SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATIONS CODE (SRC)
AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **April 28, 2005**
   Date of Report (Date of earliest event reported)

2. **152747**
   SEC Identification Number

3. **050-000-153-790**
   BIR Tax Identification Number

4. **AYALA LAND, INC.**
   Exact Name of registrant as specified in its charter

5. **MAKATI CITY, PHILIPPINES**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code

7. **29/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City** — **1226**
   Address of principal office — Postal code

8. **848-5313**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the SRC

As of March 31, 2005

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
COMMON SHARES	**10,785,376,451**	**₱ 12.95 Billion**

Indicate the item numbers reported herein : **Please refer to attached letter**

Re: ALI's 1Q 2005 Unaudited Results

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

AYALA LAND, INC.
Registrant

Date : **April 28, 2005**

JAIME E. YSMAEL
Senior Vice President and
Chief Finance Officer

SEC Reg. No. 152747
SEC Sec. Code No. E-5000
PSE Sec. Code No. PR-010

April 28, 2005

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Mandaluyong City

Attention: **Director Justina F. Callangan**
Corporation & Finance Department

PHILIPPINE STOCK EXCHANGE
4/F PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. Jurisita M. Quintos**
Senior Vice President
Disclosure Department

Gentlemen:

We submit herewith Ayala Land's unaudited consolidated financial results for the quarter ended March 31, 2005.

For the first three months of the year, Ayala Land capitalized on market opportunities to significantly grow earnings and, at the same time, fortify its balance sheet as a means to improve long term profitability and value.

Revenues increased to P6.9 billion, 88% higher than the previous year's level. The sharp rise in revenues resulted primarily from the sale of the Company's interest in preferred redeemable shares of Astoria Investment Ventures, Inc. (AIVI), consistent with the Company's continuing initiative to improve asset efficiency. AIVI is the company organized by ALI to hold an effective 15.79% beneficial interest in the LRT-3 Project (Phase 1).

Net income amounted to P1.2 billion, 134% higher than the P496 million registered in the same period last year. Previous year's net income of P536 million has been restated as a result of the adoption of new accounting standards based on the revised Philippine Accounting Standards (PAS) and new Philippine Financial Reporting Standards (PFRS) which became effective beginning January 1, 2005. The new accounting standards pertain to the accrual of retirement benefits (PAS 19), non-capitalization of foreign exchange losses (PAS 21), earlier recognition of stock option grants (PFRS 2), and cessation of the amortization of goodwill (PFRS 3). These lowered the 2004 first quarter net income by P40 million and the beginning retained earnings by P92 million in 2004 and P17 million in 2005.

The 2005 first quarter net income includes the net gain from the AIVI transaction of P2.2 billion, offset by provisions for decline in value of certain assets intended to be sold and write-off of deferred charges amounting to P1.6 billion.

Revenues

Also contributing to revenue growth were the strong results reported by all three core operating business lines, namely leasing, development and services.

Leasing Revenues. Leasing operations, involving shopping centers, office and hotel properties, continued to provide recurring cash flows, and generated revenues of P1.5 billion or 22% of total revenues. This is 13% higher in comparison to the same period in 2004.

Shopping center revenues remained the key driver of leasing revenues, and amounted to P894 million or 13% of total. Due to a 20% increase in retail gross leasable area (GLA) since end-March 2004, largely from Market! Market!, total retail sales were up 11%. Same store sales across all malls was slightly higher by 1%. Average occupancy was 90%, taking into account the 70% occupancy of recently opened Market! Market! As of end-March 2005, Market! Market! was 82% leased out. The increase in total retail sales was complemented by the 4% increase in average effective rent.

Ayala Center Makati accounted for about two-thirds of total shopping center revenues. Same store sales declined by 1%, as a result of the February 14 bombing incident in EDSA, the higher rental base in 2004 due to election spending, and lost sales due to the mall's 2-day closure during Holy Week which fell on the first quarter. Total sales at the mall, however, grew by 8% as a result of the full operations of the SM expansion, full quarter operations at Greenbelt 4 and incremental sales from replacement merchants.

Office rental revenues contributed P94 million, down by 4% largely due to the lower occupancy of our office buildings given the non-renewal of space occupied by a major tenant. Occupancy rate averaged at 90%, lower than the 95% in the first quarter of 2004. However, higher effective lease rate resulting from the implementation of the annual rate escalation in existing lease contracts partly offset the decline in occupancy. We expect occupancy to improve as we close deals with replacement tenants. In the coming months, revenue growth will accelerate with the full operations of PeopleSupport Center and Convergys, representing total GLA of about 30,000 sqms. Office spaces have been turned over to PeopleSupport for fit-out beginning January 2005, with some office spaces to be turned over to Convergys beginning end-April.

Hotels contributed P398 million in revenues, 5% higher than the previous year. The Company's three hotel properties benefited from higher room rates. Oakwood's occupancy improved to 88%, higher than MCBD hotels average of 80%. Hotel revenues accounted for 6% of total revenues.

Revenues from Development Projects. Our development business remained healthy. Our projects enjoyed steady take-up as we continued to offer additional inventory in various product lines, such as Sonera at Ayala Southvale, consisting of 88 lots, and 36 house-and-lot units at Verdana Mamplasan.

For the first three months of the year, booked sales, including four industrial lots, amounted to 754 units, up 11%. Compared to the previous year, development revenues improved by 12% to P1.9 billion and contributed 28% to total revenues.

Booked lot sales, mostly from Ayala Westgrove Heights, Ayala Greenfield Estates, Sonera and Plantazionne Verdana Homes increased to 159 lots compared to 115 lots in the previous year. Revenues from residential lots were complemented by the sale of 2.4 hectares at Laguna Technopark, bringing total revenues from land sales to P680 million, up 13% year-on-year and accounting for 10% of total revenues.

Revenues from high-end residential units increased 6% to P483 million, 63% of which were from Serendra and The Residences at Greenbelt. Booked sales, excluding Bonifacio Ridge units, amounted to 40 units and contributed 7% of total revenues.

Accounting for 5% of total revenues, middle-income residential revenues were up 88% and amounted to P381 million. About half of the revenues came from The Columns. Total middle income units booked in the first quarter was 155 units, compared to 63 in the previous year, with Serendra and Verdana Homes Mamplasan accounting for most of the increase.

Booked mass housing sales amounted to 400 units, with mass housing revenues contributing 6% to total or P403 million, 60% of which were derived from the affordable product line. In January 2005, mass housing arm, Laguna Properties Holdings, Inc. adopted a conservative booking policy to significantly improve the quality of in-house receivables and documentation. While this resulted in a decline in unit sales and revenues during the first quarter of 2005 compared to previous year, it is expected to reduce sales cancellations, and expedite receivables sale to banks and take-out by Pag-ibig. The decline in mass housing revenues was also due to bookings of lower-priced units of Riego de Dios Village.

Revenues from Services. Our service lines contributed P743 million in revenues, or 11% of total revenues, or a growth of 50% versus last year. Construction and property management revenues derived by Makati Development Corporation and Ayala Property Management Corporation from third party contracts accounted for P559 million. Other fee-based income derived from project management, sales and marketing services, buyer financing and waterworks operation accounted for the balance of P184 million.

Interest and Other Income. Interest and other income amounted to P2.7 billion, significantly up from P127 million in the first quarter of 2004 primarily due to the gain from the AIVI transaction.

Net Operating Income and NOI Margin
Net Operating Income (NOI) amounted to P1.4 billion. Leasing operations contributed 59% to total NOI, followed by development projects which contributed 23%. Services accounted for 18% of NOI.

The overall NOI margin declined from 37% in the first quarter of 2004 to 33% in 2005. Generally, our NOI margins fluctuate from period to period depending on the magnitude of higher margin leasing revenues relative to development revenues, and within the development business, the mix of sales between product lines.

NOI margins for leasing, development and services were 55%, 16% and 34%, respectively. Overall leasing margin was steady. The decline in shopping center margin due to the start of depreciation and direct operating expenses of Market! Market! which is still in a start up mode, was offset by the higher hotel margin. Development margins declined due to the absence of higher margin Paseo de Magallanes lot sales, lower Ayala Hillside Estates lot sales and booking of lower-margin Riego de Dios units. Margin for the service business line was lower due to deferral of construction works at new phases of high-margin Ayala Greenfield Estates.

Going forward, we expect to improve our margins through selective price increases and a comprehensive program to reduce operating, construction and development costs and improve materials management.

Liquidity and Debt Level

Our principal sources of liquidity included cash flows generated from operations, existing cash and proceeds from the sale of non-core assets. At the end of the first quarter, cash level stood at P4.6 billion, 27% lower than end-2004 level, mainly due to loan payments of P490 million (net of new availments and refinancing) and the P0.10 per share special cash dividend amounting to P1.1 billion. Meanwhile, the P3.5 billion expected proceeds from the AIVI transaction, which was subsequently collected in April, increased our receivables, improving our current ratio to 1.93:1.

We continue to pare down our more expensive debt, resulting in a reduced consolidated debt of P12.9 billion, down from P13.4 billion as of end-2004. Debt-to-equity and net debt-to-equity ratios stood at comfortable levels of 0.34:1 and 0.22:1, respectively. We are, however, open to gear up should the appropriate investment opportunities present themselves.

Project and Capital Expenditures

In the first quarter, project and capital expenditures amounted to P1.5 billion, representing 11% of the P13.6 billion budget for the year.

About 46% of the first quarter expenditures was used for various residential building projects including Serendra, The Residences at Greenbelt, One Legazpi Park, Montgomery Place, The Columns and One Aeropolis. Residential subdivision projects including Ayala Greenfield Estates, Ayala Westgrove Heights, Ayala Hillside Estates, Sonera and Verdana Homes Mamplasan, accounted for 23%. The balance of 31% was spent to fund buildings for lease, primarily Market! Market! and build-to-suit office buildings PeopleSupport Center and Convergys.

Looking Ahead

The Company continues to pursue growth opportunities – including new products and projects in new geographic areas and markets.

Pipeline projects to be completed in the next three years will significantly augment our recurring revenue stream. We will be opening Phase1B of Market! Market!, consisting of 34,000 sqms of GLA by year-end and will shortly begin construction of the 200,000-sqm North Triangle Commercial Center which will be completed by mid-2007. PeopleSupport Center and Convergys office buildings, will be operational within the year.

We are steadily expanding geographic coverage even as we pursue new product concepts. Groundwork is being laid and initial development undertaken for the launch of Anvaya Cove in Morong, Bataan, our initial foray into leisure community development. Through our subsidiaries, we have signed agreements for the joint development of Manila Jockey Club's 6.47-hectare property in Sta. Cruz, Manila. This is our first real estate venture in the City of Manila and will enable us to reach the mass and middle income segments in the area.

In the coming months, we shall also be replicating our earlier projects for the different residential markets we cover. For the high end market, in addition to next phases at Ayala Westgrove Heights and Ayala Greenfield Estates, we shall launch the second tower of The Residences at Greenbelt, consisting of 383 units. Plans for the sequel to The Columns and a project similar to Ferndale Homes are also being prepared to target the middle-income market.

In support of our new projects and to further broaden customer reach, we are expanding our sales coverage with the formation of Ayala Land International Sales, Inc., a dedicated international sales force. This should further grow our sales volume in the large overseas Filipino market.

For your information.

Very truly yours,

JAIME E. YSMAEL
Senior Vice President and Chief Finance Officer

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2005 and December 31, 2004

(in million pesos)	Unaudited MAR 2005	Audited DEC 2004
ASSETS		
Current Assets		
Cash and cash equivalents	4,625	6,360
Accounts and notes receivables - net	10,989	7,451
Subdivision land for sale	3,377	3,103
Condominium and residential units for sale	3,526	2,900
Deferred tax and other current assets	1,418	1,045
Total Current Assets	23,934	20,860
Noncurrent Accounts and Notes Receivable	5,661	6,445
Land and Improvements	16,871	17,309
Investments	24,455	26,625
Property and Equipment	1,242	1,501
Other Assets	1,487	1,290
	73,650	**74,029**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	6,090	5,739
Loans payable	1,957	1,937
Income tax payable	156	166
Current portion of:		
Long-term debt	1,401	1,111
Estimated liability for land and property development	2,285	3,043
Other current liabilities	504	194
Total Current Liabilities	12,392	12,189
Long-term Debt - net of current portion	9,589	10,389
Noncurrent Liabilities and Deposits	4,432	4,390
Estimated Liability for Land and Property Development	2,275	2,225
Minority Interest	6,789	6,776
Stockholders' Equity	38,172	38,059
	73,650	**74,029**

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND UNAPPROPRIATED RETAINED EARNINGS
For the Three Months Ended March 31, 2005 and 2004

	UNAUDITED January 1 to March 31	
	2005	**2004**
(in million pesos)		
REVENUES		
Real estate	4,183	3,559
Interest and other income	2,732	127
	6,915	3,686
COSTS AND EXPENSES		
Real estate	2,795	2,241
General and administrative expenses	558	430
Interest and other charges	2,175	235
Provision for income tax	154	250
	5,682	3,155
INCOME BEFORE NET EARNINGS APPLICABLE TO MINORITY INTEREST	1,233	530
NET EARNINGS APPLICABLE TO MINORITY INTEREST	(72)	(34)
NET INCOME	1,162	496
UNAPPROPRIATED RETAINED EARNINGS, BEG, as previously stated	17,357	14,995
Effect of changes in accounting for:		
PFRS 2 - Share options granted in prior years	(291)	(252)
PFRS 3 - Cessation of amortization of negative goodwill	717	713
PAS 19 - Unfunded defined benefit obligations	(406)	(341)
PAS 21 - Elimination of capitalization of FOREX losses	(37)	(28)
UNAPPROPRIATED RETAINED EARNINGS, BEG, as re-stated	17,340	15,086
Cash dividends (P0.10 per share)	(1,079)	
UNAPPROPRIATED RETAINED EARNINGS, ENDING	17,423	15,582
EARNINGS PER SHARE*	0.11	0.05

* *Based on 10,783,672,138 and 10,706,701,000 weighted average number of shares as of March 31, 2005 and 2004, respectively.*

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2005 and 2004

	UNAUDITED January 1 to March 31	
	2005	**2004**
(in million pesos)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	1,162	496
Adj. to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	245	228
Provision for doubtful accounts		
Provision for decline in value of assets / asset write-off	1,644	
Net earnings applicable to minority interest	72	34
Equity in net earnings of affiliates	(20)	(34)
Gain from sale of investment	(2,590)	
Prior years' adjustment on retained earnings	(111)	0
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts and notes receivable - trade	816	(1,313)
Subdivision land for sale	(274)	184
Condominium and residential units for sale	(626)	(382)
Deferred tax and other current assets	(364)	(175)
Increase (decrease) in:		
Accounts payable and accrued expenses	672	600
Income tax payable	(10)	29
Other current liabilities	310	(133)
Estimated liability for land and property development	(708)	434
Net cash provided by operating activities	218	(32)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of (addition to):		
Land and improvements	219	134
Investments	11	(615)
Property and equipment	(137)	(54)
Decrease (increase) in:		
Accounts and notes receivable - non trade	(3)	299
Other assets	(218)	(264)
Net cash used by investing activities	(128)	(500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) short-term loans	20	50
Proceeds from (payment of) long-term debt	(510)	(190)
Dividends paid	(1,399)	(321)
Increase (decrease) in:		
Noncurrent liabilities and deposits	33	41
Minority interest	(59)	105
Additional issuance of capital stock	90	0
Net cash provided by financing activities	(1,825)	(315)
NET INC. (DEC.) IN CASH AND CASH EQUIVALENTS	(1,736)	(847)
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	6,360	4,855
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,625	4,008