

 **AyalaLand**  
**LOGISTICS**  
**HOLDINGS CORP.**

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**2019 Annual Report**



Hand-in-hand, we work with you in opening opportunities for growth and development.

**Co-Catalyst For Progress**





**LOGISTICS HOLDINGS CORP.**

Annual  
Report  
2019



**CO-CATALYST  
FOR PROGRESS**

## **OUR COMPANY**

AyalaLand Logistics Holdings Corp. (ALLHC), formerly Prime Orion Philippines, Inc. (POPI), continues to evolve as Ayala Land's real estate logistics & industrial parks arm through the equity ownership of Laguna Technopark, Inc. (LTI) in 2018.

ALLHC envisions to be the leading developer and operator of real estate logistics and industrial parks in the Philippines. At present, ALLHC owns Laguna Technopark, Cavite Technopark, Pampanga Technopark, and Laguindingan Technopark. ALLHC also operates logistics facilities and standard factory buildings in Laguna and Cavite Technoparks, Alviera Industrial Park in Pampanga, and Lepanto Industrial Complex in Laguna. Other developments of ALLHC include commercial properties, Tutuban Center and South Park Center.

## **BRAND STORY**

Creating environments that energize and support businesses is at the heart of what we do in AyalaLand Logistics Holdings Corp. We transform places into dynamic centers across the country. We develop world-class industrial parks and commercial centers that are hubs of convergence and business activity, and provide logistics facilities that make doing business easier and more convenient.

Hand-in-hand, we work with you as co-catalysts for progress in opening opportunities for growth and development.

For today and tomorrow.

# **CREATING ENVIRONMENTS**

THAT ENERGIZE AND SUPPORT  
BUSINESSES IS AT THE HEART  
OF WHAT WE DO





## MESSAGE FROM THE CHAIRMAN

JOSE EMMANUEL H. JALANDONI

**C**reating environments that enhance and energize businesses is at the heart of what we do as a company. Our transformation from Prime Orion Philippines, Inc. (POPI) to AyalaLand Logistics Holdings Corp. (ALLHC) represents this core strategy. We are providing spaces for businesses in our bid to become the leading industrial park and real estate logistics developer in the Philippines.

Our diversified and stronger ALLHC brand, with core businesses in industrial park development, warehouse, retail and office leasing, stands behind some of the most promising developments in the industry today. These are Laguna Technopark, Cavite Technopark, Lepanto Industrial Complex, Tutuban Center, and South Park Center.

As the industry's macro-economic conditions remain stable, we will continue to grow our leasing and developmental portfolio in key areas across the country, transforming landscapes into dynamic centers of convergence for more Filipinos.

We expanded our technoparks to Mindanao, in Laguindingan, Misamis Oriental and in Central Luzon, in Mabalacat City, Pampanga. In addition, we continued to strengthen our commercial leasing business through improvements of both Tutuban Center and South Park Center. We were able to increase our warehouse gross leasable area through expansion initiatives or projects in Laguna and Porac, Pampanga.

It is our goal to deliver superior results for our stakeholders and the communities we serve. We will do this by upholding our core values of professionalism, integrity and the pursuit of excellence.

I thank the owners of ALLHC—our partners, collaborators, and shareholders, who continue to place their faith in our company and share our mission of being a partner of progress. We look forward to another year of seeking meaningful ways to create value for the business, environment, and our communities.

A handwritten signature in black ink, appearing to read "J. E. Jalandoni".

**Jose Emmanuel H. Jalandoni**  
Chairman



## PRESIDENT'S REPORT

### MARIA ROWENA M. TOMEILDAN

The past year was indeed a fruitful and fulfilling year for AyalaLand Logistics Holdings Corp. The Philippines' robust economic performance bolstered our mission to be a co-catalyst of progress by supporting businesses in the retail, logistics and the industrial sectors.

ALLHC's net income grew by 15% to P641 million while revenues reached P5.3 billion. The growth was driven by strong performances in the sale of industrial lots, and in warehouse and commercial leasing operations.

Consistent with our company's objective to support countryside development and job creation, we expanded our footprint in key areas all over the country.

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

Through our projects, we continue to work towards uplifting the lives of people. Currently, our developments have generated about 120,000 jobs in the areas where we are present.

We believe that our success is not only measured by our profitability and market standing. We intend to continue to create value and make a positive impact in the communities where we are in.

In closing, we thank you, our shareholders and stakeholders for your unwavering support and trust of our strategies and plans. We will continue to pursue a balanced and sustainable business platform that will enable us to reach more communities and become a significant contributor to the country's growth.

To our directors, thank you for your guidance and commitment to the organization.

To our employees, thank you for your dedication to our long-term growth plans.

With your steadfast support, we move on to 2020 with much optimism in the pursuit of our plans to be a leader in industrial parks and real estate logistics.

**Maria Rowena M. Tomeldan**  
President and Chief Executive Officer



## CFO'S REPORT

### FRANCIS M. MONTOJO

The year 2019 was a banner year for AyalaLand Logistics Holdings Corp. as it successfully achieved its highest operating and financial results from the time it shifted its focus to develop world-class industrial parks and commercial centers, not just in the Metro Manila area, but also in non-urban centers.

Our core business of industrial lot sales plus warehouse and commercial leasing operations continued to yield substantial growth in 2019. The sustained strong performances across all segments delivered P 5.3 billion in revenues or 58% growth in top-line versus last year.

Industrial lot sales revenues reached P1.8 billion versus P786 million in 2018 or 130% growth. Meanwhile, leasing revenues from warehouses registered a 79% growth at P287 million, while commercial revenues rose by 25% to P854 million. The company ended the year with 170,000 sqm warehouse and 84,000 sqm commercial GLA.

Expanding our geographical reach underscores the company's vision of invigorating economic activities in key growth centers outside Metro Manila. The launch of Laguindingan Technopark (105 hectares) and Pampanga Technopark (192 hectares) marks a milestone towards our vision of being a co-catalyst of progress and countryside development.

We implemented corporate initiatives to improve our margins further and utilize our capital more efficiently. We strictly monitored our general and administrative expenses, as well as project expenses resulting to an efficient management of funds.

As we take part in our role as a co-catalyst of progress, we remain committed towards a sustainable business environment, and we will further strengthen our company's financial standing in view of our long-term goals. As we move forward into 2020, we will continue to practice responsible stewardship of the use and management of our resources so we can sustain our long-term goals.

We thank all our shareholders and stakeholders for their solid support to our strategies and plans.

**Francis M. Montojo**  
Chief Finance Officer, Treasurer and Compliance Officer



REVENUE  
2019 5.3B  
2018 3.4B  
2017 611M



NET INCOME  
2019 641M  
2018 555M  
2017 19M



TOTAL ASSETS  
2019 19.4B  
2018 12.9B  
2017 8.9B

# OUR LEADERS

## BOARD OF DIRECTORS



Jose Emmanuel H. Jalandoni



Felipe U. Yap



Bernard Vincent O. Dy



Augusto D. Bengzon



Maria Rowena M. Tomeldan



Victor C. Say



Nathanael C. Go



Rex Ma. A. Mendoza



Renato O. Marzan

# OUR LEADERS

## SENIOR LEADERS



(From left)

Rona S. Sañez  
*Deputy General Manager – Industrial Parks and Real Estate Logistics*

Francis M. Montojo  
*Chief Finance Officer, Treasurer and Compliance Officer*

Patrick John C. Avila  
*Head – Industrial Parks and Real Estate Logistics*

Maria Norina U. Raniel  
*General Manager – Tutuban Center and South Park Center*

Francis Paolo P. Tiopianco  
*Legal Counsel and Assistant Corporate Secretary*

## MANAGEMENT COMMITTEE



Maria Rowena M. Tomeldan  
*President and CEO*

Francis M. Montojo  
*Chief Finance Officer, Treasurer, and Compliance Officer*

June Vee D. Monteclaro-Navarro  
*Corporate Secretary*

Nimfa Ambrosia L. Perez-Paras  
*Assistant Corporate Secretary*

Francis Paolo P. Tiopianco  
*Legal Counsel and Assistant Corporate Secretary*

# **2019 ALLHC ACHIEVEMENTS**

## **PROJECTS**



### **Laguindingan Technopark**

Laguna Technopark, Inc. (LTI), a subsidiary of ALLHC, formally launched the 105-hectare Laguindingan Technopark in Misamis Oriental in April 2019.

### **URDC Acquisition**

In July 2019, Unity Realty & Development Corp. (URDC) was acquired, becoming a wholly-owned subsidiary of ALLHC. URDC owns a 192-hectare land parcel in Mabalacat City, Pampanga, which will be utilized for the development of Pampanga Technopark.

### **Alviera SFB Expansion**

LTI also broke ground in November 2019 for the 12,000 sqm expansion of Standard Factory Buildings (SFBs) in Alviera Industrial Park in Alviera, Porac, Pampanga.

### **Tutuban Storage Units**

Having completely converted the former Orion Hotel into ALLHC's first storage facility in Metro Manila, all 49 stockroom units spanning 1,000 sqm are fully occupied by tenants.

# 2019 ALLHC ACHIEVEMENTS

## PERFORMANCE HIGHLIGHTS

### FINANCIAL HIGHLIGHTS

For the Year (in million Php)	2019	2018	2017
Revenues	5,346.0	3,370.0	610.5
Lot Sales	1,809.1	785.8	-
Warehouse	286.7	159.7	42.2
Commercial	854.2	683.5	459.6
Power	2,396.0	1,735.0	-
Others	-	6.0	108.7
Net Income	641.4	554.7	18.6
<b>At Year-End (in million Php)</b>			
Total Assets	19,368.5	12,974.4	8,923.5
Stockholders' Equity	11,176.2	9,874.3	7,256.9
<b>Stock Information</b>			
Earnings Per Share (EPS)	0.10	0.08	0.01
Price/Earnings Per Share (P/E)	31.24	32.97	304.34
Stock Price*	2.99	2.37	2.05
Market Capitalization* (in billion Php)	18	11	10
<b>Financial Ratios</b>			
Current Ratio	1.18	2.38	2.91
Net Debt-to-Equity Ratio	0.73	0.31	0.23
Return on Equity (ROE)	0.06	0.06	0.00
<b>OPERATIONAL HIGHLIGHTS</b>			
Gross Land Area	934	605	590
Warehouse Leasing GLA (in thousand sqm)	170	148	86
Commercial Leasing GLA (in thousand sqm)	84	84	45

\*as of last applicable trading date of the year

# SUSTAINABILITY



In transforming landscapes to sustainable business environments, we affirm our commitment to create value to our stakeholders in the communities where we are in.

The clamor to address global and local environmental, economic, and social sustainability issues is an urgent one. The prevalent concerns locally are : 1) climate change; 2) continuing loss of natural resources; 3) urban mobility; and 4) unbalanced socio-economic development. Our continuous response to take heed of this call is aligned with Ayala Land's commitment in taking an active role in reshaping the mindset towards sustainability.

As such, we continue to integrate sustainability practices in the way we do business – in protecting the environment, the communities and people that we serve. We work hand-in-hand with our stakeholders in making our environments sustainable for the next generation.

In implementing practices of sustainability, we focus on four areas : Site Resilience, Pedestrian Mobility and Transit Connectivity, Eco-Efficiency, Local Economic Development. We integrate our sustainability Four Focus areas into the way we do business. These four focus areas guide our project teams. Principles and practices are integrated at each step of the project development process and their application is assessed in the company's performance reviews.



## SITE RESILIENCE

7 detention pods

197 hectares of green and open space

151 sqm tree nursery and vegetable garden

88 emergency response team drills and night drills

6,021 sqm space used as evacuation area

We take into consideration the long-term risks of climate change and its geohazards.

We continue to make our developments resilient and emergency-ready by periodically practicing disaster-readiness exercises, providing permeable spaces for rainwater absorption, and allocating green spaces.



## MOBILITY & CONNECTIVITY

5 transport terminals

16 priority signs

1,756 sqm space for PUVs

9 public bus routes available

12 shuttle services

358 sqm covered walkways

28 marked crosswalks

69 PWD ramps

Urban mobility is an important concern as we move from our home to our place of work and business. We prioritize the safety, comfort, and convenience of the community. We provide opportunities for commuters to easily connect to public transport routes and terminals.



## ECO-EFFICIENCY

24,504,983 kWh energy consumption

386,595 sqm cubic meters water consumption

987,618 kg waste collected

We practice strict monitoring of the efficient use of our resources and implement a solid waste management program. We have standard Material Recovery Facilities (MRF) in our developments.

# SUSTAINABILITY



## LOCAL ECONOMIC DEVELOPMENT



Naic Municipal e-Library donation



Missionaries of Charity outreach



Sari-Saring Aralan project for out-of-school youth



Tutuban Center's indoor community basketball court

## LOCAL EMPLOYMENT

Our continued growth spurs new jobs and sustains the employment of the local workforce. At present, our industrial parks and commercial centers generated close to 120,000 jobs in direct and indirect employment.

## COMMUNITY PROJECTS

Our thrust for countryside development inspires us to work together with the community on various projects that uplift the lives of people. In 2019, together with Naic local government, we set up the Naic Municipal e-Library. In Tutuban Center, we converted its former activity center into an indoor basketball court transforming it into the neighborhood's sports and recreational hub. We undertook regular medical missions and community clean-up drives.

## PEOPLE DEVELOPMENT

At the heart of AyalaLand Logistics Holdings Corp. are its highly committed, competent and hardworking team of professionals. Every individual is a participant and a contributor to the group's goals – enabling them to hone their skills, realize their potentials and achieve their personal goals.

### EMPLOYEES



Direct Employees: 57  
(65% Female - 35% Male)  
\*27 New Hires

Support Staff: 687



### AVERAGE TRAINING HOURS

Men: 21 hours  
Women: 17 hours

# FORWARD PLANS



## PAMPANGA TECHNOPARK

192 hectares  
Mabalacat City, Pampanga

## LAGUINDINGAN TECHNOPARK

105 hectares  
Habini Bay, Laguindingan,  
Misamis Oriental



## LEPANTO INDUSTRIAL COMPLEX REDEVELOPMENT

Over 100,000 sqm GLA  
Calamba, Laguna

## ALVIERA SFB EXPANSION

12,000 sqm GLA  
Alviera Industrial Park  
Porac, Pampanga



# CORPORATE GOVERNANCE

## DIRECTORS' PROFILES

**Jose Emmanuel H. Jalandoni, Filipino, 52**, has served as the Chairman of the Company since April 12, 2018. He is a Senior Vice President and member of the Management Committee of Ayala Land, Inc. He is the Group Head of ALI's commercial businesses including malls, offices, hotels, resorts and the Chairman of ALI Capital Corporation. He is also a director of Cebu Holdings, Inc., a publicly listed company. His other significant positions include: Chairman of the Board of ALI Commercial Center, Inc., ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures Inc., Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Makati North Hotel Ventures, Inc., North Triangle Hotel Ventures, Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Orion Land, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Tutuban Properties, Inc., Whiteknight Holdings, Inc., One Makati Residential Ventures, Inc., He is also Chairman and President of ALINET.Com. Inc.. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, ALI Eton Property Development Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, AyalaLand Commercial Reit, Inc., Bacuit Bay Development Corporation, Berkshires Holdings, Inc., Bonifacio Land Corporation, Cagayan de Oro Gateway Corporation, Chirica Resorts Corporation, Columbus Holdings, Inc., Ecoholdings Company Inc., Emerging City Holdings, Inc., Fort Bonifacio Development Corporation, Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Philippine Integrated Energy Solutions, Inc., Regent Horizons Conservation Company, Inc., Sicogon Town Hotel, Inc., Station Square East Commercial Corporation, Ten Knots Development Corporation, Ten Knots Philippines, Inc., and President and Chief Executive Officer of AREIT, Inc. He joined ALI in 1996 and held various positions in the company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University in 1989. He earned his Master's Degree in Business Administration from Asian Institute of Management in 1992. He is a Chartered Financial Analyst.

**Felipe U. Yap, Filipino, 82**, has been Vice Chairman from February 2016. He was Chairman of the Board of Directors of the Company from 2000 to February 2016 and the Vice Chairman of the Board of Directors of the Company from 1993 to 2000. His other significant positions include: Chairman of the Board and Chief Executive Officer of Lepanto Consolidated Mining Company (publicly listed company) and Manila Mining Corporation (publicly listed company), Lepanto Investment and Development Corporation, Diamant Manufacturing and Trading Corporation, Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc. and Shipside, Inc.; Chairman of the Board of Zeus Holdings, Inc. (publicly listed company), Kalayaan Copper-Gold Resources, Inc., and Yapster e-Conglomerate, Inc.; Director of Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corp. (PASAR), FLT Prime Insurance Corporation, Orion Land Inc. and Tutuban Properties, Inc. He graduated with a degree in. B.A. Philosophy from the University of San Carlos in Cebu. He has extensive experience in the mining industry. He served as Chairman of the PSE Board of Governors from 2000 to 2002.

**Bernard Vincent O. Dy, Filipino, 56**, was the Chairman of the Board of Directors of the Company from 24 February 2016 to 12 April 2018. He is the President & Chief Executive Officer of ALI, a publicly listed company. He is also a Director of publicly listed company, Cebu Holdings, Inc. and MCT Bhd of Malaysia. His other significant positions include: Chairman of Alveo Land Corp., Ayala Property Management Corporation, Makati Development Corporation, Amaia Land Corporation, Avencosouth Corp., AyalaLand Commercial Reit, Inc., Bellavita Land Corporation, Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Nuevocentro, Inc., Portico Land Corp. and Philippine Integrated Energy Solutions, Inc.; Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc.; Director and President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation and Accendo Commercial Corp.; President of the Hero Foundation Incorporated and Bonifacio Art Foundation, Inc.; Director of Avida Land Corp., Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton

Property Development Corporation and AKL Properties, Inc.; Member of Ayala Foundation, Inc. and Ayala Group Club, Inc. In 2015, he was inducted as member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police. He earned a degree of B.B.A Accountancy from the University of Notre Dame in 1985. He also received his Master's Degree in Business Administration in 1989 and in International Relations in 1995, both at the University of Chicago.

**Augusto D. Bengzon, Filipino, 56**, has served as director of the Company since July 18, 2017. He joined ALI in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Information Officer, Chief Compliance Officer & Treasurer. He is a Director of Cebu Holdings, Inc., another publicly listed company. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director, Treasurer & Compliance Officer of Anvaya Cove Golf and Sports Club Inc.; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., AREIT, Inc., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of Ayala Group Legal, Alabang Commercial Corporation, Alviera Country Club Inc., Alveo Land Corp., Ecozone Power Management Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Fe del Mundo Medical Center Phil, Inc. and Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

**Maria Rowena Victoria M. Tomeldan, Filipino, 58**, has been a director of the Company since February 26, 2016 and was elected President of the Company on February 19, 2018. She is a Vice President and Head of the Real Estate Logistics and Special Investments of ALI. She is the Chairman of the Board of Laguna Technopark, Inc., which is in charge of all industrial park developments of ALI. Her other significant positions include: Chairman and President of AMSI, Inc., Orion Property Development, Inc., LCI Commercial Ventures, Inc., FLT Prime Insurance Corporation and Bay City Commercial Ventures Corp. and, ESTA Galleria, a wholesale distributor of premium quality tiles; and Director of AyalaLand Commercial Reit, Inc. Presently, she is also a board member of the International Council of Shopping Centers (ICSC) – Asia Advisory Board. She is a 2015 ICSC Trustees Distinguished Service Awardee. She graduated as cum laude of Bachelor of Arts in Economics from the University of the Philippines in 1983 and earned her Master's degree in Business Administration from the same university in 1988. She finished the Executive Development Program at the Aresty Institute of Executive Education in Wharton University, Pennsylvania, USA in 2005.

**Victor C. Say, Filipino, 74**, has been a Director of the Company since 1989. He served as an independent director of the Company from 2009 to 24 February 2016. His other significant positions include: Chairman of the Board of Onetree Holdings, Inc.; Director of Kolin Philippines, Inc., Seven of Us Foods, Inc., Wimax Philippines, Inc. and Toaster Brainworks, Inc. He is a holder of a degree in Business Administration, major in Management from Mapua University. He has extensive business experience having worked in securities broker firms and many companies. He was a member of the Board of the then Manila Stock Exchange.

**Nathanael C. Go, Filipino, 44**, has been a director of the Company since January 13, 2017. He is President of United Harvest Corporation, Mighty and Strong (MAS) Food Corporation and United Chemicals Technology Corporation and United Sustainment Solutions Corporation. Mr. Go obtained his Bachelor of Science degree in Foreign Service, major in International Politics from Georgetown University, Washington D.C. and graduated magna cum laude, Phi Beta Kappa. He holds a Master of Arts in International Political Economy from the University of Warwick, Coventry, United Kingdom as a British Chevening scholar. He was a manager in the Public Affairs Practice of Burson-Marsteller at Beijing, China. He also worked in the Policy and Strategy Office of the National Security Council of the Republic of the Philippines.

**Rex Ma. A. Mendoza, Filipino, 57**, has been an Independent Director of the Company since February 26, 2016 and its Lead Independent Director since July 18, 2017. He is the President and CEO of Rampver Financials, a financial services firm and the leading non-bank mutual funds distributor in the country. He currently serves as an Independent Director of Globe Telecom, Inc. (publicly listed company), and a Director of Esquire Financing, Inc., TechnoMarine Philippines, Seven Tall Trees Events, Inc., Cullinan Group and Mobile Group, Inc. He was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and Chief Executive Officer of Philam Life, Chairman of The Philam Foundation, Inc.

and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He earned his Master's Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983. He was awarded Most Distinguished Alumnus of the University of the Philippines' Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner and a four-time member of the Million Dollar Round Table. Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors. He is the author of the books "Trailblazing Success" and "Firing on all Cylinders" which are certified national bestsellers.

**Renato O. Marzan, Filipino, 71**, has been an Independent Director of the Company since January 13, 2017. He is currently the Chairman of the Board of Directors of UBS Securities Philippines, Inc. (USPI), a wholly-owned subsidiary of UBS AG. He has been an independent director of the USPI since May 2010. He is also a consultant and director in a number of private corporations. He was formerly connected with the Ayala Corporation where he retired in December 31, 2008. At the time of his retirement, he was the General Counsel, Managing Director and the Group Head of the Corporate Governance and Legal Affairs group of the corporation. In such capacity, he exercised direct supervision and oversight over the Legal Division, Office of the Corporate Secretary, the Compliance Unit and the Internal Audit of the corporation. He played an important role in the adoption and implementation of the principles and best practices of good corporate governance in the Ayala group of companies. During his career in Ayala, he also served as a director and corporate secretary of a number of companies within the Ayala Group. He graduated magna cum laude with a degree of Bachelor of Arts major in Philosophy in 1969, and cum laude with a degree of Bachelor of Laws in 1973, both from San Beda College. Prior to joining Ayala in 1978, he was in the active practice of law.

## GOVERNANCE STRUCTURE



### **Board of Directors and Board Committees**

Being the highest governing body within ALLHC's management structure, the Board of Directors has the responsibility over the company's long-term success and sustained competitiveness while adhering to sound corporate governance principles. It establishes the company's vision, mission, strategic objectives and key management policies and procedures, as well as the mechanisms to evaluate management's performance.

The Board created Board committees which shall support it in its performance and functions in accordance with Corporation's By-laws. The Board has 8 committees, namely, Executive, Audit, Corporate Governance and Nomination, Personnel and Compensation, Sustainability, Board Risk Oversight, Related Party Transactions Review and Inspectors of Proxies and Ballots committees.

### **The Chairman, Vice Chairman, and President & CEO**

The Chairman chairs and heads all board and stockholders' meetings, unless he is unavailable, in which case, the Vice Chairman shall preside at such meetings. He renders advice and counsel to the President. He ensures that the Board challenges and inquires on reports submitted by, and representations of, Management.

The Chairman of the Board is Mr. Jose Emmanuel H. Jalandoni who assumed the post in April 2018. He was re-elected on April 12, 2019.

The Vice-Chairman is Mr. Felipe U. Yap, who assumed the post in March 2016. He previously served as Chairman and director of the Corporation before the entry of ALI.

The President and CEO is Ms. Maria Rowena M. Tomeldan who was elected in February 2018. As President, she has general management and supervision over the operations of the corporation. She executes the resolutions of the Board and of the stockholders, and determines the strategic direction of the Corporation and implements the strategic plans.

### **Corporate Secretary**

The Corporate Secretary ensures that adequate and timely information on the agenda is provided to all

Board members before the board meetings. The Corporate Secretary acts as adviser to the directors on their responsibilities and obligations and ensures proper onboarding of new directors. She safekeeps and preserves the integrity of the minutes of the meetings of the Board and its committees and other official records of the Corporation.

ALLHC's Corporate Secretary is Atty. June Vee D. Montecclaro-Navarro who assumed the post in February 2016.

### **Compliance Officer**

The Compliance Officer (CO) monitors and ensures compliance by the corporation, its officers and directors with relevant laws and regulations and governance issuances of regulatory agencies. The Corporation's CO is Ms. Francis M. Montojo who is concurrently its Treasurer and Chief Finance Officer.

### **Chief Audit Executive**

The Chief Audit Executive (CAE) heads the Internal Audit Group and is responsible for the internal audit activities of the Corporation and reports functionally to the Audit Committee. The Internal Audit Group, through the Audit Committee, assists the board, by providing timely objective reports on internal control and compliance issues so management can take corrective measures. Ms. Ma. Divina Lopez is the CAE of the Corporation.

### **Chief Risk Officer**

The Chief Risk Officer (CRO) conducts the annual risk assessments to identify the risks, their impact or potential impact, and the corresponding measures to address such risks. The CRO will report to the Board Risk Oversight Committee (BROC). Ms. Divine Y. Lopez serves as CRO of the Corporation.

ALLHC's objectives, policies and practices are primarily set in its Articles of Incorporation and By-laws, and are also found in its corporate governance manual, integrated annual corporate governance report (I-ACGR) and its website.

ALLHC complies with all the listing and disclosure rules of the Philippine Stock Exchange and Securities and Exchange Commission.

## BOARD MATTERS



### **Composition**

The Corporation's Board of Directors is composed of 9 members, more than 50% of whom are non-executive directors. This is to ensure that no one group dominates the decision-making process. They hold office for a period of one year and shall serve until the election and acceptance of their duly qualified successors.

### **Competency and Diversity**

The Board brings to the organization a mix of knowledge and experience in business, legal, finance and real estate, each contributing independent judgment and value in creating sound corporate strategies and policies. Their expertise and professional backgrounds are essential to the successful management of the corporation.

Diversity in the Board not only covers gender, but also age, ethnicity, culture, skills, competence, and knowledge. The Board regularly reviews its composition, considering the company's requirements and best practices in corporate governance.

### **Independent Directors**

Independent Directors in the Board ensure exercise of independent judgment on corporate affairs and proper supervision of management's performance. The independent directors serve for a cumulative period of not more than 9 years and hold no interest or relationships with the Corporation that may hinder their independence. The Corporation has two independent directors constituting 20% of the total number of directors of the Corporation as prescribed in the revised Corporation Code and in the Corporation's Manual on Corporate Governance.

The Corporation has appointed Mr. Rex Ma. A. Mendoza as lead independent director on April 12, 2019, and he acts as an intermediary between the Chairman and the other members of the board when needed. He convenes and chairs the meeting of the non-executive directors.

## Board of Directors 2019

<b>Director</b>	<b>Designation</b>	<b>Year Appointed (No. of years in the board)</b>	<b>Expertise</b>
Jose Emmanuel H. Jalandoni	Non-Executive, Chairman	March 2016 (4)	General management, real estate, finance
Felipe U. Yap	Non-Executive, Vice Chairman	November 1993 (26)	General management, mining, real estate, securities
Bernard Vincent O. Dy	Non-Executive	March 2016 (4)	General management, real estate, accounting, finance
Maria Rowena M. Tomeldan	Executive, President & CEO	March 2016 (4)	General management; industrial parks, mall and retail management; real estate
Augusto D. Bengzon	Non-Executive	July 2017 (3)	Accounting, finance, risk management
Victor C. Say	Non-Executive	August 1989 (30)	General management, retail business, securities
Nathanael C. Go	Non-Executive	January 2017 (3)	General management, retail business, manufacturing, marketing
Rex Ma. A. Mendoza	Non-Executive, Lead Independent	March 2016 (4)	Finance and investments, marketing, real estate, insurance, risk management
Renato O. Marzan	Non-Executive Independent	January 2017 (3)	Legal, corporate governance, general management

### Meetings and Attendance

Regular meetings of the Board are set at the start of the year and held at least four times a year. Last December 2019, the Board approved to increase the number of Board meetings to six times a year.

In 2019, the Board had six regular meetings. The average attendance was 96.22% with all members complying with the minimum attendance requirement of 50% by the Securities and Exchange Commission (SEC). Last December 2019, the Board approved to increase the attendance requirement for directors to 75% to comply with the provisions of the ASEAN Corporate Governance Scorecard. The non-executive directors met once last December 18, 2019 without any executive present as required under the Code of Corporate Governance for Publicly-Listed Companies and the Corporation's Manual on Corporate Governance. Please refer to the list of Board and Committee meetings and attendance on pages 16-17 of this report.

### Remuneration

Each director is entitled to receive fees and compensation for his or her services as director as approved by the Board and the stockholders for meetings actually attended by him. The Board is authorized to fix the per diems of directors, for attending board and committee meetings, and these are subject to the approval of the stockholders. The amounts of the per diem shall be guided by reasonableness and industry practice.

All directors receive a fixed per diem of P40,000.00 per meeting of the Board and P30,000.00 per committee meeting, as approved by the stockholders last 13 January 2017.

Meanwhile, independent directors are not entitled to receive options or bonuses except pursuant to a resolution approved by the stockholders owning majority of outstanding capital stock. No director was contracted and compensated by the Company for services other than those of a director. There is no arrangement regarding the remuneration of directors and officers aside from those stated herein.

The total compensation of the CEO and four most highly compensated officers is disclosed in the definitive information statement sent to all shareholders. The total annual compensation reported pertains to per diems received.

### **Board of Directors Gross Remuneration in 2019**

<b>Director</b>	<b>Total Remuneration (Php)</b>
Jose Emmanuel H. Jalandoni*	300,000.00
Felipe U. Yap	450,000.00
Bernard Vincent O. Dy*	240,000.00
Maria Rowena M. Tomeldan*	720,000.00
Augusto D. Bengzon*	200,000.00
Victor C. Say	200,000.00
Nathanael C. Go	240,000.00
Rex Ma. A. Mendoza	630,000.00
Renato O. Marzan	480,000.00
<b>Total</b>	<b>3,460,000.00</b>

\*per diems were paid to their nominating company, ALI

### **Directors' Attendance in Meetings of the Board and Committees in 2019**

<b>Board of Directors 2019</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present in Board Meetings</b>
Jose Emmanuel H. Jalandoni	6/6	100%
Felipe U. Yap	6/6	100%
Bernard Vincent O. Dy	6/6	100%
Maria Rowena M. Tomeldan	6/6	100%
Augusto D. Bengzon	5/6	83%
Victor C. Say	5/6	83%
Nathanael C. Go	6/6	100%
Rex Ma. A. Mendoza	6/6	100%
Renato O. Marzan	6/6	100%

<b>Executive Committee</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Jose Emmanuel H. Jalandoni	2/2	100%
Felipe U. Yap	2/2	100%
Maria Rowena M. Tomeldan	2/2	100%

<b>Audit Committee*</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Rex Ma. A. Mendoza	7/8	88%
Renato O. Marzan	7/8	88%
Maria Rowena M. Tomeldan^	8/8	100%

\*formerly Audit and Risk Committee

^resigned on December 18, 2019; replaced by Mr. Augusto D. Bengzon

<b>Corporate Governance and Nomination Committee**</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Maria Rowena M. Tomeldan	5/5	100%
Rex Ma. A. Mendoza	5/5	100%
Felipe U. Yap^^	4/5	80%

\*\*formerly Corporate Governance Committee

^^resigned on December 18, 2019; replaced by Mr. Renato O. Marzan

<b>Personnel and Compensation Committee***</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Maria Rowena M. Tomeldan	1/1	100%
Rex Ma. A. Mendoza	1/1	100%
Felipe U. Yap^^^	0/1	0%

\*\*\*formerly Compensation and Remuneration Committee

^^^resigned on December 18, 2019; replaced by Mr. Renato O. Marzan

<b>Sustainability Committee</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Rex Ma. A. Mendoza	1/1	100%
Renato O. Marzan****	1/1	100%
Maria Rowena M. Tomeldan	1/1	100%

\*\*\*\*resigned as Chairman on December 18, 2019; replaced by Ms. Maria Rowena M. Tomeldan

<b>Non-Executive Directors Meeting</b>	<b>No. of Meetings Attended / Held</b>	<b>% Present</b>
Jose Emmanuel H. Jalandoni	1/1	100%
Felipe U. Yap	0/1	0%
Bernard Vincent O. Dy	1/1	100%
Augusto D. Bengzon	1/1	100%
Victor C. Say	0/1	0%
Nathanael C. Go	1/1	100%
Rex Ma. A. Mendoza	1/1	100%
Renato O. Marzan	1/1	100%

The Board Risk Oversight Committee and Related Party Transactions Review Committee were created on December 18, 2019. No committee meetings were held in 2019.

### **Annual Self-Assessment**

The Board and the Committees conduct an annual self-assessment in order to monitor and improve their performance, including that of the Chairman. The responses of the individual members of the Board are compiled by the Compliance Officer and are presented to the Board and respective committees.

The self-assessment covers four areas: (1) fulfillment of Board's key responsibilities; (2) quality of relationship with management; (3) effectiveness of board processes and meetings, and (4) performance of individual board members.

For 2019, in compliance with the requirement of the Code of Corporate Governance for Publicly Listed Companies that the self-assessment be supported by an external facilitator every three years, the Corporation engaged the services of AON Singapore to conduct the Board self-assessment through an online survey. The results and recommendations of AON were to be presented to the Corporation's Corporate Governance and Nomination Committee and the Board in 2020. Also, an online version of the self-assessment forms will be made available to the different committees.

### **Training and Development**

ALLHC requires all board members and key officers to attend and participate in relevant professional trainings and education programs. Directors attend an annual corporate governance seminar or training conducted for the Ayala Group. Various corporate seminars are made available for the directors as part of the continuing training program.

New directors are given an orientation program to provide information about the Corporation so that they can effectively perform their functions.

<b>Director</b>	<b>Date of Training</b>	<b>Program</b>	<b>Training Institution</b>
Jose Emmanuel H. Jalandoni	August 9, 2019	Advanced Corporate Governance Training	Institute for Corporate Directors (ICD)
Felipe U. Yap	November 22, 2019	SEC Updates and Economic Briefing	Center for Global Best Practices
Bernard Vincent O. Dy	August 9, 2019	Advanced Corporate Governance Training	ICD
Maria Rowena M. Tomeldan	August 9, 2019	Advanced Corporate Governance Training	ICD
Augusto D. Bengzon	August 9, 2019	Advanced Corporate Governance Training	ICD
Victor C. Say	December 5, 2019	Corporate Governance	SGV
Nathanael C. Go	November 19, 2019	Distinguished Corporate Governance Speaker Series	ICD
Rex Ma. A. Mendoza	August 9, 2019	Distinguished Corporate Governance Speaker Series	ICD
Renato O. Marzan*	-	-	-

\* could not attend seminar on December 5, 2019 due to health reasons

## BOARD COMMITTEES

Each Board committee has its own charter which set out the purpose, policies, membership, responsibilities, authority of each committee, including procedures and reporting processes.

Below is the composition of ALLHC's board committees in 2019.

<b>Committee</b>	<b>Executive</b>	<b>Audit</b>	<b>Risk*</b>	<b>Related Party Transactions Review*</b>	<b>Corporate Governance and Nomination</b>	<b>Personnel and Compensation</b>	<b>Sustainability</b>
Jose Emmanuel H. Jalandoni	C						
Felipe U. Yap	M						
Bernard Vincent O. Dy							
Maria Rowena M. Tomeldan	M		M		C	C	C^
Augusto D. Bengzon		M**		C**			
Victor C. Say							
Nathanael C. Go							
Rex Ma. A. Mendoza (ID)		C	M	M	M	M	M
Renato O. Marzan (ID)		M	C	M	M^^	M^^	M

C- Chairman

M- Member

ID- Independent Director

\*created on December 18, 2019

\*\*appointed on December 18, 2019

^appointed on December 18, 2019 vice Mr. Renato O. Marzan

^^appointed on December 18, 2019 vice Mr. Felipe U. Yap

## **Executive Committee**

The Executive Committee consists of three members, in accordance with the authority granted by the Board or during the absence of the Board, acts by majority vote of all its members on such matters within the competence of the Board except for specific matters as stated in its charter or the Corporation's By-laws.

## **Audit Committee**

The Audit Committee (formerly Audit and Risk Committee) consists of three non-executive directors, majority of whom are independent directors, including its Chairman. The Chairman of the Audit Committee cannot be the chairman of the board or any other committee of the Corporation. The Audit Committee provides checks and balances. Its duties include financial reporting, internal and external audit, and risk oversight (the function of risk oversight was performed by the then Audit and Risk Committee until the creation of the Board Risk Oversight Committee in December 2019). It is also responsible for the assessment of the independence and qualifications of the independent auditor, and recommends to the Board the appointment and remuneration, as well as the removal of the independent auditor. The committee ensures the rotation of the independent auditor as required under the Manual on Corporate Governance.

## **Corporate Governance and Nomination Committee**

The Corporate Governance and Nomination Committee (formerly Corporate Governance Committee) consists of three members, majority of whom are independent directors. The committee primarily oversees all corporate governance related matters, and the nomination and election of the Corporation's directors.

## **Personnel and Compensation Committee**

The Personnel and Compensation Committee (formerly Compensation and Remuneration Committee) is composed of three members, majority of whom are independent directors. The committee is responsible for all matters pertaining to board, management and overall company remuneration.

## **Sustainability Committee**

The Sustainability Committee is composed of three directors, with at least one independent director. The committee oversees the company's sustainability initiatives and practices.

## **Board Risk Oversight Committee**

The Board Risk Oversight Committee, consists of three non-executive directors, majority of whom are independent directors, including its Chairman. The Chairman of the Board Risk Oversight Committee cannot be the chairman of the board or any other committee of the Corporation. This committee is responsible for the development and implementation of a formal enterprise risk management plan. Prior to December 18, 2019, the risk management function was performed by the Audit and Risk Committee (now, Audit Committee).

## **Related Party Transactions Review Committee**

This Committee is composed of three non-executive directors, majority of whom are independent directors. The committee is tasked with the review of all related party transactions (RPTs) of the company, except pre-approved RPTs, and to ensure that all material RPTs are not undertaken on more favorable economic terms. Prior to December 18, 2019, the RPT review function was performed by the Audit and Risk Committee (now Audit Committee).

## **Inspectors of Proxies and Ballots Committee**

The Inspectors of Proxies and Ballots Committee is composed of individuals who are empowered to validate proxies and tabulate votes. These individuals are not members of the Board.

The members of this committee are the Corporation's Corporate Secretary, Atty. June Vee D. Monteclaro-Navarro, Treasurer, CFO and Compliance Officer, Ms. Francis M. Montojo, and Ms. Michelle Marie T. Valbuena of the Corporate Services Unit.

## **External Auditors**

Upon the recommendation of the then Audit and Risk Committee and approval of the Board, the accounting firm of SyCip Gorres Velayo & Co. (SGV) with Mr. Carlo Paolo V. Manalang as partner-in-charge, was appointed as external auditor of the Company for the 2019 audit year.

The audit and non-audit fees (exclusive of Value Added Tax) paid by ALLHC Group for the last two years are as follows:

Year	Audit and Audit Related Fees	Other Fees (Php)	Other Non-Audit Fees (Php)
2019	Php 1.92 million	60,000.00	-
2018	Php 1.68 million	75,000.00	640,000^

<sup>^</sup>paid to PricewaterhouseCoopers (PwC)

## POLICIES & PRACTICES



### Annual Stockholders' Meeting (ASM)

#### Notice of the ASM

The notice of the ASM must be sent at least 28 days before the meeting to the registered address of each stockholder. The notice is in English and contains the agenda and explanation for each agenda item to be presented for approval of the stockholders. Each resolution deals with one agenda item. The rules of conduct and voting procedure are included in the notice of the ASM. A proxy form is attached to the notice.

The Information Statement sent to stockholders contains the profile and personal data of all the directors for election, and information on the auditors SGV, recommended for election and other items to be submitted for approval of the stockholders.

#### Election of Directors and Board Appointments

All shareholders, including minority shareholders, have the right to nominate candidates to the board. The names of the nominees, together with their written consent must be filed with the Corporate Governance and Nomination Committee, through the Office of the Corporate Secretary, at least thirty business days prior to the date of the annual meeting of stockholders.

Directors are elected by poll through paper ballot or electronic voting, following the plurality system. Stockholders as of record date may vote such number of shares he owns for as many persons as many as the number of directors to be elected; or he may cumulate said shares as the number of directors to be elected multiplied by the number of shares owned, provided that the total number of votes cast shall not exceed the number of his shares multiplied by the total number of directors to be elected.

#### Minutes of the ASM

The minutes of the ASM shall be posted in the company website ([www.ayalalandlogistics.com](http://www.ayalalandlogistics.com)) within five days from ASM. The minutes include the results of the votes for all resolutions which were disclosed to the public right after the ASM. The minutes also include comments and questions raised by stockholders and answers thereto as well as the attendance of directors in the ASM.

#### Dividends

There were no dividend declarations for the years 2017 to 2019.

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

Cash dividends are subject to the approval of the Board of Directors but no stockholder approval is required. For stock dividends, approval of the Board and the stockholders holding two-thirds of the capital stock of the Company are required. Further, approval of the Securities and Exchange Commission and Philippine Stock Exchange are required for the listing of said shares.

#### Corporate Governance Compliance

In compliance with the SEC directive, the Company, in 2017 adopted a Manual on Corporate Governance (the "Manual").

In 2019, the Company approved the amendment of certain provisions of the Manual which include, among

others, the creation of two additional Board Committees, namely, the Board Risk Oversight Committee and Related Party Transactions Review Committee, setting of retirement age for directors, changes in the composition of the existing Board committees, increase in the quorum requirement for Board decisions, increase in the number of Board meetings each year and requirement of attendance of directors in at least 75% of all meetings for the year, for purposes of re-election.

To ensure good governance, the Board, together with top Management, is reviewing the Company's vision and mission. The Board sets the strategic objectives of the Company and ensures that the implementation of the strategies are in accordance with good governance practices and that internal control mechanism and procedures are in place. To evaluate its performance, the Board conducts an annual self-assessment. The self-assessment forms are collated by the Compliance Officer and the results are reported to the Board. The Company has engaged an external facilitator for the 2019 self-assessment of the Board's performance as provided in the Manual.

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

There was no material deviation from the Company's Manual. The Company has substantially complied with the provisions of the Code of Corporate Governance for Publicly-Listed Companies (the "Code") (SEC Memorandum Circular No. 19, Series of 2016). For the ensuing year, the Company will continue to improve its systems and procedures and seek to comply with the following provisions of the Code:

- i. A Corporate Governance Committee composed of 3 members, all independent directors;
- ii. The Chairman of the Related Party Transactions Review Committee must be an independent director;
- iii. Election of third independent director or 1/3 of the Board, whichever is higher; and
- iv. Inclusion of media and analyst's briefings as channels of dissemination of public, material and relevant information.

At present, the Company has only two independent directors as prescribed by its Manual. Given its growing operations, the Company will work to elect a third independent director as prescribed under the Code to address items (i) to (iii) above. Depending on the transactions and disclosures, the Company can hold media and analysts' briefings.

 **LOGISTICS HOLDINGS CORP.**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of AyalaLand Logistics Holdings Corp. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

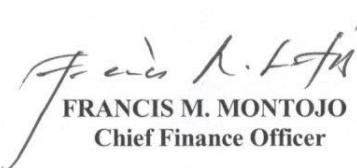
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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

  
**JOSE EMMANUEL H. JALANDONI**  
Chairman, Board of Directors

  
**MARIA ROWENA M. TOMELEAN**  
President and Chief Executive Officer

  
**FRANCIS M. MONTOJO**  
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 19 2020 at MAKATI CITY, affiants exhibiting to me their respective Passports, to wit:

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

Doc. No. 64 :  
Page No. 14 :  
Book No. 3 :  
Series of 2020.

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



  
**MA. FELORA A. MANGAWANG**  
Notary Public – Makati City  
Appt. No. M-158 until December 31, 2021  
Roll of Attorneys No. 64804  
Lifetime IBP No. 013749 – Makati City  
PTR No. 8116877MG – 01/02/2020 - Makati City  
MCLE Compliance No. VI-0019866 – 03/29/2019  
3rd Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

**AyalaLand Logistics Holdings Corp.  
and Subsidiaries**

Consolidated Financial Statements  
December 31, 2019 and 2018  
and Years Ended December 31, 2019, 2018  
and 2017

and

Independent Auditors' Report



A member firm of Ernst & Young Global Limited

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
AyalaLand Logistics Holdings Corp.

### Opinion

We have audited the consolidated financial statements of AyalaLand Logistics Holdings Corp. (formerly *Prime Orion Philippines, Inc.*; the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

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

### Key Audit Matters

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

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



### ***Adoption of PFRS 16, Leases***

Effective January 1, 2019, the Group adopted Philippine Financial Reporting Standard (PFRS) 16, *Leases*, under the modified retrospective approach which resulted to significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the Group's recorded amounts are material to the consolidated financial statements and adoption involves application of significant judgment and estimation in determining the lease term and in determining the incremental borrowing rate. This resulted in the recognition of right-of-use assets and lease liability amounting to ₱1,353.87 million and ₱1,694.12 million, respectively, as at January 1, 2019, and the recognition of depreciation expense and interest expense of ₱64.76 million and ₱151.19 million, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Note 2 to the consolidated financial statements.

#### ***Audit Response***

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the selection of the transition approach and any election of available practical expedients.

We inspected lease agreements existing prior to the adoption of PFRS 16 and new lease agreements, identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

### ***Provisions and Contingencies***

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

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

#### ***Audit Response***

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



### **Adequacy of Allowance for Credit Losses**

The Group uses a provision matrix to calculate ECLs for trade receivables except for receivables from real estate sales. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The Group uses vintage analysis approach to calculate ECLs for receivables from real estate sales. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. Allowance for credit losses and the provision for credit losses as of and for the year ended December 31, 2019 amounted to ₦75.37 million and ₦38.02 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as the timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECL.

The disclosures in relation to allowance for credit losses using the ECL model are included in Note 5 to the financial statements.

### **Audit Response**

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices.

Further, we checked the data used in the ECL models, such as the historical aging analysis by reconciling data from source system reports to the loss allowance analysis. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance worksheet. We assessed the assumptions used where there are missing or insufficient data. We also recalculated impairment provisions.

### **Other Information**

Management is responsible for Other Information. The Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

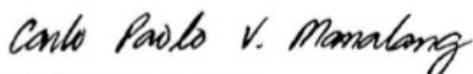
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

SYCIP GORRES VELAYO & CO.



Carlo Paolo V. Manalang  
Partner  
CPA Certificate No. 111947  
SEC Accreditation No. 1625-A (Group A),  
March 28, 2017, valid until March 27, 2020  
Tax Identification No. 210-730-804  
BIR Accreditation No. 08-001998-127-2019,  
November 27, 2019, valid until November 26, 2022  
PTR No. 8125259, January 7, 2020, Makati City

February 19, 2020



**AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES**  
**(Formerly Prime Orion Philippines, Inc.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Amounts in Thousands)**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 4 and 30)	₱177,592	₱220,145
Short-term investments (Notes 4 and 30)	–	43,489
Receivables - current (Notes 5 and 30)	2,004,828	1,574,864
Real estate held for sale and development (Note 6)	2,085,051	1,289,245
Financial assets at fair value through other comprehensive income (Notes 7 and 30)	644,746	651,964
Amounts owed by related parties (Notes 17 and 30)	788,507	936,548
Financial assets at fair value through profit or loss (Notes 8 and 30)	4,479	4,519
Other current assets (Note 9)	977,701	599,802
<b>Total Current Assets</b>	<b>6,682,904</b>	<b>5,320,576</b>
<b>Noncurrent Assets</b>		
Receivables - net of current portion (Notes 5 and 30)	480,274	44,955
Right-of-use asset (Note 27)	1,326,964	–
Investment properties (Note 10)	10,254,507	6,833,060
Property and equipment (Note 11)	37,909	42,249
Software costs (Note 12)	1,417	2,873
Net pension assets (Note 23)	11,767	17,390
Deferred income tax assets - net (Note 24)	24,292	14,197
Other noncurrent assets (Notes 13 and 30)	548,475	699,093
<b>Total Noncurrent Assets</b>	<b>12,685,605</b>	<b>7,653,817</b>
	<b>₱19,368,509</b>	<b>₱12,974,393</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 14, 28 and 30)	₱2,773,207	₱1,484,416
Current portion of:		
Rental and other deposits (Notes 15 and 30)	517,864	512,036
Lease liabilities (Note 27)	30,973	–
Deferred rent income (Note 27)	2,023	9,352
Amounts owed to related parties (Notes 17 and 30)	2,317,179	234,268
<b>Total Current Liabilities</b>	<b>5,641,246</b>	<b>2,240,072</b>
<b>Noncurrent Liabilities</b>		
Rental and other deposits - net of current portion (Notes 15 and 30)	234,821	152,860
Lease liabilities - net of current portion (Note 27)	1,702,477	–
Deferred rent income - net of current portion (Note 27)	6,873	10,235
Deferred income tax liabilities - net (Note 24)	125,220	215,301
Subscriptions payable (Notes 18 and 30)	481,675	481,675
<b>Total Noncurrent Liabilities</b>	<b>2,551,066</b>	<b>860,071</b>
<b>Total Liabilities</b>	<b>8,192,312</b>	<b>3,100,143</b>

*(Forward)*



	December 31	
	2019	2018
<b>Equity (Note 16)</b>		
Equity attributable to equity holders of the parent		
Paid-in capital	₱6,173,305	₱5,889,195
Additional paid-in capital	5,999,868	5,772,959
Retained earnings	1,065,378	619,841
Revaluation increment (Note 10)	203,836	217,986
Loss on remeasurement of retirement benefits (Note 23)	(50,507)	(44,313)
Unrealized loss on financial assets at fair value through other comprehensive income (Note 7)	(587,704)	(579,379)
Shares held by a subsidiary	(144,377)	(1,279,026)
Equity reserves (Note 29)	(1,598,198)	(1,351,940)
	11,061,601	9,245,323
Non-controlling interests (Notes 1 and 16)	114,596	628,927
Total Equity	11,176,197	9,874,250
	<b>₱19,368,509</b>	<b>₱12,974,393</b>

*See accompanying Notes to Consolidated Financial Statements.*



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

**CONSOLIDATED STATEMENTS OF INCOME**  
**(Amounts in Thousands, Except Earnings Per Share)**

	Years Ended December 31		
	2019	2018	2017
<b>REVENUE</b>			
Sale of electricity (Note 26)	₱2,395,977	₱1,734,957	₱-
Real estate sales (Note 26)	1,809,120	785,828	-
Rental (Note 10)	1,085,930	843,147	501,824
Insurance premiums and commissions - net	-	1,633	108,656
Others	54,954	4,386	-
	<b>5,345,981</b>	<b>3,369,951</b>	<b>610,480</b>
<b>COSTS AND EXPENSES</b>			
Cost of purchased power and services	2,303,069	1,689,281	-
Cost of real estate sold (Notes 6 and 21)	1,103,637	320,220	-
Cost of rental services (Notes 10 and 21)	568,137	615,841	351,728
Operating expenses (Note 19)	291,803	154,040	248,721
Commission and other underwriting expenses	592	4,347	92,757
	<b>4,267,238</b>	<b>2,783,729</b>	<b>693,206</b>
<b>OTHER INCOME (CHARGES)</b>			
Reversal of probable losses (Note 28)	32,280	59,070	-
Interest income and bank charges - net (Note 22)	1,303	31,572	37,414
Interest income on financial assets at FVOCI and AFS financial assets (Note 7)	1,961	3,405	9,416
Dividend income (Notes 7 and 8)	131	165	1,673
Unrealized loss on financial assets at FVPL (Note 8)	(40)	(108)	(460)
Write-off and other charges (Notes 5, 9, 13 and 17)	(18,771)	-	-
Interest expense on lease liabilities (Note 27)	(151,188)	-	-
Provision for probable losses (Note 28)	(240,647)	-	-
Gain on sale of financial assets at FVOCI and AFS financial assets (Note 7)	-	1,993	8,647
Reversal (loss) of impairment losses (Notes 17)	-	1,625	(9,823)
Gain on sale of investment property (Note 10)	-	722	16,400
Gain on sale of property and equipment (Note 11)	-	3	31,741
Equity in net loss of an associate	-	-	(43)
Others - net (Note 22)	57,520	22,242	26,430
	<b>(317,451)</b>	<b>120,689</b>	<b>121,395</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>761,292</b>	<b>706,911</b>	<b>38,669</b>
<b>PROVISION FOR INCOME TAX (Note 24)</b>	<b>119,873</b>	<b>152,195</b>	<b>20,118</b>
<b>NET INCOME</b>	<b>₱641,419</b>	<b>₱554,716</b>	<b>₱18,551</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	₱595,838	₱441,908	₱33,143
Non-controlling interests	45,581	112,808	(14,592)
	<b>₱641,419</b>	<b>₱554,716</b>	<b>₱18,551</b>
<b>EARNINGS PER SHARE (Note 25)</b>			
Basic and diluted, for income for the year attributable to ordinary equity holders of the Parent	₱0.10	₱0.08	₱0.01

See accompanying Notes to Consolidated Financial Statements.



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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Amounts in Thousands)**

	Years Ended December 31		
	2019	2018	2017
<b>NET INCOME</b>	<b>₱641,419</b>	<b>₱554,716</b>	<b>₱18,551</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may not be reclassified to profit or loss in subsequent periods:</i>			
Gain (loss) on remeasurement on retirement benefits liability (Note 23)	(6,194)	(50)	5,600
Unrealized valuation loss on equity financial assets at fair value through other comprehensive income (Note 7)	(25,132)	(63,242)	–
Unrealized valuation loss on AFS financial assets	–	–	(150,621)
<i>Items that may be reclassified to profit or loss in subsequent years:</i>			
Unrealized valuation gain (loss) on debt financial assets at fair value through other comprehensive income (Note 7)	17,638	(7,454)	3,561
	(13,688)	(70,746)	(141,460)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱627,731</b>	<b>₱483,970</b>	<b>(₱122,909)</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	<b>₱581,319</b>	<b>₱372,210</b>	<b>(₱108,317)</b>
Non-controlling interests	<b>46,412</b>	<b>111,760</b>	<b>(14,592)</b>
	<b>₱627,731</b>	<b>₱483,970</b>	<b>(₱122,909)</b>

See accompanying Notes to Consolidated Financial Statements.



**AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES**  
 (Formerly Prime Orion Philippines, Inc.)  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
 (Amounts in Thousands)

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
					Unrealized			
					Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Losses on Remeasurement of Retirement Benefits Plan (Note 23), Earnings (Deficit)	Retained Earnings (Deficit)	Total
<b>Balances at January 1, 2019, as previously reported</b>	<b>₱5,889,195</b>	<b>₱5,772,959</b>	<b>(₱1,279,026)</b>	<b>₱1,351,940</b>	<b>₱217,986</b>	<b>(₱57,379)</b>	<b>₱619,841</b>	<b>₱9,245,323</b>
Effect of adoption of PFRS 16 (Note 2)	-	-	(1,279,026)	(1,351,940)	-	(44,313)	(164,451)	₱628,927
Balances at January 1, 2019, as restated	5,889,195	5,772,959	-	-	217,986	(57,379)	9,080,872	(7,001)
Net income	-	-	-	-	-	-	595,838	9,702,798
Other comprehensive income	-	-	-	-	-	-	-	641,419
Losses on remeasurement of retirement benefit plan (Note 23)	-	-	-	-	-	(6,194)	-	(6,194)
Unrealized valuation gain (loss) on financial assets at FVOCI (Note 7)	-	-	-	-	(8,325)	(6,194)	-	(8,325)
<b>Total comprehensive income</b>	<b>234,666</b>	<b>5,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,838</b>	<b>581,319</b>
Collection of subscription receivable (Note 16)	49,444	94,933	-	-	-	-	-	240,499
Issuance of capital stock (Note 16)	-	-	-	-	-	-	-	144,377
Acquisition of shares held by a subsidiary (Note 16)	-	-	(144,377)	-	-	-	-	(144,377)
Disposal of shares held by a subsidiary (Note 16)	-	-	1,279,026	-	-	-	-	1,417,423
Payment of stock transaction costs (Note 1)	-	-	(12,254)	-	-	-	-	(12,254)
Transfer of realized valuation increment (Note 10)	-	-	-	-	(14,150)	-	14,150	-
Acquisition of non-controlling interest (Note 1)	-	-	-	(246,256)	-	-	(246,256)	(553,742)
<b>Balances at December 31, 2019</b>	<b>₱6,173,305</b>	<b>₱5,999,868</b>	<b>(₱144,377)</b>	<b>(₱1,598,198)</b>	<b>₱203,836</b>	<b>(₱587,704)</b>	<b>(₱50,507)</b>	<b>₱1,065,378</b>
								<b>₱11,061,601</b>
								<b>₱114,596</b>
								<b>₱11,176,197</b>
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT								
					Unrealized			
					Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Losses on Remeasurement of Retirement Benefits Plan (Note 23), Earnings (Deficit)	Retained Earnings (Deficit)	Total
<b>Balances at January 1, 2018, as previously reported</b>	<b>₱4,652,268</b>	<b>₱3,942,404</b>	<b>(₱1,279,026)</b>	<b>₱60,810</b>	<b>₱225,595</b>	<b>₱17,748</b>	<b>(₱46,259)</b>	<b>₱7,216,381</b>
Effect of adoption of PFRS 9	-	-	(1,279,026)	60,810	225,595	(527,479)	-	₱38,475
Balances at January 1, 2018, as restated	4,652,268	3,942,404	-	-	(509,731)	(46,259)	172,320	7,216,381
Net income	-	-	-	-	-	-	441,908	112,808
Other comprehensive income	-	-	-	-	-	-	-	554,716
Losses remeasurement of retirement benefit plan (Note 23)	-	-	-	-	-	-	1,946	(1,996)
(Forward)	-	-	-	-	-	-	(50)	-



EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

	Capital Stock	Additional Paid-in Capital	Shares Held by a Subsidiary (Note 16)	Equity Reserves	Revaluation Increment (Note 10)	Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI	Valuation Gains (Losses) on Remeasurement of Retirement Benefits Plan Assets at FVOCI	Retained Earnings (Deficit) (Note 23)	Total	Non-controlling Interests	Total
Unrealized valuation loss on financial assets at FVOCI (Note 7)	—	—	—	—	—	(P69,648)	P—	(P69,648)	(P1,048)	(P70,696)	
Total comprehensive income	4,643	—	—	—	—	(69,648)	1,946	439,912	372,210	111,760	483,970
Collection of subscription receivable (Note 16)	1,225,370	1,805,380	—	—	—	—	—	—	4,643	—	4,643
Stock subscriptions through business combination (Note 1)	6,914	4,473	—	—	—	—	—	—	—	—	3,030,750
Stock subscription through ESOWN availing (Note 29)	—	—	—	(1,392,048)	—	—	—	—	11,387	—	11,387
Equity reserves through business combination (Note 1)	—	—	—	(1,392,048)	—	—	—	—	(1,392,048)	—	(1,392,048)
Transfer of equity reserve due to ESOWN shares subscription (Note 28)	20,702	—	—	(20,702)	—	—	—	—	—	—	—
Transfer of realized valuation increment (Note 10)	—	—	—	—	(7,609)	—	—	7,609	—	—	—
Increase in NCI through business combination (Notes 1)	—	—	—	—	—	—	—	—	—	498,440	498,440
Cash dividends (Note 16)	—	—	—	—	—	—	—	—	(19,748)	(19,748)	
Balances at December 31, 2018	P5,889,195	P5,772,959	(P1,279,026)	(P1,351,940)	P217,986	(P579,379)	(P619,841)	P9,245,323	P628,927	P9,874,250	

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

	Capital Stock	Additional Paid-in Capital	Shares Held by a Subsidiary (Note 16)	Equity Reserves	Revaluation Increment (Note 10)	Unrealized Valuation Gains (Losses) on Financial Assets at FVOCI	Valuation Gains (Losses) on Remeasurement of Retirement Benefits Plan Assets at FVOCI	Retained Earnings (Deficit) (Note 23)	Total	Non-controlling Interests	Total
Balances at January 1, 2017	P2,765,589	P1,598,654	(P21,916)	P27,469	P23,206	P168,449	(P51,859)	(P303,913)	P4,355,679	P52,370	P4,408,049
Net income (loss)	—	—	—	—	—	(P51,859)	—	33,143	33,143	(14,592)	18,551
Other comprehensive income	—	—	—	—	—	(147,060)	—	—	(147,060)	—	(147,060)
Unrealized valuation loss on AFS financial assets (Note 7)	—	—	—	—	—	(147,060)	5,600	33,143	(108,317)	(14,592)	(122,909)
Actuarial gain recognized in OCI (Note 23)	—	—	—	—	—	—	—	—	—	—	5,600
Total comprehensive income	1,886,679	2,343,750	—	—	—	—	—	—	4,230,429	—	4,230,429
Collection of stock subscription costs (Note 16)	—	—	(1,257,110)	—	—	—	—	—	(32,000)	(32,000)	(32,000)
Payment of stock subscription costs (Note 16)	—	—	33,341	—	—	—	—	—	(1,257,110)	—	(1,257,110)
Acquisition or own shares (Note 2)	—	—	—	—	(7,611)	—	—	7,611	—	—	—
Transfer of realized valuation increment (Note 10)	—	—	—	—	—	—	—	—	—	—	—
Unrealized gain transferred from equity to consolidated statement of income	—	—	—	—	(3,641)	—	—	(3,641)	697	(2,944)	
Balances at December 31, 2017	P4,652,268	P3,942,404	(P1,279,026)	P60,810	P225,595	P17,748	(P355,159)	P7,216,381	P38,475	P7,256,856	
See accompanying Notes to Consolidated Financial Statements.											



**AYALALAND LOGISTICS HOLDINGS CORP. AND SUBSIDIARIES**  
**(Formerly Prime Orion Philippines, Inc.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in Thousands)**

	Years Ended December 31		
	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱761,292	₱706,911	₱38,669
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 12, 19 and 21)	290,893	248,887	100,974
Loss on retirement of investment properties (Notes 10 and 21)	25,531	—	—
Provision for probable losses (Note 28)	240,647	—	9,823
Interest expense on lease liabilities (Note 27)	151,188	—	—
Provision for (reversal of) impairment losses on:			
Receivables (Note 5)	91,959	(2,510)	60,340
Real estate held for sale and development	12,281	—	—
Other current assets (Note 9)	1,502	—	—
Investment properties	(6,281)	—	—
Inventories	—	—	238
Depreciation of right-of-use assets (Note 27)	64,754	—	—
Interest expense and bank charges (Note 22)	50,236	739	(47,737)
Write-off and other charges (Notes 5, 9, 13 and 17)	18,771	—	12,811
Loss on valuation of financial assets at FVPL (Note 8)	40	108	460
Interest income (Note 22)	(51,539)	(32,311)	907
Reversal of provision for probable losses (Note 28)	(32,280)	—	—
Dividend income (Notes 7 and 8)	(131)	(165)	(1,673)
Gain on sale of:			
Property and equipment (Note 11)	—	(3)	(31,741)
Investment property (Note 10)	—	(723)	(16,401)
Financial assets at FVOCI and AFS financial assets	—	(1,993)	(8,647)
Equity in net loss of an associate	—	—	43
Share-based expense (Note 29)	—	—	33,340
Operating income before working capital changes	1,618,863	918,940	151,406
Decrease (increase) in:			
Receivables	(957,519)	11,809	(186,117)
Inventories	—	37	(314)
Real estate held for sale and development	(830,992)	(507,689)	—
Other current assets	(492,099)	(138,816)	(154,975)
Pension assets	(571)	4,177	(2,518)
Other noncurrent assets	139,146	(213,061)	(356,917)
Increase (decrease) in:			
Accounts payable and accrued expenses	1,159,340	(137,955)	(184,251)
Rental and other deposits	80,461	267,607	171,686
Net cash flows generated from (used in) operations	716,629	205,049	(562,000)
Interest received	51,539	32,206	47,737
Interest paid	(50,236)	(739)	(907)
Income tax paid	(27,856)	(855)	—
Net cash flows from (used in) operating activities	690,076	235,661	(515,170)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in amounts owed by related parties	148,040	(246,894)	1,055,609
Proceeds from termination of short-term investments	43,489	—	—
Dividends received (Notes 7 and 8)	131	165	1,673
Acquisition of:			
Investment properties (Note 10)	(3,689,730)	(251,368)	(4,589,666)
Property, plant and equipment (Note 11)	(13,124)	(16,458)	(29,390)
Financial assets at FVOCI (Note 7)	(1,108)	(6,385)	—
Software cost (Note 12)	(35)	—	(591)
Short-term investments (Note 4)	—	(43,489)	—
FVPL investments	—	—	(118)

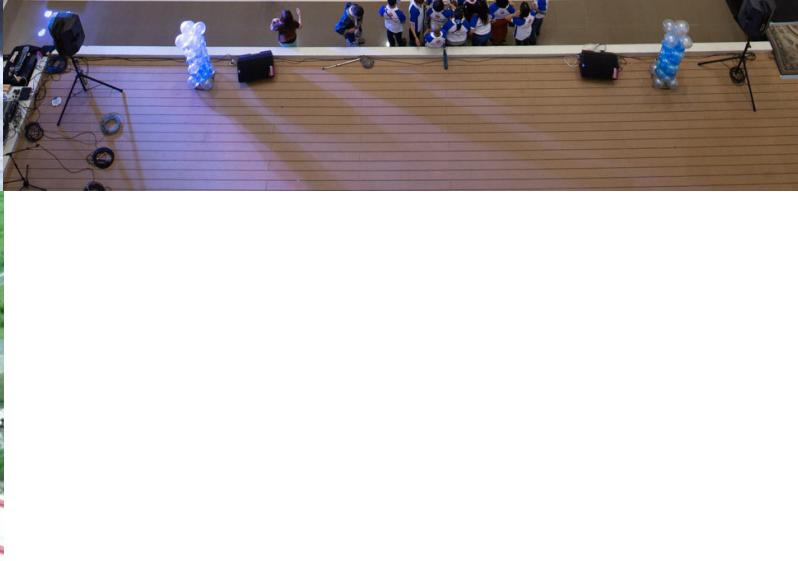
(Forward)



	Years Ended December 31		
	2019	2018	2017
Acquisition of a subsidiary	₱-	₱70,116	₱-
Proceeds from sale of:			
Investment properties	-	1,700	20,000
Financial assets at FVOCI (Note 7)	-	2,019	903,833
Property, plant and equipment	-	3	48,182
FVPL investments (Note 8)	-	-	10,200
Investments in associate	-	1,888	-
Net cash flows used in investing activities	(3,512,337)	(488,703)	(2,580,268)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from sale of shares held by a subsidiary	1,134,649	-	-
Collection of subscription receivables	378,897	16,030	4,230,428
Issuance of shares of stocks	144,377	-	-
Increase (decrease) in:			
Amounts owed to related parties (Notes 17 and 31)	2,082,911	214,842	8,728
Non-controlling interests	832	(12,654)	-
Payment of subscription cost (Note 1)	(12,254)	-	-
Payment of principal portion of lease liabilities	(149,704)	-	-
Acquisition of non-controlling interest	(800,000)	-	-
Acquisition of treasury shares	-	-	(1,257,109)
Net cash flows from financing activities	2,779,708	218,218	2,982,047
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(42,553)	(34,824)	(113,391)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	220,145	254,969	368,360
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	₱177,592	₱220,145	₱254,969

See accompanying Notes to Consolidated Financial Statements.





## Corporate Information

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AyalaLand

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