real estate and hotels, financial services and insurance, telecommunications, power generation, water, electronics manufacturing, industrial technologies, automotive, transport infrastructure, logistics, education, healthcare, international real estate and others.

Ayala's real estate business is primarily conducted through its subsidiary, Ayala Land, Inc. (Ayala Land or ALI), a diversified real estate company in the Philippines. Its involvement in financial services is through an affiliate, the Bank of the Philippine Islands (BPI), which, together with its subsidiaries (together, the BPI Group), form a universal banking group in the Philippines. Ayala's telecommunications business is carried out through an affiliate, Globe Telecom, Inc. (Globe), a leading telecommunications company in the Philippines. Ayala's investments in the power sector are held under AC Energy and Infrastructure Corporation (ACE, ACEIC or AC Energy), which owns 65% of AC Energy Philippines (ACEN), one of the fastest growing energy companies in the region and Ayala's main platform for its energy investments.

Ayala's emerging businesses in healthcare is conducted through Ayala Healthcare Holdings (AC Health), and logistics operations are housed under AC Logistics Holdings Corporation (AC Logistics).

In portfolio investments, Ayala's international business in electronics manufacturing services and vehicle distribution and retail are under AC Industrial Technology Holdings Inc. (AC Industrials or ACI). Ayala's investments in water infrastructure are under Manila Water Company, Inc. (Manila Water or MWC). Its investments in infrastructure are housed under AC Infrastructure Holdings Corp. (AC Infra). Ayala's interest in education is conducted through iPeople, inc. (iPeople), where it owns a 33.5% stake while its investments in technology ventures are in AC Ventures Holding Corp. (AC Ventures).

Certain members of the Ayala Group, namely ALI, BPI, Globe, ACEN, MWC, iPeople, Integrated Micro-Electronics, Inc. (IMI), AREIT, Inc. (AREIT), AyalaLand Logistics Holdings (ALLHC or formerly known as Prime Orion Philippines Inc. (POPI) and ACE Enexor, Inc. (ACEX) are likewise publicly listed corporations. Some of Ayala's subsidiaries, associates and joint ventures have holdings in the equity of other subsidiaries, associates and joint ventures.

On May 12, 2022, the Parent Company's Audit Committee of the Board of Directors approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of Ayala Corporation and Subsidiaries.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the reporting reliefs issued and approved by SEC and discussed under Statement of Compliance. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2021 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries and are presented in Philippine Peso (₱), and all values are rounded to the nearest thousand pesos (₱000) except when otherwise indicated.

The unaudited interim consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID 19 situation will remain and recovery is going to be gradual.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic.

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

The details and the impact of the adoption of the above financial reporting relief are discussed below.

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

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the statement of financial position of the Group as at March 31, 2022 with comparative audited figures as at December 31, 2021 and unaudited statements of income for the period ended March 31, 2022 and 2021.

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.

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
- c. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognize gain or loss, if any in profit or loss (under other income).

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

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

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100% interest.

If the options does not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements*, and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

For the periods ended March 31, 2022 and 2021, the call options are accounted for in accordance with PFRS 9, *Financial Instruments*, as a derivative asset or liability carried at FVTPL.

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

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 loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities of the subsidiary, non-controlling interest and the cumulative translation adjustments

recorded in equity, recognizes the fair value of the consideration received and any investment retained, while the resulting gain or loss is recognized in profit or loss. It also reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Changes in Accounting Policies and Disclosures

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

The impact at AC Group is a reduction in the beginning retained earnings and NCI by ₱1,093.0 million and ₱1,593.2 million, respectively.

- **Capitalization of borrowing costs in property and equipment and investment properties**
The ALI Group started capitalizing borrowing costs from its property and equipment and investment properties under construction. The ALI Group recognized the impact of the change against the beginning retained earnings in 2021 amounting to ₱1,993 million. The impact to the comparative accounts and amounts are increase in noncurrent assets and equity, and net income by ₱635.0 million and ₱354 million in 2020 and 2019, respectively.

At AC Group, the impact is increase in beginning retained earnings and NCI amounting to ₱885.7 million and ₱1,107.4 million

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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the new PFRS, amended PFRS, improvements to PFRS and interpretations which were adopted beginning January 1, 2022. The nature and the impact of each new standards and interpretations that have been issued but are not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of the said pronouncements to 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, 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

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

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

The core of PFRS 17 is the general model, supplemented by:

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

The Group is assessing the quantitative impact of PFRS 17 as of reporting date.

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 completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

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

A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

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

SEC MC No. 34-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Costs) is not applicable to the Group as it is already in full compliance with the requirements of the IFRIC Agenda Decision.

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

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

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

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

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability, the cash flows from operations and cash flows from financing activities.

Under SEC Memorandum Circular No. 08, series of 2021, real estate companies are provided the accounting policy option of applying the provisions of the above PIC Q&A either using the full retrospective approach where prior year financial statements are restated or modified retrospective approach where the impact of the adoption is reflected in the beginning retained earnings of the year of adoption.

The ALI Group believes that the mismatch for its contract to sell does not constitute a significant financing component that is material to the Group based on the examples provided in the PIC letter dated November 11, 2020.

3. Group Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Nature of Business	% of Economic Ownership Interest held by the Group	
		March 2022 (Unaudited)	December 2021 (Audited)
AC Energy and Infrastructure Corporation (AC Energy/ ACEIC)	Power	100.0 %	100.0 %
AC Infrastructure Holdings Corporation (AC Infra)	Infrastructure	100.0	100.0
AC International Finance Limited (ACIFL)*	Investment Holding	100.0	100.0
AG Counselors Corporation (AGCC)	Consulting Services	100.0	100.0
AC Industrial Technology Holdings Inc. (AC Industrial/ ACI)	Industrial Technology and Automotive	100.0	100.0
Ayala Aviation Corporation (AAC)	Air Charter	100.0	100.0
Ayala Land, Inc. (ALI)	Real Estate and Hotels	46.3	46.1
AYC Finance Limited (AYCFL)*	Investment Holding	100.0	100.0
Azalea International Venture Partners Limited (AIVPL)**	Business Process Outsourcing	100.0	100.0
Ayala Healthcare Holdings, Inc. (AC Health)	Healthcare	100.0	100.0
Bestfull Holdings Limited (BHL)***	Investment Holding - International	100.0	100.0
Darong Agricultural and Development Corporation (DADC)	Agriculture	100.0	100.0
Integrated Microelectronics, Inc. (IMI)	Industrial Technologies	52.1	52.1
Michigan Holdings, Inc. (MHI)	Investment Holding	100.0	100.0
Philwater Holdings Company, Inc. (Philwater)	Investment Holding	100.0	100.0
Purefoods International Limited (PFIL)**	Investment Holding	100.0	100.0
Technopark Land, Inc. (TLI)	Real Estate	78.8	78.8
AC Ventures Holding Corp. (AC Ventures)	Investment Holding	100.0	100.0
AC Logistics Holdings Corporation (AC Logistics)	Logistics	100.0	100.0

*Incorporated in Cayman Islands

**Incorporated in British Virgin Islands

***Incorporated in Hong Kong

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries, associates and joint ventures is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its economic ownership interest.

The following are the highlights of significant transactions of the Parent Company and subsidiaries, part of which affected the Parent Company's investments in its subsidiaries:

Parent Company

1. On January 20, 2022, the Board of Directors of AC, approved the transfer by AC of certain assets having an aggregate value of ₱17,275,552,273.80 (the AC Assets) to ALI in exchange for 309,597,711 common shares (the ALI Shares) to be issued by ALI at the subscription price of ₱55.80 per share (the Transaction). The valuations are supported by a fairness opinion issued by an independent firm, FTI Consulting Philippines, Inc. (FTI). The AC Assets to be transferred to ALI are:
 - a. 50% stake in Ayala Hotels, Inc., a joint venture of the Company with ALI that owns the lot leased to Manila Peninsula Hotel, Inc. and is ALI's partner for Park Central Towers condominium project;

- b. 100% stake in Darong Agricultural and Development Corporation, an operating company with land assets in Davao del Sur;
- c. office units at the 32nd to 35th Floors of Tower One and Exchange Plaza with appurtenant parking slots;
- d. lot with improvements in Brgy. Bagumbayan, Quezon City along C5 Road; and
- e. land in Calauan, Laguna.

The Deed of Exchange for this transaction was executed on January 31, 2022.

SEC confirmation of valuation and exemption from registration requirements is still ongoing.

2. On February 2, 2022, the Parent Company purchased 20.0 million ALI common shares at a purchase price per share of ₱34.275 or a total of ₱686.4 million.
3. On February 4, 2022, AIVPL redeemed the 22.0 million shares at US\$1.00 per share held by the Parent Company. The resulting gain of ₱1.1 billion on the return of capital to AC was eliminated at the AC consolidated level.
4. *Capital infusions*

On January 25, 2022, the Parent Company infused ₱258.9 million to AC Health to fund the corporate overhead and business development costs of AC Health, Healthway Philippines Inc., Vigos Ventures Inc., and Healthnow Inc., ₱251.7 million will be for subscription to 50.0 million preferred shares while ₱7.3 million will be for the payment of outstanding subscription payable as of December 31, 2021.

On February 21, 2022, the Parent Company infused ₱48.5 million to AC Health to fund the purchase of the remaining 76% equity in AIDE thru Healthnow. AC Health will issue 9.7 million redeemable preferred shares at a subscription price of ₱5.0 per share.

On January 25, 2022, the Parent Company infused ₱295.0 million to AC Infra to fund its 35% share in the ₱775.0 million capital call of LRMC and its 50% share in the costs related to the increase in authorized capital stock of LRMH. AC Infra will issue 294.98 million redeemable preferred shares with a par value of ₱1 per share when their application for increase in authorized capital stock will be approved by SEC.

On March 25, 2022, the Parent Company infused ₱25.0 million to AC Infra to fund its share in AFPI's capital call. AC Infra will issue 25.0 million redeemable preferred shares with a par value of ₱1 per share when their application for increase in authorized capital stock will be approved by SEC.

On February 11, 2022, the Parent Company infused ₱164.0 million to AC Logistics to fund its budgeted expenses for 2022. AC Logistics issued 164.0 million common shares at ₱1 par value per share from its unsubscribed authorized capital stock.

On January 3, 2022 and January 24, 2022, the Parent Company infused ₱24.0 million and ₱21.0 million, respectively, to AAC to fully cover its disbursements for the first quarter of 2022. Capital infusion will be for the full payment of AC's outstanding subscription payable as of December 31, 2021.

On March 28, 2022, the Parent Company infused ₱45.0 million to AAC to fully cover its disbursements for the second quarter of 2022.

5. On March 2, 2022, Ayala entered into a Share Subscription Agreement with GTI Business Holdings, Inc. (GTIBH), a wholly-owned subsidiary of Globe, and KarmanEdge, Inc. for the subscription to 10% of the total outstanding capital stock of KarmanEdge, Inc. Under the agreement, both Ayala and ST Telemedia Global Data Centers (STT GDC) shall subscribe to new shares in KarmanEdge, Inc., a 100% owned subsidiary of GTIBH, that will house the carved-out data center business, which has the potential to expand up to 100MW capacity in the mid to long term. AC's infusion of ₱1.26 billion into KarmanEdge, Inc. will be an investment in a joint venture given its 10% stake. Globe will book a dilution gain on March 31, 2022, the infusion date of STT GDC and AC. The capital infusion by the new partners will result in a post-

money valuation in the range of US\$350 million. Post execution of the share subscription agreement, Globe will remain the largest shareholder with 50%, followed by STT GDC with 40%, and AC taking up the 10% balance. The transaction was completed on March 31, 2022 (see Note 10).

6. On December 19, 2014, MCX Tollway, Inc. (MTI) entered into an Operations and Maintenance Agreement with AC to perform the O&M obligations of AC in relation to the Daang Hari-SLEX Link Road Project under the Concession Agreement between AC and the Government, represented by the DPWH. The contract has a term of seven (7) years, renewable for another seven (7) years with the right of first offer in favor of MTI.

On February 9, 2022, AC and MTI agreed to extend the expiry of the Operations and Maintenance Agreement until December 31, 2022, unless terminated sooner by either AC or MTI in accordance with the Operations and Maintenance Agreement.

In relation to the Novated Operations Advisory and Maintenance Contracts between AC and EGIS Projects Philippines, Inc. (EPPI) set to expire on July 24, 2022, AC and EPPI agreed to extend the expiry of the Novated Operations Advisory and Maintenance Contracts until December 31, 2022 unless terminated sooner by either AC or EPPI in accordance with the Novated Operations Advisory and Maintenance Contracts.

7. On December 10, 2021 the BOD of the Parent Company approved the signing of investment agreement with Prime Asset Ventures, Inc. (PAVI) for the sale of the Parent Company's 100% ownership stake in MCXPCI, subject to the consent of the project's grantor, the DPWH. The concession assets and obligations under the MCX are currently embedded within the Parent Company (see Note 13). The Parent Company is in the process of transferring the same to MCXPCI following the receipt of consent from DPWH. On March 10, 2022, DPWH granted its consent to the transfer of the concession assets and obligations under the MCX CA from AC to MCXPCI.

On March 18, 2022, Ayala disclosed that the Department of Public Works and Highways (DPWH) had given its consent to the spinoff of the Muntinlupa-Cavite Expressway (MCX) Project from AC to MCX Project Company, Inc. (MCXPCI), the special purpose corporation that will hold the Concession Assets, Rights and Obligations under the Concession Agreement for the MCX Project. AC had earlier signed on December 6, 2021 an investment agreement with Prime Asset Ventures, Inc. ("PAVI") of the Villar Group for the sale of AC's 100% ownership stake in MCXPCI, subject to several conditions precedent including the consent of the DPWH. The sale of MCXPCI is aligned with Ayala's strategic priority to realize value from certain non-core assets and sharpen its focus on the continued expansion of its core businesses in real estate, banking, telecommunications, and power, and scaling up its emerging businesses in healthcare and logistics. A consideration of ₱3.8 billion shall be paid to the Parent Company in two tranches: (1) ₱3.219 billion upon financial close; (2) ₱581 million upon lapse of the Parent Company's lockup period as prescribed under the MCX CA. Financial close of the transaction is subject to securing consents of the DPWH for: (1) Transfer of the concession assets and obligation under the MCX CA from AC to MCXPCI; (2) Transfer of Class A Common Shares from AC to PAVI; and (3) Redemption of preferred shares held by AC in MCXPCI. The DPWH's consent to letter (a) was secured on March 10, 2022.

8. On March 11, 2022, Ayala reported its net income for the full year of 2021. Ayala's net profits grew 62 percent to ₱27.8 billion in 2021, primarily driven by realized income from the execution of strategic initiatives in the group, boosted by the improved performance of ALI and BPI. Ayala posted gains from executed transactions during the year, including the remeasurement of its stake in Manila Water following the sale of secondary shares to Trident Water, the sale of the Ayala group's stake in GNPowder Kauswagan, and the entry of a new investor in Mynt.

ACEIC

1. On January 21, 2022, the BOD of ACEN approved the amendment to the Administration and Management Agreement with South Luzon Thermal Energy Corporation (SLTEC) to include, among others, the provision of operations and maintenance services by ACEN to SLTEC.

2. On January 30, 2022, ACEN and UPC Solar Asia Pacific, commenced construction of the 300 MWac (420 MWp) Masaya Solar farm through their joint venture company, UPC-AC Energy Solar.

The Masaya Solar project is located in the Khandwa District, State of Madhya Pradesh, and is set to produce 691 GWh of renewable energy per year while avoiding approximately 635,720 MT of CO₂ emissions annually. Once completed, the Masaya Solar farm will be UPC-AC Energy Solar's third and largest solar project in India to date.

UPC-AC Energy Solar is in the process of securing a 20-year loan from the State Bank of India to fund the project with an estimated project cost of US\$220.00 million under a 75:25 debt-to-equity financing scheme, with the joint venture supplying electricity at INR 2.71 per kWh fixed over a 25-year period under a power supply agreement with the Solar Energy Corporation of India.

3. On January 31, 2022, ACEN, through its wholly-owned subsidiary, AC Energy Vietnam Investments Pte. Ltd. (ACEV) and Super Energy Corporation Public Company Limited (SUPER), through its subsidiary, Super Energy Group (Hong Kong) Co., Limited (Super HK), have signed an agreement to form a strategic partnership to develop, own and operate renewable energy projects across ASEAN.

ACEV signed a share purchase agreement (with conditions precedent) to acquire a 49% interest of Solar NT, owned by Super HK. SUPER is a premier Thai renewable energy developer and investor. The transaction will be via secondary shares acquisition for a total consideration of US\$165.00 million.

Post-restructuring, Solar NT will own and operate nine solar power plants across Vietnam with a total capacity of approximately 837 megawatts.

The transaction is the beginning of a strategic partnership between ACEN and SUPER which will continue to expand their renewable footprints in Vietnam as well as exploring other Southeast Asian markets.

4. On February 14, 2022, ACEN signed a subscription agreement with Buendia Christiana Holdings Corp. (BCHC) for the subscription by ACEN to 3.02 million common shares and 16.99 million redeemable preferred shares (RPS), subject to the necessary regulatory approval by the SEC of the increase in ACS of BCHC. The additional capital will be used by BCHC to purchase real property required for various potential power projects.
5. On February 23, 2022, the ACEN Group's Battery energy storage system through Giga Ace 4 has started operations. The pilot 40 MW (2x20 MW) energy storage project located in Alaminos, Laguna, is adjacent to SolarAce1's operating 120 MW Alaminos Solar Farm.
6. On March 18, 2022, ACEN, its wholly-owned subsidiary ACE Endeavor, Inc. (ACE Endeavor), UPC Philippines Wind Investment Co. BV (UPC Philippines), UPC Philippine Wind Partners Ltd., and Stella Marie L. Sutton (Ms. Sutton) signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights in the following Philippine renewable companies and businesses (Target Companies) to ACEN and ACE Endeavor:
 - North Luzon Renewable Energy Corp. (NLR), a joint venture between UPC Philippines Holdco I B.V., ACEN, and Luzon Wind Energy Holdings B.V. It is the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte.
 - Bayog Wind Power Corp.(BWPC), is the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte. It is a joint venture between the Company through subsidiary ACE Endeavor, Inc. and UPC Philippines Holdco II B.V..
 - (a) Buduan Wind Energy Co. Inc., (b) Caraballo Mountains UPC Asia Corporation, are non-operating, development special purpose vehicles (SPV), and (c) Pangasinan UPC Asia Corporation (Laguna Solar), Laguna Solar has 1,500MW currently in the pipeline.
 - (d) Sapat Highlands Wind Corporation, (e) Mindanao Wind Power Corp., (f) Itbayat Island UPC Asia Corporation, (g) Laguna Central Renewables, Inc., (h) Suyo UPC Asia

Coporation and (i) SolarAce4 Energy Corp (SolarAce4) have a combined pipeline of 800MW.

On March 8, 2022, the BOD of ACEN approved a revised list of Subscribers constituting the UPC Philippines group, including a re-allocation of some of the shares for subscription, which was presented to and approved by the stockholders during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

The issuance and listing of the ACEN common shares were presented to the stockholders for approval on December 15, 2021 during a special stockholders' meeting. Stockholders representing at least a majority of the authorized capital stock of ACEN voted to approve the said share issuance and listing.

ACEN paid an aggregate amount of ₱2,386.5 million for the Sellers' shares and/or subscription rights in the Target Companies.

7. On March 22, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱8.2889 per share:

UPC Philippines Wind Partners Ltd	19,059,423
Wind City Inc.	142,668,634
Estanyol Holdings Ltd.	153,493,200
Tenggay Holdings Ltd.	70,525,763
Alan Kerr (collectively, the UPC Philippines Group)	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	₱8.2889
Total subscription price (subject to adjustment)	₱3,232,636,460

The transaction was approved by the BOD of ACEN on October 18, 2021. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines Group, including a re-allocation of some of the shares for subscription, which was presented to and approved by the stockholders during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

AC Industrial

Effective January 1, 2022, AC Industrials assigned its receivables including accrued interest from Merlin Solar Technologies, Inc. (MSTI) amounting to US\$17.34 or ₱884.44 million to ACI Solar Holdings NA, Inc. (ACI Solar) payable on or before January 28, 2023. The assigned receivables will allow ACI Solar to convert the receivables into equity in MSTI.

ALI

1. On January 20, 2022, the Board of Directors of Ayala Land, Inc. (ALI) approved a property-for-share swap with AC and Mermac, Inc. (Mermac). Under the transaction, AC and Mermac will transfer assets to ALI in exchange for its primary common shares. Subject to regulatory approvals, AC will subscribe to 309,597,711 primary common shares for assets valued at ₱17,275,552,273.80, and Mermac will subscribe to 1,982,289 primary common shares for assets worth ₱110,611,726.20, totaling 311,580,000 primary common shares at a value of ₱55.80 per share, as validated by a third-party fairness opinion. The primary common shares to be issued by ALI to AC and Mermac will come from the unissued shares in the 1-Billion Common Shares Carve Out approved by ALI shareholders in 2014. The said shares are not subject to pre-emptive rights and do not require stockholders' approval under the Seventh Article of the Articles of Incorporation of Ayala Land, Inc.
2. On February 24, 2022, the BOD approved the following:
 - a. The raising of up to ₱45 billion in debt capital to refinance maturing debt and partially finance general corporate requirements through the issuance of retail bonds and/or corporate notes for listing on the Philippine Dealing and Exchange Corporation and/or execution of bilateral term loans.
 - b. The 2022 stock option program under our Employee Stock Ownership Plan (the "Plan") which authorizes the grant to qualified executives, in accordance with the terms of the Plan,

of stock options covering up to a total of 17,250,890 common shares at a subscription price of ₱30.29 per share, which is the average price of our common shares at the Philippine Stock Exchange over the last 30-day trading period as of February 14, 2022, less a 15% discount.

- c. The declaration of cash dividends of ₱0.1352 per outstanding common share payable on March 25, 2022 to stockholders of common shares as of record date March 11, 2022. This was paid on March 25, 2022.
 - d. The adoption of the Money Laundering and Terrorism Financing Prevention Program as endorsed by the Board Risk Oversight Committee.
 - e. The amendments to the Audit Committee Charter, as endorsed by the Audit Committee, and the Charter of the Board of Directors, Manual of Corporate Governance, and Insider Trading Policy, as endorsed by the Corporate Governance and Nomination Committee.
3. On March 9, 2022, the Executive Committee of ALI approved ALI's subscription to 252,136,383 AREIT primary common shares, in exchange for six office buildings located in Cebu with an aggregate value of ₱11,257,889,535.91, under a property-for-share swap as validated by a third-party fairness opinion. The transaction was approved by AREIT shareholders at their annual meeting held last April 21, 2022, but is still subject to approval by pertinent regulatory bodies.
 4. The fair value of ALI shares held by the Parent Company amounted to ₱239.9 billion and ₱250.4 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The voting rights held by the Parent Company in ALI is 68.2% and 68.1% as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

IMI

The fair value of the IMI shares held by the Group amounted to ₱9.4 billion and ₱9.7 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The voting rights held by the Group in IMI is 52.1% as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

AC Health

1. On January 25, 2022, AC subscribed to 50,347,000 preferred shares to be issued out of the existing authorized capital stocks with a subscription price of ₱5 per share or an aggregate subscription price of ₱251.7 million. On the same date, AC settled its outstanding subscription payable amounting to ₱7.3 million. The receipt of subscription is intended for working capital requirements of the AC Health Group.

On February 21, 2022, AC subscribed to 9,705,000 preferred shares to be issued out of the existing authorized capital stocks with a subscription price of ₱5 per share or an aggregate subscription price of ₱48.5 million. The receipt of subscription is intended for the acquisition of remaining 76% of the outstanding shares of APPPPS Partners, Inc. (AIDE).

2. On January 27, 2022, AC Health subscribed and paid ₱51.30 million and ₱5.70 million for the additional preferred and common shares at ₱1 per share intended for working capital requirements of Vigos and funding of overhead requirements of HealthNow Inc.

On January 31, 2022, Vigos subscribed and paid ₱50 million for the additional common shares at ₱1 per share intended for the working capital requirements of HealthNow Inc.

In February 2022, AC Health subscribed to 200,000 common shares and 110,000 redeemable preferred shares to be issued out of the increase in the authorized capital stock with a subscription price of ₱100 per share or an aggregate subscription price of ₱31 million upon approval of SEC for the increase in Healthway Philippines Inc.'s (HPI) authorized capital stock. The receipt of subscription is intended to fund working capital requirements of HPI.

On February 23, 2022, HealthNow Inc., a 50:50 jointly controlled entity by AC Health group and 917 Ventures, Inc. acquired a 76% ownership interest in AIDE through the purchase of 3,804,783 common shares with aggregate subscription price of ₱78 million.

AC Infra

1. On January 25, 2022 and March 25, 2022, the Parent Company made a capital infusion of ₱295.0 million and ₱25.0 million, respectively, to AC Infra. AC Infra will issue 320.0 million redeemable preferred shares with a par value of ₱1 per share when its application for increase in authorized capital stock is approved by SEC.
2. On February 8, 2022, AC Infra made a capital infusion of ₱295.0 million to LRMHI for a deposit for future stock subscription of 163.9 million common shares. Common shares will be issued upon approval of increase in authorized capital stock by SEC.

On March 30, 2022, AC Infra made a capital infusion of ₱25.0 million to AFPI, equivalent to 25.0 million preferred shares with par value of ₱1.00 per share.

AC Logistics

On February 11, 2022, the Parent Company infused ₱164.0 million to AC Logistics to fund its budgeted expenses for 2022. AC Logistics issued 164.0 million common shares at ₱1 par value per share from its unsubscribed authorized capital stock.

AAC

On January 3, 2022 and January 24, 2022, the Parent Company infused ₱24.0 million and ₱21.0 million, respectively, to AAC to fully cover its disbursements for the first quarter of 2022. Capital infusion will be for the full payment of AC's outstanding subscription payable as of December 31, 2021.

On March 28, 2022, the Parent Company infused ₱45.0 million to AAC to fully cover its disbursements for the second quarter of 2022.

AIVPL

On February 4, 2022, AIVPL redeemed the 22.0 million shares at US\$1.00 per share held by the Parent Company. The resulting gain on the return of capital to AC was eliminated at the AC consolidated level.

HCX Technology Partners, Inc. (HCX)

In November 2021, the Parent Company entered into a Share Purchase Agreement with Asti Business Services, Inc. for the sale of its 100% stake in HCX, which was completed on the same day. The Parent Company sold its 14.25 million shares for a total consideration of ₱61.2 million of which 10% remains outstanding representing the hold out (CAR). The sale resulted to a net loss amounting to ₱56.4 million.

The total assets and total liabilities of HCX, which were consolidated by Ayala prior to such sale, amounted to ₱174 million and ₱94 million, respectively.

Material subsidiaries with material economic ownership interest

The summarized financial information of subsidiaries that have material non-controlling economic interest is provided below. This information is based on amounts before intercompany eliminations and consolidation adjustments.

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Millions)	
Ayala Land, Inc. and Subsidiaries		
Current assets	₱ 324,870	₱ 328,553
Non-current assets	425,094	416,911
Current liabilities	216,607	208,224
Non-current liabilities	261,467	266,738
Equity		
Attributable to owners of the parent	233,312	232,621
Attributable to non-controlling interest	38,578	37,881
Revenue	24,480	23,187 *

Net income		
Attributable to owners of the parent	3,168	2,780 *
Attributable to non-controlling interest	893	898 *
Other comprehensive income	(21)	201 *

Integrated Microelectronics, Inc. and Subsidiaries

Current assets	US\$ 776	US\$ 752
Non-current assets	356	371
Current liabilities	496	473
Non-current liabilities	185	188
Equity		
Attributable to owners of the parent	395	405
Attributable to non-controlling interest	56	57
Revenue	334	328 *
Net (loss) income		
Attributable to owners of the parent	(2)	2 *
Attributable to non-controlling interest	(2)	(1) *
Other comprehensive income	(6)	(12) *

AC Energy and Infrastructure Corporation and Subsidiaries

Current assets	₱ 79,359	₱ 79,386
Non-current assets	159,942	140,274
Current liabilities	12,798	9,070
Non-current liabilities	97,646	94,174
Equity		
Attributable to owners of the parent	73,848	80,097
Attributable to non-controlling interest	55,009	36,319
Revenue	10,962	10,356 *
Net income		
Attributable to owners of the parent	1,076	2,425 *
Attributable to non-controlling interest	108	31 *
Other comprehensive income	(7)	98 *

* Based on unaudited March 31, 2021.

As of March 31, 2022 (unaudited), the proportion of economic ownership held by material non-controlling interest of ALI and IMI are 53.7% and 47.9%, respectively, while the voting rights held are 31.8% and 47.9%, respectively. While ACEIC is a wholly-owned subsidiary of the Parent Company, the material non-controlling interests within the ACEIC Group is generally attributable to the 35.35% ownership of the non-controlling interest in ACEN.

4. Cash and Cash Equivalents

This account consists of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Cash on hand and in banks	₱54,436,844	₱ 53,543,366
Cash equivalents	34,189,044	36,940,543
	₱88,625,888	₱ 90,483,909

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

The Group maintains cash and cash equivalents with Bank of the Philippine Islands (BPI), an associate of the Parent Company and related party of the Group, amounting to ₱24.4 billion and ₱34.1 billion, as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively (see Note 23).

5. Short-term Investments

This account consists of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Money market placements	₱ 3,087,594	₱ 930,938

Short-term investments pertain to money market placements made for varying periods of more than three months but less than one year and earn interest at the respective short-term investment rates.

The Group maintains short-term investments with BPI amounting to ₱734.6 million and ₱588.9 million, as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively (see Note 23).

6. Accounts and Notes Receivable

This account consists of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Trade:		
Real estate and hotels	₱ 123,583,658	₱ 120,551,043
Industrial Technologies	14,472,961	14,469,989
Power	4,574,182	6,924,081
Automotive, Outsourcing and others	5,681,345	6,063,500
Receivable from related parties (Note 23)	42,089,986	41,384,176
Advances to other companies	30,787,523	27,147,893
Receivable from officers and employees (Note 23)	1,280,982	1,265,883
Dividend receivable (Note 23)	531	11,899
Others (Note 23)	16,052,710	14,473,362
	238,523,878	232,291,826
Less allowance for expected credit losses	4,000,031	3,915,215
	234,523,847	228,376,611
Less noncurrent portion	90,882,584	83,301,217
	₱ 143,641,263	₱ 145,075,394

The aging analysis of accounts and notes receivables that are past due but not impaired as of March 31, 2022 (unaudited) and December 31, 2021 (audited) follows:

	Neither Past Due Nor Impaired	Past Due But Not Impaired					Sub-Total	Individually Impaired	TOTAL
		<30 days	30-60 days	61-90 days	91-120 days	>120 days			
in Millions									
March 31, 2022 (Unaudited)									
Trade:									
Real estate and hotels	P 90,944	P 9,478	P 1,603	P 2,789	P 5,333	P 11,260	P 30,463	P 2,177	P 123,584
Industrial Technologies	12,144	1,089	442	194	84	339	2,148	181	14,473
Power	4,574	-	-	-	-	-	-	-	4,574
Automotive, Outsourcing and others	2,304	774	446	462	398	1,165	3,245	131	5,680
Receivable from related parties	41,557	109	71	62	49	238	529	4	42,090
Advances to other companies	20,226	1,974	111	102	166	7,878	10,231	331	30,788
Receivable from officers and employees	828	40	10	5	84	312	451	2	1,281
Dividend receivable	1	-	-	-	-	-	-	-	1
Others	15,974	19	2	1	3	14	39	40	16,053
TOTAL	P 188,552	P 13,483	P 2,685	P 3,615	P 6,117	P 21,206	P 47,106	P 2,866	P 238,524
December 31, 2021 (Audited)									
TOTAL	P 178,506	P 15,241	P 3,054	P 3,568	P 4,926	P 24,242	P 51,031	P 2,754	P 232,292

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

Real estate and hotels

Real estate receivables consist of:

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

Residential, commercial and office development receivables are collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost using the effective interest rate method with annual interest rates ranging from 5.8% to 16.0%. Titles to real estate properties are transferred to the buyers only once full payment has been made.

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

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

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

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 Bayanihan 2 Act, a 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 interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, ALI Group provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on ALI Group's assessment, the modifications in the contractual cash flows as a result of the reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

ALI Group sold residential receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, totaling to ₱5.1 billion for the period March 31, 2022 (unaudited) and ₱21.9 billion for the full-year 2021 (audited). These were sold at a discount with total proceeds of ₱4.2 billion for the period March 31, 2022 (unaudited) and ₱19.8 billion in the full-year 2021 (audited). ALI Group recognized loss on sale, under Interest and Other Financing Charges amounting to ₱0.9 billion and ₱2.1 billion for the period March 31, 2022 (unaudited) and for the full-year 2021 (audited), respectively.

Industrial Technologies

Pertain to receivables arising from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

Power

Power generation receivables pertain to ACEIC Group's receivable from Independent Electricity Market Operator of the Philippines, National Grid Corporation of the Philippines (NGCP), National Transmission Corporation (TransCo) for the FIT and from the Group's bilateral customers. Significant portion of outstanding balance pertains to receivables from MERALCO Baseload, Mid-Merit PSAs and FIT system adjustments. It consists of both noninterest-bearing and interest-bearing receivables. The term is generally 30-to-60 days.

Noncurrent trade receivables which consist of refundable amount from Philippine Electric Market Corporation (PEMC), and FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period.

Automotive

Automotive receivables relate to sale of passenger cars, motorcycles and commercial vehicles and are collectible within 30 to 90 days from date of sale.

Outsourcing

Outsourcing receivables arise from venture capital for technology businesses; provision of value-added content for wireless services, online business-to-business and business-to-consumer services; electronic commerce; technology infrastructure sales and technology services; and onshore- and offshore-outsourcing services and are normally collected within 30- to 60- days from invoice date.

International and others

International and other receivables arose from investments in overseas property companies and projects, charter services, agri-business and others and are generally on 30- to 60- day terms.

The nature of the Group's other receivables follows:

Advances to other companies

ALI

Advances to other companies includes ALI's advances to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur. The advances are liquidated when proceeds from the sale of the related projects are applied.

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

On December 17, 2014, NTDCC and MRTDC shareholders executed a "funding and repayment agreement" wherein the latter agrees to repay NTDCC, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from ALI Group.

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

AC Industrial

In 2019, AC Industrial extended a loan to Roadworthy Cars, Inc. (RCI) amounting to ₱1,605.0 million which bears interest at the rate of 16% per annum and which accrue from, and shall be paid by RCI, beginning on the second anniversary of the commencement of business of KPMC. For the

succeeding years until the repayment date, interest on the principal amount of the loan shall accrue with respect to the outstanding amount of the loan at the rate of 8% per annum and is payable for a period of 10 years. As of March 31, 2022 (unaudited) and December 31, 2021 (audited), loans receivable from RCI amounted to ₱2,004.0 million and ₱1,968.7 million, respectively.

ACEIC

In 2019, ACEIC and UPC Renewables Asia Pacific Holdings Limited (URAPHL) entered into an interest-bearing loan agreement to fund the development of renewable energy and energy storage projects. The interest-bearing loan has a total facility of US\$33.00 million and bears annual fixed rate interest and payable upon maturity. The principal and interest of the loan are payable on January 31, 2023.

As of March 31, 2022 (unaudited) and December 31, 2021 (audited), outstanding balance of the interest-bearing loan amounted to US\$85.4 million (₱4,436.9 million) and US\$29.3 million (₱1,489.6 million), respectively. Interest income amounted to US\$0.60 million (₱32.41 million) and US\$0.62 million (₱29.13 million) for the periods ended March 31, 2022 and 2021 (both unaudited), respectively.

Receivables from Philippine Electricity Market Corporation (PEMC) Multilateral Agreements arises from recalculation of November and December 2013 spot prices as directed by the Energy Regulation Commission. In 2014, ACEIC, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.5 million.

In 2020, ACEIC, BIM Energy Holdings Corporation (BIMEH) and BEHS Joint Stock Company (BEHS) entered into an extended short-term loan facility for the purpose of implementing the business plans of these companies. The short-term loan has a total facility of \$21.00 million and \$9.00 million for BIMEH and BEHS, respectively. The loans bear fixed rate, drawable in tranches and maturing within 11 months from the first drawdown date on June 8, 2020. In July 2021, the short-term loan facility has matured.

As of March 31, 2021 (unaudited), outstanding receivable from BIMEH and BEHS are US\$9.80 million (₱509.20 million) and US\$9.0 million (₱467.64 million), respectively. Interest income amounted to US\$0.20 million (₱10.26 million) and US\$0.75 million (₱36.89 million) for the periods ended March 31, 2022 and 2021 (both unaudited), respectively.

Receivables from NGCP are non-interest-bearing receivables from NGCP arising from (1) the sale of transmission assets, which are collectible annually within 3 years, discounted using the PHP BVAL reference rates on transaction date ranging from 2.14% - 4.56%; and (2) SLTEC's receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets.

Receivable from related parties

The receivables from related parties and selected third parties discussed above bear interest ranging from 2.65% to 12.50% annually. Interests are payable upon maturity of the interest-bearing loan.

On December 22, 2020, ACEIC signed the Affiliated Subordinated Indebtedness (ASI) agreement with GN Power Kauswagan Ltd. Co. (GNPK) for US\$200.0 (₱9,607.2 million). The ASI loan is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50% which shall accrue starting January 1, 2021. The maturity date of the loan is the later of the (1) the final maturity date of the GNPK Senior Loans (due 2031); and (2) the full payment on, and redemption of full interest of a partner in GNPK and in GNPK's Parent Company, KPHLC under the limited partnership agreements. GNPK's payment of the interest on the ASI loan and the principal shall follow the repayment waterfall stipulation in the ASI loan agreement. Any unpaid interest shall accrue interest.

Receivables from officers and employees

Receivable from officers and employees pertain to housing, car, salary and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing (6.0% per annum) and have various maturity dates.

Others

Other receivables include accrued interest receivable from cash and cash equivalents and short-term investment and other nontrade receivables from non-related entities which are non-interest bearing and are due and demandable. This also includes receivable from the DPWH pertaining to the additional costs incurred by the Parent Company in the construction of the Daang Hari-South Luzon Expressway (SLEX) Link Road arising from the government directive to revise the interconnection design of the road amounting to ₱215.9 million in March 31, 2022 (unaudited) and December 31, 2021 (audited).

On March 5, 2021, ACEIC, Power Partners Ltd. Co. (PPLC) and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis. On September 30, 2021, after all conditions precedent have been met, ACEIC executed the divestment. The receivables from PPLC and affiliates arising from the first tranche sale amounted to ₱9,638.6 million. The receivable from PPLC is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50%. The maturity date of the loan is December 31, 2031. The amount and timing of collection is based on the priority payment waterfall provisions of the divestment agreement. Any unpaid interest shall accrue interest.

Receivable from the sale of MWC preferred shares amounted to ₱3,805.9 million as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

Impairment of financial assets

In general, the Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but 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.

Provisions for ECL amounted to ₱81.2 million and ₱31.5 million for the periods ended March 31, 2022 and 2021 (both unaudited), respectively, which form part of the Group's General and Administrative Expenses.

7. Inventories

This account consists of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In thousands)	
At cost:		
Real estate inventories	₱141,685,651	₱ 147,744,699
Materials and supplies	15,875,838	13,899,812
Vehicles	992,844	1,021,302
Work-in-process	859,772	821,374
Finished goods	430,432	343,766
Others	832,386	870,943
	160,676,923	164,701,896
At NRV:		
Work-in-process	355,212	345,366
Finished goods	263,564	244,517
Materials, supplies and others	1,046,978	1,115,058
	1,665,754	1,704,941
	₱162,342,677	₱ 166,406,837

The Group recognized provision for inventory obsolescence amounting to ₱9.4 million and ₱5.5 million for the periods ended March 31, 2022 and 2021 (both unaudited), respectively. The provision is included under General and Administrative Expenses account.

8. Other Current Assets and Other Noncurrent Assets

These accounts consist of the following:

Other current assets

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Advances to contractors	₱23,542,870	₱ 24,463,833
Prepaid expenses	19,706,497	19,880,043
Input VAT	15,468,018	14,424,064
Creditable withholding tax	11,491,234	10,120,205
Financial assets at FVTPL	7,907,133	7,529,812
Contract assets	2,675,512	2,730,818
Deposits in escrow	920,333	900,272
Derivative assets	272,628	442,242
Others	1,915,699	1,450,448
	₱83,899,924	₱ 81,941,737

Other noncurrent assets

	March 2022 (Unaudited)	December 2021 (Audited)
Investment in bonds and other securities		
Financial assets at amortized cost	₱29,878,240	₱ 26,085,959
Financial assets at FVOCI	6,472,380	5,988,712
Financial assets at FVTPL	2,996,944	3,878,596
Deferred charges	14,489,656	14,954,424
Advances to contractors	8,793,505	8,453,875
Deferred input VAT	2,883,717	2,785,101
Creditable withholding taxes	2,213,437	2,205,736
Deposits - others	2,208,528	1,918,082
Pension assets	109,802	68,085
Others	2,629,454	3,620,738
	₱72,675,663	₱ 69,959,308

Other current assets include the following:

- a) Advances to contractors and suppliers
Advances to contractors and suppliers represents prepayments for the construction of inventories. These are recouped from billings which are expected to occur in a short period of time.
- b) Prepaid expenses
Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance. In line with ALI Group's accounting policy, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgment was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract specific key performance indicators that could trigger variable consideration, or service credits.
- c) Input VAT
Input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

- d) Creditable withholding tax
The Group will be able to apply the creditable withholding taxes against income tax payable.
- e) Financial Assets at FVTPL
The Group's financial assets at FVTPL pertains to investment securities which includes the Compulsory convertible debenture of Masaya Solar Energy Private Limited; common and preferred shares of The Rohatyn Group (TRG) Allocation LLC and TRG Management LP (collectively TRG investments); Unit Investment Trust Fund (UITF) investments; ARCH Funds, Alibaba Group's new Retail Strategic Opportunities Fund; Indies Pelago Investments, L.P.; Ikhlas Capital Fund, L.P.; promissory notes issued by CLOUSE S.A-Class C ordinary shares in Ant International Co. Limited; TRG Global Opportunity Fund and TRG Special Opportunity Fund; Sares-Regis Investments; RETC, LLC; TPA Ventures Pte. Ltd.; and Tikehau (TKS I, LP), among others.
- f) Contract assets
Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.
- g) Deposits in escrow
Deposits in escrow pertain to the proceeds from the sale of ALI Group that have been only granted with a temporary License To Sell (LTS) by the Housing and Land Use Regulatory Board (HLURB). For projects with temporary LTS, all payments, inclusive of down payments, reservation, and monthly amortization, among others, made by the buyer within the selling period shall be deposited in an escrow account.
- h) Others
Others mainly include deferred charges and accrued liquidated damages.

Other noncurrent assets include the following:

- a) Investments in debt and equity securities
This account consists of debt and equity investments, which are classified as financial assets at amortized cost, financial assets at fair value through OCI (FVOCI) and financial assets at fair value through profit or loss (FVTPL). These accounts are classified according to underlying conditions or terms of investments.

Financial assets at amortized cost includes investments in redeemable preferred shares and subscription deposits and convertible loans. These are attributed to AC Energy group.

Financial assets at FVOCI includes investment in bonds, quoted and unquoted equity investments.

Financial assets at FVTPL includes the convertible loans in First Myanmar Investment Public Co. (FMI).

On November 8, 2019, the Parent Company signed definitive agreements to acquire a 20% stake in FMI.

The investment in FMI will be via US\$82.5 million convertible loan, which was made by VIP Infrastructure Holdings Pte. Ltd. (VIP), on January 23, 2020. VIP disbursed US\$82.5 million into FMI after securing approval from the Central Bank of Myanmar. The transaction forms part of the VIP's \$237.5 million investment in Yoma Group (see Note 10).

The term of the loan is two (2) years with an option to extend to five (5) years. The said loan is convertible to a 20% stake in FMI, and is subject to the satisfaction of certain conditions, including the issuance of regulations by the relevant Myanmar authorities allowing FMI to list the shares received by VIP upon conversion and VIP to trade the said shares, among others.

Interest on the said loan shall be equal to any dividends or distributions declared by FMI from time to time to existing shareholders. As of December 31, 2021, the convertible loan remains unconverted.

On March 23, 2022, Ayala and FMI agreed to restructure the convertible loan disbursed to FMI, through VIP, into a perpetual loan by executing: (a) a Restructured Loan Agreement, whereby the loan will be automatically converted to shares in FMI at the fixed price of MMK15,000 when certain conditions are met, including the 7-day volume weighted average price of a Share of the FMI being equal to or greater than MMK15,000, which is the issue price for the shares; and (b) a Termination Agreement with respect to the Convertible Loan. Following the execution of the documents, Ayala shall retain its rights under the Convertible Loan Agreement.

b) Deferred charges

Deferred charges include ALI's project costs incurred for unlaunched projects of the group, advance rental payments, and noncurrent prepaid management fees. This also includes ALI's noncurrent portion of cost to obtain contracts which includes prepaid commissions and advances to brokers.

Deferred charges also include IMI's tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

c) Advances to contractors

Advances to contractors represents prepayments for the construction of investment properties, property and equipment and service concession assets.

d) Deferred input VAT

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

e) Creditable Withholding Tax

The Group will be able to apply the creditable withholding taxes against income tax payable or can be claimed as tax refund from the BIR.

f) Deposits - others

This includes deposits and advances for projects which include escrow deposits and security deposits on land leases, electric and water meter deposits.

g) Others

Others pertain to prepayments for expenses that is amortized for more than one year. As of March 31, 2022 (unaudited) and December 31, 2021 (audited), this includes restricted cash amounted to nil and ₱137.8 million, respectively, that is not available for use by the Group.

9. Right-of use assets and Lease liabilities

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Right-of-use assets	₱ 21,551,619	₱ 20,996,946
Lease liabilities - current and noncurrent	₱ 28,224,761	₱ 27,613,757

Leases effective January 1, 2019

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

Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) 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 those costs are incurred to produce inventories.

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. Right-of-use assets are subject to impairment.

ii) Lease liabilities

Group as lessee

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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) 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 considered of low value as defined in the accounting policies of subsidiaries. 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 is accounted on a straight line basis over the lease term and is included in revenue in the consolidated statement of income 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 recognised 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.

Lease concessions

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. Where the Group has evaluated that the rent concessions do not qualify as a lease modification, the Group accounts for the lease concessions in the form of negative variable rent which the Group records when the concession is granted, regardless of the period to which the concession pertains.

10. Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for under the equity method of accounting. Major associates and joint ventures and the related percentages of economic ownership as of March 31, 2022 (unaudited) and December 31, 2021 (audited) are as follows:

	% of Economic Ownership			
	March 2022 (Unaudited)	December 2021 (Audited)	March 2022 (Unaudited)	December 2021 (Audited)
Domestic:			(In Millions)	
Bank of the Philippine Islands (BPI)	32.9	32.9	₱ 118,215	₱ 115,960
Liontide Holdings Inc. (LHI)*	78.1	78.1	55,303	54,313
Globe Telecom, Inc. (Globe)*	30.8	30.8	32,290	29,385
Manila Water Company, Inc. (MWC)	30.4	30.4	19,432	19,264
Ortigas Land Corporation (OLC)	21.0	21.0	9,126	9,017
AA Thermal, Inc. (AATI)	40.0	40.0	8,120	7,633
Philippine Wind Holdings Corporation (Philwind)*	45.1	45.1	7,029	4,749
ALI-ETON Property Development Corporation*	50.0	50.0	5,108	5,084
Light Rail Manila Holdings, Inc. (LRMHI)	50.0	50.0	5,788	5,556
Emerging City Holdings, Inc. (ECHI)*	50.0	50.0	3,917	3,871
iPeople, Inc. (IPO)	33.5	33.5	3,519	3,378
AKL Properties, Inc. (AKL)*	50.0	50.0	3,134	3,108
Berkshire Holdings, Inc. (BHI)*	50.0	50.0	1,935	1,915
Cebu District Property Enterprise, Inc. (CDPEI)*	35.0	35.0	1,627	1,630
Asiacom Philippines, Inc. (Asiacom)*	60.0	60.0	1,545	1,544
Bonifacio Land Corporation (BLC)	10.0	10.0	1,419	1,401
IE Medica, Inc. (IEM)	49.0	49.0	1,306	1,278
KarmanEdge Inc.*	10.0	-	1,262	-
Ingrid Power Holdings, Inc. (Ingrid)*	50.0	50.0	1,195	1,211
Alveo-Federal Land Communities, Inc.*	50.0	50.0	1,129	1,122
Maibarara Geothermal, Inc.	25.0	25.0	793	785
Rize-Ayalaland (Kingsway) GP Inc. (Rize-Ayalaland)	49.0	49.0	716	542
BF Jade E-Services Philippines, Inc. (BF Jade/Zalora)	44.6	44.6	674	687
Foreign:				
Star Energy Geothermal (Salak-Darajat) B.V. (Salak-Darajat) (incorporated in Netherlands)	19.8	19.8	11,155	10,652
BIM Renewable Energy Joint Stock Company (incorporated in Vietnam)*	30.0	30.0	1,700	1,598
Tianjin Eco-City Ayala Land Development Co., Ltd. (incorporated in China)*	40.0	40.0	199	199
BIM Energy Joint Stock Company (incorporated in Vietnam)*	30.0	30.0	115	112
Others - net	Various	Various	13,063	8,069
			₱ 310,814	₱ 294,063

* Joint ventures.

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's investments in associates and joint ventures is the Philippines.

Except as discussed in subsequent notes, the voting rights held by the Group in its investments in associates and joint ventures are in proportion to its economic ownership interest.

The following are financial highlights and significant transactions of associates and joint ventures, part of which affected the Parent Company's investments in its associate and joint venture:

BPI Group

BPI's Consolidated Statements of Condition

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Millions)	
Total Resources	₱ 2,378,243	₱ 2,421,915
Total Liabilities	₱ 2,076,113	₱ 2,126,759
Capital Funds Attributable to the Equity Holders of BPI	299,976	293,060
Capital Funds Attributable to the Noncontrolling Interest	2,154	2,096
Total Liabilities and Capital Funds	₱ 2,378,243	₱ 2,421,915

BPI's Consolidated Statements of Income

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Millions, except earnings per share)	
Interest Income	₱ 22,411	₱ 20,758
Other Income	6,369	7,449
Total Revenues	28,780	28,207
Operating Expenses	12,585	11,820
Interest Expense	3,420	3,901
Impairment Losses	2,500	3,600
Provision for Income Tax	2,218	3,863
Total Expenses	20,723	23,184
Net Income for the Period	₱ 8,057	₱ 5,023
Attributable to:		
Equity Holders of BPI	₱ 7,984	5,001
Noncontrolling Interest	73	22
	₱ 8,057	₱ 5,023
Earnings Per Share	₱ 1.77	₱ 1.11

1. On April 22, 2021, the shareholders approved the merger of BPI and BPI Family Savings Bank Inc. (BFSB), with BPI as surviving entity, subject to regulatory approvals. The merger was approved by the BPI Board on January 21, 2021.

On March 23, 2021, a Plan of Merger was executed between BPI and BFSB indicating the details of the merger.

The merger was cleared by the PDIC on June 30, 2021 and the Monetary Board in its resolution dated September 30, 2021 as reflected in the letter of the BSP dated October 4, 2021. On December 21, 2021, the SEC likewise signified its approval on the merger effective January 1, 2022. BPI has secured all necessary approvals for the transaction from its regulatory agencies and shareholders. Post-merger activities have started in the first quarter of 2022 and targeted for completion by the end of 2022.

2. On January 31, 2022, the BPI Group released the fourth tranche of the ₱100.0 billion Peso Bond Commercial Paper Program with a par value amounting to ₱27.0 billion. These bonds issued at a fixed rate of 2.81% p.a., payable quarterly. These bonds are unconditional, unsecured and unsubordinated, and are expected to mature within 2 years from issuance or January 31, 2024.

3. The fair value of BPI shares held by the Parent Company amounted to ₱147.7 billion and ₱136.7 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The effective voting rights held by the Group in BPI is 49.7% as of March 31, 2022 (unaudited) and December 31, 2021 (audited).
4. The Parent Company's share in the net identifiable assets of BPI amounted to ₱99.3 billion as of March 31, 2022 (unaudited). There were no dividends received from BPI for the period ended March 31, 2022 and 2021 (both unaudited).

LHI

As of March 31, 2022 (unaudited) and December 31, 2021 (audited), LHI owns 904.2 million common shares of BPI representing a direct ownership interest in BPI of 20.0%. The Parent Company and GIC Special Investments Pte. Ltd., the entity controlling Arran Investment Pte. Ltd., as joint venture partners, agreed to vote its BPI shares based on the common position reached jointly by them as shareholders. The fair value of BPI shares held by LHI amounted to ₱90.1 billion and ₱83.3 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The effective voting rights held by the Group in LHI is equal to 84.2% as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

Globe Group

Globe's Consolidated Statements of Financial Position

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Millions)	
Current Assets	₱ 67,273	₱ 67,847
Noncurrent Assets	414,289	390,613
Total Assets	₱ 481,562	₱ 458,460
Current Liabilities	₱ 118,395	₱ 117,527
Noncurrent Liabilities	238,854	226,537
Equity Attributable to Equity Holders of the Parent	124,004	114,102
Equity Attributable to Noncontrolling Interest	309	294
Total Liabilities and Equity	₱ 481,562	₱ 458,460

Globe's Consolidated Statements of Income

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Millions, except earnings per share)	
Revenues	₱ 43,557	₱ 42,847
Other Income (Losses)	11,170	745
Total Revenues	54,727	43,592
Costs and Expenses	37,800	35,771
Provision for Income Tax	3,265	484
Total Expenses	41,065	36,255
Net Income	₱ 13,662	₱ 7,337
Total Net Income Attributable to:		
Equity Holders of the Parent	₱ 13,645	7,307
Noncontrolling Interest	17	30
Net Income	₱ 13,662	₱ 7,337
Earnings Per Share:		
Basic	₱ 101.63	₱ 53.69
Diluted	₱ 100.99	₱ 53.38

1. On January 1, 2022, Third Pillar Business Applications, Inc. (TPBAI) incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services.

2. On October 15, 2021, GTI Business Holdings, Inc. (GTIBH), a wholly owned subsidiary of Globe, incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of ownership, construction, development, operations and maintenance of data centers and other related infrastructure in the country.

On March 31, 2022, The Globe Group formed a joint venture partnership with Ayala Corporation (AC), and ST Telemedia Global Data Centres (STT GDC). Under the agreement, both STT GDC and AC shall subscribe to new shares in KarmanEdge, Inc., a wholly owned subsidiary of the Globe Group that houses its carved-out data center business. The capital infusion by the new partners resulted in a post-money valuation of ₱16,136.24 billion. Subsequent to the execution of the share subscription agreement, Globe remained the largest shareholder with a 50% ownership, followed by STT GDC with 40% and AC taking up the balance (see Note 3). As part of the deal, on April 1, 2022, the Globe Group received a cash proceeds amounting to ₱5,030.00 million (see Note 25).

The dilution of ownership interest resulted in a loss of control in KarmanEdge. Thereafter, the investment in KarmanEdge was accounted for as an investment in joint venture since no single party controls the arrangement and approvals of all parties are required before a decision can be passed.

The Globe Group accounted for this transaction as a sale of its data center business which resulted in a gain amounting to ₱10,511.95 million. The initial carrying amount of the Globe Group's investment in KarmanEdge was measured at fair value amounting to ₱8,068.12 million.

All transaction documents were signed and executed by the three parties, with all closing conditions delivered, formally closing the landmark transaction. This data center partnership, which was originally announced last March 2, 2022, marks Globe's serious entry into the rapidly growing data center space. Globe, together with STT GDC and AC, aims to fast track expansion efforts and innovation in order to better serve its enterprise clients and expand its product portfolio to grab a larger share of the growing market opportunity. More importantly, all three companies are aligned in their environmental, social and governance aspirations. Today, more than 43% of STT GDC's data centers are operating with power derived from renewable sources with an ambitious 2030 carbon-neutral target for all its data centers. This deal likewise demonstrates Globe's firm commitment to improve the ICT infrastructure in the country.

3. Fiber Infrastructure and Network Services Inc. (FINSI), a homegrown engineering solutions provider, is eyeing expansion to Visayas and Mindanao following rapid growth in operations around Luzon. FINSI, a subsidiary of Globe's Asticom Group, has been powering up broadband fiber rollouts of major telecom companies in Luzon. The company is now looking to expand its operations to Visayas and Mindanao in the coming months. It intends to penetrate key areas in different localities in these regions to build better telecom facilities and establish nationwide presence.
4. On February 8, 2022, the BOD approved the declaration of the first quarter cash dividend of ₱27 per common share, payable to common stockholders of record as of February 22, 2022. Total dividends to ₱3.6 billion was paid on March 10, 2022.
5. The fair value of Globe shares held by the Parent Company amounted to ₱104.5 billion and ₱136.7 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The effective voting rights held by the Group in Globe is 46.6% as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

6. The Parent Company's share in the net identifiable assets of Globe amounted to ₱38.3 billion as of March 31, 2022 (unaudited). The dividends received from Globe amounted to ₱1.1 billion for the periods ended March 31, 2022 and 2021 (both unaudited).

MWC Group

Below is MWC's summarized financial information (refer to Note 20).

MWC's Consolidated Statements of Condition

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Millions)	
Current Assets	₱ 14,931	₱ 19,650
Noncurrent Assets	152,328	145,867
Total Assets	₱ 167,259	₱ 165,517
Current Liabilities	₱ 19,141	₱ 19,936
Noncurrent Liabilities	78,676	77,256
Equity Attributable to Equity Holders of the Parent	68,040	66,950
Equity Attributable to Noncontrolling Interest	1,402	1,375
Total Liabilities and Equity	₱ 167,259	₱ 165,517

MWC's Consolidated Statements of Income

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Millions, except earnings per share)	
Revenues	₱ 5,078	₱ 4,852
Other Losses	(701)	(160)
Total Revenues	4,377	4,692
Costs and Expenses	3,160	2,760
Provision for Income Tax	94	601
Total Expenses	3,254	3,361
Net Income	₱ 1,123	₱ 1,331
Total Net Income Attributable to:		
Equity Holders of the Parent	₱ 1,097	1,297
Noncontrolling Interest	26	34
Net Income	₱ 1,123	₱ 1,331
Earnings Per Share:		
Basic	₱ 0.32	₱ 0.51
Diluted	₱ 0.32	₱ 0.51

1. *Supreme Court Decision in Relation to the Philippine Clean Water Act of 2004*

This case arose from a complaint filed by the OIC Regional Director Roberto D. Sheen of the Environmental Management Bureau-National Capital Region (EMB-NCR) before the Pollution Adjudication Board (PAB) against MWC, Maynilad, and MWSS for alleged violation of Philippine Clean Water Act of 2004 (RA No. 9275, the "Clean Water Act"), particularly the five (5)-year deadline imposed in Section 8 thereof for connecting the existing sewage line found in all subdivisions, condominiums, commercial centers, hotels, sports and recreational facilities, hospitals, market places, public buildings, industrial complex and other similar establishments including households, to an available sewerage system. Two (2) similar complaints against Maynilad and MWSS were consolidated with this case.

On September 18, 2019, the MWC received a copy of the Decision of the Supreme Court on the case 'Manila Water Company, Inc. vs. The Secretary of the Department of Environment and Natural Resources, et.al.' with G.R. No. 206823 and promulgated on August 6, 2019. In the Decision, the Supreme Court found MWC liable for fines in violation of Section 8 of the Clean Water Act in the following manner:

- a. MWC shall be jointly and severally liable with MWSS for the total amount of ₱921.46 million covering the period starting from May 7, 2009 to the date of promulgation of the Decision, August 6, 2019, to be paid within fifteen (15) days from finality of the Decision.
- b. From finality of the Decision until full payment of the ₱921.46 million fine, MWC shall be fined in the initial amount of ₱322,102.00 per day, subject to a further 10.00% increase every two (2) years as provided under Section 28 of the Clean Water Act, until full compliance with Section 8 of the same law.
- c. The total amount of fines imposed by the Decision shall earn legal interest of six percent (6.00%) per annum from finality and until full satisfaction thereof.

On October 2, 2019, MWC filed a Motion for Reconsideration with the Supreme Court.

On July 1, 2020, MWC received a copy of the Consolidated Comment (on the separate Motions for Reconsideration filed by petitioners MWSS, Maynilad Water Services, Inc. and MWC) filed by the Office of the Solicitor General in behalf of the adverse parties.

On August 17, 2020, MWC filed with the Supreme Court a Motion for Leave to file and admit its Reply.

On November 3, 2020, MWC received a Resolution dated September 8, 2020 issued by the Supreme Court, which relevantly:

1. noted the Consolidated Comment;
2. granted the Motion for Leave and Admit Attached Reply; and
3. noted the Reply filed by MWC.

On January 26, 2022, MWC filed a Manifestation to inform the Supreme Court of certain developments (i.e., the execution of the RCA and the grant of a legislative franchise to MWC) which it deems relevant in the resolution of its 2019 Motion for Reconsideration.

As of the date of authorization for issuance of this report, the Motion for Reconsideration remains pending.

2. On February 16, 2022, MWC and MWSS signed a Fourth Amendment to the Revised Concession Agreement (RCA) to further extend the effective start date of the RCA up to March 18, 2022 to give more time for the completion of the remaining condition precedent to the effectivity of the RCA.

On March 31, 2022, the Parent Company and MWSS signed a Fifth Amendment to the RCA further extending the effective start date of the RCA to the date of receipt of the Parent Company of the signed Undertaking Letter from the Republic. The Undertaking Letter is the remaining condition precedent to the effectivity of the RCA.

3. On March 2, 2022, the MWSS BOT approved Resolution No. 2022-025-RO, Series 2022 involving the implications of the Legislative Franchises on the value-added tax (VAT) and franchise tax of the Concessionaires specifically:
 - i. The removal of VAT from the customer bills of Manila Water and Maynilad resulting from the grant of the Legislative Franchises to the Concessionaires, subject to the National Internal Revenue Code of 1997, as amended, and the relevant rules of the Bureau of Internal revenues; and
 - ii. The imposition of Government Taxes in the customers' bills as pass-through costs comprised of a national franchise tax at the rate of 2.00% and actual implemented rates of local franchise tax for each local government unit starting March 21, 2022.

On March 21, 2022, MWC submitted its notices of acceptance of the twenty-five (25)-year legislative franchise to the Committee on Legislative Franchises of the House of Representatives and the Senate Committee on Public Services.

4. On January 14, 2022, the Consortium of MWC and MWPV signed the Concession Agreement with the Provincial Government of Pangasinan for the implementation of the joint venture project for the development, financing, construction, operation and maintenance of a bulk water facility within the Province of Pangasinan. On the same day, a groundbreaking activity was held in one of the proposed sites for a treatment plant.
5. On March 8, 2022, MWPVI took full ownership of Davao Water after the acquisition of all shares of iWater, Inc. (iWater). Prior to the purchase, MWPVI held 51.00% while iWater held 49.00% equity interest each.
6. *Parent Company's Management, Operation, and Maintenance Contract (MOMC) with the NWC, Kingdom of Saudi Arabia for the Eastern Cluster*
On January 27, 2022, International Water Partners Company the Second (IWP2) was incorporated with MWAP, Saur, and Miahona owning 30.00%, 35.00%, and 35.00%, respectively. The project commencement date has been deferred to February 28, 2022 from January 21, 2022 as Force Majeure was triggered to on the grounds of resurgence of COVID-19 due to Omicron variant.
7. The fair value of the MWC shares held by the Group amounted to ₱17.5 billion and ₱21.5 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The voting rights held by the Group in MWC is 31.6% as of March 31, 2022 (unaudited) and December 31, 2021 (audited). The Group's share in the net identifiable assets of MWC amounted to ₱21.1 billion as of March 31, 2022 (unaudited).

IPO

The fair value of IPO shares held by the Parent Company amounted to ₱2.5 billion and ₱2.4 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. The effective voting rights held by the Group in IPO is 33.5% as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively. There were no dividends received from IPO for the period ended March 31, 2022 and 2021 (both unaudited).

Others

1. On November 10, 2021, the ACEX BOD approved the joint venture between the ACEX and Red Holdings B.V. (Gen X Energy), a wholly owned subsidiary of Gen X Energy L.P., to develop a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand. The joint venture will be through a special purpose vehicle company, BCEI, where ACEX and Gen X Energy will each own a fifty percent (50%) interest, subject to satisfaction of agreed conditions precedent and execution of definitive documents.

On January 14, 2022, ACEX, Batangas Clean Energy, Inc. (BCEI) and Gen X Energy, executed the Shareholders' Agreement and Subscription Agreements implementing the transaction. ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150.2 million. Gen X Energy L.P. is a portfolio company of Blackstone Inc., the world's largest alternative asset manager.

2. On March 24, 2022, ACEN, ACE Endeavor, CleanTech Renewable Energy 4 Corp. (CREC4), and Natures Renewable Energy Devt. Corporation (NAREDCO) signed a Shareholders' Agreement to cover the ownership and management of NAREDCO, as well as the development and operation of the proposed 200MWdc Lal-lo Solar Power Project in Lal-lo, Cagayan (the Lal-lo Solar Power Project).

NAREDCO, ACEN's joint venture project with CREC4, is a special purpose vehicle for the development of the proposed 200MWdc Lal-lo Solar Power Project in Lal-lo, Cagayan (the "Lal-lo Solar Power Project"). The planned capacity of Phase 1 is 100MWdc. NAREDCO will proceed with the construction of the solar farm and transmission line, which has a potential expansion of up to 200 MW. The solar farm will be constructed on a 115-hectare flat land known for its high solar irradiance in Barangays Magapit and Sta. Maria, which will connect to the 69kV NGCP Lal-lo (Magapit) substation via a 3-km transmission line.

3. ACEN, through its subsidiary AC Renewables International Pte Ltd (ACRI), will acquire the interest of its joint venture partners UPC Renewables Asia Pacific Holdings Pte Limited (UPCAPH), and Mr. Anton Rohner (Mr. Rohner) (the Sellers) in UPC-AC Energy Australia (HK) Ltd. (UPC-ACE Australia) for a total consideration of US\$243.3 million, subject to adjustments. The Sellers will in turn subscribe to up to 942 million common shares of ACEN with a subscription price of ₱11.32/share, subject to adjustments. The acquisition is subject to satisfaction of agreed conditions precedent, and consents and regulatory approvals, including the consent or non-objection of the Foreign Investment Review Board of Australia.

On December 15, 2021, the stockholders of ACEN approved the issuance and listing of up to 942 million common shares to the owners, affiliates, and/or partners of UPCAPH and Mr. Rohner and the listing of the shares to be issued.

The approval of or non-objection by the Foreign Investment Review Board (FIRB) of Australia, was received on February 16, 2022.

On March 11, 2022, ACEN, through its subsidiary ACRI, UPCAPH, and Mr. Rohner signed a Share Purchase Agreement for ACRI's acquisition of the effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate Instruments of Transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia and Mr. Rohner's 1,000,054 ordinary class B shares in UPC-ACE Australia, thereby completing the first tranche of the acquisition. Completion of the second tranche of the acquisition is expected to occur in early 2023. ACEN will wholly own UPC-ACE Australia upon completion of the second tranche.

The aggregate consideration paid for the first tranche is US\$87,698,684. ACRI paid US\$77,280,132 for the 7,150 ordinary shares in UPC-ACE Australia and US\$10,418,552 for the 1,000,054 ordinary class B shares in UPC Australia (HK) Limited.

On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at price of ₱7.871 per share:

UPC Renewables Asia Pacific Holdings Pte Limited	869,119,204
Anton Rohner	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price (subject to adjustment)	₱7,325,933,250

UPC Renewables Australia is developing the 1,000MW Robbins Island and Jim's Plain solar project in Northwest Tasmania and the 520MW New England Solar Farm (NESF) located near Uralla in New South Wales. UPC Renewables Australia also has a further development portfolio of another 8000MW's located in NSW, Tasmania, Victoria and South Australia.

11. Intangible Assets and Deferred Tax Assets

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Intangible assets	₱ 22,133,905	₱ 22,128,005
Deferred tax assets - net	₱ 18,727,393	₱ 16,294,100

Intangible assets include goodwill, customer relationships, unpatented technology, intellectual properties, developed software, licenses, trademarks, project development cost, leasehold and other rights.

Goodwill pertains to the excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group and are tested for impairment annually.

Deferred tax assets (DTA) includes DTA on difference between tax and book basis of accounting for real estate transactions, lease liability, accrued expense, among others.

Increase in deferred tax assets is attributable to ALI's and ACEIC's DTA set-up coming from tax and book difference on accounting for real estate transaction and from subsidiaries' NOLCO, respectively.

12. Investment Properties and Property, Plant and Equipment

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Investment Properties ¹	₱250,824,739	₱246,806,097
Property, plant and equipment – net ¹	₱ 99,088,099	₱ 96,682,935

Investment properties

- Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its own use and benefit.
- Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion. The development and construction period normally range from three years to five years and depends heavily on the size of the assets.

The account consists of Investments in Land, Building and Construction-in-Progress, net of accumulated depreciation and amortization and impairment loss:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Land	₱ 79,587,739	₱ 75,660,580
Building	93,972,481	93,880,996
Construction-in-progress	77,264,519	77,264,521
	₱ 250,824,739	₱ 246,806,097

Property, plant and equipment

Property, plant and equipment includes land, buildings and improvement, plant machinery and equipment, hotel property and equipment, furniture and fixtures, transportation and construction in progress.

Total additions to Property, Plant and Equipment and Investment Properties amounted to ₱4.3 billion and ₱3.4 billion, respectively, for the period March 31, 2022. Meanwhile proceeds from disposal of Property, Plant and Equipment and Investment properties amounted to ₱94.1 million for the same period.

The Group recognized gains from disposal and retirement of certain machineries and facilities equipment, furniture and fixtures, and tools and instruments and booked under Other income account.

¹ The Group performs regular valuation of Investment Properties and Property, Plant and Equipment by professional independent appraiser namely: Cuervo Appraisers, Inc., Santos Knight Frank, Asian Appraisal, Colliers International and Aviso Valuation & Advisory Corp.

13. Service Concession Assets and Service Concession Obligation

Service Concession Assets (SCA)

SCA pertains to the Parent Company's concession agreement with the DPWH.

Variation Order

On February 25, 2013, the DPWH sent a Variation Notice to Pertconsult International, the Project's Independent Consultant (IC), instructing the IC to advise the Parent Company to submit a request for Prior Clearance and Variation Proposal in connection with TRB's directive to include in the Project's design a provision for future expansion of SLEX to accommodate possible fifth lane for both directions at the Filinvest to Susana Heights Section. IC, in its letter to the Project's Management Consultant dated March 4, 2013, effectively directed the Parent Company to comply with the DPWH letter dated February 25, 2013.

Such proposal was made in accordance with the Concession Agreement which provides that in the event the DPWH initiates a variation, the Parent Company as concessionaire, shall prepare a proposal setting out the necessary details and additional cost estimates.

On April 10, 2014, the Parent Company submitted a variation proposal to the DPWH and sought for approval of (1) Direct payment of the construction cost for the works related to the provisioning of the SLEX future expansion amounting to ₱251.2 million inclusive of VAT and (2) Extension of the concession period by 3 ½ years due to the delays encountered as a result of the variation order.

DPWH, in its letter to IC dated February 6, 2015, advised the same that it has issued the approved Prior Clearance/Authority to Issue Variation Order No. 1 with a cap of ₱223.0 million.

On May 27, 2015, the DPWH approved the adjusted cost of the variation order in the amount of ₱223.0 million (which was rectified by the Bureau of Construction as a result of the review conducted) variation proposal and endorsed it to the National Economic and Development Authority (NEDA) for information and appropriate action. Accordingly, the Parent Company reclassified the amount of ₱223.0 million from service concession account to receivables from the Government upon DPWH's approval of the variation order.

NEDA in its meeting held on July 15, 2015 confirmed the recommendation of the variation order.

On May 31, 2016, variation order for the project amounting to ₱16.6 million was reclassified to SCA under investment in toll road. In 2016, the Parent Company received reimbursement from the DPWH for the various expenses incurred during the acquisition of the right of way (ROW) amounting to ₱1.1 million under the Reimbursement Agreement.

On November 21, 2016, the IC recommended to the DPWH that a Certificate of Final Completion be issued for the project. Subsequently, DPWH, in its letter dated December 21, 2016, issued the certificate of completion

As of March 31, 2022, all the relevant documents have been submitted by the Parent Company and the variation order claim is still being evaluated by the DPWH.

As of March 31, 2022 (unaudited) and December 31, 2021 (audited), the Parent Company's other receivables includes receivable from DPWH amounting to ₱215.9 million pertaining to variation order and reimbursement of right-of-way acquisition claims.

Service Concession Obligation

Provision for maintenance obligation of MCX

Provision for maintenance obligation pertains to the present value of the estimated contractual obligations of the Parent Company to undertake the financing of the Project's periodic maintenance, which includes renewal and restoration of toll roads and toll road facilities prior to turnover of the asset to DPWH, the grantor.

Under the Minimum Performance Standards and Specifications (MPSS), the Parent Company has the obligation to perform routine and periodic maintenance. Routine maintenance pertains to day-to-day activities to maintain the road infrastructures while periodic maintenance comprises of

preventive activities against major defects and reconstruction. Moreover, the Parent Company is required to perform maintenance and repair work in a manner that complies with the MPSS once it hands the asset back to the DPWH. The provision is a product of the best estimate of the expenditure required to settle the obligation based on the usage of the road during the operating phase. The amount is reduced by the actual obligations paid for heavy maintenance of the SCA.

14. Accounts Payable and Accrued Expenses

This account consists of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Accounts payable	₱ 91,924,405	₱ 92,071,494
Accrued expenses		
Project costs	13,564,418	16,095,588
Personnel costs	7,117,924	7,764,039
Repairs and maintenance	2,561,976	2,180,000
Rental and utilities	1,075,640	850,851
Advertising and promotions	1,046,472	999,098
Professional and management fees	774,324	2,572,883
Various operating expenses	3,511,078	1,170,616
Taxes payable	21,030,172	20,226,428
Liability for purchased land	8,036,802	9,576,947
Interest payable	5,688,809	5,274,460
Retentions payable	3,874,662	5,875,865
Related parties (Note 23)	1,528,787	1,364,376
Dividends payable	282,621	2,728,156
	₱162,018,090	₱ 168,750,801

Accounts payable and accrued expenses are non-interest bearing and are normally settled on 15- to 60-day terms. Other payables are non-interest bearing and are normally settled within one year.

Accrued project costs are billings not yet received from suppliers for direct materials and services from subcontractors. These are accruals of project costs such as equipment charges, materials, labor, overhead and provision for repairs and maintenance.

Accrued various operating expenses include accruals for supplies, commissions, transportation and travel, insurance, representation, dues and fees and others.

Taxes payable consists of output VAT, withholding taxes, business taxes, capital gains tax and other statutory payables,

Liability for purchased land pertains to the current portion of unpaid unsubdivided land acquired payable during the year. These are normally payable in quarterly or annual installment payments or upon demand.

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

15. Other Current and Noncurrent Liabilities

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Other current liabilities	₱ 32,404,125	₱ 30,184,417
Other noncurrent liabilities	₱ 65,103,859	₱ 64,501,574

Other current liabilities include the following:

- Deposits pertain to security and customers' deposits. Security deposits are equivalent to three (3) to six (6) months' rent of tenants with cancellable lease contracts and whose lease term will end in the succeeding year. This will be refunded to the lessees at the end of the lease term or be applied to the last months' rentals on the related contracts. Customers' deposits consist of collections from real estate customers which have not reached the 10% threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.
- Nontrade payables pertain mainly to non-interest bearing real estate-related payables to contractors and various non-trade suppliers which are due within one year.
- Contract liabilities include short-term advances received to render manufacturing services. Contract liabilities are recognized as revenue when the Group performs under the contract.

- Financial liabilities on put option relate to the acquisition of STI and C-CON.

STI

The put option of STI pertains to the right of the non-controlling shareholder to sell to IMI all noncontrolling interests held upon the happening of certain trigger events as specified in the shareholders agreement. The put option of STI is exercisable during the period commencing upon the earlier of: (1) No Fault Leaver Event (i.e., First Founder of STI ceases to be an employee of a member of the STI Group) occurring in respect of a Founder, (2) the aggregate relevant proportion of the Founders falling to less than 5%, or (3) the fifth anniversary of the service agreement.

C-CON

Minority shareholder of C-CON Group have the right to require MT Technologies to purchase and acquire all its shares. The option can be exercised after the holding period, which is defined as the 8th anniversary year after the acquisition date, April 1, 2019. Based on the management's judgment, the put options will be exercised by the minority shareholders on April 1, 2027 or the 8th anniversary year after the acquisition date.

Other noncurrent liabilities include the following:

- Deposits and deferred credits

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

- Liability for purchased land

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

- c) Retentions payable
Retentions payable pertains to amount withheld by the Group from the contractors' billings to be released after the guarantee period, usually one (1) year after the completion of the project or upon demand. The retention serves as a security from the contractor should there be defects in projects requiring rework.
- d) Contractors payable
Contractors payable represents accrued costs incurred for property development that are not yet billed.
- e) Deferred output VAT
Deferred output VAT pertains to output VAT on receivables for which sales recognition has been deferred based on sales collection threshold for VAT recognition purposes.
- f) Subscriptions payable
Subscription payable mainly pertains to ALLHC's investment in Cyber Bay.
- g) Others
Others include nontrade payables. This includes provision for unresolved claims and assessment, accrued and warranty payables and installment payable. This includes nontrade payables from over remittance of business interruption claims and environmental laws compliance of the power sector.

Increase in other current liabilities is attributable to ALI's higher deposits, reservation fees and advance rental payments.

16. Short-term and Long-term Debt

These accounts consist of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
(In Thousands)		
Short-term debt - Subsidiaries:		
Philippine peso debt with various interest rates	₱ 33,047,756	₱ 24,086,729
Foreign currency debt with various interest rates	10,083,978	10,625,310
	₱ 43,131,734	₱ 34,712,039
Long-term debt:		
The Parent Company:		
Philippine peso debt with various interest rates	₱ 39,454,703	₱ 39,802,131
Philippine peso bonds	39,799,140	39,781,395
	79,253,843	79,583,526
Subsidiaries:		
Loans from banks & other institutions:		
Philippine Peso with various interest rates	125,009,985	122,902,582
Foreign currency with various interest rates	26,961,417	26,008,302
Philippine peso bonds	96,945,607	97,353,457
Foreign currency bonds	120,677,487	113,306,668
Fixed Rate Corporate Notes (FXCNs)	4,637,500	4,650,000
	374,231,996	364,221,009
	453,485,839	443,804,535
Less current portion	38,053,406	31,493,713
Non-current portion	₱415,432,433	₱412,310,822

For the three-month period ending March 31, 2022 (unaudited), total proceeds from availment of short-term and long-term debt amounted to ₱35.9 billion which consists mainly of proceeds from bonds and loans of ALI (₱24.1 billion), AC Energy (₱5.2 billion), IMI (₱0.7 billion), AC Health (₱0.5

billion) and AYCFL (P5.2 billion), while payments of short-term and long-term debt amounted to P20.8 billion which mainly pertains to bonds settlement and loan payment of AC (P1.9 billion), ALI (P18.0 billion) and AC Health (P0.7 billion).

The Group has short-term and long-term debt payable to BPI amounting to P42.7 billion and P40.8 billion as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively (see Note 23). Interest expense incurred from these debts amounted to P555.2 million and P160.8 million for the periods ended March 31, 2022 and 2021 (both unaudited), respectively (see Note 23).

Loans availed during the three-month period ending March 31, 2022 have varying interest rates and maturity dates. Proceeds of loans were used for operating requirements, capital expenditures and certain investment acquisitions (see Note 3).

Parent Company

The Parent Company positions its deals across various currencies, maturities, and product types to provide utmost flexibility in its financing transactions.

Generally, the Parent Company's long-term loans are unsecured. Due to certain regulatory constraints in the local banking system regarding loans to directors, officers, stockholders and related interest, some of the Parent Company's credit facilities with a local bank are secured by shares of stock of a subsidiary in accordance with Bangko Sentral ng Pilipinas (BSP) regulations. All credit facilities of the Parent Company outside of this local bank are unsecured, and their respective credit agreements provide for this exception.

On January 8, March 1 and 10, 2022, the Parent Company fully paid its short-term loan secured from a local bank amounting to US\$30.0 million contracted on October 8, December 1 and 10, 2021.

On various dates in January 2022, the Parent Company made partial payments on its long-terms loans with a local bank amounting to P153.8 million and with BPI amounting to P56.25 million.

On various dates in February 2022, the Parent Company made partial payments on its long-terms loans with BPI amounting to P148.8 million.

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

Year Issued	Term	Interest Rate	Principal Amount (In Thousands)	Carrying Value (In Thousands)		Features
				March 2022 (Unaudited)	December 2021 (Audited)	
2012	15 years	6.8750%	P10,000,000	P 9,967,097	P 9,965,511	Callable from the 10 th anniversary issue until every year thereafter until the 14 th anniversary issue date.
2016	7 years	3.9200%	10,000,000	9,978,460	9,974,273	Callable from the 5.5 th anniversary issue until every year thereafter until the 7 th anniversary issue date.
2017	8 years	4.8200%	10,000,000	9,958,728	9,955,177	Callable from the 6.5 th anniversary issue until every year thereafter.
2021	3 years	3.0260%	4,000,000	3,961,532	3,957,138	3-year fixed coupon Series A bond with no call option.
2021	5 years	3.7874%	6,000,000	5,933,323	5,929,296	5-year fixed coupon Series B bond callable on the 12 th to 19 th interest payment date with a call option price of 101.0% on the 12 th to 15 th interest payment date and 100.5% on the 16 th to 19 th interest payment date.
				P 39,799,140	P 39,781,395	

The outstanding Peso bonds of the Parent Company have been rated "PRS Aaa" by PhilRatings.

On March 10, 2022, the BOD approved the issuance of the Parent Company's Philippine Peso Fixed Rate Bonds in the aggregate principal amount of up to P10.0 billion with an Oversubscription Option of up to an additional P5.0 billion which will constitute the second tranche of the up to P30.0 billion shelf registration earlier approved by the SEC in May 2021 (see Note 25).

The long-term debt of the Parent Company provides for certain restrictions and requirements with respect to maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Parent Company as of March 31, 2022 and December 31, 2021 (see Compliance with debt covenants portion). The Parent Company aims to maintain for its debt to equity ratio not to exceed 3:1 in compliance with loan covenants of AYCFL.

ALI

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of ₱7,296.8 million and ₱6,368.9 million as of March 31, 2022 (unaudited) and December 31, 2021 (audited) are secured by real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall. Net book value of the property amounted to ₱2,855.84 million and ₱2,894.31 million as of March 31, 2022 (unaudited) and December 31, 2021 (audited), respectively, which is accounted as part of the Investment properties account.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022

In April 2012, ALI issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.6% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.0% p.a. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. ALI fully paid the ₱9,350.0 million bond in April 2019.

Philippine Peso 5-year and 10-year and 6-month Bonds due 2024

In July 2013, ALI issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. In 2019, ALI issued a total of ₱3,000.0 million bonds due 2024 at a fixed rate equivalent to 4.758% p.a. under its new shelf registration. PhilRatings assigned a PRS AAA rating on the bonds. In July 2021, the ALI fully redeemed the ₱15,000.0 million bonds due 2024 when it exercised the call option on the 8th anniversary of the bonds with a call option price of 101.00% of the outstanding principal amount.

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

In October 2013, ALI issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.6% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.0% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to ALI's capacity to repay its debt obligations.

Philippine Peso 11-year Bonds due 2025

In April 2014, ALI issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.6% p.a. In April 2021, the ALI fully redeemed the bonds when it exercised the call option on the 7th anniversary of the bonds with a call option price of 102.00% of the outstanding principal amount.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022

In April 2015, ALI issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a.

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

In April 2016, ALI issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds is the second tranche of the Fixed-rate Bonds Series under ALI's ₱50,000.0 million Debt Securities Program registered in the SEC.

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

In March 2016, ALI issued a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds is the first tranche of the Fixed-rate Bonds Series under ALI's ₱50,000 million Debt Securities Program registered in the SEC. In May 2019, ALI issued an ₱8,000.0 million fixed rate bond due 2026 at a rate equivalent to 6.369% p.a. The Bonds represent the first tranche of

debt securities issued under the Parent Company's new ₱50,000.0 million Debt Securities Program registered with the SEC, and listed on the PDEX.

Philippine Peso 3-Year Homestarter Bond due 2019 and 7-year Bonds due 2023

In October 2016, ALI issued a total of ₱10,000.0 million bonds, broken down into a ₱3,000.0 million Homestarter bond due 2019 at a fixed rate of 3.0% per annum and a ₱7,000.0 million fixed rate bond due 2023 at a rate equivalent to 3.8915% per annum. The Bonds represent the first tranche of Homestarter Bonds series and the third tranche of the Fixed-rate Bonds Series issued under ALI's ₱50,000.0 million Debt Securities Program registered with the SEC and listed in the PDEX. In 2017, ALI paid ₱9.1 million as an early down payment of the outstanding 3-Year Homestarter Bond. In 2018, ALI paid ₱8.4 million as an early down payment of the outstanding 3-Year Homestarter Bond. ALI fully paid the remaining Homestarter Bond on October 21 and December 23, 2019.

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

In May 2017, ALI issued a ₱7,000.0 million fixed rate bond due 2027 at a rate equivalent to 5.2624% p.a. The Bonds represent the fourth tranche of the Fixed-rate Bonds Series issued under the ALI's ₱50,000.0 million Debt Securities Program registered with the SEC, and listed in PDEX. In November 2019, ALI issued a ₱1,000.0 million fixed rate bond due 2027 at a rate equivalent to 4.9899 % p.a. This was the third tranche of bonds issued under the new ₱50,000.0 million shelf registration of ALI.

Philippine Peso 10-year Bonds due 2028

In April 2018, ALI issued a ₱10,000.0 million fixed rate bond due 2028 at a rate equivalent to 5.9203% per annum and subject to repricing on 27 April 2023, the fifth anniversary of the Issue Date, at the higher of 5.9203% or the prevailing 5-year benchmark plus 75 bps. The Bonds represent the fifth tranche of the Fixed-rate Bonds Series issued under ALI's ₱50,000.0 million Debt Securities Program registered with the SEC and listed in the PDEX.

Philippine Peso 5-year Bonds due 2023

In October 2018, ALI issued a ₱8,000.0 million fixed rate bond due 2023 at a rate equivalent to 7.0239% per annum. The Bonds represent the sixth and final tranche of the Fixed-rate Bonds Series issued under ALI's ₱50,000.0 million Debt Securities Program registered with the SEC and listed in the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. In October 2021, the Bonds were fully redeemed by the ALI Group when it exercised the call option on the 3rd anniversary the bonds with a call option price of 101.00% of the outstanding principal amount.

Philippine Peso 2-year Bonds due 2021 and 2022

On November 6, 2019, ALI issued a ₱9.0 billion fixed rate bond due 2021 at a rate equivalent to 4.2463% per annum. The Bonds form part of the third tranche of debt securities issued under ALI's new ₱50.0 billion Debt Securities Program registered with the SEC and listed on PDEX.

In June 2020, ALI issued a ₱10.0 billion, 2-year fixed-rate bond due 2022 with a coupon rate of 3.00% per annum. This was the fourth tranche of bonds issued under the 2019 ₱50.0 billion shelf registration of ALI.

Philippine Peso 5-year Bonds due 2025

In September 2020, ALI issued a ₱6.25 billion fixed rate bond due 2025 at a rate equivalent to 3.862% per annum. The Bonds represent the fifth tranche of the new ₱50.0 billion debt securities program approved by the SEC in May 2019.

Philippine Peso 4-year Bonds due 2025

In May 2021, ALI issued a ₱10,000.0 million fixed rate bond due 2025 at a rate equivalent to 3.6262% p.a. The Bonds represent the sixth tranche of ALI's new ₱50,000.0 million Debt Securities Program approved by the SEC in May 2019.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026

In January 2011, ALI issued ₱10,000.0 million FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.6% to 7.5% per annum depending on the term of the notes. ALI prepaid ₱1,950.0 million of notes due in 2016 on January 19, 2013. In 2014, ALI paid ₱43.0 million for the matured

portion of the loan. In January 2016, ALI paid ₱3,750 million notes for the matured portion of the loan. In 2017, ALI paid ₱43.0 million for the matured portion of the loan. In 2018, ALI prepaid ₱3,234.0 million notes and paid ₱10.0 million for the matured portion of the loan. In January 2021, ALI paid in full the remaining balance of ₱950.0 million.

Philippine Peso 10-year Note due 2023

In December 2012, ALI executed a ₱5.0 billion committed Corporate Note facility with a local bank, of which an initial ₱3.5 billion was drawn in 2012. The balance of ₱1.5 billion was subsequently drawn in January 2013. The Corporate Notes currently bear a fixed interest rate of 4.50% and will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In 2015, the ₱50.0 million was prepaid by ALI. In 2017, another ₱50.0 million was prepaid by ALI. In 2017, ALI paid another ₱50.0 million. In 2018, another ₱50.0 million was prepaid by ALI. In 2019, ALI paid another amortization in the amount of ₱50.0 million. As of December 31, 2021 and 2020, the remaining balance of the note amounted to ₱4,650.0 million and ₱4,700.0 million, respectively.

Philippine Peso 10-year Bonds due 2031

In October 2021, the ALI issued a total of ₱3,000.0 million bonds due 2031 at a fixed rate equivalent to 4.08% p.a. The Bonds is composed of ₱2,750.0 million from the first tranche of debt securities issued under the ALI's new ₱50,000.0 million Debt Securities Program approved by the SEC and listed on the PDEX in October 2021 while ₱250.0 million represent the seventh tranche of debt securities issued under the existing ₱50,000.0 million Debt Securities Program

Philippine Peso 3.0 Billion Fixed Rate Bonds due 2023

In December 2021, AREIT, Inc. issued a total of ₱3,000.0 million bonds due 2023 at a fixed rate equivalent to 3.0445% p.a. The Bonds represent the first tranche of debt securities issued under its ₱15,000.0 million Debt Securities Program registered with the SEC and listed on the PDEX. The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AYCFL

2017 US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)

On September 7, 2017, the Parent Company announced that AYCFL had successfully set the terms of a US dollar-denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₱20,171.9 million) with an annual coupon of 5.125% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on September 13, 2022 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

On September 2021, the aggregate principal amount of US\$100 million of this 5.125% Undated Notes was paid and the aggregate amount of US\$300 million remained outstanding after payment (see Note 25).

2019 US\$400.0 Million Senior Unsecured and Guaranteed Fixed For Life Perpetual Notes (Fixed For Life)

On October 23, 2019, the Parent Company announced that AYCFL had successfully priced a similar US dollar denominated fixed-for-life senior perpetual issuance at an aggregate principal amount of US\$400 million (₱20,118.9 million) with an annual coupon of 4.85% for life with no reset and step-up. The issuer, AYCFL, may redeem the Notes in whole but not in part on October 30, 2024 (first redemption date) or any interest payment date falling after the first redemption date at 100% of the principal amount of the Notes plus any accrued but unpaid interest. The Parent Company unconditionally guarantees the due and punctual payment of this note if, for any reason AYCFL does not make timely payment of the amount due.

In September 2021, the aggregate principal amount of US\$35 million of this 4.85% Undated Notes was paid and the aggregate amount of US\$365 million remained outstanding after payment.

2021 US\$400 Million Senior Fixed-for-Life Perpetual Notes (the Notes)

On September 16, 2021, the Parent Company announced that it had successfully set the terms for a US dollar-denominated fixed-for-life (non-deferrable) senior perpetual issuance. The Notes have an aggregate principal amount of US\$400 million with a fixed coupon of 3.90% for life, with no step-up and no reset, payable semi-annually. The Notes will be issued by AYCFL (the Issuer) and will be unconditionally and irrevocably guaranteed by the Parent Company. The Notes were priced at par with a re-offer yield of 3.90%, which represents a 40 basis points compression from the initial price guidance of 4.30%. The final order book was over US\$1.75 billion (4.4x oversubscribed), supported by a wide range of high-quality investors. The transaction was settled on September 23, 2021.

The net proceeds from the Notes were used to refinance the Issuer's outstanding US dollar-denominated guaranteed undated notes including, among others, the US\$100 million in aggregate principal amount of its 5.125% Undated Notes and US\$35 million in aggregate principal amount of its 4.85% Undated Notes. Aggregate amounts of US\$300 million and US\$365 million, respectively, remained outstanding after payment.

2022 US\$100 Million Social Bond

On November 11, 2021, AYCFL signed a 10-year Social Bond through private placement by the International Finance Corporation ("IFC") amounting to \$100 million (the "Social Bond"), which will be used for the sustainable and resilient growth and capacity building of the Group's healthcare arm, AC Health. The Social Bond will be unconditionally and irrevocably guaranteed by the Parent Company.

The transaction was settled on January 14, 2022 at a rate of 2.993% per annum payable semi-annually in arrears. Sustainalytics was engaged to provide a second party opinion on the Ayala Health Social Bond Framework which aligns with the Social Bond Principles and Social Loans Principles published by the International Capital Market Association.

AC Energy

ACEFIL - Medium Term Note (MTN) Programme

On January 16, 2019, AC Energy Finance International (ACEFIL) established its MTN Programme with an aggregate amount of US\$1,000.00 million (₱48,470.0 million). The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including eligible green projects and other use of proceeds under ACEFIL's green bond framework.

On November 17, 2020, ACEFIL amended the MTN Programme to increase the aggregate amount to US\$2,000.0 million (₱94,960.0 million) and allow the issuance of senior undated guaranteed notes under the MTN Programme.

As of March 31, 2022, ACEFIL has issued US\$770.0 million notes under the MTN Programme.

ACEFIL - Senior guaranteed notes due 2024 and 2029 and Senior undated guaranteed notes under the MTN Programme

On January 29, 2019, ACEFIL issued US\$225.0 million (₱10,905.8 million) senior guaranteed notes due 2024 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 99.45.

On February 12, 2019, ACEFIL issued US\$75.0 million (₱3,635.3 million) senior guaranteed notes to International Finance Corporation (IFC) due 2024 with a fixed coupon of 4.75%. The notes were priced at 99.998. On the same date, ACEFIL issued US\$110.00 million (₱5,331.7 million) senior guaranteed notes due 2029 with a fixed coupon of 5.25%. The notes were priced at 99.616. Both notes due 2024 and 2029 were issued under the MTN Programme and are guaranteed by ACEIC.

On the July 9, 2020, ACEFIL issued US\$60.00 million (₱2,908.2 million) senior guaranteed notes due 2029 guaranteed by ACEIC with a fixed coupon of 4.75%. The notes were priced at 104.75.

On November 25, 2020, ACEFIL issued US\$300.0 million (₱14,541.0 million) senior undated guaranteed notes with a fixed coupon of 5.10% for life. The notes were priced at par. The new issue was used to finance the successful tender of US\$186.9 million (₱9,058.5 million) of the US\$400.0 million (₱19,388.0 million) 5.65% senior undated guaranteed notes at a tender price of 104.

At any time, ACEFIL may on any one or more occasions redeem all or part of the “notes under the MTN Programme”, by giving notice, at redemption price equal to 100% of the principal amount of the “notes under the MTN Programme” redeemed, plus the applicable premium (as defined in the respective pricing supplements) as of date, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the “notes under the MTN Programme” is registered on the relevant record date to receive interest due on the relevant interest payment date.

The unsecured US dollar-denominated senior Green Bonds requires ACEN to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEN by certain of the ACEN's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEN's properties and assets with other entities if the ACEN's Parent Company is not the surviving entity. The incurrence test for additional debt requires ACEN to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEN as of March 31, 2022 and December 31, 2021.

ACEN Finance - Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance Limited (ACEN Finance) established its MTN Programme with an aggregate amount of US\$1,500.0 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the ACEN Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note program; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

As of March 31, 2022, ACEN Finance has issued US\$400.0 million senior guaranteed undated notes under the MTN Programme.

ACEN Finance - Senior guaranteed undated FFL notes (Notes) under the MTN Programme

On September 8, 2021, ACEN Finance issued US\$400.0 million senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework. On September 9, 2021, the Notes were listed with the SGX-ST.

The Philippine SEC confirmed that the Bonds comply with the requirements under the ASEAN Green Bonds Circular and qualify as an ASEAN Green Bond Issuance.

The unsecured US dollar-denominated senior Green Bonds requires ACEIC Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to ACEIC Group by certain of ACEIC Group's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of ACEIC Group's properties and assets with other entities if ACEIC is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0. These were complied with by ACEIC Group as of March 31, 2022 and December 31, 2021.

Compliance with debt covenants

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of March 31, 2022 and December 31, 2021. For the Parent Company, these covenants include, among others, certain ratios like:

- Debt to equity ratio of not to exceed 3:1
- Net debt to tangible networth ratio of not to exceed 3:1
- Current ratio of not lower than 0.5:1

17. Equity

Details of the Parent Company's paid-in capital follow:

	Preferred Shares - A	Preferred Shares - B	Voting Preferred Shares	Common Shares	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
(In Thousands)									
At January 1, 2022(Audited)	₱ 1,200,000	₱ 5,800,000	₱ 200,000	₱ 31,450,770	₱244,154	₱ 49,543,741	₱(2,363,138)	₱ 86,075,527	₱(12,382,517)
Collection of subscription receivables	-	-	-	-	-	-	63,057	63,057	-
At March 31, 2022 (Unaudited)	₱ 1,200,000	₱ 5,800,000	₱ 200,000	₱ 31,450,770	₱244,154	₱ 49,543,741	₱(2,300,081)	₱ 86,138,584	₱(12,382,517)

	Preferred Shares - A	Preferred Shares - B	Voting Preferred Shares	Common Shares	Subscribed	Additional Paid-in Capital	Subscriptions Receivable	Total Paid-in Capital	Treasury Shares
At January 1, 2021 (Audited)	₱ 1,200,000	₱ 5,800,000	₱ 200,000	₱ 31,437,119	₱220,891	₱ 48,997,024	₱(2,241,090)	₱ 85,613,944	₱ (6,605,153)
Exercise/Cancellation/Subscription of ESOP/ESOWN	-	-	-	8,972	27,942	546,717	(415,241)	168,390	-
Issuance of shares upon full payment of subscription	-	-	-	4,679	(4,679)	-	-	-	-
Collection of subscription receivables	-	-	-	-	-	-	293,193	293,193	-
Buyback of common shares	-	-	-	-	-	-	-	-	(5,777,364)
At December 31, 2021 (Audited)	₱ 1,200,000	₱ 5,800,000	₱ 200,000	₱ 31,450,770	₱244,154	₱ 49,543,741	₱(2,363,138)	₱ 86,075,527	₱(12,382,517)

Treasury Shares

On March 31, 2022, the Parent Company assigned from its Treasury Shares two (2) common shares, as qualifying shares, to the two (2) new nominees for independent directors of the Parent Company. In view of the foregoing assignment of shares, the number of issued and outstanding common shares as of March 31, 2022 are 633,898,469 and 619,703,617, respectively.

Retained Earnings

The reconciliation of Retained Earnings available for dividend declaration shows the following as of March 31, 2022 (unaudited) and December 31, 2021 (audited):

	March 2022 (Unaudited)	December 2021 (Audited)
In Thousands		
Unappropriated Retained earnings, as adjusted to available for dividend distribution, beginning	₱ 41,615,365	₱ 45,880,013
Add: Net income actually earned/realized during the period - Parent co.	1,771,778	7,078,445
Add (Less):		
Dividend declarations during the period	(312,053)	(5,548,077)
PFRS adjustments in retained earnings	3,218	-
Treasury shares	-	(5,777,364)
Deferred tax asset during the period - net	-	(17,652)
	(308,835)	(11,343,093)
Retained earnings available for dividends	₱ 43,078,308	₱ 41,615,365

On January 17, 2022, the BOD approved the declaration of the first quarter cash dividends on the Parent Company's outstanding Preferred "B" Series 1 shares at $\frac{1}{4}$ of 5.250% p.a. or ₱6.5625 per share, payable to stockholders of record as of January 31, 2022. Total dividends declared amounted to ₱131.3 million and paid on February 15, 2022.

On January 31, 2022, the BOD approved the declaration of first quarter cash dividends on the Parent Company's outstanding Preferred "B" Series 2 shares at $\frac{1}{4}$ of 4.8214% p.a. or ₱6.02675 per share, payable to stockholders of record as of February 15, 2022. Total dividends declared amounted to ₱180.8 million and paid on February 28, 2022.

In January 2021, the Parent Company declared cash dividends to its Preferred B Series 1 and Series 2 shareholders amounting to ₱131.3 million and ₱180.8 million, respectively.

There were no dividends declared to the common shareholders of the Parent Company for the period ended March 31, 2022 and 2021 (both unaudited).

Capital Management

The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended March 31, 2022 and December 31, 2021. However, due to COVID-19 pandemic, the Parent Company lowered its dividend per share in 2021.

The Parent Company monitors capital using a gearing ratio of debt to equity and net debt to equity. Debt consists of short-term and long-term debt of the Group. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and restricted cash of the Group. The Parent Company considers as capital the total equity.

	March 2022 (Unaudited)	December 2021 (Audited)
<i>(Amounts in Thousands)</i>		
Short-term debt	₱ 43,131,734	₱ 34,712,039
Long-term debt	453,485,839	443,804,535
Total debt	496,617,573	478,516,574
Less:		
Cash and cash equivalents	88,625,888	90,483,909
Short-term investments	3,087,594	930,938
Restricted cash	-	137,801
Net debt	404,904,091	386,963,926
Total equity	₱ 583,288,048	₱ 565,312,768
Debt to equity	85.1%	84.6%
Net debt to equity	69.4%	68.5%

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of March 31, 2022 and December 31, 2021.

Due to certain constraints in the local banking system regarding loans to directors, officers, stockholders and related interest (DOSRI), some of the Parent Company's credit facilities with a local bank are secured by US dollar cash in accordance with BSP regulations. Any outstanding loan amount, as well as the interest, all other charges and expenses, shall be secured by an assignment of US dollar denominated deposits (thru its financing arm AYCFI, see Note 16) and remain on holdout by the bank for as long as the loan is outstanding at a collateral to loan ratio of 1:1, which the borrower agrees to maintain at all times.

The Parent Company also monitors capital through return-to-common equity ratio. For this ratio, the Parent Company considers as capital the average amount of equity with the exclusion of accounts pertaining to preferred shares and the non-controlling interests.

	March 2022 (Unaudited)	March 2021 (Unaudited)
<i>(In Thousands)</i>		
Net income attributable to owners of the parent	₱ 7,811,575	₱ 5,375,563
Less:		
Dividends to equity preferred shares	312,052	312,053
Net income attributable to common shares owners of the parent	7,499,523	5,063,510
Average common equity attributable to owners of the parent	₱ 340,669,398	₱ 317,971,566
Return to common equity	2.2%	1.6%

18. Earnings Per Share

The following table presents information necessary to calculate earnings per share (EPS) on net income attributable to owners of the Parent Company:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(in Thousands, except EPS figures)	
Net income attributable to the owners of the Parent Company		
Continuing operations	₱ 7,811,575	₱ 5,462,239
Segment under PFRS 5	-	(86,676)
Less: Dividends on preferred stock	(312,053)	(312,053)
	7,499,523	5,063,510
Less profit impact of assumed conversions of potential ordinary shares of investees	(31,169)	(16,810)
	₱ 7,468,354	₱ 5,046,701
Weighted average number of common shares	619,704	627,412
Dilutive shares arising from stock options	1,119	1,011
	620,822	628,423
EPS before operations of segment under PFRS 5		
Basic	₱ 12.05	₱ 8.18
Diluted	₱ 12.03	₱ 8.17
EPS		
Basic	₱ 12.05	₱ 8.04
Diluted	₱ 12.03	₱ 8.03

19. Revenue

This account consists of:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Thousands)	
Revenue from contracts with customers		
Manufacturing services	₱17,055,907	₱15,797,767
Real estate	15,054,621	14,363,020
Power generation	8,111,128	7,757,257
Automotive	5,173,918	5,081,544
Others	3,837,094	2,499,609
	49,232,668	45,499,197
Rental income	6,018,149	6,770,832
Sale of goods and rendering of services	55,250,817	52,270,029
Share in net profits of associates and joint ventures	9,058,612	6,070,042
Interest income from real estate	1,669,704	1,842,556
Total	₱65,979,133	₱60,182,627

Disaggregated revenue information

Set out below is the disaggregation of revenue from contracts with customers of the material subsidiaries of the Group:

ALI Group

Revenue from contracts with customers of ALI Group consists of:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Thousands)	
Revenue from contracts with customers		
Residential development	₱13,369,657	₱12,688,054
Construction	715,082	930,879
Hotels and resorts	969,882	744,087
Total Revenue	₱15,054,621	₱14,363,020

ALI Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types. ALI Group's disaggregation of revenue from contracts with customers from Residential development, the biggest revenue segment, are presented below:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Thousands)	
Type of Product		
Middle income housing	₱ 6,116,520	₱ 4,811,442
Condominium	2,651,367	3,553,099
Coremid	2,444,845	1,901,966
Lot only	2,156,925	2,421,547
	₱13,369,657	₱12,688,054

All of ALI Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

IMI Group

The following table presents revenue of IMI Group per market segment:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Thousands)	
Automotive	₱ 9,408,724	₱ 8,288,726
Industrial	5,215,344	4,680,621
Consumer	972,356	878,839
Aerospace/defense	597,080	782,592
Telecommunication	480,406	531,591
Medical	330,304	420,601
Multiple market/others	51,693	214,797
	₱17,055,907	₱15,797,767

Translated using the weighted average exchange rate for the period (US\$1: ₱51.073 and ₱48.231 in March 31, 2022 and 2021, respectively).

20. Assets and Liabilities and Operations of Segment under PFRS 5

Assets and liabilities under PFRS 5 consist of the following:

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Assets under PFRS 5		
ACEIC's Investment in KPHLC	₱ 11,821,057	₱ 11,758,142
ACEIC's Kauswagan Land	820,350	402,769
ACEN Power Barges	119,179	262,684
Bataan Solar Energy, Inc. Property, Pant and Equipment	-	9,927
	₱ 12,760,586	₱ 12,433,522

MWC

On February 1, 2020, MWC and Prime Metroline Holdings, Inc., on behalf of a company to be incorporated (Trident Water), signed a subscription agreement for the acquisition of 820.0 million common shares of MWC at ₱13.00 per share. On February 6, 2020, the Parent Company's Executive Committee approved the grant of proxy rights by Philwater to Trident Water over its 4,000,000,000 preferred shares to enable the latter to achieve 51.00% voting interest in MWC, subject to the fulfillment of the conditions in the subscription agreement for the 24.96% share in MWC. Upon the grant of proxy rights to Trident Water, the Parent Company's effective voting interest in MWC will stand at 31.60%.

On February 7, 2020, MWC received a letter from Prime Metroline Holdings, Inc. that it has announced, through publication in a newspaper of general circulation, its intention to make a mandatory offer for the shares of the MWC at an offer price of ₱13.00 per share.

The subscription agreement will become effective after certain conditions precedent are met, including relevant third-party consents and regulatory approvals. This includes the SEC's approval of the denial of pre-emptive rights with respect to the issuance of shares to Trident Water. The closing of the subscription agreement is conditioned on the continuing effectivity of MWC's material contracts. On August 25, 2020, MWC received a copy of the resolution from PCC, indicating that the PCC will take no further action with respect to the transaction, Trident Water's acquisition of 51% voting interest in MWC. Specifically, it was deemed that the proposed acquisition of Trident Water of shares in MWC will not likely result in substantial lessening of competition.

As of December 31, 2020 and 2019, MWC qualified as a group held for deemed disposal and since the operations of MWC represents the Group's water infrastructure business segment, qualified as a discontinued operation (presented as operation of segment under PFRS 5 in the consolidated statement of income).

On February 15, 2021, MWC and Prime Strategi Holdings, Inc. (PSHI) signed an Amendment to the Subscription Agreement which both parties entered into last February 1, 2020. The amendment covers the inclusion of Trident Water as party to the Subscription Agreement following its establishment, as well as the updated payment terms which is 50.0% upon Closing and 50.0% upon call of MWC's BOD.

On the same date, Philwater and Trident Water executed a Share Purchase Agreement wherein Philwater agreed to sell 2,691,268,205 of its preferred shares in MWC to Trident Water with a payment term over a five (5)-year period. The purchase of the preferred shares reflects a 39.09% voting stake and 8.19% economic stake in MWC. The purchase price for the preferred shares was set at ₱1.8 per share, resulting in a total purchase price of over ₱4.8 billion. The rights and title to the shares, except voting rights covered by the proxies, which shall be executed upon the execution of the Shareholders' Agreement, shall not be transferred until all payments are made. Dividends earned by the preferred shares shall continue to be for the account of Philwater until full payment has been made.

The total consideration of ₱4,844.3 million for the preferred shares shall be collected as follows: ₱100.0 million downpayment paid on February 2021; ₱2,372.1 million on or before February 2025; and ₱2,372.1 million on or before February 2026. These amounts, less the downpayment, formed part of the consolidated accounts receivables as of March 31, 2022 (unaudited).

MWC has not issued, and Trident Water has not subscribed, the 820 million common shares subject of the Subscription Agreement pending the completion of the following conditions to closing:

- a. Execution of the Shareholders' Agreement by the Parent Company, Philwater, and Trident Water, and
- b. Compliance with and completion of the mandatory tender offer by Trident Water to the shareholders of MWC as may be required by the SEC.

On April 8, 2021, MWC received the Tender Offer Report from Trident Water to acquire up to 1,118,253,916 common shares of MWC through a tender offer to all shareholders. The tender offer does not include the 866,996,201 common shares held by the Parent Company and its nominees and the 4.0 billion preferred shares held by Philwater and its nominees.

On May 31, 2021, a total of 462,660 common shares of MWC were tendered, accepted and purchased by Trident Water via block sale through the facilities of the PSE.

On June 3, 2021, the Parent Company, together with its wholly-owned subsidiaries, Philwater and ACEIC, and Trident Water executed a Shareholders' Agreement as part of the closing actions for the latter's subscription to common shares in MWC. Additionally, Philwater executed and delivered a proxy in favor of Trident Water for Philwater's 2,691,268,205 preferred shares in MWC (the "Preferred Shares"). Following the completion of the tender offer and execution of the Shareholders' Agreement, Trident Water already owns 870,462,660 common shares of MWC and has voting rights over the 2,691,268,205 preferred shares to be acquired by Trident Water. In addition, PSHI also owns 29,589,500 common shares of MWC. On June 24, 2021, Trident Water acquired 29,589,500 shares of MWC from PSHI. Trident Water already has a total of 900,052,159 shares of MWC.

There were changes in MWC's Board of Directors and Management following the completion of the Tender Offer and issuance of the 820 million shares to Trident Water.

As a result of the foregoing, the Parent Company lost control over MWC, deconsolidated the assets, liabilities and equity accounts of MWC and classified the retained interest in MWC as an Investment in Associate (see Note 10).

The results of operations of MWC for the period ended March 31, 2021 (unaudited) are presented below:

	March 2021 (Unaudited) (In Thousands)
Revenue	₱ 4,565,642
Interest and other income	3,242,800
Total revenues	7,808,442
Cost of services	1,723,830
Operating expenses and other charges	4,610,160
Interest expense	555,557
Total expenses	6,889,547
Income before income tax	918,895
Income tax	808,002
Net income after tax	₱ 110,893

The following are the disaggregation of MWC's revenue from contracts with customers which forms part of the Group's operations of the segment under PFRS 5 for the period ended March 31, 2021 (unaudited):

March 2021 (Unaudited)	Manila Concession and Head Office	Domestic Subsidiaries	Total
	(In Thousands)		
Revenue from contracts with customers:			
Water and sewer	₱ 3,505,599	₱ 853,924	₱ 4,359,523
Other operating income	58,451	147,669	206,119
	3,564,050	1,001,592	4,565,642
Timing of revenue recognition:			
Revenue recognized over time	3,544,228	978,960	4,523,187
Revenue recognized at a point in time	19,823	22,633	42,455
	₱ 3,564,050	₱ 1,001,592	₱ 4,565,642

The net cash flows of MWC are as follows:

	March 2021 (Unaudited) (In Thousands)
Operating activities	₱ 1,401,500
Investing activities	(1,676,368)
Financing activities	(2,601,184)
Net increase (decrease) in cash and cash equivalents	₱ (2,876,052)

GN Power Kauswagan Ltd. Co. (GNPK)

On July 1, 2019, the ACEIC and PPLC executed the Divestment Term Sheet for the acquisition in tranches by PPLC of the ACEIC Group's indirect partnership interest in GNPK, through the sale of its limited partnership interest in KPHLC. The completion of the first tranche of the transaction will result in PPLC gaining control over GNPK's coal power plant. The Group classified the assets and liabilities of KPHLC as assets and liabilities held for sale in 2019 since based on management's assessment, the criteria under PFRS 5 have been met. The transaction is subject to certain conditions precedent, including PCC approval that was already obtained on September 30, 2019, and lenders' consent for ACEIC's full divestment from the project which was been obtained on December 15, 2020.

On December 28, 2020, ACEIC, PPLC and their related companies amended and restated the Divestment Term Sheet and signed and executed an Amended and Restated Term Sheet for the divestment of ACEIC from GNPK to update the terms and conditions of the divestment.

The Group has continued to classify the assets and liabilities of KPHLC as "Assets held for sale" and "Liabilities held for sale", respectively, in the 2020 consolidated statement of financial position as the sale is highly probable and intended to be completed within the first quarter of 2021, subject to the completion of other condition precedent specified in the term sheet such as restructuring ACEIC.

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer by ACEIC of its indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis.

As of September 30, 2021, the following transactions were completed:

1. Redemption of the Kauswagan Power Holding Ltd. Co. (KPHLC) Class A and B limited partnership interest held by ACEIC. KPHLC holds 85.7% ownership interest in GNPK.
2. Investment by ACEIC subsidiaries (ACE (BVI) B, Inc., ACE (BVI) D, Inc., ACE (BVI) F, Inc., ACE (BVI) T, Inc., and ACE (BVI) PHILCO Corp.) in GNPK through subscription to KPHLC's Class A and B limited partnership interests.
3. Sale of 100% interest in ACE (BVI) B, Inc. and 11.62% interest in ACE (BVI) PHILCO Corp. to PPLC and subsidiaries, equivalent to 38.6% (45% of 85.75%) interest in GNPK (first tranche sale). Pursuant to the Divestment Agreement, with the completion of the first tranche sale, management and operational control over KPHLC and GNPK is transferred to PPLC and its affiliates, whereby PPLC and its affiliates, among others, acquired the right to appoint and elect four of the five members of KPHLC's and GNPK's management committee representatives, and four of the five members of the Board of directors of Kauswagan Power GP Corporation, the sole general partner of GNPK.

The sale and retained interest were valued at US\$453.24 million (₱23,096.8 million) payable on a deferred basis. The carrying value of ACEIC indirect investment in GNPK was US\$363.65 million (₱18,531.31 million). Receivables from PPLC and affiliates for the 38.6% interest in KPHLC is recorded at net present value at US\$190.00 million (₱9,638.6 million), while the fair value of the 47.1% (55% of the 85.7%) investment amounting to US\$232.22 million (₱11,821.1 million) is presented as part of "Assets under PFRS 5" as of March 31, 2022 (unaudited).

ACEIC continued to consolidate the balances until completion of the first tranche sale as of September 30, 2021, upon which, the Assets held for sale and Liabilities held for sale were deconsolidated from the Group's consolidated statements financial position.

In accordance with PFRS 5, since the ACEIC Group is committed to a sale plan, the ACEIC Group classifies its retained investment in KPHLC, which owns GNPK, as held for sale.

The Group continued to take up the full profit and loss of GNPK until September 30, 2021.

The amount and timing of collection of the consideration is dependent on the distributable proceeds that will be received by the buyer from its two GN Power affiliates, GNPK and GNPD, which is based on the priority payment waterfall provisions of the divestment agreement. In determining the

fair value of the receivables and the retained interest, ACEIC used key assumptions such as revenue from energy sales, fuel costs and discount rate in relation to the future cashflows of GNPK and GNPD.

Claims for Property Damage and Business Interruption

GNPK has the right to claim Delay Liquidated Damages for any construction delay. Total compensation recognized under Other income in the unaudited interim condensed consolidated statements of income for the period ended March 31, 2021 (unaudited) amounted to nil. As of March 31, 2021 (unaudited), no compensation recognized as cost recovery or cost reduction to Construction in Progress account under Property, plant and equipment in the unaudited interim condensed consolidated statements of financial position.

GNPK revenues from electricity sales of ₱1,268.1 million, other income of ₱5.1 million and administrative expenses of ₱1,323.5 million for the period ended March 31, 2021 were recognized in the unaudited interim condensed consolidated income statement.

Kauswagan Land

The amendment and restated Divestment Term Sheet on December 28, 2020 included a provision wherein ACEIC agreed to sell and PMR Group Retirement Plan, Inc. (PGRP) agreed to acquire certain parcels of land located in Kauswagan Lanao Del Norte which constitute the current project site of GNPK and which are currently legally and beneficially owned by ACEIC. PGRP is a related party of PPLC.

The purchase price for the Kauswagan Land is equal to US\$15.9 million inclusive of value added tax, and subject to withholding taxes to the extent prescribed under Philippine law (referred to as Land Purchase Price). The documentary stamp tax as well as other costs and fees for the title transfer including cost to obtain the certificate authorizing registration (CAR), local transfer taxes and fees payable to the register of deeds, shall be for the account of PGRP.

To enable PGRP to pay the Land Purchase Price, one of the modes of settlement is ACEIC shall extend a loan to PGRP in an amount up to the Land Purchase Price (referred to as "ACEIC Land Loan") and PGRP shall use the loan amount exclusively to pay the Land Purchase Price to ACEIC. PGRP shall pay interest on the ACEIC Land Loan at equivalent rates agreed in the term sheet. Since ACEIC Land Loan may require prior consent from PGRP's existing lender, it is agreed that the issuance of such consent shall be a condition precedent to the effectiveness of the ACEIC Land Loan.

In July 2021, the consent from PGRP's existing lenders were obtained. The carrying value of the Kauswagan Land amounting to ₱820.4 million as of March 31, 2022 (unaudited) was classified as "Assets under PFRS 5".

As of March 31, 2022 (unaudited), sale has not been carried out with PGRP requesting for revisions to commercial terms (e.g., interest rate / taxes) on binding agreement. Discussion between PGRP and ACEIC is ongoing as of date.

ACEN's Power Barges

In 2021, the ACEIC Group classified the power barge assets as held for sale under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use. Power Barge ("PB") 101 and 102 were commissioned in 1981 while PB 103 in 1985. These were acquired by ACEN from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2015. Each power barge is a barge-mounted bunker-fired diesel generating power station with Hitachi diesel generator units and a gross capacity of 32MW and providing dispatchable reserve services to the Visayas grid.

On August 20, 2021, the ACEN's Executive Committee approved the sale of PB 101 to Prime Strategic Holdings Inc. or its designated affiliate or subsidiary, and PB 102 and PB 103 to SPC Power Corporation or its designated affiliate or subsidiary.

On September 16, 2021, the Asset Purchase Agreement for the sale of PB 102 and 103 with SPC Island Power Corporation was signed.

On December 21, 2021, ACEN signed the Asset Purchase Agreement for the sale of PB 101 to MORE Power Barge, Inc. The Deed of Absolute sale was executed by the parties on January 21, 2022.

On January 21, 2022, ACEN and MORE Power Barge, Inc. executed a Deed of Absolute Sale and Assignment implementing the sale of Power Barge 101, amounting to ₱126.0 million, inclusive of VAT.

On February 23, 2022, ACEN and SPC Island Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 102. Conditions precedent to closing of the transaction is the approval of PSALM to the assignment of the Lease Agreement covering the mooring site of PB 102.

As at March 31, 2022 (unaudited), the carrying value of the power barges (PB101 to P103) amounted to ₱119.2 million.

21. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the primary segment reporting format is by business segment.

For management purposes, the Group is organized into the following business units:

- Parent Company - represents operations of the Parent Company including its financing entities such as ACIFL, AYCFL, PFIL and MHI.
- Real estate and hotels - planning and development of large-scale fully integrated mixed-used communities that become thriving economic centers in their respective regions. These include development and sale of residential, leisure and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential condominiums and office buildings; development of industrial and business parks; development and sale of high-end, upper middle-income and affordable and economic housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management.
- Financial services and insurance - commercial banking operations with expanded banking license. These include diverse services such as deposit taking and cash management (savings and time deposits in local and foreign currencies, payment services, card products, fund transfers, international trade settlement and remittances from overseas workers); lending (corporate, consumer, mortgage, leasing and agri-business loans); asset management (portfolio management, unit funds, trust administration and estate planning); securities brokerage (on-line stock trading); foreign exchange and capital markets investments (securities dealing); corporate services (corporate finance, consulting services); investment banking (trust and investment services); a fully integrated bancassurance operations (life, non-life, pre-need and reinsurance services); and other services (internet banking, foreign exchange and safety deposit facilities).
- Telecommunications (Telecoms) - provider of digital wireless communications services using a fully digital network; domestic and international long distance communication services or carrier services; broadband internet and wireline voice and data communication services; also licensed to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services. In recent years, operations include developing, designing, administering, managing and operating software applications and systems, including systems designed for the operations of bill payment and money remittance, payment facilities through various telecommunications systems operated by telecommunications carriers in the Philippines and throughout the world and to supply software and hardware facilities for such purposes.

- Water - contractor to manage, operate, repair, decommission, and refurbish all fixed and movable assets (except certain retained assets) required to provide water delivery, sewerage and sanitation, distribution services, pipeworks, used water management and management services. In 2016, a new business initiative was undertaken where the group will exclusively provide water and used water services and facilities to all property development projects of major real estate companies.

In 2019 and 2020, investment in MWC was classified to “Assets and liabilities and operations of segment under PFRS 5” (see Note 20).

In June 2021, a Shareholders’ Agreement was executed among the Parent Company, Philwater, ACEIC, and Trident Water as part of the closing actions for the latter’s subscription to common shares in MWC (see Note 20). This resulted in the deconsolidation of MWC and its subsequent classification to investment in associate.

- Industrial Technologies - global provider of electronics manufacturing services (EMS) and power semiconductor assembly and test services with manufacturing facilities in Asia, Europe, and North America. It serves diversified markets that include those in the automotive, industrial, medical, telecommunications infrastructure, storage device, and consumer electronics industries. Committed to cost-development to manufacturing and order fulfillment), the company’s comprehensive capabilities and global manufacturing presence allow it to take on specific outsourcing needs.
- Power - unit that will build a portfolio of power generation assets using renewable and conventional technologies which in turn will operate business of generating, transmission of electricity, distribution of electricity and supply of electricity, including the provision of related services.

Automotive, Outsourcing and Others - includes operations of Automotive unit’s business on manufacturing, distribution and sale and providing repairs and services for passenger cars and commercial vehicles. In 2016, this unit launched initiatives to include industrial manufacturing activity for long-term synergy and integration with automotive business. This segment also includes outsourcing services unit (venture capital for technology businesses and emerging markets; onshore and offshore outsourcing services in the research, analytics, legal, electronic discovery, document management, finance and accounting, full-service creative and marketing, human capital management solutions, and full-service accounting); International unit (investments in overseas property companies and projects); Aviation (air-chartered services); consultancy, agri-business and other operating companies. This business segment group also includes the companies for Infrastructure (development arm for various types of infrastructure); education, human capital resource management and health services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the periods ended March 31, 2022 and 2021 and December 31, 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results include transfers between operating segments. Those transfers are eliminated in consolidation.

The various business segments in the Group are not affected by seasonality in operations.

The following tables regarding operating segments present revenue and income information for the periods ended March 31, 2022 and 2021 (both unaudited), and assets and liabilities as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

March 31, 2022 (Unaudited)
(In Millions)

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Electronics	Power	Automotive, Outsourcing and Others	Intersegment Eliminations	Consolidated
Revenue									
Sales to external customers	P 69	P 22,411	P -	P -	P 16,798	P 8,155	P 7,817	P -	P 55,250
Intersegment	27	150	-	-	13	-	82	(272)	-
Share of profit of associates and joint ventures	-	249	3,796	3,929	-	799	286	-	9,059
Interest income	-	1,670	-	-	-	-	-	-	1,670
Dividend income	-	-	-	-	-	-	-	-	-
	96	24,480	3,796	3,929	16,811	8,954	8,185	(272)	65,979
Costs and expenses									
Costs of sales and services	-	14,101	-	-	15,745	8,688	6,998	(168)	45,364
General and administrative	632	1,503	-	-	1,532	378	1,765	(63)	5,747
	632	15,604	-	-	17,277	9,066	8,763	(231)	51,111
Other income (charges)									
Interest income	62	39	-	-	6	1,598	43	(39)	1,709
Other income	26	101	-	-	291	410	305	108	1,241
Interest and other financing charges	(1,591)	(3,873)	-	-	(167)	(1,124)	(228)	7	(6,976)
	(1,503)	(3,733)	-	-	130	884	120	76	(4,026)
Net income (loss) before income tax	(2,039)	5,143	3,796	3,929	(336)	772	(458)	35	10,842
Provision for (benefit from) income tax	2	1,079	-	-	72	(413)	81	(9)	812
	(2,041)	4,064	3,796	3,929	(408)	1,185	(539)	44	10,030
Operations of the segment under PFRS 5								-	-
Net income (loss)	P (2,041)	P 4,064	P 3,796	P 3,929	P (408)	P 1,185	P (539)	P 44	P 10,030

	Parent Company	Real Estate and Hotels	Financial Services & Insurance	Telecoms	Electronics	Power	Automotive, Outsourcing and Others	Intersegment Eliminations	Consolidated
Other information									
Segment assets	₱ 67,521	₱ 707,482			₱ 58,436	₱ 190,083	₱ 58,217	₱ (41,523)	₱ 1,040,216
Investments in associates and joint ventures	227,917	28,534			-	36,318	18,045	-	310,814
Deferred tax assets	107	14,395			140	1,663	1,532	890	18,727
Assets under PFRS 5								12,761	12,761
Total Assets	₱ 295,546	₱ 750,411	₱ -	₱ -	₱ 58,576	₱ 228,064	₱ 77,794	₱ (27,872)	₱ 1,382,518
Segment liabilities	₱ 183,724	₱ 472,792			₱ 35,151	₱ 111,132	₱ 29,032	₱ (42,249)	₱ 789,582
Deferred tax liabilities	88	6,506			56	914	2,084	-	9,648
Liabilities under PFRS 5								-	-
Total Liabilities	₱ 183,812	₱ 479,298	₱ -	₱ -	₱ 35,207	₱ 112,046	₱ 31,116	₱ (42,249)	₱ 799,230
Depreciation & amortization	₱ 67	₱ 1,968	₱ -	₱ -	₱ 721	₱ 651	₱ 380	₱ (5)	₱ 3,782
Non-cash expenses other than depreciation & amortization	₱ -	₱ 14	₱ -	₱ -	₱ 7	₱ 37	₱ 12	₱ -	₱ 70
Segment additions to property, plant and equipment and investment properties	₱ 46	₱ 3,401	₱ -	₱ -	₱ 167	₱ 3,211	₱ 485	₱ 319	₱ 7,629
Cash flows provided by (used in):									
Operating activities	₱ (2,047)	₱ 3,184	₱ -	₱ -	₱ (451)	₱ 3,632	₱ 61	₱ (2,383)	₱ 1,996
Investing activities	₱ (50)	₱ (7,890)	₱ -	₱ -	₱ (1,970)	₱ (10,551)	₱ (2,084)	₱ (1,290)	₱ (23,835)
Financing activities	₱ 1,070	₱ 4,421	₱ -	₱ -	₱ 481	₱ 9,975	₱ 151	₱ 3,883	₱ 19,981

March 31, 2021 (Unaudited)
(In Millions)

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Industrial Technologies	Power	Automotive, Outsourcing and Others	Intersegment Eliminations	Consolidated
Revenue									
Sales to external customers	P 63	P 21,080	P -	P -	P 15,862	P 7,771	P 7,493	P -	P 52,270
Intersegment	39	44	-	-	(79)	142	67	(213)	(1)
Share of profit of associates and joint ventures	-	218	2,327	2,256	-	1,376	(106)	-	6,070
Interest income	27	1,895	-	-	2	844	78	-	2,845
Dividend income	-	-	-	-	-	7	-	-	7
	129	23,236	2,327	2,256	15,785	10,140	7,532	(213)	61,191
Costs and expenses									
Costs of sales and services	-	13,912	-	-	14,438	5,273	6,109	(118)	39,614
General and administrative	825	1,654	-	-	1,139	1,523	2,196	(77)	7,260
	825	15,566	-	-	15,577	6,795	8,305	(196)	46,874
Other income (charges)									
Other income	25	604	-	-	(114)	216	342	(3)	1,070
Interest and other financing charges	(1,476)	(3,747)	-	-	(112)	(1,222)	(185)	(1)	(6,744)
Other charges	-	-	-	-	-	-	-	-	-
	(1,451)	(3,144)	-	-	(226)	(1,006)	157	(4)	(5,673)
Net income (loss) before income tax	(2,147)	4,526	2,327	2,256	(18)	2,338	(616)	(22)	8,644
Provision for (benefit from) income tax	5	1,650	-	-	59	(118)	180	(180)	1,596
	(2,152)	2,876	2,327	2,256	(77)	2,456	(796)	159	7,048
Operations of the segment under PFRS 5								111	111
Net income (loss)	P (2,152)	P 2,876	P 2,327	P 2,256	P (77)	P 2,456	P (796)	P 269	P 7,159
Depreciation & amortization	P 44	P 2,337	P -	P -	P 701	P 585	P 340	P (2)	P 4,005
Non-cash expenses other than depreciation & amortization	P -	P 19	P -	P -	P (1)	P 280	P 31	P (6)	P 323
Segment additions to property, plant and equipment and investment properties	P 22	P 3,636	P -	P -	P 433	P 299	P 1,911	P (1,048)	P 5,253
Cash flows provided by (used in):									
Operating activities	P (2,130)	P (2,094)	P -	P -	P 421	P 2,038	P (613)	P 1,954	P (424)
Investing activities	P 1,734	P (3,255)	P -	P -	P (349)	P (9,807)	P (6,499)	P 1,688	P (16,488)
Financing activities	P (2,721)	P 4,172	P -	P -	P (215)	P 15,281	P 3,894	P (3,773)	P 16,638

December 31, 2021 (Audited)
(In Millions)

	Parent Company	Real Estate and Hotels	Financial Services and Insurance	Telecoms	Electronics	Power Generation	Automotive and Others	Intersegment Eliminations / Consolidation Adjustments	Consolidated
Assets and Liabilities									
Segment assets	₱66,999	₱705,025	₱-	₱-	₱57,397	₱178,568	₱58,703	(₱40,497)	₱1,026,195
Investments in associates and joint ventures	220,197	28,432	-	-	-	27,933	17,501	-	294,063
Deferred tax assets	107	12,890	-	-	144	616	1,656	881	16,294
Assets under PFRS 5	-	-	-	-	-	-	-	12,434	12,434
Total assets	₱287,303	₱746,347	₱-	₱-	₱57,541	₱207,117	₱77,860	(₱27,182)	₱1,348,986
Segment liabilities	₱181,632	₱469,665	₱-	₱-	₱33,724	₱102,819	₱28,304	(₱41,652)	₱774,492
Deferred tax liabilities	88	6,520	-	-	54	438	2,081	-	9,181
Total liabilities	₱181,720	₱476,185	₱-	₱-	₱33,778	₱103,257	₱30,385	(₱41,652)	₱783,673
Segment additions to property, plant and equipment and investment properties	₱195	₱25,246	₱-	₱-	₱1,581	₱5,067	₱1,496	₱5,916	₱39,501
Depreciation and amortization	₱249	₱8,881	₱-	₱-	₱2,974	₱2,473	₱1,630	₱645	₱16,852
Non-cash expenses other than depreciation and amortization	₱1,163	₱495	₱-	₱-	(₱63)	₱290	₱1,189	₱3,226	₱6,300
Cash flows provided by (used in):									
Operating activities	(₱6,119)	₱7,926	₱-	₱-	(₱2,408)	₱16,483	₱821	(₱10,553)	₱6,150
Investing activities	₱10,112	(₱26,229)	₱-	₱-	(₱1,660)	(₱30,937)	₱640	(₱24,326)	(₱72,400)
Financing activities	(₱10,575)	₱14,837	₱-	₱-	(₱352)	₱17,569	(₱5,092)	₱25,866	₱42,253

22. Fair Value Measurement and Derivative Instruments and Financial Instruments

A. Fair Value Measurement and Derivative Instruments

Fair Value of Financial and Nonfinancial Instruments

The carrying amounts approximate fair values for the Group's financial assets and liabilities due to its short-term maturities except for the following financial instruments as of March 31, 2022 (unaudited) and December 31, 2021 (audited):

	March 2022 (Unaudited)		December 2021 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)		(In Thousands)	
FINANCIAL ASSETS AT FVTPL				
Held for trading – current	₱ 7,907,133	₱ 7,907,133	₱ 7,529,812	₱ 7,529,812
Convertible loans – noncurrent	2,996,944	2,996,944	3,878,596	3,878,596
Derivative assets - Freestanding	272,628	272,628	442,242	442,242
Total financial assets at FVTPL	11,176,705	11,176,705	11,850,650	11,850,650
AT AMORTIZED COST				
Accounts and notes receivables				
Noncurrent trade receivables				
Real estate	45,101,504	45,101,504	42,926,431	43,149,538
Nontrade receivables				
Receivable from officers and employees	1,280,982	1,247,884	1,265,883	1,232,785
Financial assets at amortized cost	29,878,240	31,037,860	26,085,959	27,245,579
Total at amortized cost	76,260,726	77,387,248	70,278,273	71,627,902
FINANCIAL ASSETS AT FVOCI				
Investment in bonds	2,309,440	2,309,440	2,309,440	2,309,440
Quoted equity investments	938,500	938,500	1,682,355	1,682,355
Unquoted equity investments	3,224,440	3,224,440	1,996,917	1,996,917
Total financial assets at FVOCI	6,472,380	6,472,380	5,988,712	5,988,712
OTHER FINANCIAL ASSETS				
Deposits	3,128,861	3,128,861	2,818,354	2,818,354
Total other financial assets	3,128,861	3,128,861	2,818,354	2,818,354
Total financial assets	₱ 97,038,672	₱ 98,165,194	₱ 90,935,989	₱ 92,285,618
FINANCIAL LIABILITIES AT FVTPL				
Financial liabilities on put option	₱ 119,599	₱ 119,599	₱ 119,665	₱ 119,665
Derivative liabilities	241,838	241,838	241,744	241,744
Total financial liabilities at FVTPL	361,437	361,437	361,409	361,409
OTHER FINANCIAL LIABILITIES				
Long-term debt	453,485,839	432,248,429	443,804,535	422,681,312
Service concession obligation	101,030	101,030	101,030	101,030
Deposits and other noncurrent liabilities	56,714,861	48,388,463	68,591,847	60,265,449
Total other financial liabilities	510,301,730	480,737,922	512,497,412	483,047,791
Total financial liabilities	₱ 510,663,167	₱ 481,099,359	₱ 512,858,821	₱ 483,409,200

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Financial assets at FVTPL – Fair values of investment securities are based on quoted prices as of the reporting date. For other investment securities such as FVTPL with no reliable measure of fair value, these are carried at its last transaction price. For convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

The fair value of the investment in UITF is based on net asset values as of reporting dates.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered

were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

The fair value of other unquoted financial assets at FVTPL is determined using Weighted Average Cost of Capital using market comparable.

Derivative instrument – The fair value of the freestanding currency forwards is based on counterparty valuation.

Noncurrent trade and nontrade receivables – The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments.

Financial assets at amortized cost includes investments in redeemable preferred shares and convertible loans. For investment in redeemable preferred shares and convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments.

Financial assets at FVOCI investment in bonds - fair value of the bonds is based on binomial lattice approach.

Financial assets at FVOCI quoted equity securities – fair values are based on quoted prices published in markets.

Financial assets at FVOCI unquoted equity securities – fair values are based on the latest selling price available.

Deposits include security deposits from tenants of retail and office spaces and deferred credits arising from sale of real estate properties.

Derivative liability the fair value of the derivative liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

Financial liabilities on put options – These pertain to the liabilities of IMI Group arising from the written put options over the non-controlling interest of VIA and STI. The fair value of the financial liabilities is estimated using the discounted, probability-weighted cash flow method. The future cash flows were projected using the equity forward pricing formula with reference to the current equity value of the acquiree and the forecasted interest rate which is the risk-free rate in Germany and UK. Management applied weights on the estimated future cash flows, based on management's judgment on the chance that the trigger events for the put option will occur.

The current equity value of VIA is determined using the discounted cash flow approach. The future cash flows are projected using the projected revenue growth rate of VIA. The discount rate represents the current market assessment of the risk specific to the acquiree, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital.

For STI, management used the market approach by approximating the EBITDA multiple taken from comparable companies of STI that are engaged in providing electronics services solutions to derive its current equity value. Management computed EBITDA as the difference of forecasted gross profit and selling and administrative expenses before depreciation and amortization. Another significant assumption is the probability of trigger event occurring within the put option period.

Other financial liabilities - noncurrent - The fair values are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

The following table shows the fair value hierarchy of the Group's assets and liabilities as at March 31, 2022 (unaudited) and December 31, 2021 (audited):

March 31, 2022 (Unaudited)

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In Thousands)				
Recurring financial assets measured at fair value				
Financial assets at FVTPL - current	P -	P 386,604	P 7,520,529	P 7,907,133
Convertible loans - noncurrent	-	-	2,996,944	2,996,944
Derivative assets - Freestanding	-	-	272,628	272,628
Total Financial assets at FVTPL	-	386,604	10,790,101	11,176,705
Financial assets at FVOCI				
Investment in bonds	-	-	2,309,440	2,309,440
Quoted equity investments	404,413	534,087	-	938,500
Unquoted equity investments	-	-	3,224,440	3,224,440
	P 404,413	P 920,691	P 16,323,981	P 17,649,085
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P -	P -	P 46,349,388	P 46,349,388
Financial assets at amortized cost	-	-	31,037,860	31,037,860
Deposits	-	-	3,128,861	3,128,861
	P -	P -	P 80,516,109	P 80,516,109
Recurring financial liabilities measured at fair value				
Financial liabilities on put option	P -	P -	P 119,599	P 119,599
Derivative liabilities	-	-	241,838	241,838
	P -	P -	P 361,437	P 361,437
Recurring financial liabilities for which fair values are disclosed:				
Long-term debt	P -	P -	P 432,248,429	P 432,248,429
Service concession obligation	-	-	101,030	101,030
Deposits and Other noncurrent liabilities	-	-	48,388,463	48,388,463
	P -	P -	P 480,737,922	P 480,737,922
Nonfinancial assets for which fair values are disclosed:				
Investment properties	P -	P 1,903,712	P 492,888,354	P 494,792,065
Investments in associates and joint ventures*	342,577,669	-	-	342,577,669
	P 342,577,669	P 1,903,712	P 492,888,354	P 837,369,734

*Fair value of investments in listed associates and joint ventures for which there are published price quotations

December 31, 2021 (Audited)

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In Thousands)				
Recurring financial assets measured at fair value				
Financial assets at FVTPL - current	P -	P 365,057	P 7,164,755	P 7,529,812
Convertible loans - noncurrent	-	-	3,878,596	3,878,596
Derivative assets - Freestanding	-	-	442,242	442,242
Total Financial assets at FVTPL	-	365,057	11,485,593	11,850,650
Investment in bonds	-	-	2,309,440	2,309,440
Quoted equity investments	651,427	1,030,928	-	1,682,355
Unquoted equity investments	-	-	1,996,917	1,996,917
	P 651,427	P 1,395,985	P 15,791,950	P 17,839,362
Recurring financial assets for which fair values are disclosed:				
Noncurrent trade and nontrade receivables	P -	P -	P 44,382,323	P 44,382,323
Financial assets at amortized cost	-	-	27,245,579	27,245,579
Deposits	-	-	2,818,354	2,818,354
	P -	P -	P 74,446,256	P 74,446,256
Recurring financial liabilities measured at fair value				

Financial liabilities on put option	P	-	P	-	P	119,665	P	119,665
Derivative liabilities		-		-		241,744		241,744
	P	-	P	-	P	361,409	P	361,409
Recurring financial liabilities for which fair values are disclosed:								
Long-term debt	P	-	P	-	P	422,681,312	P	422,681,312
Service concession obligation		-		-		101,030		101,030
Deposits and Other noncurrent liabilities		-		-		60,265,449		60,265,449
	P	-	P	-	P	483,047,791	P	483,047,791
Nonfinancial assets for which fair values are disclosed:								
Investment properties	P	-	P	1,903,712	P	492,888,354	P	494,792,065
Investments in associates and joint ventures*		362,357,750		-		-		362,357,750
	P	362,357,750	P	1,903,712	P	492,888,354	P	857,149,815

*Fair value of investments in listed associates and joint ventures for which there are published price quotations.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

ACEIC Group categorizes equity instruments at FVOCI, loans payable and notes payable under Level 3 valuation techniques:

Equity instruments at FVOCI

Estimated fair value is based on the discounted value of future cash flows using the applicable discount rates relevant to the industry of investee companies. This is a Level 3 valuation technique.

Loans and Notes payable

Estimated fair values are based on the discounted value of future cash flows using the applicable rates for similar types of loans and liabilities. This is a Level 3 valuation technique.

ALI Group categorizes trade receivable, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

A reconciliation of the beginning and closing balances of Level 3 financial assets and liabilities at FVTPL are summarized below:

Financial Assets at FVTPL	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Balance at beginning of year	P 11,043,351	P 12,409,043
Additions (disposals)	(219,574)	(2,131,250)
Recognized in consolidated statement of income	(21,491)	541,961
Exchange difference and others	(284,813)	223,597
Balance at end of period	P 10,517,473	P 11,043,351

Financial Liabilities at FVTPL	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Balance at beginning of year	P 119,665	P 466,712
Recognized in statement of income	-	(272,788)
Exchange difference	(65)	(74,259)
Balance at end of period	P 119,599	P 119,665

B. Derivatives

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Derivative Assets		
Call option of AC Industrial and AC Health	P 71,952	P 71,963
Forward contract of AC Energy, IMI, AC and AIVPL	200,676	370,279
	P 272,628	P 442,242
Derivative Liabilities		
Forward contract of IMI & AC Energy	P 241,838	P 241,744
	P 241,838	P 241,744

Fair Value Changes on Derivatives

The net movements in fair values of the Group's derivative instruments as of March 31, 2022 (unaudited) and December 31, 2021 (audited) follow:

Derivative Assets

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Balance at beginning of year	P 442,242	P 250,230
(Disposals) additions during the period	(169,614)	192,012
Balance at end of period	P 272,628	P 442,242

Derivative Liabilities

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Balance at beginning of year	P 241,744	P 4,248
Net changes in fair value of derivatives	94	237,496
Balance at end of period	P 241,838	P 241,744

No other financial assets or liabilities are carried at fair value as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

Net changes in fair value of derivative assets and liabilities were recognized in the unaudited interim condenses consolidated statement of income under "Other Income". However, the net changes in fair value of IMI Group's freestanding currency forward are recognized in the consolidated income under "Foreign exchange gains (losses)".

C. Financial Instruments

Financial Risk Management

General

Like any other risks, financial risks are inherent in the business activities and are typical of any large holding company. The financial risk management of the Parent Company seeks to effectively contribute to better decision making, enhance performance, and satisfy compliance demands.

The Parent Company defines financial risks as risk that relates to the Parent Company's ability to meet financial obligations and mitigate funding risk, credit risk and exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates. Funding risk refers to the potential inability to meet contractual or contingent financial obligations as they arise and could potentially impact the Parent Company's financial condition or overall financial position. Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations or non-payment of an investment. These exposures may result in unexpected losses and volatilities in the Parent Company's profit and loss accounts.

The Parent Company maintains a strong focus on its funding strategy to help provide access to sufficient funding to meet its business needs and financial obligations throughout business cycles. The Parent Company's plans are established within the context of our annual strategic and financial planning processes. The Parent Company also take into account capital allocations and growth objectives, including dividend pay-out. As a holding company, the Parent Company generates cash primarily on dividend payments of its subsidiaries, associates and joint ventures and other sources of funding.

The Parent Company also establishes credit policies in setting up limits for counterparties that are reviewed quarterly and monitoring of any changes in credit standing of counterparties.

The Parent Company has a formal foreign exchange and interest rate risk management policy. The Parent Company actively monitors foreign exchange exposure and interest rate changes. And in addition, the Parent Company ensures that all loan covenants and regulatory requirements are complied with.

The Ayala Group continues to monitor and manage its financial risk exposures in accordance with Board approved policies. The succeeding discussion focuses on Ayala Group's financial risk management.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise financial assets at amortized cost, FVTPL and FVOCI, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as cash and cash equivalents, short-term investments, accounts and notes receivables and accounts payable and accrued expenses which arise directly from its operations.

The Group's main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, price risk, liquidity risk, and credit risk.

The Group also uses hedging instruments, the purpose of which is to manage the currency and interest rate risks arising from its financial instruments.

The Group's risk management policies relevant to financial risks are summarized below:

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' obligations. The policy is to keep a certain level of the total obligations as fixed to minimize earnings volatility due to fluctuation in interest rates.

Foreign Exchange Risk

The Group's foreign exchange risk results primarily from movements of the PHP against other currencies. The Group's consolidated statements of income can be affected significantly by movements in the USD and other currencies versus the PHP. The Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The second and third columns of the table below summarize the Group's exposure to foreign exchange risk as of March 31, 2022 (unaudited) and December 31, 2021 (audited). The fourth and fifth columns of the table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity as of March 31, 2022 (unaudited) and December 31, 2021 (audited).

March 31, 2022 (unaudited)

Foreign currency		Net asset (liabilities)	PHP equivalent	Increase (decrease) in Peso per foreign currency	Increase (decrease) in profit before tax
United States Dollar (USD)	USD	(473,448)	₱(23,198,451)	₱1.00 (1.00)	₱ (473,448) 473,448
Japanese Yen (JPY)	JPY	(59,384)	₱ (25,193)	1.00 (1.00)	(59,384) 59,384
Euro (EUR)	EUR	58,798	₱ 3,387,480	1.00 (1.00)	58,798 (58,798)
Chinese RMB (RMB)	RMB	220,342	₱ 1,795,862	1.00 (1.00)	220,342 (220,342)
Vietnam Dong (VND)	VND	(6,962,387)	₱ (15,544)	1.00 (1.00)	(6,962,387) 6,962,387

December 31, 2020 (audited)

Foreign currency		Net asset (liabilities)	PHP equivalent	Increase (decrease) in Peso per foreign currency	Increase (decrease) in profit before tax
United States Dollar (USD)	USD	(258,685)	₱(13,120,752)	₱1.00 (1.00)	₱ (258,685) 258,685
Japanese Yen (JPY)	JPY	81,245	35,983	1.00 (1.00)	81,245 (81,245)
Euro (EUR)	EUR	25,751	₱ 1,484,899	1.00 (1.00)	25,751 (25,751)
Chinese RMB (RMB)	RMB	188,958	₱ 1,511,470	1.00 (1.00)	188,958 (188,958)
Vietnam Dong (VND)	VND	(6,962,387)	₱ (15,335)	1.00 (1.00)	(6,962,387) 6,962,387

There is no other impact on the Group's equity other than those already affecting the profit before tax.

Equity price risk

Financial assets at FVTPL and FVOCI are acquired at certain prices in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, the country's economic performance, political stability, and domestic inflation rates, these prices change, reflecting how market participants view the developments. The Group's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each sector and market.

Liquidity risk

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

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

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets

for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues, both on-shore and off-shore.

Credit risk

Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's holding of cash and cash equivalents and short-term investments and receivables from customers and other third parties exposes the Group to credit risk of the counterparty. Credit risk management involves dealing with institutions for which credit limits have been established. The Treasury and Financial Policies of the individual subsidiaries set credit limits for their counterparty. The Group trades only with recognized, creditworthy third parties and has a well-defined credit policy and established credit procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

Given the Group's diverse base of counterparties, the Group is not exposed to large concentrations of credit risk.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is equal to the carrying values.

Part of the policies is the performance of impairment analysis for the credit accounts.

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents— short - term investments, FVTPL financial assets, quoted financial assets at FVOCI and financial assets at amortized cost, advances to other companies and related party receivables

High grade pertains to cash and cash equivalents and short-term investments, quoted financial assets, financial assets at amortized cost, related party transactions and receivables with high probability of collection.

Medium grade pertains to unquoted financial assets other than cash and cash equivalents, FVTPL financial assets and— short - term investments with nonrelated counterparties and receivables from counterparties with average capacity to meet their obligation.

Low grade pertains to financial assets with the probability to be impaired based on the nature of the counterparty.

Trade receivables

Real estate, power, outsourcing and international and others - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment in the past; and low grade pertains to receivables with more than 3 defaults in payment.

Industrial Technologies - high grade pertains to receivable with favorable credit terms and can be offered with a credit term of 15 to 45 days; medium grade pertains to receivable with normal credit terms and can be offered with a credit term of 15 to 30 days; and low grade pertains to receivables under advance payment or confirmed irrevocable Stand-by Letter of Credit and subjected to semi-annual or quarterly review for possible upgrade or transaction should be under advance payment or confirmed and irrevocable Stand-By Letters of credit; subject to quarterly review for possible upgrade after one year.

Automotive - high grade pertains to receivables from corporate accounts and medium grade for receivables from noncorporate accounts.

Unquoted financial assets at FVOCI - the unquoted investments are unrated.

23. Related Party Transactions

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

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million or five (5) percent of the total assets, whichever is lower and other requirements as may be determined by the Committee upon the recommendation of the Parent Company's Risk Management.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

Highlights of related party transactions follow:

a. Transactions with BPI, an associate

As of March 31, 2022 (unaudited) and December 31, 2021 (audited), the Group maintains current and savings account, money market placements, other short-term investments and other current assets as well as short-term and long-term debt with BPI broken down as follows (amounts in thousands):

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Cash in banks (Note 4)	₱16,236,318	₱ 14,189,571
Cash equivalents (Note 4)	8,132,572	19,955,443
Short-term investments (Note 5)	734,619	588,893
Financial assets at FVTPL (Note 8)	266,837	197,432
Financial assets at FVOCI (Note 8)	-	252,943
Short-term and long-term debt (Note 16)	42,702,255	40,787,953

Cash in banks and cash equivalents earn interest at prevailing bank deposit rates. Investment in FVTPL pertain to MMF which earns interest depending on the duration of time invested in the fund.

The Group's short-term and long-term debts are interest bearing with varying rates, have various maturities starting 2021 and varying schedules of payments for interest (see Note 16).

Transactions with BPI will be settled in cash.

- b. Outstanding balances of related party transactions follow (amounts in thousands):

	March 2022 (Unaudited)	December 2021 (Audited)
	(In Thousands)	
Receivable from related parties (Note 6)	₱42,089,986	₱ 41,384,176
Receivable from officers and employees (Note 6)	1,280,982	1,265,883
Dividend receivable (Note 6)	531	11,899
Payable to related parties (Note 14)	1,528,787	1,364,376

The March 2022 amounts represent 18.5% and 0.9% of the Group's total accounts and notes receivables and total accounts payable and accrued expenses, respectively.

Receivable from Related Parties

Receivable from related parties pertains mostly to interest and non-interest bearing advances with various maturities. Advances include certain residential development projects which become due as soon as the projects are completed. The receivables also include ACEIC's receivables from associates and joint venture partners and AC Industrials' certain trade receivables arising from automotive and other sales. This account also includes other receivables relating to reimbursement of operating expenses like management fees, among others. The trade and other receivables are unsecured, will be settled in cash and are due and demandable.

Impairment assessment is undertaken at end of year or anytime during the year when there is a condition that would require such, through examining the financial position of the related parties and the markets in which the related parties operate.

Receivables from Officers and Employees

These pertain to housing, car, salary and other loans granted to the Group's officers and employees which are collectible through salary deduction, are interest bearing ranging from 6.0% to 10.0% per annum and have various maturity dates.

Dividends receivable

Dividends receivable from related parties pertains to accrued dividend declarations from associates and joint ventures. These are non-interest bearing and usually collectible within one year.

Payables to Related Parties

These payables include: a) cost of lots for joint development projects; b) purchased parts and accessories and vehicles; and c) advances and reimbursements for operating costs. These are all unsecured, interest free, will be settled in cash and are due and demandable.

- c. Revenue and expenses from related parties follow:

	March 2022 (Unaudited)	March 2021 (Unaudited)
	(In Thousands)	
Revenue from related parties	₱ 1,605,142	₱ 1,031,824
Expenses from related parties	2,688,519	1,183,354

The March 2022 amounts represent 2.4% and 4.6% of the Group's total income and expenses, respectively. These consist of, among others, income from real estate, power generation, automotive sales, professional services and interest/financing as well as expenses on interest (see Note 16), water utilities, communications and professional fees.

Others

Integrated Micro-Electronics Bulgaria EOOD (IMI BG) has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH (C-Con), a related party and an entity under common control of ACI, for C-Con will duly and timely perform all required obligations under contracts to be entered into with a particular customer. In case of C-Con's failure

to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con's insolvency (Breach), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach. As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG's guarantee. Additionally, IMI BG's guarantee to C-Con is backstopped by AC Industrials (Singapore) Pte. Ltd., another related party of IMI BG.

24. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	Jan. 1, 2021 (Audited)	Cash Flows	Non-cash Changes *	Foreign Exchange Movement	March 31, 2022 (Unaudited)
Short-term and Long-term debt	₱ 478,516,574	₱ 15,114,832	₱ (82,105)	₱ 3,068,272	₱ 496,617,573
Dividend payable	2,728,156	(3,832,633)	1,387,098	-	282,621
Other noncurrent liabilities	64,501,574	719,506	(117,221)	-	65,103,859
Lease liabilities	27,613,757	(527,284)	968,088	170,200	28,224,761
Service concession obligation	101,030	-	-	-	101,030
Total liabilities from financing activities	₱ 573,461,091	₱ 11,474,421	₱ 2,155,860	₱ 3,238,472	₱ 590,329,844

* Non-cash changes on:

- Dividends payable pertains to dividends declared during the year.
- Lease liabilities pertains to additions and accretion of interest expense during the year.

25. Events After the Reporting Period

Parent Company

1. On April 1, 2022, the Management acting on the power delegated by Executive Committee on February 21, 2022 and duly ratified by the Board of Directors on March 10, 2022, approved the early redemption via exercise of Call Option on the ₱10 Billion Ayala 6.875% Bonds Due 2027 on May 11, 2022 in accordance with the terms and conditions of the Trust Indenture dated April 27, 2012. The Bonds shall be redeemed by payment in cash of the redemption price set at 101.0% of the Issue Price plus all accrued and unpaid interest based on the coupon rate of 6.875% per annum.
2. On April 12, 2022, further to the disclosure on March 10, 2022, Ayala has filed with the SEC a Registration Statement for the proposed issuance of Philippine Peso Fixed Rate Bonds in the aggregate principal amount of up to ₱10.0 Billion with an oversubscription option of up to ₱5.0 Billion, consisting of Series C Bonds due 2025, Series D Bonds due 2027, and Series E Bonds due 2029 (together, the Bonds). Upon issuance, the Bonds will constitute the second tranche of Ayala's ₱30 Billion shelf registered debt securities program which was rendered effective by the SEC on May 12, 2021. The proposed issuance of the Bonds obtained the highest issue credit rating of PRS Aaa from the Philippine Rating Services Corporation. Obligations rated as PRS Aaa are of the highest quality with minimal credit risk. A PRS Aaa rating likewise signifies that Ayala's capacity as an obligor to meet its financial commitment vis-à-vis the obligation is extremely strong.

On May 11, 2022, Ayala received the Certificate of Permit to Offer Securities for Sale from the Securities and Exchange Commission. The second tranche consists of 4.4542% Series C Bonds due 2025, 5.6239% Series D Bonds due 2027, and 6.1351% Series E Bonds due 2029.
3. On April 18, 2022, the BOD approved the declaration of the second quarter cash dividends on the outstanding Preferred "B" Series 1 Shares amounting to ¼ of 5.2500% per annum, or ₱6.56250 per share, based on the issue price of the shares. The record date is May 2, 2022, and payment date is on May 15, 2022.

On April 20, 2022, the BOD approved the declaration of the annual cash dividends on the outstanding unlisted voting preferred shares amounting to 5.7730% of issue price, or ₱0.05773 per share. The record date is May 4, 2022, and payment date is on May 20, 2022.

4. On April 18, 2022, AC infused ₱47.6 million for 9.52 million preferred shares at a subscription price of ₱5 per share to AC Health to fund its additional stake in Generika.
5. On April 29, 2022, the BOD, during its organization board meeting approved the following matters:
 - a. The declaration of the second quarter cash dividends on our outstanding Preferred “B” Series 2 Shares (APB2R) amounting to $\frac{1}{4}$ of 4.8214% per annum, or ₱6.02675 per share, based on the issue price of the shares. The record date is May 13, 2022, and payment date is on May 29, 2022.
 - b. The 2022 stock option program pursuant to the Employee Stock Ownership Plan (the Plan), authorizing the grant to seventy-one (71) executives, in accordance with the terms of the Plan, stock options covering up to a total of 483,145 common shares at a subscription price of ₱749.55 per share, which is the rounded off volume-weighted average prices of our common shares at the PSE over the last 5-day trading days from April 22, 2022 to April 28, 2022.
 - c. The acquisition of 1,861,000,000 common shares of ACEN from ACEIC, a wholly owned subsidiary of the Company, via a block sale at prevailing market prices (“AC-ACEIC Transaction”). This transaction was completed on May 10, 2022 at the purchase price of ₱7.60 per ACEN share.
 - d. The declaration of property dividends consisting of the ACEN shares acquired from ACEIC to the Company’s common shareholders at a ratio of three (3) ACEN shares per one (1) Ayala common share, subject to: (a) completion of the AC-ACEIC Transaction, and (b) applicable regulatory approvals. Record date is on May 27, 2022, with payment date to be determined by the Ayala management after applicable regulatory approvals have been obtained.

ALI

On April 27, 2022, ALI sold 87,370,000 shares (Offer Shares) of AREIT, Inc. (AREIT) at a transaction price of ₱39.70 per share, equivalent to ₱3.47 billion (exclusive of fees and taxes), in relation to its property-for-share swap transaction with AREIT. The proceeds from the block sale was settled on May 2, 2022, under the Placement Agreement between the ALI and AREIT.

On May 2, 2022, ALI submitted the required Reinvestment Plan detailing the use of proceeds obtained from the share sale transaction.

AC Infra

1. On May 6, 2022, Light Rail Manila Corporation (LRMC) filed a Request for Arbitration (Request) with the International Chamber of Commerce in respect of its disputes with the Republic of the Philippines, acting by and through the Department of Transportation and the Light Rail Transit Authority (the Grantors), consistent with the dispute resolution procedures under the existing Concession Agreement relating to LRT Line 1. The Request pertains to the adjustment of the approved fare for the years 2016, 2018 and 2020 and LRMC’s claims for compensation relating to the Grantors’ contractual obligations to compensate LRMC.

Ayala Corporation’s wholly-owned subsidiary, AC Infrastructure Holdings Corporation, holds an indirect equity interest in LRMC. LRMC’s claim against the Grantors has no direct material effect on the business of Ayala.

2. On May 5, 2022, Ayala made a disclosure in response to the Philippine Stock Exchange’s request for clarification in relation to the news article published on May 5, 2022 entitled, “MPIC eyes Ayala LRT stake after polls” posted in Daily Tribune (Online Edition). Ayala confirmed that it had expressed interest to divest its stake in LRMC.

AC Logistics

On April 9, 2022, the AC Logistics' BOD approved the amendment of Article II of the Articles of Incorporation to include a Secondary Purpose as stated: "To provide advisory and consultancy services, outsourcing, administrative and other support services, such as but not limited to, documentation, general accounting or bookkeeping services, recording of accounts, human resources functions, project management and related services to affiliates, subsidiaries and other companies."

AYCFL

Tender and purchase by AYCFL (the Issuer) of its US\$300.0 million, 5.125% Guaranteed Undated Notes (Notes) unconditionally and irrevocably guaranteed by Ayala up to US\$100.0 million (the Tender Cap), which may be subject to increase by the Issuer in its sole and absolute discretion.

On April 25, 2022, AYCFL (the Issuer) announced that it has commenced a tender offer to purchase for cash (the Tender Offer) the outstanding Notes, subject to the terms and conditions (including the Tender Cap) set out in the Tender Offer Memorandum dated April 25, 2022 (the Tender Offer Memorandum).

The Issuer is undertaking the Tender Offer as part of its active liability management program. Tender Offer is being made at a tender price of US\$1,002.50 per US\$1,000 principal amount of Notes. The Issuer is offering to purchase the Notes tendered subject to a maximum acceptance amount equal to the Tender Cap. The Tender Cap is subject to increase by the Issuer in its sole and absolute discretion. If the aggregate principal amount of the Notes validly tendered exceeds the final Tender Cap, the Issuer will, as set out in the Tender Offer Memorandum, accept such Notes on a pro-rata basis such that the aggregate principal amount of the Notes accepted for purchase does not exceed the final Tender Cap. In addition to the Tender Price, the Issuer will also pay holders of the Notes (whose Notes are accepted for purchase by the Issuer) on the Settlement Date an Accrued Interest Payment, as described in the Tender Offer Memorandum. Any Notes validly tendered and purchased by the Issuer pursuant to the Tender Offer will be cancelled and will not be reissued or resold.

As set out in the Tender Offer Memorandum and following the expiration of the Tender Offer at 4:00 p.m. (London Time) on May 5, 2022, the aggregate principal amount of Notes tendered and accepted for purchase by the Issuer is US\$40.12 million. The Notes that are validly tendered and accepted for purchase by the Issuer are subject to the Tender Cap, which was previously announced as US\$100.0 million. The aggregate principal amount of the Notes validly tendered was US\$40.12 million, which does not exceed the Tender Cap. As a result, the Proration Factor will not be applied. The Settlement Date for the Tender Offer is expected to be on or about May 10, 2022. Following the settlement of the Tender Offer, the aggregate principal amount of the Notes that will remain outstanding will be US\$259.88 million.

Globe

1. On April 1, 2022, the Globe Group received a cash proceeds amounting to ₱5,030.0 million related to the sale of data center business (see Note 10).
2. On April 26, 2022, the stockholders of Globe Telecom approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock by 20,000,000 shares from 148,934,373 shares to 168,934,373 shares with par value being retained at ₱50.00 per share.
3. On May 4, 2022, the Globe BOD approved the declaration of the second quarter cash dividend of ₱27 per common share, payable to common stockholders of record as of May 19, 2022. Total dividends amounting to ₱3.6 billion will be payable on June 3, 2022.

26. Impact of the Coronavirus Disease 2019 (COVID-19) Outbreak

The declaration last March 2020 by World Health Organization (WHO) of COVID-19 as a pandemic led to government-mandated lockdowns in several countries. The declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country immediately took effect. These factors including immediate action to contain COVID caused disruptions in the Group's business activities – both in local and foreign operations.

2021 saw certain degree of recovery in the operating performance of most business units in the Group. The challenges and prospects brought about by the pandemic continued but was an opportune time to recalibrate Ayala's portfolio strategy. Greater emphasis on portfolio strategy was observed with a sharper focus on optimizing returns from existing businesses and a disciplined process on capital deployment while actively exploring opportunities for value realization to fund future investments of the Group.

In early 2022, the improving business environment demonstrates how organizations have adapted and readjusted themselves almost two years into the pandemic. With the pace of inoculation ramping up, the Group look forward to a further reopening of the economy and sustaining this positive trajectory.

Refer to Section 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations below and to the SEC17Q reports of the material subsidiaries, associates and joint ventures for the discussion of specific impact of the COVID-19 to certain financial statement accounts.

Section 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section includes financial and operating data with respect to Ayala's subsidiaries (Ayala Land, Inc., Integrated Micro-Electronics, Inc., and AC Energy and Infrastructure Corporation with listed subsidiary AC Energy Corporation (ACEN)), Associates (Bank of the Philippine Islands and Manila Water Company, Inc.) and Joint Venture (Globe Telecom, Inc.). This section should be read in conjunction with the financial highlights of these investees. The financial highlights as contained in their respective December 31, 2021 audited financial statements and SEC 17A reports of these investees are available for viewing at the office of the Philippine Securities and Exchange Commission located at the Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, or at these companies' official websites, as applicable.

This section also includes discussion of financial ratios. These financial ratios are unaudited and are not measurements of profitability in accordance with PFRS and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

Section 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1Q22 vs 1Q21 Highlights

- Ayala's net income increased 45 percent to ₱7.8 billion in the first quarter of 2022 on the back of improved results from Ayala Land and BPI, which saw double-digit earnings growth in the period, because of better mobility and general economic activity particularly in March. Globe's partial sale of its data center business also boosted the company's first quarter results.
 - Ayala Land's net income increased 14 percent to ₱3.2 billion in the first quarter of 2022 due to higher operating results from its shopping centers and hotels and resorts from improved mobility as well as lower expenses.
 - BPI posted a net income of ₱8 billion in the first quarter, expanding 60 percent from a year ago on higher net interest income, lower loan loss provisions, and normalized tax expenses following the previous year's one-time tax adjustments from the effectivity of the CREATE law.
 - Globe's net income increased 86 percent to ₱13.7 billion in the first quarter of 2022 mainly due to the ₱8.5 billion net gain from the partial sale of its data center business as well as higher EBITDA and lower non-operating expenses, all of which fully offset the increase in depreciation charges.

These cushioned softer contributions from ACEN and Manila Water.

- ACEN's net income declined 68 percent to ₱405 million in the first quarter of 2022 driven by:
 - Higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant
 - Curtailment to the company's output in the Visayas because of transmission line damages from Typhoon Rai (Odette) and prior damage to a major sub-sea cable
 - To date, most transmission and distribution lines have been restored, but curtailment is still expected for the 80MW Islasol solar farm due to reconstruction on the said sub-sea cable.
 - One-time buyout expense incurred related to a customer contract
- Manila Water's net income decreased 29 percent to ₱925 million due to higher cost and expenses, which compounded the effect of Ayala's reduced stake in the company from the sale of secondary shares to Trident Water last year.

1Q22 vs 4Q21

- On a quarter-on-quarter basis, Ayala recorded a seven percent decline in net income to ₱7.8 billion owing to the absence of various gains and other one-offs booked in the previous quarter. These

include the remeasurement of its stake in Manila Water following the sale of secondary shares to Trident Water, and the entry of a new investor in Mynt.

Consolidated Sales of Goods and Rendering of Services

Sale of goods and rendering services increased six percent to ₱55.3 billion mainly due to higher residential bookings, incremental project completion, and leasing businesses in Ayala Land, increase in customer demand from international site in IMI, and higher revenues from hospital, clinic, and pharma business in AC Health. As a percentage of total revenues, this account was 84 percent and 87 percent on March 31, 2022 and 2021, respectively.

Real Estate

- Ayala Land generated a net income of ₱3.2 billion in the first quarter, up 14 percent year-on-year, supported by continuing cost-efficiency measures amid the pandemic. It posted consolidated revenues of ₱24.6 billion, similar to the same period last year, reflecting the slight contraction in property development, which outweighed the resurgence in commercial leasing during the period.
- Property development revenues reached ₱15.9 billion, a two percent-dip from ₱16.2 billion posted in the same period last year. ALI received a strong take-up for commercial lots but recorded lower residential bookings during the quarter.
 - Residential revenues were down five percent to ₱12.9 billion, due to lower project bookings.
 - Office for sale revenues dropped 56 percent to ₱780 million due to the full completion and sold-out inventory of Alveo's Park Triangle Tower at BGC.
 - Commercial and industrial lots more than doubled to ₱2.2 billion on strong take-up of commercial lots at Nuvali and Broadfield in Laguna.
- Residential sales reservations marked its third consecutive quarter of growth, expanding nine percent to ₱24.1 billion.
 - This is equivalent to monthly average sales of ₱8 billion, higher than ₱7.7 billion in 2021.
 - Ayala Land launched seven new projects in the first quarter amounting to ₱17 billion.
- Commercial leasing revenues registered a 26 percent growth to ₱6.4 billion as it benefitted from the reopening of the economy.
 - Shopping center leasing revenues increased 49 percent to ₱2.9 billion due to higher mobility and tenant sales.
 - Office leasing income improved seven percent to ₱2.7 billion as tenancy and operations remained stable.
 - Hotels and resorts revenues increased 29 percent to ₱823 million because of increased domestic travel and higher room rates.
- Capital expenditures reached ₱14 billion, mainly for residential developments followed by commercial leasing assets.

Power

- ACEN's net income declined 68 percent to ₱405 million in the first quarter of 2022 driven by:
 - Higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant
 - Curtailment to the company's output in the Visayas because of transmission line damages from Typhoon Rai (Odette) and prior damage to a major sub-sea cable
 - To date, most transmission and distribution lines have been restored, but curtailment is still expected for the 80MW Islasol solar farm due to reconstruction on the said sub-sea cable.
 - One-time buyout expense incurred related to a customer contract
- Without the impact of these events, the company's net income would have reached approximately ₱1.6 billion in the period, for a growth of 23 percent year-on-year.

- Consolidated revenues grew 29 percent to ₱7.4 billion on the back of new operating capacity from renewable energy sources. More capacity is expected to come online in the next 12 to 18 months as the company completes about 1,400 MW of projects under construction.
- Total attributable output increased four percent to 1,161 gigawatt-hours as a result of new operating capacity coming online the previous year, which was partially offset by a number of reasons including an outage at SLTEC, curtailment due to Typhoon Odette and prior damage of a major sub-sea cable.
 - Output from international assets rose 62 percent, supporting a decline in power generation in the Philippines.
 - Output from renewables increased 52 percent, bringing its share to 76 percent of total energy production.
- ACEN currently has approximately 3,800 MW of attributable capacity (pro forma), in the Philippines and across the region, of which approximately 3,300 MW, or close to 90 percent, is renewable. This puts the company in a strong position to reach its 5,000 MW target earlier than 2025, towards its vision of becoming the largest listed renewables platform in Southeast Asia.
- As part of its commitment to a Net Zero carbon emissions future, ACEN successfully obtained a ₱13.7-billion loan facility to allow its wholly owned subsidiary, South Luzon Thermal Energy Corporation, to be decommissioned by 2040, 15 years ahead of the end of its technical life. The concept adopts the principles of the Energy Transition Mechanism piloted by the Asian Development Bank in South and Southeast Asia. ETM aims to use public, private, and philanthropic financing to provide low-cost capital to coal plants to accelerate their retirement and help jumpstart reliable and affordable clean energy.
- ACEN's holding company, AC Energy and Infrastructure Corporation, registered a net income of ₱1.1 billion, down 56 percent due to ACEN's soft results during the period. This was compounded by reduced ownership in the international business as a result of the infusion into ACEN, and the absence of earnings from GNPowder Kauswagan following its divestment, as the energy group moves towards a low carbon portfolio.

Share in Net Profits of Associates and JV

Share in net profits of associates and joint ventures increased 49 percent to ₱9.1 billion due to higher revenues from mobile prepaid and corporate data and other non-operating income in Globe and higher net interest income and lower provision for losses and income taxes in BPI. As a percentage of total revenues, this account was 14 percent and ten percent on March 31, 2022 and 2021, respectively.

Banking

- BPI posted a net income of ₱8 billion in the first quarter, expanding 60 percent from a year ago on higher net interest income, lower loan loss provisions, and normalized tax expenses following the previous year's one-time tax adjustments from the effectivity of the CREATE law.
- Total revenues increased four percent to ₱25.4 billion resulting from higher net interest income that tempered the decrease in non-interest income.
 - Net interest income jumped 13 percent to ₱19 billion on the back of an 11-basis point expansion in net interest margin, which stood at 3.42 percent.
 - Non-interest income decreased 15 percent to ₱6.4 billion owing to lower securities trading gains, service charges, bank commissions, and underwriting fees. This was partially offset by the notable year-on-year rebound in foreign exchange transactions, which grew more than two times to ₱702 million.
- Total loans grew seven percent to ₱1.5 trillion due to higher loan volumes across its portfolio. This was led by the corporate, mortgage, and credit card portfolios, which grew eight percent, seven percent, and 12 percent, respectively.

- Total deposits increased 13 percent to ₱1.9 trillion with CASA growth at 11 percent and time deposits posting an increase of 23 percent.
 - CASA ratio stood at 81 percent.
 - Loan-to-deposit ratio ended at 77.3 percent.
- Provisions dropped 31 percent to ₱2.5 billion. NPL ratio improved to 2.38 percent and NPL coverage ratio stood at 149.6 percent.
- Operating expenses increased seven percent to ₱12.6 billion because of broad increases in all cost categories as the volume of transactions picked-up on the back of the economic reopening and looser mobility restrictions.
 - Cost-to-income ratio was 49.6 percent.
- Total assets climbed 10 percent to ₱2.4 trillion. Total equity amounted to ₱300 billion.
 - Common equity tier 1 ratio stood at 16.3 percent.
 - Capital adequacy ratio stood at 17.1 percent.
 - Return on assets was 1.36 percent.
 - Return on equity was 11 percent.
- As part of BPI's seven Client Engagement Platforms aimed to engage and serve its customers better in the digital space, the bank launched BizKo in March 2022. It is a subscription-based digital platform for micro, small, and medium enterprises, which offers an integrated online system for invoicing and collection to help with their cash flow and other banking needs. BizKo is the fifth of the seven digital platforms in BPI's digital transformation roadmap.
- BPI also partnered with ACEN for the first energy transition financing in the country. BPI Capital is mandated lead arranger and sole bookrunner for this transaction, a financing structure that will allow South Luzon Thermal Energy Corporation to decommission its remaining coal plants 15 years ahead of the end of its technical life.

Telco

- Globe's net income increased 86 percent to ₱13.7 billion in the first quarter of 2022 mainly due to the ₱8.5 billion net gain from the partial sale of its data center business as well as higher EBITDA and lower non-operating expenses, all of which fully offset the increase in depreciation charges.
 - Excluding the impact of the one-time gain, normalized net income grew two percent to ₱5.1 billion.
- Total service revenues grew four percent to a record ₱39.2 billion driven by data revenues. Total data revenues accounted for 81 percent of total service revenues, a growth of 2 percentage points from the same period last year.
- Growth in data was led by Globe's mobile data and corporate data categories.
 - Mobile data revenues increased nine percent to ₱20.8 billion.
 - Mobile data traffic climbed 27 percent to 1,058 petabytes.
 - Corporate data increased by 18 percent to ₱3.9 billion on the back of the growth from the ICT business, supported by the sustained growth of domestic services.
- Home broadband declined as the fixed wireless segment continues to normalize following the migration of its subscribers to wired solutions. This decline in the fixed wireless segment fully offset the sustained growth from the fixed wired segment.
 - Home broadband revenues dipped four percent to ₱7.0 billion, which was still better than pre-pandemic levels.
 - Home broadband subscribers declined 15 percent to over 3.5 million customers.
 - On the other hand, Globe's strong commitment to deliver fiber technology to more homes in the country resulted to an increase in fiber revenues and fiber subscribers by 165% and 155%, respectively.
- EBITDA increased eight percent to ₱19.7 billion on the back of topline improvement vis-à-vis flat operating expenses and subsidy.

- Operating expenses including subsidy was flat at ₱19.5 billion.
- EBITDA margin rose to 50 percent from 48 percent last year.
- Capital expenditures increased 10 percent to ₱21 billion, representing 54 percent of gross service revenues and 107 percent of EBITDA. Moreover, 82 percent of the investment went primarily to data-related requirements.
- Globe's strategic shift towards a digital service platform saw revenues from its new segments grow 252 percent. Total non-telco revenues from subsidiaries grew close to three times to ₱791 million.
- This marks the first quarter that non-telco services have shown significant contribution to Globe's top line driven by the growth across most of its subsidiaries, particularly Adspark, Yondu, ECPay, and Asticom.
- Companies under Globe's 917Ventures saw meaningful improvements after the first quarter of the year.
 - GCash now has over 60 million registered users, more than five million merchants and social sellers, and over 420 GLife merchant partners.
 - KonsultaMD exhibited strong growth with more than 1 million users across over 50,000 retail outlets nationwide.
 - HealthNow has over 900,000 customers served by over 1,000 healthcare providers across more than 45 specialties.
 - AdSpark launched more than 2,800 digital campaigns.
 - PureGo has been quickly expanding its reach and has over 14,500 products available in 16 stores in NCR and the Greater Metro Manila areas serving 36 cities.
 - M360 provides multi-channel communication services to more than 1,000 businesses and generates over 700 million monthly traffic with access to over 150 million mobile SMS users and over 45 million chat apps users.

Cost and Expenses

- Cost of sales and services increased 15 percent to ₱45.4 billion resulting from improvements in sales as explained above plus impact of generally higher prices for direct costs and overhead of various BUs and higher trading costs and high-priced purchases of electricity coupled with plant downtimes. As a percentage to total costs and expenses, this account was 89 percent and 85 percent on March 31, 2022 and 2021, respectively.
- General and administrative expenses decreased 21 percent to ₱5.7 billion due to lower taxes and licenses and other operating expenses due to deconsolidation of GNPK in ACEIC and cost-saving measures across business units. As a percentage of total cost and expenses, this account was 11 percent and 15 percent on March 31, 2022 and 2021, respectively.

Balance Sheet Highlights

- Total assets increased two percent to ₱1.38 trillion from end-2021 levels mainly due to increases in investments in associates and joint ventures and the combined current and noncurrent accounts and notes receivables.
 - Investments in associates and joint ventures increased six percent to ₱311 billion attributed to BPI's and Globe's equity earnings, partly offset by dividends from Globe and AC's and ACEIC's additional investments to and higher equity earnings from their investees. This account was 22 percent of the total assets as of March 31, 2022 and December 31, 2021.
- Parent level cash stood at ₱19.3 billion.
- Parent net debt stood at ₱120.1 billion.
- Parent net debt-to-equity stood at 93 percent.
- Consolidated net debt-to-equity stood at 69 percent.

- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuals which have no maturity) to the total value of its assets, was at 7.8 percent.
- In April, Ayala filed with the Securities and Exchange Commission a Registration Statement for the proposed issuance of ₱10 billion in fixed rate bonds with an oversubscription option of up to ₱5 billion. Upon issuance, the bonds will constitute the second tranche of Ayala's ₱30 Billion shelf registered debt securities program, which was rendered effective by the SEC in May 2021. On May 11, 2022, Ayala received the Certificate of Permit to Offer Securities for Sale from the Securities and Exchange Commission. The second tranche consists of 4.4542% Series C Bonds due 2025, 5.6239% Series D Bonds due 2027, and 6.1351% Series E Bonds due 2029.
- Also in April, Ayala announced a tender offer for its US\$300,000,000 5.125% Guaranteed Undated Notes. As part of its liability management program amid the current interest rate environment, Ayala made the tender offer at a tender price of US\$1,002.50 per US\$1,000 principal amount of Notes. On May 6, Ayala announced that the aggregate principal amount of the Notes validly tendered was US\$40,120,000. The Settlement Date for the Tender Offer was on 10 May 2022, where the aggregate principal amount of the Notes that will remain outstanding will be US\$259,880,000.

Property Dividend

- On April 28, 2022, Ayala announced its board's approval of the declaration of property dividends consisting of ACEN shares that will be acquired from AC Energy and Infrastructure Corporation to AC's common shareholders at a ratio of 3 ACEN shares per 1 AC common share. On May 10, 2022, the acquisition of the shares was executed via a block sale at ₱7.60 per share.
- The declaration of property dividends provides the opportunity for AC's shareholders to directly benefit from one of its recent successful business-building initiatives. In addition, as ACEN's public float will increase post-transaction, the property dividend declaration enables ACEN to meet the 20 percent minimum public ownership requirement for companies included in the Philippine Stock Exchange Index. Post-transaction, ACEIC's ownership level in ACEN will be 57.8 percent from 62.5 percent.

Key Performance indicators:

The Group maintains healthy financial ratios driven by strong operating performance of major subsidiaries and investees.

The key performance indicators (consolidated figures) that the Group monitors are the following:

Ratio	Formula	March 2022 (Unaudited)	December 2021 (Audited)/ March 2021 (Unaudited) <i>(In thousands)</i>	March 2022 (Unaudited)	December 2021 (Audited)/ March 2021 (Unaudited)
Liquidity Analysis Ratios					
Liquidity Ratio*	Cash & Cash equivalents + Short-term investments	91,713,482	91,414,847	0.33	0.34
	Current Liabilities	278,461,252	268,094,760		
	Cash & Cash equivalents	88,625,888	90,483,909		
	Short-term investments	3,087,594	930,938		
	Total	91,713,482	91,414,847		
Current Ratio*	Current Assets	494,357,932	497,272,337	1.78	1.85
	Current Liabilities	278,461,252	268,094,760		
Quick Ratio*	Quick assets	299,548,172	298,551,935	1.08	1.11
	Current Liabilities	278,461,252	268,094,760		
	Current assets	494,357,932	497,272,337		
	Inventories	(162,342,677)	(166,406,837)		
	Assets under PFRS 5	(12,760,586)	(12,433,522)		
	Prepayments	(19,706,497)	(19,880,043)		
	Quick assets	299,548,172	298,551,935		
Solvency Ratio*	Total Assets	1,382,518,459	1,348,985,940	1.73	1.72
	Total Liabilities	799,230,411	783,673,172		
Financial Leverage Ratios					
Assets- to-Equity Ratio*	Total Assets	1,382,518,459	1,348,985,940	2.37	2.39
	Total Stockholders' Equity	583,288,048	565,312,768		
Interest Rate Coverage Ratio**	Earnings Before Interest and Taxes (EBIT)	17,819,193	15,388,016	2.55	2.28
	Interest and other financing charges	6,976,832	6,743,922		
	Income after income tax from continuing operations	10,030,412	7,048,140		
	Provision for income tax	811,949	1,595,954		
	Interest and other financing charges	6,976,832	6,743,922		
	EBIT	17,819,193	15,388,016		
Debt Ratio*	Short-term debt + Long-term debt	496,617,573	478,516,574	0.36	0.35
	Total Assets	1,382,518,459	1,348,985,940		
	Short-term debt	43,131,734	34,712,039		
	Long-term debt (current & noncurrent)	453,485,839	443,804,535		
	Total debt	496,617,573	478,516,574		
Debt-to-Equity Ratio*	Short-term debt + Long-term debt	496,617,573	478,516,574	85.1%	84.6%
	Total Stockholders' Equity	583,288,048	565,312,768		
Net Debt-to-Equity Ratio*	Net debt	404,904,091	386,963,926	69.4%	68.5%
	Total Stockholders' Equity	583,288,048	565,312,768		
	Short-term debt	43,131,734	34,712,039		
	Long-term debt (current & noncurrent)	453,485,839	443,804,535		
	Total debt	496,617,573	478,516,574		
	Less:				
	Cash and cash equivalents	88,625,888	90,483,909		
	Short-term investments	3,087,594	930,938		
	Restricted cash	-	137,801		
	Net debt	404,904,091	386,963,926		
Profitability Ratios					
Gross Profit Margin**	Sale of goods & rendering of services - Cost of sales & services	9,887,313	12,656,057	0.18	0.24
	Sale of goods & rendering of services	55,250,817	52,270,029		

	Sale of goods & rendering of services	55,250,817	52,270,029		
	Cost of sales & services	(45,363,504)	(39,613,972)		
	Gross profit	9,887,313	12,656,057		
Net Profit Margin**	Net Profit	4,140,535	5,395,990	0.07	0.10
	Sale of goods & rendering of services	55,250,817	52,270,029		
	Gross profit	9,887,313	12,656,057		
	General and administrative expenses	(5,746,778)	(7,260,067)		
	Net Profit	4,140,535	5,395,990		
Return on Equity**	Net Income to Owners of the Parent	7,811,575	5,375,563	1.3%	1.0%
	Total Stockholders' Equity	583,288,048	563,921,113		
Return on Common Equity***	Net Income to Owners of the Parent (Common)	7,499,523	5,063,510	2.2%	1.6%
	Common Equity Attributable to Owners of the Parent (Average)	340,669,398	317,971,566		
	Net income to owners of the Parent	7,811,575	5,375,563		
	Less: Dividends on preferred stock	(312,052)	(312,053)		
	NIAT to Common	7,499,523	5,063,510		
		March 2022 (Unaudited)	December 2021 (Audited)		
	Equity attributable to owners of the parent	368,400,578	362,731,661		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	19,696,722	19,696,722		
	Treasury shares - preferred shares	(2,000,000)	(2,000,000)		
		24,896,722	24,896,722		
	Common equity attributable to owners of the Parent	343,503,856	337,834,939		
	Average common equity attributable to owners of the Parent	340,669,398			
		March 2021 (Unaudited)	December 2020 (Audited)		
	Equity attributable to owners of the parent	346,556,806	339,179,770		
	Less:				
	Preferred Shares - A	1,200,000	1,200,000		
	Preferred Shares - B	5,800,000	5,800,000		
	Voting Preferred Shares	200,000	200,000		
	Additional paid-in capital - preferred shares	19,696,722	19,696,722		
	Treasury shares - preferred shares	(2,000,000)	(2,000,000)		
		24,896,722	24,896,722		
	Common equity attributable to owners of the Parent	321,660,084	314,283,048		
	Average common equity attributable to owners of the Parent	317,971,566			
Return on Assets**	Net Income	10,030,412	7,159,033	0.7%	0.5%
	Total Assets	1,382,518,459	1,427,840,879		
Price/Earnings Ratio**	Price Per Share	824.00	740.00	68.37	92.00
	Earnings Per Common Share (Basic)	12.05	8.04		
Other Ratio					
Book Value per Share*	Common Equity Attributable to Owners of the Parent	343,503,856	337,834,939	554.30	545.16
	Outstanding Common Shares	619,704	619,704		

* Based on "As at" March 31, 2022 and December 31, 2021 balances.

** Includes both "As at" and "Period ended" March 31, 2022 and 2021 balances.

*** Includes both "As at" and "Period ended" March 31, 2022, December 31, 2021, March 31, 2021 and December 31, 2020 balances.

2.1 Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The Group does not expect any liquidity problems and is not in default of any financial obligations. The Group complied with the existing loan covenants and restrictions as of September 30, 2021.

- 2.2 Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation:

- None

- 2.3 Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:

- None

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

For 2022, Ayala has budgeted a total of ₱285.0 billion in capital expenditures this year, 25% higher than what was deployed in 2021. Parent-only capex amounted to ₱3.3 billion as of the three-month period ended March 31, 2022 with bulk of the funds used for its investment in KarmanEdge and the purchase of additional ALI shares.

For the year 2022, Ayala Land is budgeting ₱90 billion in capital expenditures. The Company will use the capital expenditure for the construction completion of launched residential projects and investment properties as well as land acquisition. Of the total amount, ₱14.0 billion has been disbursed as of March 31, 2022.

Globe's total capex as of end-March 2022 reached ₱21.0 billion, or 10% higher than same period of 2021. Around 82% of the capex spent this period went to data network builds to help boost mobile and internet experiences for a greater number of Filipinos.

IMI's capex amounted to \$3.3 million in the first three months of 2022 versus \$9.0 million in the same period last year. For the full year of 2022, IMI expects to spend \$31M on capital expenditures for existing operations and new expansion projects for next year.

(Refer to Section – 2 MD&A portion for details).

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

The Parent Company's and its subsidiaries' performance will continue to hinge on the overall economic performance of the Philippines and other countries where its subsidiaries operate. Key economic indicators, interest rate and foreign exchange rate movements will continue to impact the performance of the real estate, banking, telecom, water infrastructure, power generation, electronics manufacturing and automotive groups, including the Parent Company.

AC Group shall continue to align our key strategies and adjust our business models to be able to adapt to changing consumption patterns, consumer behaviors, business and regulatory environment as quickly as possible in order to remain relevant, manage execution and expansion risks and to preserve value in the midst of this pandemic.

- 2.6 Any significant elements of income or loss that did not arise from the registrant's continuing operations

- None

- 2.7 There were no material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

- None

2.8 Causes for any material variances
(Increase or decrease of 5% or more in the financial statements)

Balance Sheet Items

As at March 31, 2022 (unaudited) vs. December 31, 2021 (audited)

Cash & cash equivalents and Short-term investment – below 1% increase from combined balance of ₱91,415 million to ₱91,713 million

Increase coming from ACEIC's subsidiary, ACEN, from issuance of shares to UPC group and ACEIC's borrowings; AYCFL's social bond issuance; ALI's sale of receivable and borrowings; AC's dividend collection. These were partly offset by AC's capital infusions to investees, purchase of additional ALI shares and dividend payout; and ALI's redemption of treasury shares. These accounts comprise 7% of the total assets as of March 31, 2022 and December 31, 2021.

Accounts and notes receivable:

(in Millions)	March 2022	December 2021	% Inc (Dec)	% of Total Assets	
				March 2022	December 2021
Current	143,641	145,075	-1%	10%	11%
Noncurrent	90,883	83,301	9%	7%	6%
Total	234,524	228,376	3%	17%	17%

Combined movements affected by increase in ALI's higher sales bookings. These accounts are at 17% of the total assets as of March 31, 2022 and December 31, 2021.

Investments in associates and joint ventures – 6% increase from ₱294,063 million to ₱310,814 million

Increase attributed to BPI's and Globe's equity earnings, partly offset by dividends from Globe; AC's and ACEIC's additional investments to and higher equity earnings from their investees. This account is at 22% of the total assets as of March 31, 2022 and December 31, 2021.

Deferred tax assets (DTA)-net – 15% increase from ₱16,294 million to ₱18,727 million

Increase attributable to ALI's and ACEIC's DTA set-up coming from tax and book difference on accounting for real estate transaction and from subsidiaries' NOLCO, respectively. This account is at 1% of the total assets as of March 31, 2022 and December 31, 2021.

Short-term debt – 24% increase from ₱34,712 million to ₱43,132 million

Increase due to borrowings of ALI and ACEIC; partly offset by AC's loan settlement. This account is at 5% and 4% of the total liabilities as of March 31, 2022 and December 31, 2021, respectively.

Income tax payable – 38% increase from ₱803 million to ₱1,107 million

Increase attributable to ALI's higher taxable income. This account is below 1% of the total liabilities as of March 31, 2022 and December 31, 2021.

Long-term debt:

(in Millions)	March 2022	December 2021	% Inc (Dec)	% of Total Liabilities	
				March 2022	December 2021
Current	38,053	31,494	21%	5%	4%
Noncurrent	415,432	412,311	1%	52%	53%
Total	453,485	443,805	2%	57%	57%

Combined movements due to increase from AYCFL's social bond issuance and ACEIC's loan availments. This account is at 57% of the total liabilities as of March 31, 2022 and December 31, 2021.

Lease liabilities:

(in Millions)	March 2022	December 2021	% Inc (Dec)	% of Total Liabilities	
				March 2022	December 2021
Current	1,707	2,110	-19%	0%	0%
Noncurrent	26,518	25,504	4%	3%	3%
Total	28,225	27,614	2%	4%	4%

Increase coming from ALI's accretion of interest. This account is at 4% of the total liabilities as of March 31, 2022 and December 31, 2021.

Other current liabilities – 7% increase from ₱30,184 million to ₱32,404 million

Mainly due to ALI's higher deposits, reservation fees and advance rental payments. This account is at 4% of the total liabilities as of March 31, 2022 and December 31, 2021.

Deferred tax liabilities-net – 5% increase from ₱9,181 million to ₱9,648 million

Increase attributable to ACEIC group. This account is at 1% of the total liabilities as of March 31, 2022 and December 31, 2021.

Remeasurement losses on defined benefit plan – 8% decrease from ₱4,798 million to ₱4,406 million

Decrease due to remeasurement gain as result of adjustments on actuarial assumptions. This account is at 1% of the total equity as of March 31, 2022 and December 31, 2021.

Fair value reserve of financial assets at FVOCI – 52% decrease from negative (-)₱1,721 million to negative (-)₱2,610 million

Decrease due to BPI's lower marked to market valuation of its financial assets at FVOCI. This account is below 1% of the total equity as of March 31, 2022 and December 31, 2021.

Cumulative translation adjustments (CTA) – 49% increase from ₱1,138 million to ₱1,699 million

Increase due to forex translation (movement in forex for PhP vs. USD) of the Ayala Group's business units with dollar functional currencies. Forex of PhP vs USD amounted to ₱51.704 in March 2022 vs. ₱50.999 in December 2021. This account is below 1% of the total equity as of March 31, 2022 and December 31, 2021.

Equity reserve – 6% decrease from ₱34,263 million to ₱32,302 million

Decrease coming from ACEIC's change in ownership interest in ACEN as results issuance of shares to UPC group and AC's purchase of ALI shares from stock market (see Note 3). This account is at 6% of the total equity as of March 31, 2022 and December 31, 2021.

Non-controlling interest – 6% increase from ₱202,581 million to ₱214,887 million

Increase coming from ACEN's issuance of shares to UPC group (see Note 3). This account is at 37% and 36% of the total equity as of March 31, 2022 and December 31, 2021, respectively.

Income Statement items

For the Periods Ended March 31, 2022 and 2021 (both unaudited)

Sale of goods and rendering of services – 6% increase from ₱52,270 million to ₱55,251 million

Increase due to ALI's higher bookings from residential business, incremental projects completion and leasing businesses; IMI's increase in customer demand from international site; and AC Health's higher revenues from hospital, clinic and pharma business. As a percentage to total revenue, this account is at 84% and 87% in March 31, 2022 and 2021, respectively.

Share in net profits of associates and joint ventures (AJVs) – 49% increase from ₱6,070 million to ₱9,059 million

Increase due to Globe's higher revenues from mobile prepaid and corporate data and other non-operating income; BPI's higher net interest income and lower provision for losses and income taxes. As a percentage to total revenue, this account is at 14% and 10% in March 31, 2022 and 2021, respectively.

Interest income:

(in Millions)	March 2022	March 2021	% Inc (Dec)
Interest income from real estate	1,670	1,843	-9%
Interest income from non-real estate	1,709	1,003	70%
Total	3,379	2,846	19%

Combined movements of interest income from real estate and others resulted to net increase of 19% attributed to ACEIC's interest income from receivables related to sale of GNPK last year.

Cost of goods sold and rendering services – 15% increase from ₱39,614 million to ₱45,364 million
Increase resulting from improvements in sales as explained above plus impact of generally higher prices for direct costs and overhead of various BUs, higher trading costs and high-priced purchases of electricity coupled with plant downtimes. As a percentage to total costs and expenses, this account is at 89% and 85% in March 31, 2022 and 2021, respectively.

General and administrative expenses (GAE) – 21% decrease from ₱7,260 million to ₱5,747 million
Decrease due to ACEIC's lower taxes and licenses and other operating expenses due to deconsolidation of GNPK; and cost savings measures across business units. As a percentage to total costs and expenses, this account is at 11% and 15% in March 31, 2022 and 2021, respectively.

Other income – 15% increase from ₱1,077 million to ₱1,241 million
Increase coming from IMI's insurance claims, government incentives and forex gain.

Provision for income tax (current and deferred) – 49% decrease from ₱1,596 million to ₱812 million
Decrease coming from higher benefit from deferred income tax of ALI and ACEIC groups.

Operations of the segment under PFRS 5 – 100% decrease from net income of ₱111 million to nil
Decrease due to deconsolidation of MWC (see Note 20).

Income attributable to owners of the parent – 45% increase from ₱5,376 million to ₱7,812 million
Increase coming from better results of most of the investees particularly Globe and BPI. As a percentage to total net income, this account is at 78% and 75% in March 31, 2022 and 2021, respectively.

Income attributable to non-controlling interests – 24% increase from ₱1,783 million to ₱2,219 million
Increase coming from share in net income results of non-wholly owned subsidiaries. As a percentage to total net income, this account is at 22% and 25% in March 31, 2022 and 2021, respectively.

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

A significant majority of the Group's revenues are derived from its real estate and financial services businesses. Traditionally, these industries have been subject to cyclical risks relating to the broader economic environment. As a result, the Group is subject to cyclical risks and its financial condition may be materially and adversely impacted as a result of any economic slowdown or stagnation in growth in the Philippines.

Furthermore, the receivables and inventories of Ayala Land, Ayala's largest subsidiary, have historically exhibited cyclical trends based on the timing and progress of its projects and their respective stages of development. Historically, such cyclical trends have in turn resulted in similar cyclical trends in the cash flows of Ayala. There is no assurance that Ayala Land's receivables and inventories will not continue to fluctuate in the future, which may adversely impact Ayala's financial condition.

The Investment and Finance Committees review the performance of each business unit at least twice a year: a general review, which covers Ayala's portfolio of businesses; and a specific business unit review. In the latter, the business unit's performance is measured against several metrics including the current budget, the latest medium-term plan and often, against competitors. The objective of these reviews is to refine capital allocation depending on performance, and if needed, suggest changes to the business plans or strategies.

3.0 Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

- Refer to Note 25 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

3.1 Other material events or transactions during the interim period.

- Refer to Notes 3 and 10 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PART II – OTHER INFORMATION

The other major information about the Group are disclosed in the appropriate notes in the previously filed Audited Consolidated Financial Statements for December 31, 2021 or in the SEC 17A / SEC 17Q and SEC 17-C reports for 2021.

In addition, the Group has the following other major information:

- a. On March 10, 2022, the Parent Company's BOD, at its regular meeting, approved the following:
 1. The amendment to the Third Article of the Articles of Incorporation on the change of principal address from 32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines to 37F to 39F Ayala Triangle Garden Tower 2, Paseo de Roxas cor Makati Avenue, Makati City, 1226, Philippines. The amendment was presented to and approved by the stockholders at the annual stockholders meeting on April 29, 2022.
 2. Amendment of Article III, Section 2 of the By-Laws on the setting of the threshold of at least 10% or more of the outstanding capital stock for calling of special stockholders' meeting to align with the threshold provided under SEC Memorandum Circular No. 7, series of 2021. Given that our stockholders have delegated to our Board the authority to amend the By-Laws, this amendment will become effective upon approval by the Securities and Exchange Commission. This matter was presented to the stockholders at the annual stockholders meeting on April 29, 2022 as part of the resolutions of our Board for ratification.
- b. On April 29, 2022, at the Parent Company's annual stockholders meeting, the stockholders approved the following:
 1. Minutes of previous meeting
Resolution No. S-01-2022: "RESOLVED, to approve the minutes of the annual stockholders' meeting held on April 23, 2021."
 2. Annual report for calendar year (CY) 2021 including the consolidated Audited Financial Statements for the CY December 31, 2021
Resolution No. S-02-2022: "RESOLVED, to note the Corporation's Annual Report, which consists of the Chairman's Message, 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 December 31, 2021, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co."
 3. Ratification of the acts and resolutions of the Board of Directors and Management during the preceding year
Resolution No. S-03-2022: "RESOLVED, to ratify each and every act and resolution, from 23 April 2021 to 29 April 2022 (the "Period"), 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, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation."
 4. Amendment of the Third Article of the Articles of Incorporation on the change in principal office address.
Resolution No. S-04-2022: "RESOLVED, as recommended by the Board of Directors in Resolution No. B-18-22, to approve the amendment of the Third Article of the Articles of Incorporation to change the principal office of the Corporation from 32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines to 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor Makati Avenue, Makati City 1226, Philippines, such that, as amended, the Third Article shall henceforth read as follows:

THIRD. – That the place where the principal office of the corporation is located is at 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor Makati Avenue, Makati City 1226, Philippines but it may establish branch offices in any part of the Philippines or in such other places outside the Philippines as may be

approved by the Board of Directors. (As amended on April 11, 2014; further amended on April 29, 2022).

5. Election of directors

Resolution No. S-05-2022: "RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

Jaime Augusto Zobel de Ayala
 Fernando Zobel de Ayala
 Cezar P. Consing
 Delfin L. Lazaro
 Rizalina G. Mantaring (Independent Director)
 Chua Sock Koong (Independent Director)
 Cesar V. Purisima (Independent Director)"

6. Election of SyCip Gorres Velayo & Co. as the external auditor of our Company for the year 2022 and fixing of its remuneration

Resolution No. S-06-22: "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 2022 for an audit fee of PhP6,559,140.00, inclusive of value-added tax."

At its organizational meeting held immediately after the stockholders' meeting, the Board of Directors considered and approved the following:

1. Election of Chairpersons and Members of the Board Committees:

Executive Committee

Jaime Augusto Zobel de Ayala	Chairman
Fernando Zobel de Ayala	Vice Chairman
Delfin L. Lazaro	Member

Audit Committee

Rizalina G. Mantaring	(independent director)	Chairman
Cesar V. Purisima	(independent director)	Member
Chua Sock Koong	(independent director)	Member

Risk Management and Related Party Transactions Committee

Cesar V. Purisima	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Cezar P. Consing		Member

Corporate Governance and Nomination Committee

Chua Sock Koong	(independent director)	Chairman
Rizalina G. Mantaring	(independent director)	Member
Cesar V. Purisima	(independent director)	Member

Personnel and Compensation Committee

Chua Sock Koong	(independent director)	Chairman
Delfin L. Lazaro		Member
Cesar V. Purisima	(independent director)	Member

Finance Committee

Delfin L. Lazaro	Chairman
Jaime Augusto Zobel de Ayala	Member
Fernando Zobel de Ayala	Member
Cezar P. Consing	Member

Sustainability Committee

Cezar P. Consing	Chairman
Rizalina G. Mantaring	(independent director) Member
Chua Sock Koong	(independent director) Member

Committee of Inspectors of Proxies and Ballots

Solomon M. Hermosura	Chairman
Catherine H. Ang	Member
Josephine G. De Asis	Member

2. Election of Mr. Jaime Augusto Zobel de Ayala as Chairman of the Board and Mr. Fernando Zobel de Ayala as the Vice-Chairman;
3. Election of Ms. Rizalina G. Mantaring as lead independent director;
4. Election of key officers¹:

Fernando Zobel de Ayala	- President and Chief Executive Officer (CEO)
Jose Rene Gregory D. Almendras	- Senior Managing Director, Public Affairs Group Head
Alberto M. de Larrazabal	- Senior Managing Director, Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, and Finance Group Head
John Eric T. Francia	- Senior Managing Director
Arthur R. Tan	- Senior Managing Director
Alfredo I. Ayala	- Managing Director
Paolo Maximo F. Borromeo	- Managing Director and Corporate Strategy and Development Group Head
Solomon M. Hermosura	- Managing Director, Chief Legal Officer, Corporate Secretary, Compliance Officer, Data Protection Officer & Corporate Governance Group Head
Ruel T. Maranan	- Managing Director
Catherine H. Ang	- Executive Director and Chief Audit Executive
Estelito C. Biacora	- Executive Director and Treasurer
Josephine G. De Asis	- Executive Director and Controller
Rosario Carmela G. Austria	- Assistant Corporate Secretary

5. The declaration of the second quarter cash dividends on our outstanding Preferred “B” Series 2 Shares (APB2R) amounting to $\frac{1}{4}$ of 4.8214% per annum, or ₱6.02675 per share, based on the issue price of the shares. The record date is May 13, 2022, and payment date is on May 29, 2022.

Pursuant to the Corporation’s amended By-Laws as ratified by stockholders in the annual stockholders’ meeting on April 23, 2021, the dividend shall be paid by electronic transfer to stockholders with enrolled accounts. For stockholders with no enrolled accounts, the dividend checks shall be available for pick-up at the BPI Stock Transfer Office at 3F Buendia Center, 372 Gil Puyat Ave., Makati City 1209 beginning May 29, 2022. Stockholders may contact Ms. Christine Gaile P. Malonzo or Mr. Rodel O. Jaime at (02) 8580-4692 to 95.

6. Acquisition of 1,861,000,000 common shares of AC Energy Corporation (ACEN) from AC Energy and Infrastructure Corporation (ACEIC), a wholly owned subsidiary of AC, via a block sale at prevailing market prices. The authority to negotiate the specific terms and conditions of the purchase, including the transaction price, on behalf of AC, has been delegated to the Chief Finance Officer, Mr. Alberto M. de Larrazabal, and Treasurer, Mr. Estelito C. Biacora, acting jointly.
7. Declaration of property dividends consisting of the ACEN shares acquired from ACEIC to AC’s common shareholders at a ratio of 3 ACEN shares per 1 AC common share, subject to: a) completion of the abovementioned acquisition of ACEN shares, and b) applicable regulatory approvals. Record date is on May 27, 2022, with payment date to be determined by Management after applicable regulatory approvals have been obtained.

The declaration of property dividends provides the opportunity for AC’s shareholders to directly benefit in one of its recent successful business-building initiatives. In addition, as ACEN’s public float will increase post-transaction, the property dividend declaration enables ACEN to meet the 20% minimum public ownership requirement for companies included in the Philippine Stock Exchange Index. Post-transaction, ACEIC’s ownership level in ACEN will be at 57.8% from 62.5%.

8. The 2022 stock option program pursuant to our Employee Stock Ownership Plan (the Plan). The program authorizes the grant to 71 executives, in accordance with the terms of the Plan, stock options covering up to a total of 483,145 common shares at a subscription price of ₱749.55 per share, which is the rounded off volume-weighted average prices of our common

¹ Excluding seconded officers

shares at the Philippine Stock Exchange over the last 5-day trading days from April 22, 2022 to April 28, 2022.

The following are the Ayala Corporation Management Committee:

Fernando Zobel de Ayala
Paolo Maximo F. Borromeo
Solomon M. Hermosura
Alberto M. de Larrazabal
Jose Rene Gregory D. Almendras

- c. On April 28, 2022, the Parent Company's Integrated Annual Corporate Governance Report for the year 2021 was submitted in compliance with the SEC Memorandum Circular No. 15, Series of 2017 and PSE Memorandum Circular No. 2017-0079.

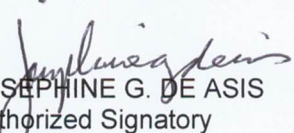
SIGNATURE

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

Registrant

AYALA CORPORATION

By:


JOSEPHINE G. DE ASIS
Authorized Signatory
Comptroller
Ayala Corporation

Date: May 13, 2022