



SEC Reg. No. 152747

08 August 2013

Philippine Stock Exchange, Inc.
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Securities and Exchange Commission
SEC Building, Mandaluyong City
Attention: Hon. Justina F. Callangan
Director, Corporation and Finance Department

Philippine Dealing and Exchange Corporation
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave cor. Paseo de Roxas, Makati City
Attention: Ms. Ma. Concepcion Magdaraog
Head, Issuer Compliance and Disclosures Department

Dear Mesdames,

We submit herewith Ayala Land's unaudited consolidated financial results for the period ended June 30, 2013.

Results of Operations for the Six Months Ended June 30, 2013

Ayala Land, Inc. (ALI or "the Company") sustained its growth trajectory in the first six months of 2013 as net income grew by 30% to P5.62 billion from the P4.33 billion posted in the same period last year. Consolidated revenues for the first six months reached P36.63 billion, 36% higher than the P27.00 billion posted in the same period last year. Revenues from Real Estate and Hotels increased by 38% to P35.81 billion, comprising bulk of consolidated revenues, largely due to the strong performance across the property development, commercial leasing and construction businesses.

The ratio of General and Administrative Expenses (GAE) to revenues declined further to 6.9% from 7.9% year-on-year. Earnings before interest and taxes (EBIT) margin was maintained at 28% for the first six months of 2013.

Business Segments

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

Property Development. Property Development, which includes the sale of residential lots and units, office spaces, as well as Commercial and Industrial Lots, posted revenues of P23.84 billion in the first six months of 2013, 52% higher than the P15.70 billion reported during the same period in 2012.

Revenues from the Residential Segment reached P18.40 billion in the first six months, 28% higher than the same period last year, driven by strong bookings across all residential brands. Ayala Land Premier (ALP) posted a revenue growth of 25% year-on-year to P6.68 billion, driven by significant bookings from high-value condominium units in The Suites Bonifacio Global City (BGC), Garden Towers and Park Terraces in Makati City. Alveo meanwhile generated P4.44 billion in revenues, 20% higher compared with the first half of 2012, with higher contribution from Mirala, Escala, Kroma and HSS Corporate Plaza together with additional bookings from Lerato. Avida and Amaia likewise recorded revenue growth of 45% and 58% to P5.24 billion and P975 million, respectively. Avida's performance was anchored on strong bookings from the success of new projects such as Avida Towers 34th Street Tower 2, Madera Grove Estates, Avida Woodhill Settings, Avida Cityflex BGC Tower 2, Avida Towers Vita and Avida Riala Towers 1 and 2 as well as increased sales in Avida Parkway Settings and Ridgeview Estates in Nuvali. Amaia revenues was boosted by more product launches and higher bookings in Amaia Skies Tuazon Tower 1, Amaia Scapes Lipa, Amaia Scapes Cavite, Amaia Steps Novaliches and Amaia Steps Sucat. BellaVita, coming from a low base on its first year of operations, achieved an 827% increase to P22 million, largely contributed by bookings from its General Trias project.

Sales take-up value for the first six months of the year reached P43.79 billion, equivalent to an average monthly sales take-up of P7.30 billion, an all-time high. Residential Gross Profit (GP) margins of horizontal projects fell to 39% from 45% due to a change in product mix and the increasing share of broad market formats, while GP margins of vertical developments improved to 35% from 34%, owing to the impact of effective cost control measures implemented across the group. The Company's four residential brands launched a total of 10,130 units in the first six months of 2013, with a total sales value of P30.64 billion.

Revenues from the sale of Commercial and Industrial Lots increased by 307% in the first six months to P5.18 billion mainly attributed to the sale of commercial lots in the Arca South property (Food Terminal Inc). GP margins however fell to 35% from 50% due to lower margins on the Arca South Commercial Lots.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues for Commercial Leasing amounted to P8.49 billion during the first six months of 2013, 17% higher than the P7.26 billion recorded in same period last year.

Revenues from Shopping Centers rose by 10% to P5.04 billion during the first six months of 2013 from P4.58 billion in the first six months of 2012. The first half saw a steady increase in monthly average lease rates from P1,089 per square meter in 2012 to P1,096 per square meter in 2013, despite the opening of new provincial malls that normally have lower rental rates than Metro Manila shopping centers. Occupied gross leasable area (GLA) was up by 7% year-on-year, while same-store rental growth increased by 5%. Shopping Centers EBITDA margins declined to 62% due to the continuing impact of redevelopment projects in Alabang Town Center, Ayala Center Makati and Ayala Center Cebu.

Revenues from Office Leasing operations increased by 13% to P1.60 billion for the first six months of the year, from P1.41 billion in the same period last year. The revenue growth was generated by higher lease rates and occupied BPO GLA office spaces, which increased by 15% year-on-year. Total occupied BPO GLA expanded to 388,020 square meters as of the end of the first half, with an average lease-out rate of 88%. Average BPO lease rates increased by 6% year-on-year due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 80% from 79%.

Hotels and Resorts currently operates 1,294 internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Makati and Holiday Inn & Suites Makati, 192 island resort rooms in Lagen, Miniloc, Apulit and Pangulasian Island in the province of Palawan and 515 Seda Hotel rooms between Bonifacio Global City, Centrio Cagayan de Oro and Abreeza Davao. Revenues of the Hotels and Resorts business grew by 46% to P1.86 billion in the first six months of 2013 from P1.27 billion in the same period last year, primarily driven by the opening of new hotels. Revenue per Available Room (REVPAR) for hotels was at P3,362 while REVPAR for resorts was at P6,495. EBITDA margins for the stable Hotels and Resorts was maintained at 31%. Seda Nuvali is currently under construction and is expected to open its doors to the public by 2014.

Services. Services, which includes the Company's wholly-owned Construction and Property Management companies, generated combined revenues of P10.50 billion during the first six months of the year, 13% higher than the P9.32 billion posted in the same period last year. Construction revenues grew by 14% to P9.89 billion with the steady completion of ALI Group projects. Property Management revenues was steady at P611 million in the first six months of 2013, despite the decommissioning of Park Square mall. Blended EBITDA margins for Services improved to 8% from 6% in the first half of 2012.

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

Equity in Net Earnings from Investees dropped by 44% to P128 million for the first six months of 2013, from P226 million in the same period last year. This resulted from the deliberate decision to retain Fort Bonifacio Development Corporation (FBDC) Commercial Lots for the projects of the Company, its subsidiaries and affiliates. Meanwhile, Interest, Investment and Other income went down by 7% to P693 million as lower interest rates offset higher average cash balance.

Expenses

Total expenses for January to June 2013 amounted to P27.51 billion, 39% more than the P19.79 billion incurred as of end-June 2012. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 41% year-on-year amounting to P23.08 billion. GAE grew by only 19% to P2.53 billion primarily due to payroll and compensation-related expenses, which allowed GAE-to-revenue ratio to decline to 6.9% from 7.9% last year. Interest Expense, Financing and Other Charges meanwhile increased by 49% year-on year to P1.90 billion owing to the higher level of borrowings to finance the Company's expansion plans. The average cost of the Company's consolidated debt decreased to 4.6% in the first half this year from 5.6% in the same period last year.

Project and Capital Expenditure

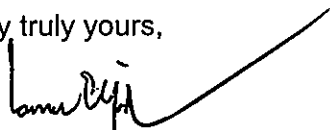
The Company spent a total of P23.2 billion for project and capital expenditures in the first six months of 2013, 24% more than the P18.7 billion spent during the same period in 2012. The bulk of capital expenditures in the first half were spent on residential developments (33% of total), land acquisition (23%), offices (17%), shopping centers (16%), hotels and resorts (3%), with the balance spent on support services and other land development activities in the Company's strategic landbank areas. The P23.2 billion spent in the first six months represents 35% of the programmed spending for the year. The Company's target is to spend P65.7 billion in 2013 for the continued rollout of its aggressive growth plans.

Financial Condition

The Company's balance sheet continued to be strong with adequate capacity to carry out its growth plans for 2013 and beyond. Cash and Cash Equivalents stood at Php38.05 billion with a Current Ratio of 1.27: 1. Total Borrowings stood at Php75.40 billion from Php74.78 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.79: 1 and a Net Debt-to-Equity Ratio of 0.39: 1.

For your information.

Very truly yours,



Jaime E. Ysmael
*Senior Vice-President,
Chief Finance Officer and
Chief Compliance Officer*



Ayala Land, Inc.
Consolidated Balance Sheets
For the Six Months ended June 30, 2013 and December 31, 2012
(in million pesos)

	June 2013 Unaudited	December 2012 Audited (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	38,046	33,613
Short-term investments	-	16
Fair value through profit or loss financial assets	668	714
Accounts and notes receivable - net	40,449	40,751
Real estate inventories	27,891	26,215
Other current assets	17,439	15,809
Total Current Assets	124,493	117,118
Noncurrent Assets		
Non-current accounts and notes receivable	15,063	12,834
Land and improvements	54,226	49,492
Investments in associates and jointly controlled entities	8,237	8,350
Available-for-sale financial assets	470	454
Investment properties - net	55,106	47,535
Property and equipment - net	16,564	17,360
Deferred tax assets - net	3,988	2,477
Other noncurrent assets	5,073	3,017
Total Noncurrent Assets	158,727	141,519
	283,220	258,637
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	78,070	66,585
Short-term debt	7,477	9,779
Income tax payable	458	923
Current portion of long-term debt	7,431	6,584
Other current liabilities	4,170	5,064
Total Current Liabilities	97,606	88,935
Noncurrent Liabilities		
Long-term debt - net of current portion	60,489	58,414
Pension liabilities	483	482
Deferred tax liabilities - net	1,058	375
Deposits and other noncurrent liabilities	15,150	14,439
Total Noncurrent Liabilities	77,180	73,710
Total Liabilities	174,786	162,645
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	44,229	34,119
Retained earnings	53,444	49,917
Stock options outstanding	195	214
Unrealized gain(loss) on available-for-sale financial assets	39	40
Actuarial loss on pension obligations	(155)	(155)
Other reserves	(2,762)	9
Treasury Stock	-	(2,127)
	94,990	82,016
Non-controlling interests	13,444	13,976
	108,434	95,992
	283,220	258,637



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Income
For the Six Months Ended June 30, 2013 and June 30, 2012
(in million pesos, except earnings per share)

	2013 Unaudited		2012 Unaudited	
	April 1 to June 30	January 1 to June 30	April 1 to June 30	January 1 to June 30
			(As restated)	
REVENUE				
Real estate and hotels	17,234	33,950	12,511	24,755
Hotel operations	650	1,861	621	1,271
Equity in net earnings of investees, interest, fees, investment and other income	235	823	482	974
	<u>18,119</u>	<u>36,634</u>	<u>13,614</u>	<u>26,999</u>
COSTS AND EXPENSES				
Real estate	10,712	21,579	7,738	15,661
Hotel operations	654	1,501	355	722
General and administrative expenses	1,220	2,529	1,124	2,131
Interest expense, financing and other charges	667	1,650	599	1,053
Other charges	202	250	147	222
Provision for bad debts	3	5	-8	1
	<u>13,458</u>	<u>27,514</u>	<u>9,955</u>	<u>19,790</u>
INCOME BEFORE INCOME TAX	<u>4,661</u>	<u>9,120</u>	<u>3,658</u>	<u>7,209</u>
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	1,560	2,777	1,108	1,894
Deferred	(327)	(272)	(172)	(50)
	<u>1,233</u>	<u>2,505</u>	<u>936</u>	<u>1,844</u>
NET INCOME	<u>3,428</u>	<u>6,615</u>	<u>2,722</u>	<u>5,365</u>
Net Income(Loss) Attributable to :				
Equity holders of Ayala Land, Inc.	2,861	5,623	2,194	4,326
Minority interests	567	992	529	1,039
	<u>3,428</u>	<u>6,615</u>	<u>2,723</u>	<u>5,365</u>
Earnings per Share				
Basic	0.20	0.40	0.17	0.33
Diluted	0.20	0.40	0.17	0.33



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months ended June 30, 2013 and June 30, 2012
(in million pesos)

	January to June 2013 Unaudited	January to June 2012 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	9,120	7,209
Adjustments for:		
Depreciation and amortization	1,691	1,060
Interest and other charges - net of amount capitalized	1,952	964
Gain on sale of investments	-	-
Equity in net earnings of investees	(128)	(226)
Interest and other income	(915)	(504)
Unrealized gain on financial assets	(156)	(15)
Provision for doubtful accounts	5	1
Operating income before changes in working capital	11,569	8,489
Decrease (increase) in :		
Accounts and notes receivable - trade	(707)	(9,620)
Real estate inventories	(1,276)	220
Other current assets	(2,030)	(4,127)
Increase (decrease) in :		
Accounts and other payables	12,574	7,713
Pension liabilities	285	4
Other current liabilities	(894)	2,301
Cash generated from operations	19,521	4,980
Interest received	748	507
Income tax paid	(3,264)	(703)
Interest paid - net of amount capitalized	(2,746)	(535)
Net cash provided by (used in) operating activities	14,259	4,249
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	-	-
Disposals of (additions to):		
Land and improvements	(4,734)	(5,941)
Investments	(11,073)	(9,047)
Property and equipment	70	(2,770)
Short term investments	62	192
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(1,058)	(1,050)
Other assets	(3,705)	(712)
Net cash provided by (used in) investing activities	(20,438)	(19,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	6,492	24,157
Payments of short-term / long-term loans	(5,873)	(557)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	1,393	2,458
Minority interest in consolidated subsidiaries	(1,339)	3,964
Proceeds from capital stock subscriptions	11,396	1,529
Purchase of treasury shares	824	-
Dividends paid to minority	(185)	(46)
Dividends paid to equity holders of Ayala Land, Inc.	(2,096)	(1,474)
Net cash provided by (used in) financing activities	10,612	30,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,433	14,952
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	33,613	24,603
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,046	39,555