

SEC Number: 152-747
File Number: _____

AYALA LAND, INC.

(Company's Full Name)

c/o 30/F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

June 30, 2012

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended **June 30, 2012**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **000-153-790-000**
4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization:
Makati City, Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of issuer's principal office and postal code:
c/o 30/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 750-6974**
9. Former name, former address, former fiscal year: **not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of June 30, 2012

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	13,070,242,672
Non-voting Preferreds*	13,034,603,880
Voting Preferreds*	13,066,494,759

** Unregistered*

Amount of Debt Outstanding
P20.2 billion Bonds

11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No []

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes

No

(b) has been subject to such filing requirements for the past 90 days:

Yes

No

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements



Ayala Land, Inc. and Subsidiaries
 Consolidated Balance Sheets
 As of June 30, 2012 and December 31, 2011
 (in million pesos)

	June 2012 Unaudited	December 2011 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	36,826	24,603
Short-term investments	0	192
Accounts and notes receivable - net	28,897	21,578
Real estate inventories	20,496	21,909
Other current assets	9,711	7,035
Total Current Assets	95,930	75,317
Noncurrent Assets		
Non-current accounts and notes receivable	8,667	7,294
Land and improvements	25,467	18,737
Investments in associates and jointly controlled entities	13,225	12,626
Available-for-sale financial assets	470	710
Investment properties - net	33,523	30,490
Property and equipment - net	7,106	5,395
Deferred tax assets - net	2,100	1,949
Other noncurrent assets	2,279	2,101
Total Noncurrent Assets	92,836	79,303
	188,766	154,619
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	43,498	38,129
Short-term debt	6,854	4,639
Income tax payable	453	180
Current portion of long-term debt	2,431	1,557
Other current liabilities	2,612	1,125
Total Current Liabilities	55,849	45,629
Noncurrent Liabilities		
Long-term debt - net of current portion	44,138	28,335
Pension liabilities	77	72
Deferred tax liabilities - net	796	744
Deposits and other noncurrent liabilities	9,637	7,334
Deferred credits	1,234	462
Total Noncurrent Liabilities	55,881	36,947
Total Liabilities	111,730	82,577
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	20,523	18,960
Retained earnings	46,778	43,926
Stock options outstanding	197	232
Unrealized gain(loss) on available-for-sale financial assets	39	54
Other reserves	9	9
Treasury Stock	(824)	(824)
	66,721	62,357
Non-controlling interests	10,314	9,686
	77,036	72,043
	188,766	154,619



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Income
For the Three Months and Six Months Ended June 30, 2012 and June 30, 2011
(in million pesos, except earnings per share)

	2012 Unaudited		2011 Unaudited	
	April 1 to June 30	January 1 to June 30	April 1 to June 30	January 1 to June 30
REVENUE				
Real estate	11,426	22,546	9,455	18,888
Hotel operations	621	1,271	544	1,104
Equity in net earnings of investees, interest, fees, investment and other income	579	1,200	664	1,260
	<u>12,626</u>	<u>25,016</u>	<u>10,663</u>	<u>21,253</u>
COSTS AND EXPENSES				
Real estate	7,150	14,508	6,319	12,627
Hotel operations	355	722	353	700
General and administrative expenses	1,063	2,003	887	1,741
Interest expense and other financing charges	553	958	390	874
Other charges	137	217	154	280
	<u>9,258</u>	<u>18,408</u>	<u>8,103</u>	<u>16,223</u>
INCOME BEFORE INCOME TAX	<u>3,367</u>	<u>6,608</u>	<u>2,560</u>	<u>5,030</u>
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	847	1,614	445	988
Deferred	(41)	(41)	123	172
	<u>806</u>	<u>1,573</u>	<u>568</u>	<u>1,160</u>
NET INCOME	<u>2,561</u>	<u>5,035</u>	<u>1,992</u>	<u>3,870</u>
Net Income(Loss) Attributable to :				
Equity holders of Ayala Land, Inc.	2,194	4,326	1,759	3,381
Non-controlling interests	367	710	234	489
	<u>2,561</u>	<u>5,035</u>	<u>1,992</u>	<u>3,870</u>
Earnings per Share				
Basic *	0.17	0.33	0.13	0.26
Diluted **	0.17	0.33	0.13	0.26

* Based on 13,055,879,436 and 13,033,670,978 weighted average number of shares as of 1H 2012 and 1H 2011, respectively

** Based on 13,072,365,017 and 13,054,521,003 weighted average number of shares as of 1H 2012 and 1H 2011, respectively



Ayala Land, Inc. and Subsidiaries
Unaudited Consolidated Statements of Comprehensive Income
(in millions)

	2012 Unaudited		2011 Unaudited	
	April 1 to June 30	January 1 to June 30	April 1 to June 30	January 1 to June 30
NET INCOME FOR THE PERIOD	2,561	5,035	1,992	3,870
Other comprehensive income				
Net unrealized gain(loss) on available-for-sale financial assets	(1)	(15)	7	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,560	5,020	2,000	3,872
Total comprehensive income attributable to :				
Equity holders of the parent	2,193	4,311	1,766	3,384
Non-controlling Interest	367	710	234	489
	2,560	5,020	2,000	3,872



Ayala Land, Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2012 and June 30, 2011
(in million pesos)

	January to June 2012 Unaudited	January to June 2011 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK -(Common Stock- P1 par value)		
Issued		
Balance at beginning of year	13,023	13,012
Issuance of shares	17	6
Stock options exercised	3	0
Stock dividends	0	0
Balance at end of year	13,043	13,018
COMMON STOCK		
Subscribed		
Balance at beginning of year	100	96
Issuance of shares	(17)	(6)
Stock options exercised	26	14
Stock dividends	0	0
Balance at end of year	109	104
CAPITAL STOCK -(Preferred Shares - P0.10 par value)		
Issuance of shares	2,610	1,303
Balance at end of the year	2,610	1,303
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	4,887	4,614
Stock options exercised	474	188
IFRS 2- Adjustment on Share-based payment	0	31
Balance at end of year	5,361	4,833
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(353)	(345)
Subscriptions	(383)	(184)
Collections	137	73
IFRS 2-Adjustment on Share-based payment	0	59
Balance at end of year	(600)	(397)
TOTAL PAID-UP CAPITAL	20,523	18,861
STOCK OPTIONS		
Balance at beginning of year	232	203
Cost of stock options	0	0
Stock options exercised	(35)	3
Balance at end of year	197	206
TREASURY STOCK		
	(824)	(824)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	37,935	32,757
Cash dividends	(1,474)	(955)
Net income	4,326	3,381
Balance at end of year	40,786	35,183
Other reserves	9	0
	46,795	41,183
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	39	38
	66,730	59,463
NON-CONTROLLING INTERESTS		
Balance at beginning of year	9,686	8,613
Net income(loss)	710	488
Increase/(Decrease) in non-controlling interests	(35)	(41)
Net unrealized loss recognized in Equity	0	0
Dividends paid to non-controlling interests	(46)	(56)
	10,314	9,004
	77,044	68,467



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2012 and June 30, 2011
(in million pesos)

	January to June 2012 Unaudited	January to June 2011 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	6,608	5,030
Adjustments for:		
Depreciation and amortization	1,061	1,106
Interest and other charges - net of amount capitalized	964	890
Gain on sale of investments	0	(118)
Equity in net earnings of investees	(561)	(518)
Interest and other income	(504)	(471)
Unrealized gain on financial assets	(15)	(3)
Provision for doubtful accounts	1	3
Operating income before changes in working capital	7,553	5,920
Decrease (increase) in :		
Accounts and notes receivable - trade	(8,106)	(2,936)
Real estate inventories	1,412	(2,961)
Other current assets	(3,427)	(2,534)
Increase (decrease) in :		
Accounts and other payables	6,133	2,504
Pension liabilities	4	(1)
Other current liabilities	1,487	443
Cash generated from operations	5,057	433
Interest received	507	491
Income tax paid	(1,503)	(1,141)
Interest paid - net of amount capitalized	(535)	(501)
Net cash provided by (used in) operating activities	3,526	(717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	0	166
Disposals of (additions to):		
Land and improvements	(5,980)	(421)
Investments	(3,434)	(2,877)
Property and equipment	(2,164)	(773)
Short term investments	192	1,589
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(589)	(559)
Other assets	(332)	(226)
Net cash provided by (used in) investing activities	(12,307)	(3,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	19,480	11,011
Payments of short-term / long-term loans	(588)	(586)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	2,138	1,408
Non-controlling interest in consolidated subsidiaries	(35)	(41)
Proceeds from capital stock subscriptions	1,528	183
Dividends paid to non-controlling interests	(46)	(56)
Dividends paid to equity holders of Ayala Land, Inc.	(1,474)	(955)
Net cash provided by (used in) financing activities	21,003	10,963
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,222	7,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,603	18,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD	36,826	25,163

Ayala Land, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2011 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2011.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Land, Inc. (herein referred to as "the Company") and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Group's functional currency, and rounded to the nearest thousands except when otherwise indicated.

On August 3, 2012, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

2. Accounting Policies

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011, except for the adoption of new Standards and Interpretations enumerated below.

Effective 2012

- *PAS 12, Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets*
The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.

- *PFRS 7, Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the

relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Effective 2013

- *PFRS 10, Consolidated Financial Statements*
PFRS 10 replaces the portion of PAS 27, Consolidated and Separate Financial Statements, which addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, Consolidation - Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.
- *PAS 1, Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance.
- *PAS 19, Employee Benefits (Amendment)*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Group is currently assessing the impact of the amendment to PAS 19.
- *PFRS 7, Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
 - a) The gross amounts of those recognized financial assets and recognized financial liabilities;
 - b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
 - c) The net amounts presented in the statement of financial position;
 - d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
 - e) The net amount after deducting the amounts in (c) from the amounts in (d) above.
- *PFRS 11, Joint Arrangements*
PFRS 11 replaces PAS 31, Interests in Joint Ventures and SIC-13, Jointly-controlled Entities - Non-monetary Contributions by Venturers. This Standard eliminates proportionate consolidation of jointly controlled entities, instead, jointly controlled entities, if classified as joint ventures (a

newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under PFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses.

- *PFRS 12, Disclosures of Interests with Other Entities*
This standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.
- *PFRS 13, Fair Value Measurement*
This standard does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under PFRS when fair value is required or permitted by PFRS. This standard was intended to reduce complexity, improve consistency in application when measuring fair value and enhance disclosures. PFRS 13 is effective for annual periods beginning on or after January 1, 2013 and should be applied prospectively.
- *Revised PAS 27, Separate Financial Statements*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard provides the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements and requires an entity preparing separate financial statements to account for those investments at cost or in accordance with PFRS 9. This Standard is issued concurrently with PFRS 10 and together, the two PFRSs will supersede PAS 27 (as amended in 2008). Revised PAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 28 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.
- *Revised PAS 28, Investment in Associates and Joint Ventures*
This standard has been revised as a result of issuance of PFRS 10, 11, and 12. The revised standard prescribes the accounting for investments in associates and joint ventures. Equity method is defined in the revised standard as a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee. The revised standard is to be applied by all entities that are investors with joint control of, or significant influence or owns 20% to 50% interest over, an investee. This standard supersedes PAS 28 (as revised in 2003). Revised PAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, 11, 12 and PAS 28 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Effective 2014

- *PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities*
These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements.

Effective 2015

- *PFRS 9, Financial Instruments: Classification and Measurement*

PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group has decided not to early adopt for its 2012 financial reporting, thus, has not conducted a quantification of full impact of this standard. The Group, however, will quantify the effect in conjunction with the other phases, when issued, to present a more comprehensive picture.

3. Principles of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of Ayala Land, Inc. (ALI) and the following wholly owned and majority owned subsidiaries:

	<u>Effective Ownership</u>
	<u>(%)</u>
Real Estate:	
Alveo Land Corporation (Alveo)	100
Serendra, Inc.	39
Solinea, Inc. (formerly Bigfoot Palms, Inc.)	65
Serendra, Inc.	28
Amorsedia Development Corporation and Subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50
Avida Land Corporation and Subsidiaries (Avida)	100
Amaia Land Corporation (formerly First Realty Communities, Inc.)	100
Ayala Land International Sales, Inc.	100
Ayala Land Sales, Inc.	100
BellaVita Land Corporation	100
Buendia Landholdings, Inc.	100
Crans Montana Holdings Corp.	100
Crimson Field Enterprises, Inc.	100
Ecoholdings Company, Inc. (ECI)	100
NorthBeacon Commercial Corporation (NBCC)	100
Red Creek Properties, Inc.	100
Regent Time International, Limited (Regent) (British Virgin Islands)	100
Asterion Technopod, Inc. (ATI)	100
Crestview E-Office Corporation (CeOC)	100
Gisborne Property Holdings, Inc.	100
Hillsford Property Corporation (HPC)	100
Primavera Towncentre, Inc. (PTI)	100
Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Cavite Commercial Center, Inc.	100

Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100
Ayala Land Commercial REIT, Inc. (ALCRI)	100
Arvo Commercial Corp.	100
Nuevo Centro, Inc.	100
APPCo	68
Laguna Technopark, Inc.	75
Aurora Properties Incorporated	70
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Asian I-Office Properties, Inc. (AiO)	60
Accendo Commercial Corp.	67
Cagayan de Oro Gateway Corp. (CDO)	51
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
ALI-CII Development Corporation (ALI-CII)	50
BG West Properties, Inc.	50
Roxas Land Corporation (RLC)	50
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC)	100
Enjay Hotels, Inc.	100
Greenhaven Property Venture, Inc.	100
Cebu Insular Hotel Company, Inc.	63
Ten Knots Phils., Inc. (TKPI)	60
Ten Knots Development, Corp. (TKDC)	60
Services:	
Makati Development Corporation (MDC)	100
Ayala Property Management Corporation (APMC)	100
Ayala Theatres Management, Inc. and Subsidiaries	100
Others:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAI)	50
MZM Holdings, Inc.	100
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100
Food Court Company, Inc.	100
Aprisa Business Process Solutions, Inc.	100
Studio Ventures, Inc.	100
Directpower Services, Inc.	100
Philippine Integrated Energy Solutions, Inc.	60

4. Receivables / Payables

Aging of Receivables (as of June 30, 2012; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	15,314	6,004	8,456	244	30,018
Non-Trade Receivables	6,340	994	212	0	7,546
Total	21,654	6,998	8,668	244	37,564

Aging of Payables (as of June 30, 2012; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	13,422	4,150	8,716	0	26,288
Non-Trade Payables	28,538	454	3,028	0	32,020
Total	41,960	4,604	11,744	0	58,308

5. Short-Term and Long-Term Debt

Short-Term Debt (as of June 30, 2012; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	1,414
Avida	2,947
Alveo	1,350
Vesta	525
LAI	230
Amaia	200
SSECC	152
Chirica	37
Total	6,854

Long-Term Debt (as of June 30, 2012; in Million Pesos / US\$)

<u>Borrower</u>	<u>Current</u>		<u>Non-Current</u>		<u>Total</u>	
	<u>Peso</u>	<u>US\$</u>	<u>Peso</u>	<u>US\$</u>	<u>Peso</u>	<u>US\$</u>
ALI	905	-	32,971	-	33,875	-
Accendo	14	-	2,171	-	2,185	-
SSECC	49	-	1,460	-	1,510	-
UPN	405	-	1,103	-	1,508	-
AiO	38	-	1,055	-	1,094	-
NBCC	10	-	963	-	973	-
CDO		-	901	-	901	-
SBTCI		-	881	-	881	-
ODRPHI	314	-	446	-	759	-
Greenhaven		-	677	9	677	9
Avida	486	-	-	-	486	-
Glensworth	46	-	357	-	403	-
BHVI		-	324	-	324	-
FGREC	75	-	107	-	182	-
CIHC	70	-	105	-	175	-
Southcrest		-	160	-	160	-
Northgate		-	155	-	155	-
Sunnyfield	9	-	144	-	153	-
HPC	6	-	97	-	103	-
CeOC	4	-	61	-	65	-
	2,431	-	44,138	9	46,569	9

* Including bonds and FXCNs

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans – January – June 2012 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	16,238	issuance of notes and bonds, and availment of new short-term loans
Alveo	1,350	availment of short-term loans
Avida	600	availment of short-term loans
CDO	406	availment of long-term loans
Greenhaven	355	availment of long-term loans
Accendo	320	availment of long-term loans
SBTCI	311	availment of long-term loans
SSECC	233	availment of short-term loans
Amaia	200	availment of short-term loan
BHVI	165	availment of new long-term loan
Southcrest	105	availment of long-term loans
Northgate	88	availment of long-term loans
LTI	<u>50</u>	availment of short-term loans
Total	<u>20,420</u>	

Repayments of Debt and Equity Securities – January – June 2012 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	1,010	repayment of fixed-rate corporate notes
SSECC	414	payment of matured short-term and amortization on long-term loans
Avida	201	payment of matured short-term and amortization on long-term loans
UPN	135	amortization on long-term loans
ODRPDI	96	amortization on long-term loan
LTI	50	payment of matured short-term loan
CIHCI	35	amortization on long-term loan
FGREC	23	amortization on long-term loan
LAI	20	payment of matured short-term loan
Glensworth	19	amortization on long-term loan
NBCC	5	amortization on long-term loan
AiO	<u>2</u>	amortization on long-term loan
Total	<u>2,011</u>	

6. Commercial Paper Issuances and Outstanding Balance (for the quarter ended June 30, 2012)

None.

7. Accounts and Other Payables

The accounts and other payables as of June 30, 2012 is broken down as follows:

	(million)
Accounts payable	P 27,301
Accrued expenses	13,515
Taxes payable	2,514
Dividends payable	53
Retentions payable	116
Total	<u>P 43,498</u>

Item 2. Management's Discussion on Results of Operations and Analysis of Financial Condition

Results of Operations for the Six Months Ended June 30, 2012

Ayala Land, Inc. (ALI or "the Company") sustained its earnings growth momentum in the first half of 2012 as net income grew by 28% to P4.33 billion from the P3.38 billion posted in the same period last year. Consolidated revenues for the first half reached P25.02 billion, 18% higher than the P21.25 billion posted in the same period in 2011. Revenues from Real Estate and Hotels, which comprised the bulk of consolidated revenues, increased by 19% to P23.82 billion with all business lines contributing to revenue expansion.

Revenue growth continued to outpace expenses with continued control of project spending and direct operating expenses. The ratio of corporate General and Administrative Expenses (GAE) to revenues declined further to 8.0% from 8.2% last year. With total revenues growing faster than total expenses, net income margin improved to 17% in the first six months of 2012 from 16% in the same period last year.

Business Segments

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

Property Development. Property Development, which consists of the sale of residential units, as well as the sale of commercial and industrial lots, posted revenues of P15.31 billion in the first six months of 2012, 24% higher than the P12.34 billion reported during the same period in 2011.

Revenues from the residential segment reached P13.95 billion in the first six months, 24% higher than the same period last year, driven by a 57% improvement in the value of bookings across the residential brands. Ayala Land Premier (ALP) posted a revenue growth of 23% year-on-year to P5.11 billion due to the strong sales of Elaro lots in NUVALI and steady completion and significant bookings from the condominium units in Park Terraces 3 in Makati City and One Serendra West Tower in Bonifacio Global City. Alveo's revenues also reached P3.43 billion in revenues driven by the first towers of The Maridien in Bonifacio Global City and Solinea in Cebu. Avida and Amaia likewise recorded revenue growth of 45% and 88% to P3.64 billion and P608 million, respectively, with booking contributions from new projects such as Avida Towers Centera, Avida Towers 34th Street, Avida Parkway Settings NUVALI, and AmaiaScapes Cabanatuan and Bacolod.

Sales take-up value for the first six months of the year reached P39.08 billion, equivalent to an average monthly sales take-up of P6.51 billion. This was 51% higher than the P4.31 billion average monthly sales take-up achieved for the whole of 2011. Residential gross profit (GP) margins of vertical projects improved to 35% from 33% with the continued cost containment efforts together with selling price adjustments, while GP margins of horizontal developments slightly declined to 45% from 47% due to the higher share of lower price point residential products which have lower GP margins. However, tax incentives for the economic and socialized housing segments make up for the lower GP margins and allow these business units to achieve net income margins that are comparable to the upper segments. The Company's four residential brands launched a total of 9,205 units in the first half of 2012, with the programmed schedule of launches for the rest of the year remaining on track.

Revenues from the sale of commercial and industrial lots reached P1.35 billion in the first six months, 29% higher than the same period last year, largely due to the sale of 14 commercial lots

and a parcel of raw land in NUVALI, and three industrial lots in Laguna Technopark. GP margins however dropped to 50% from 52% with the lower selling price of the raw land sold in NUVALI.

Commercial Leasing. Commercial Leasing pertains to the Company's Shopping Center and Office leasing operations. Total revenues for Commercial Leasing amounted to P4.23 billion during the first six months of 2012, 21% higher than the P3.49 billion recorded in same period last year.

Revenues from Shopping Centers rose by 21% to P2.81 billion during the first six months of 2012, driven by higher lease rates and increase in occupied space. The first half saw a 6% improvement of average building lease rates to P1,089 per square meter brought about by negotiated and programmed rental escalations. Occupied gross leasable area (GLA) also expanded by 8% to 1.08 million square meters year-on-year with the opening of Harbor Point in Subic in April this year. Same-store sales increased by 6% and 9% for building and land leases, respectively, buoyed by the strong retail environment. Shopping Centers EBITDA margins rose to 61% with the improved portfolio performance and the effective management of direct operating expenses.

Revenues from Office leasing operations increased by 20% to P1.41 billion for the first six months of the year, from P1.18 billion in the same period last year. The revenue growth was generated by the significant increase in occupied GLA for business process outsourcing (BPO) office spaces, which increased by 19% year-on-year (equivalent to 55,000 square meters). Total occupied BPO GLA expanded to 338,000 square meters as of the end of the first half, with an average lease-out rate of 85%. Average BPO lease rates also increased by 4% year-on-year due to rental escalations in existing buildings. EBITDA margins of the total office portfolio however declined to 79% from 81% as a result of the higher costs associated with the start-up operations of the new BPO buildings.

Hotels and Resorts. Hotels and Resorts currently operates 634 branded hotel rooms between Hotel InterContinental Manila and Cebu City Marriott, and 150 island resort rooms in Lagen, Miniloc and Apulit Island (formerly Club Noah) in the province of Palawan. Revenues of the Hotels and Resorts business improved by 15% to P1.27 billion in the first half of 2012 from P1.10 billion in the same period last year largely due to better revenue per available room (REVPAR). Occupancy rates of the two hotels and three resorts were higher by 9 percentage points and 1 percentage point, respectively. REVPAR also improved by 12% to P3,831 for hotels and 37% to P6,104 for resorts. EBITDA margins for Hotels and Resorts were maintained at 31% as the improved portfolio performance offset the pre-operating expenses of the upcoming Kukun hotels. The Company is currently constructing the first four owner-operated urban lifestyle hotel line called Kukun in Bonifacio Global City, Davao, Cagayan de Oro and NUVALI, two of which are expected to begin operations towards the end of this year.

Services. Services, which include the Company's wholly-owned Construction and Property Management businesses, generated combined revenues (before inter-company eliminations) of P9.35 billion during the first six months of the year, 47% higher than the P6.38 billion posted in the same period last year. Gross construction revenues grew by 50% to P8.71 billion due to the higher construction order book from ALI Group projects. Property Management revenues also improved by 14% to P641 million in the first half of 2012 from additional carpark management contracts. Blended EBITDA margin for Services slightly improved to 6% with the higher margins from external construction projects.

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

Equity in Net Earnings from Investees grew by 8% to P561 million for the first six months of 2012, from P518 million in the same period last year. This resulted from the stronger performance of shopping center joint ventures accounted for under the equity method, particularly TriNoma, Alabang Town Center and Ayala Center Cebu. Meanwhile, Interest, Investment and Other income declined by 14% to P638 million largely because there were no one-time gains booked this period, compared to the Company's divestment of its ownership stake in ARCH Capital Management Co., Ltd. in March last year.

Expenses

Total expenses for the first half of 2012 amounted to P18.41 billion, 14% more than the P16.22 billion incurred in the first half of 2011. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose by 14% year-on-year amounting to P15.23 billion. General and administrative expenses (GAE) grew by 15% to P2.0 billion due to payroll-related expenses but at a slower pace relative to overall revenue growth, allowing the GAE-to-revenue ratio to decline to 8.0% from 8.2% last year. Interest Expense, Financing and Other Charges increased by 2% year-on-year to P1.18 billion, mostly due to increased financing charges associated with the additional P15.0 billion in fixed-rate corporate bonds issued by the Company in April 2012. While total financing charges increased, the average cost of the Company's consolidated debt decreased to 5.6%, from 6.5% in the same period last year.

Project and Capital Expenditure

The Company spent a total of P18.75 billion for project and capital expenditures in the first six months of 2012, 50% more than the P12.48 billion spent during the same period in 2011. The bulk of capital expenditures in the first half were spent on residential developments (38% of total), land acquisition (33%), shopping centers (17%), hotels and resorts (5%), with the balance spent on BPO offices and other land development activities. The P18.75 billion spent in the first six months represents 51% of the programmed spending of P37.0 billion for the year. The Company, however, expects to spend an additional P10.0 billion on unbudgeted property acquisitions until year-end, which will ensure the pipeline of value-accretive projects beyond the current five-year plan.

Financial Condition

The Company's balance sheet remained strong and geared for further growth in 2012 and beyond. Strong cash inflows from the successful pre-sales of various residential launches as well as proceeds from the recent P15.0 billion fixed rate bond issuance brought Cash and Cash Equivalents to P36.83 billion, with a corresponding Current Ratio of 1.72: 1. Total Borrowings stood at P53.42 billion from P34.53 billion as of December 2011, translating to a Debt-to-Equity Ratio of 0.80: 1 and a Net Debt-to-Equity Ratio of 0.25: 1.

Causes for any material changes (+/- 5% or more) in the financial statements

Income Statement items – 1H 2012 versus 1H 2011

19% increase in real estate revenues

Mainly due to higher sales bookings of residential projects and better performance of leasing businesses.

15% increase in hotel revenues

Primarily due to improved operations of hotels and resorts business.

5% decrease in equity in net earnings of investees, interest, fees and other income

Largely due to the absence of one-time gains booked this period that offset higher earnings of associates.

15% increase in real estate costs

Mainly due to higher real estate revenues.

15% increase in general and administrative expenses

Primarily due to higher payroll costs and benefits.

21% increase in interest expense, financing and other charges

Mainly due to higher financing charges in 2Q 2012 following the bond issuance.

36% increase in provision for income tax

Mainly due to higher taxable income.

45% increase in net income attributable to non-controlling interests

Primarily due to higher income from Vesta Property Holdings, Inc. and Ceci Realty Inc.

Balance Sheet items – June 30, 2012 versus End-2011

50% increase in cash and cash equivalents

Mainly due to additional borrowings and collection from new projects.

100% decrease in short-term investments

Primarily due to liquidation of short-term investments.

34% increase in accounts and notes receivables (net)

Largely due to launch of new residential projects.

6% decrease in real estate inventories

Mainly due to sale of residential lots and units.

38% increase in other current assets

Mainly due to Alveo's prepayments for the acquisition of properties for development.

19% increase in non-current accounts and notes receivables

Largely due to higher receivables of residential brands Ayala Land Premier and Avida.

36% increase in land and improvements

Mainly due to new land acquisitions.

5% increase in investments in associates and jointly controlled entities

Mainly due to higher earnings from investments in Fort Bonifacio Development Corp. and First Longfield Investments.

34% decrease in available-for-sale financial assets

Primarily due to sale of fixed income securities of ALI Parent.

10% increase in investment properties (net)

Primarily due to completion of malls and office buildings.

32% increase in property and equipment (net)

Mainly due to ramp up of hotel and resort operations, investment in district cooling systems and Makati Development Corporation's equipment re-fleeting program.

8% increase in deferred tax assets (net)

Mainly due to realization of gains on real estate sales.

8% increase in other non-current assets

Largely due to investments for possible land acquisitions.

14% increase in accounts and other payables

Primarily due to increase in trade payables with the completion of projects.

48% increase in short-term debt

Mainly due to additional bank loans of residential subsidiaries.

152% increase in income tax payable

Primarily due to the higher taxable income.

56% increase in current portion of long-term debt

Mainly due to additional loans of ALI Parent.

132% increase in other current liabilities

Largely due to customer deposits collected by Serendra Inc.

56% increase in long-term debt - net of current portion

Primarily due to fixed-rate corporate notes issued by ALI Parent.

6% increase in pension liabilities

Primarily due to higher retirement contributions.

7% increase in deferred tax liabilities (net)

Largely due to reclassification of accounts.

39% increase in deposits and other noncurrent liabilities

Mainly due to security deposits of new shopping center tenants.

8% increase in paid-up capital

Mainly due to issuance of new voting preferred shares.

6% increase in retained earnings

Primarily due to the increase in income.

15% decrease in stock options outstanding

Largely due to payment of subscriptions by officers.

28% decrease in unrealized gain (loss) on available-for-sale financial assets

Primarily due to reclassification to realized gain on sale of fixed income securities AFS.

6% increase in non-controlling interests

Mainly attributed to Vesta Property Holdings and Ceci Realty.

PART II - OTHER INFORMATION

Item 3. 2Q 2012 Developments

- A. New project or investments in another line of business or corporation None.
- B. Composition of Board of Directors (as of June 30, 2012)
- | | |
|---------------------------------|-----------------|
| Fernando Zobel de Ayala | Chairman |
| Jaime Augusto Zobel de Ayala II | Vice Chairman |
| Antonino T. Aquino | President & CEO |
| Mercedita S. Nolleto | Director |
| Francis G. Estrada | Director |
| Delfin L. Lazaro | Director |
| Jaime C. Laya | Director |
| Aurelio R. Montinola III | Director |
| Oscar S. Reyes | Director |
- C. Performance of the corporation or result/progress of operations Please see unaudited consolidated financial statements and management's discussion on results of operations.
- D. Declaration of dividends P0.109488 cash dividend
Declaration date: February 20, 2012
Record date: March 7, 2012
Payment date: March 27, 2012
- E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements None.
- F. Offering of rights, granting of Stock Options and corresponding plans therefore
- ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock.
- In 2005, the company introduced a revised ESOWN granted to qualified officers.
- As of June 30, 2012, stock options outstanding* are as follows:
- | | |
|-------|---------------------------|
| ESOP | 18,186,513 shares |
| ESOWN | <u>103,142,654</u> shares |
| | 121,329,167 shares |
- * outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued
- G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate None.

- H. **Other information, material events or happenings that may have affected or may affect market price of security** None.
- I. **Transferring of assets, except in normal course of business** None.

Item 4. Other Notes to 1H 2012 Operations and Financials

- J. **Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents** Please see Notes to Financial Statements (Item #7).
- K. **Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period** None.
- L. **New financing through loans / Issuances, repurchases, and repayments of debt and equity securities** Please see Notes to Financial Statements (Item #4).
- M. **Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period** - Placement of 680 million listed common shares of the Company at a price of P20 per share, and the issuance of equal number of new ALI shares at the same price of P20 per share, allowing the Company to raise an aggregate of P13.6 billion in paid-up capital.
- N. **The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations** None.
- O. **Changes in contingent liabilities or contingent assets since the last annual balance sheet date** None.
- P. **Other material events or transactions during the interim period** - Board approval of the following:
 1. Capital restructuring to address the ownership issue
 (a) Amendment of Article Seventh of the Company's Articles of Incorporation to make the preferred shares redeemable, and to decrease the authorized capital stock by P1.3 billion through the retirement and elimination, subsequent to their

redemption, of the outstanding preferred shares with a total par value of P1.3 billion.

(b) Reclassification of the 1.965 billion unissued preferred shares to voting preferred shares through an amendment of the Article Seventh of the Company's Articles of Incorporation.

(c) Increase in the authorized capital stock by P1.3 billion through additional voting preferred shares and stock rights offer of 13.043 billion voting preferred share from the increase in the authorized capital stock.

2. Issuance of bonds in the amount of P15 billion, with tenors of 7 and 10 years.

3. Declaration of cash dividend of P0.109488 per share to all shareholders as of record date March 7, 2012, payable on March 27, 2012.

- Issuance of P15 billion bonds in two tranches of seven and ten years, with coupon rates of 5.625% and 6.0%, respectively.
- Shareholder approval of the redemption of 13 billion in outstanding non-voting preferred shares and the issuance of the same number of voting preferred shares to be done through a stock rights offering.
- Listing at the Philippine Dealing and Exchange Corporation of ALI's P15 billion fixed rate callable bonds due 2019 and 2022.
- Board approval of the offer and issuance of voting preferred shares of the capital stock of the Company exclusively to holders of common shares as of June 4, 2012 pursuant to their pre-emptive rights at a price of P0.10 per share.
- Entered into a Joint Venture Agreement with Specialty Investments, Inc. to pursue opportunities in the Philippine retail sector.
- SEC approval of the amendments to Article VII of the Company's Articles of Incorporation on changing of the non-redeemable feature of the preferred shares to redeemable and the reclassification of unissued non-voting preferred shares into a new class of preferred shares with voting rights.
- Redemption of outstanding preferred shares effective July 16, 2012 from shareholders of record as of June 4, 2012.
- Executive Committee approval to authorize the Company to negotiate and enter into a strategic alliance with the group led by Mr. Ignacio R. Ortigas for the purpose of allowing the Company to participate in

- OCLP Holdings, Inc., and to allocate an initial amount of P15 billion for this purpose.
- SEC approval of the increase in authorized capital stock to include the voting preferred shares, and amendments to Articles of Incorporation reflecting the increase in authorized capital stock.
- Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation**
- None.
- R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period**
- None.
- S. Material commitments for capital expenditures, general purpose and expected sources of funds**
- For year 2012, Ayala Land's consolidated budget for project and capital expenditures amount to P37.0 billion. About 42% is earmarked for residential developments, 24% for land acquisition, 12% for hotels and resorts, 11% for shopping centers, and the balance for offices and other land development activities in the Company's strategic landbank areas. This will be financed through a combination of internally-generated funds, borrowings and pre-selling.
- For the first six months of 2012, consolidated project and capital expenditures amounted to P18.8 billion, about 51% of the P37.0 billion budget for the whole year. About 38% was spent for residential projects, 33% for land acquisition, 17% for shopping centers, 5% for hotels and resorts, and the balance spent on offices and other land development activities in the Company's strategic landbank areas.
- T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations**
- Ayala Land's performance will continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of the real estate industry, including the Company.
- U. Significant elements of income or loss that did not arise from continuing operations**
- None.
- V. Causes for any material change/s from period to period in one or more line items of the financial statements**
- Please see Notes to Financial Statements (Item #7).

W. Seasonal aspects that had material effect on the financial condition or results of operations

ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year, with higher sales experienced in the fourth quarter from shopping centers due to holiday spending.

The Company's development operations do not show any seasonality. Projects are launched anytime of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.

X. Disclosures not made under SEC Form 17-C

None.

Item 5. Performance Indicators

The table below sets forth the comparative performance indicators of the Company and its majority-owned subsidiaries:

	<i>End-June 2012</i>	<i>End-December 2011</i>
Current ratio ¹	1.72:1	1.65:1
Debt-to-equity ratio ²	0.80:1	0.55:1
	<i>1H 2012</i>	<i>2011</i>
Return on assets ³	5.0% ⁵	5.2%
Return on equity ⁴	13.4% ⁵	12.0%

¹ *Current assets / current liabilities*

² *Total interest-bearing debt (inclusive of bonds) / stockholders' equity*

³ *Net income / average total assets*

⁴ *Net income / average stockholders' equity*

⁵ *1H12 NIAT annualized/average of end June-12 and end Dec-11 assets and equity*

SIGNATURE

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

Issuer: **AYALA LAND, INC.**

By:

A handwritten signature in black ink, appearing to read "Jaime E. Ysmael", with a long, sweeping flourish extending to the right.

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: August 3, 2012