

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)

March 31, 2013

(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 March 31, 2013
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 March 31, 2013

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	14,072,214,481

Amount of Debt Outstanding
P21.1 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.
Consolidated Balance Sheets
For the Three Months ended March 31, 2013 and December 31, 2012
(in million pesos)

	March 2013 Unaudited	December 2012 (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	40,199	33,613
Short-term investments	-	17
Fair value through profit or loss financial assets	680	714
Accounts and notes receivable - net	55,839	40,751
Real estate inventories	27,725	26,215
Other current assets	20,411	15,809
Total Current Assets	144,854	117,118
Noncurrent Assets		
Non-current accounts and notes receivable	12,860	12,834
Land and improvements	48,567	49,492
Investments in associates and jointly controlled entities	8,271	8,350
Available-for-sale financial assets	483	454
Investment properties - net	49,429	47,535
Property and equipment - net	17,843	17,360
Deferred tax assets - net	3,551	2,348
Other noncurrent assets	2,474	3,017
Total Noncurrent Assets	143,478	141,391
	288,333	258,508
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	81,997	66,585
Short-term debt	10,664	9,779
Income tax payable	968	923
Current portion of long-term debt	8,900	6,584
Other current liabilities	4,811	5,064
Total Current Liabilities	107,340	88,935
Noncurrent Liabilities		
Long-term debt - net of current portion	54,246	58,414
Pension liabilities	475	53
Deferred tax liabilities - net	1,111	375
Deposits and other noncurrent liabilities	18,942	14,439
Total Noncurrent Liabilities	74,774	73,281
Total Liabilities	182,114	162,217
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	42,464	34,119
Retained earnings	50,645	50,062
Stock options outstanding	220	214
Unrealized gain(loss) on available-for-sale financial assets	(102)	40
Other reserves	9	9
Treasury Stock	(824)	(2,127)
	92,412	82,315
Non-controlling interests	13,806	13,976
	106,218	96,292
	288,333	258,508



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Income
For the Three Months Ended March 31, 2013 and March 31, 2012
(in million pesos, except earnings per share)

	Jan-Mar 2013 Unaudited	Jan-Mar 2012 Unaudited (As restated)
REVENUE		
Real estate and hotels	16,716	12,243
Hotel operations	1,212	650
Equity in net earnings of investees, interest, fees, investment and other income	69	181
Interest income	418	260
Other income	101	50
	18,515	13,385
COSTS AND EXPENSES		
Real estate and hotels	10,867	7,923
Hotel operations	848	367
General and administrative expenses	1,309	1,007
Interest expense, financing and other charges	982	454
Other charges	48	75
Provision for bad debts	2	9
	14,056	9,835
INCOME BEFORE INCOME TAX	4,459	3,551
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	1,217	786
Deferred	55	122
	1,272	908
NET INCOME	3,187	2,643
Net Income(Loss) Attributable to :		
Equity holders of Ayala Land, Inc.	2,762	2,132
Minority interests	424	511
	3,187	2,643
Earnings per Share		
Basic *	0.20	0.16
Diluted **	0.20	0.16



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

	2013 Unaudited Jan 1 to March 31	2012 Unaudited Jan 1 to March 31 (As restated)
NET INCOME FOR THE PERIOD	3,187	2,643
Other comprehensive income		
Net unrealized gain(loss) on available-for-sale financial assets	169	(14)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,356	2,629
Total comprehensive income attributable to :		
Equity holders of the parent	2,931	2,118
Minority Interest	424	511
	3,356	2,629



Ayala Land, Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity
For the Nine Months Ended March 31, 2013 and March 31, 2012
(in million pesos)

	January to March 2013 Unaudited	January to March 2012 Unaudited (As restated)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK		
Issued		
Balance at beginning of year	13,729	13,023
Issuance of shares	324	11
Stock options exercised	-	-
Balance at end of year	14,054	13,034
Subscribed		
Balance at beginning of year	103	100
Issuance of shares	(4)	(11)
Stock options exercised	0.1	1
Balance at end of year	99	90
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	18,216	4,887
Stock options exercised	29	37
Issuance of common stock	7,974	-
IFRS 2- Adjustment on Share-based payment	-	-
Balance at end of year	26,219	4,925
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(539)	(353)
Subscriptions	(12)	(12)
IFRS 2-Adjustment on Share-based payments	-	-
Collections	34	46
Balance at end of year	(517)	(319)
TOTAL PAID-UP CAPITAL	42,464	19,032
STOCK OPTIONS		
Balance at beginning of year	214	232
Stock options exercised	7	(3)
Balance at end of year	220	230
TREASURY STOCK	(824)	(824)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	44,062	37,926
Prior years adjustment (PAS 19 restatement entries)	(145)	-
Cash dividends	(2,034)	(1,428)
Net income	2,762	2,132
Balance at end of year	44,645	38,630
Other reserves	9	9
	50,654	44,639
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		
FINANCIAL ASSETS	(102)	40
	92,412	63,107
NON-CONTROLLING INTERESTS		
Balance at beginning of year	9,230	9,686
Net income(loss)	424	511
Increase/(Decrease) in minority interest	4,182	4,325
Dividends paid to non-controlling interests	(30)	(21)
	13,806	14,501
	106,218	77,609



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months ended March 31, 2013 and March 31, 2012
(in million pesos)

	January to March 2013 Unaudited	January to March 2012 Unaudited (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	4,459	3,551
Adjustments for:		
Depreciation and amortization	809	659
Interest and other charges - net of amount capitalized	1,030	528
Gain on sale of investments	-	-
Equity in net earnings of investees	(69)	(181)
Interest and other income	(418)	(261)
Unrealized gain on financial assets	(142)	(14)
Provision for doubtful accounts	2	9
Operating income before changes in working capital	5,673	4,292
Decrease (increase) in :		
Accounts and notes receivable - trade	(16,451)	(4,232)
Real estate inventories	(1,510)	305
Other current assets	(4,602)	(3,512)
Increase (decrease) in :		
Accounts and other payables	15,397	4,001
Pension liabilities	278	(20)
Other current liabilities	(253)	2,995
Cash generated from operations	(1,468)	3,828
Interest received	208	212
Income tax paid	(1,258)	(703)
Interest paid - net of amount capitalized	(985)	(299)
Net cash provided by (used in) operating activities	(3,503)	3,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	-	-
Disposals of (additions to):		
Land and improvements	925	(3,455)
Investments	(2,270)	(6,094)
Property and equipment	(791)	(2,835)
Short term investments	51	192
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	1,543	(549)
Other assets	(667)	(408)
Net cash provided by (used in) investing activities	(1,208)	(13,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	4,248	7,032
Payments of short-term / long-term loans	(5,216)	(557)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	5,239	892
Minority interest in consolidated subsidiaries	(565)	4,325
Proceeds from capital stock subscriptions	9,655	69
Purchase of treasury shares	-	-
Dividends paid to minority	(30)	(21)
Dividends paid to equity holders of Ayala Land, Inc.	(2,034)	(1,428)
Net cash provided by (used in) financing activities	11,297	10,313
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,586	201
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	33,613	24,603
CASH AND CASH EQUIVALENTS AT END OF PERIOD	40,199	24,804

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, 2012 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, 2012.

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 May 8, 2013, 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, 2012, except for the adoption of new Standards and Interpretations enumerated below.

The *Annual Improvements to PFRSs* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

PFRS 1, First-time Adoption of PFRS - Borrowing Costs

The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

PAS 1, Presentation of Financial Statements - Clarification of the requirements for comparative information

The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PAS 16, Property, Plant and Equipment - Classification of servicing equipment

The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment did not have any significant impact on the Group's financial position or performance.

PAS 32, Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment did not have any impact on its financial position or performance.

PAS 34, Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment is applied and has no impact on the Group's financial position or performance.

Effective 2013

PFRS 7, Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)

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 (d) from the amounts in (c) above.

The amendments have no impact on the Group's financial position or performance.

PFRS 10, Consolidated Financial Statements

PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that 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. The standard became effective for annual periods beginning on or after January 1, 2013.

As a result of the assessment based on PFRS 10 requirements, the Company consolidated North Triangle Depot Commercial Corporation, Cebu Holdings, Inc. and Alabang Commercial Corporation, which were previously accounted for as investments in associates, BG West Properties Inc., BG South Properties Inc. and BG North Properties Inc., which were previously accounted for as jointly controlled entities, in the Company's 2012 consolidated financial statements. This consolidation increased the Company's total consolidated assets by P27,276 million and total consolidated liabilities by P22,530 million as of December 31, 2012. Consolidated revenues also increased by P995.1 million while consolidated income before income tax increased by P310.2 million for the quarter ended March 31, 2013. Adoption of PFRS 10 has no impact on the Company's EPS. These amounts have considered preliminary purchase price allocation for the entities in which it has obtained control.

PFRS 11, Joint Arrangements

PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard became effective for annual periods beginning on or after January 1, 2013.

The company has conducted an assessment of the impact of PFRS 11 on its jointly controlled entities. As a result of the assessment based on PFRS 11 requirements, the Company accounted for its jointly controlled entities namely Emerging City Holdings, Inc. and Berkshires Holdings, Inc. as Joint Ventures. The Standard has no impact in the Group's financial statements as the Group already accounts for its investment in jointly controlled entities using the equity method.

PFRS 12, Disclosure of Interests in Other Entities

PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

PAS 1, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI (Amendments)

The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment became effective for annual periods beginning on or after July 1, 2012. The amendment affected presentation only and had no impact on the Group's financial position or performance.

PAS 19, Employee Benefits (Revised)

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 revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments became effective for annual periods beginning on or after January 1, 2013. The Group has applied the amendments retroactively in its consolidated statements of financial position as at December 31, 2012. The restatement increased the net defined benefit obligation by P428.9 million, deferred tax asset by P128.7 million and decreased the retained earnings by P144.9 million as well as other comprehensive income by P155.3 million as at December 31, 2012.

PAS 27, Separate Financial Statements (as revised in 2011)

As a consequence of the issuance of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the separate financial statements of the entities in the Group. The amendment became effective for annual periods beginning on or after January 1, 2013.

PAS 28, Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the issuance of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment became effective for annual periods beginning on or after January 1, 2013.

Effective 2014

PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)

The amendments 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. The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective 2015

PFRS 9, Financial Instruments

PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. 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 the classification and measurement of financial liabilities.

The Company has conducted an initial evaluation and has assessed that the standard does not have significant impact to the Company. No early adoption will be made as of date of this report as there are still major changes that are expected to be made in the existing draft of the standard that could impact the Company’s decision to early adopt or not. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the

International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this interpretation may significantly affect the determination of the Group's revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

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>
Real Estate:	(%)
Alveo Land Corporation (Alveo)	100
Serendra, Inc.	39
Solinea, Inc. (formerly Bigfoot Palms, Inc.)	65
BG South Properties, Inc. (BGS)	50
Serendra, Inc.	28
Amorsedia Development Corporation and Subsidiaries	100
OLC Development Corporation and Subsidiary	100
HLC Development Corporation	100
Allysonia International Ltd.	100
Avida Land Corporation and Subsidiaries (Avida)	100
Buklod Bahayan Realty and Development Corp.	100
Avida Sales Corp.	100
Amicassa Process Solutions Inc.	100
Avencosouth Corp. (Avencosouth)	70
BG North Properties, Inc. (BGN)	50
Amaia Land Corporation (Amaia)	100
Ayala Land International Sales, Inc. (ALISI)	100
Ayalaland International Marketing, Inc. (AIMI)	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
BellaVita Land Corporation	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
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. (Arvo)	100

BellaVita Land Corporation	100
Nuevo Centro, Inc.	100
Cavite Commercial Town Center, Inc.	100
ALI Property Planners Corp. (APPCo)	68
One Dela Rosa Property Development, Inc.	68
First Gateway Real Estate Corp.	68
Glensworth Development, Inc. (Glensworth)	68
UP North Property Holdings, Inc.	68
Laguna Technopark, Inc.	75
Ecozone Power Management, Inc.	75
Aurora Properties Incorporated	70
Vesta Property Holdings, Inc. (VPHI)	70
Station Square East Commercial Corporation (SSECC)	69
Asian I-Office Properties, Inc. (AiO)	60
Accendo Commercial Corp.	67
Avencosouth Corp.	20
Cagayan de Oro Gateway Corp. (CDOGCC)	70
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
CMPI Land, Inc.	36
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Adauge Commercial Corporation (Adauge)	100
Southgateway Development Corporation (SDC)	100
Ayalaland Metronorth, Inc. (AMNI)	100
Alabang Commercial Corporation	100
North Triangle Depot Commercial Corporation (NTDCC)	49
BG West Properties, Inc. (BGW)	50
Cebu Holdings, Inc. (CHI)	50
Cebu Property Ventures & Development Corporation (CPVDC)	76
Cebu Leisure Company, Inc.	100
CBP Theatre Management, Inc.	100
Cebu Insular Hotel Company Inc.	37
Solinea Inc.	35
Construction:	
Makati Development Corporation and Subsidiaries (MDC)	100
MDC - Subic	100
MDC – Build Plus, Inc.	100
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc. (AMHRI)	80
ALI Makati Hotel Property, Inc. (AMHPI)	80
Enjay Hotels, Inc. (Enjay)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
ALI Makati Hotels & Residences, Inc.	20
ALI Makati Hotel Property, Inc.	20
Ten Knots Phils., Inc. and Subsidiary (TKPI)	60
Ten Knots Development, Corp. and Subsidiaries (TKDC)	60

Property Management:	
Ayala Property Management Corporation (APMC)	100
Ayala Theatres Management, Inc. and Subsidiaries	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries, Philippines, Inc. (LAIP)	50
Others:	
MZM Holdings, Inc. (MZM)	100
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100
Green Horizons Holdings Limited	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
Varejo Corp. (Varejo)	100

4. Receivables / Payables

Aging of Receivables (as of March 31, 2013; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	41,773	6,008	12,578	353	60,712
Non-Trade Receivables	5,912	1,794	282	-	7,988
Total	47,685	7,802	12,860	353	68,700

Aging of Payables (as of March 31, 2013; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	23,669	6,408	10,894	-	40,971
Non-Trade Payables	56,008	1,692	9,634	-	67,334
Total	79,677	8,100	20,528	-	108,305

5. Short-Term and Long-Term Debt

Short-Term Debt (as of March 31, 2013; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	3,781
Alveo	2,350
Avida	2,387
Chirica	36
LAIP	205
SSECC	277
ACC	233
CHI	408
AHRC	112
Amaia	350
Vesta	525
Total	10,664

Long-Term Debt (as of March 31, 2013; 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	5,180	-	34,025	59	39,205	59
Accendo	29	-	2,272	-	2,301	-
AHRC	-	-	5,472	120	5,472	120
Arvo	-	-	50.0	-	50.0	-
AiO	72	-	1,301	-	1,373	-
Avida	2,000	-	-	-	2,000	-
CDOGC	-	-	2,350	-	2,350	-
Crestview	8	-	301	-	309	-
APPCO	1,320	-	1,002	-	2,322	-
Hillsford	12	-	88	-	100	-
NBCC	-	-	-	-	-	-
PhilEnergy	-	-	600	-	600	-
SSECC	49	-	1,423	-	1,472	-
SBTCI	-	-	881	-	881	-
Sunnyfield	18	-	130	-	148	-
CHI	-	-	1,437	-	1,437	-
NTDCC	210	-	2,914	-	3,124	-
Total	8,900	-	54,246	182	63,146	182

* Including bonds and FXCNs

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans –
January – March 2013 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	5,686	availment of new short-term loans and issuance of Homestarter Bonds
Accendo	65	availment of long-term loans
Alveo	500	availment of short-term loans
AiO	150	availment of long-term loans
Avida	700	Issuance of FXCNs
PhilEnergy	65	availment of long-term loans
SSEC	114	availment of short-term loans
NTDCC	19	availment of long-term loans
Total	<u>7,299</u>	

Repayments of Debt and Equity Securities –
January – March 2013 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	6,072	repayment of fixed-rate corporate notes and short-term loans
Accendo	5	amortization on long-term loan
Alveo	500	repayment of short-term loans
ALI Makati	56	amortization on long-term loan
Amaia	350	repayment of short-term loans
AiO	18	amortization on long-term loan
Avida	200	repayment of short-term loans
Crestview	2	amortization on long-term loan
FGREC	13	amortization on long-term loan
GDI	13	amortization on long-term loan
Hillford	3	amortization on long-term loan
LAIPi	5	repayment of short-term loans
NBCC	968	prepayment of long-term loans
ODLR	55	amortization on long-term loan
SSEC	174	amortization on long-term and repayment of short-term loans
Sunnyfield	5	amortization on long-term loan
UPNHI	313	amortization on long-term and repayment of short-term loans
NTDCC	44	amortization on long-term and repayment of short-term loans
Total	<u>8,796</u>	

HOMESTARTER BONDS 5
Schedule and Use of Proceeds

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	<u>1,000,000,000.00</u>	<u>1,000,000,000.00</u>
Less: Estimated expenses		
SEC Registration	1,325,625.00	1,325,625.00
Underwriting and Other Professional Fees	8,000,000.00	9,421,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket	2,200,000.00	1,587,085.83
Registry and Paying Agency Fees	200,000.00	154,090.30
Documentary Stamp Tax	<u>10,000,000.00</u>	<u>5,000,000.00</u>
	<u>21,725,625.00</u>	<u>17,487,801.13</u>
Estimated/actual net proceeds to Ayala Land, Inc.	<u>Php978,274,375.00</u>	<u>Php982,512,198.87</u>
Balance of Proceeds as 12.31.12	Nil	

Ayala Land raised from the Bonds gross proceeds of ₱1.0Bn. After issue-related expenses, actual net proceeds amounted to approximately ₱982.5Mn. Net proceeds were used to partially finance costs related to the acquisition of 74 hectares located in the FTI Complex, Taguig City.

₱15Bn BONDS
Schedule and Use of Proceeds

	ESTIMATE PER PROSPECTUS	ACTUAL
Gross Proceeds	<u>15,000,000,000.00</u>	<u>15,000,000,000.00</u>
Less: Upfront Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	54,035,000.00	52,954,300.00
Rating Fee	5,040,000.00	4,125,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	1,960,000.00	3,064,146.00
Marketing/Printing/Photocopying Costs and OPEs	500,000.00	383,755.82
Registry and Paying Agency Fee	337,500.00	729,169.96
Trustee Fees	112,500.00	
Listing Fee	<u>100,000.00</u>	<u>443,666.68</u>
	<u>141,440,625.00</u>	<u>141,055,663.46</u>
Net Proceeds	<u>14,858,559,375.00</u>	<u>14,858,944,336.54</u>
Balance of Proceeds as 12.31.12	Nil	

Ayala Land raised from the Bonds gross proceeds of ₱15.0Bn. After issue-related expenses, actual net proceeds amounted to approximately ₱14.9Bn. Net proceeds were used to partially finance various projects including, but not limited to, (i) the development of various residential projects such as Park Terraces and Garden Towers (₱1.2Bn), (ii) the construction of various leasing assets including the redevelopment of Glorietta I and II malls, Glorietta BPO and the Holiday Inn hotel at Ayala Center (₱1.5Bn) and (iii) the acquisition of 74 hectares located in the FTI Complex, Taguig City (₱12.2Bn).

**6. Commercial Paper Issuances and Outstanding Balance
(for the quarter ended March 31, 2013)**

None.

7. Accounts and Other Payables

The accounts and other payables as of March 31, 2013 is broken down as follows:

	(million)
Accounts payable	P 50,238
Accrued expenses	3,671
Taxes payable	5,657
Accrued project cost	16,438
Dividends payable	27
Accrued salaries & employee benefits	728
Accrued rentals	1,196
Accrued repairs & maintenance	582
Accrued advertising & promo	756
Accrued professional & management fees	815
Accrued light & water	858
Interest payable	838
Retention payable	194
Total	<u>P 81,997</u>

8. Segment information

YTD-March 2013	Strategic Landbank Mgt.	Vismia	LTI	Residential Development	Shopping Centers	Corporate Business	Support Businesses	Hotels & Resort	Construction	International	Services	Corporate	Total	Intersegment Adjustments	Consolidated
<i>(in million pesos)</i>															
Revenues															
Sales to external customers	4,038	378	15	7,761	2,189	649	306	1,211	1,253	-	-	-	17,859	-	17,859
Intersegment sales	16	-	-	61	137	-	134	(33)	3,084	-	-	132	3,531	(3,473)	58
Equity in net earnings of investees	67	-	-	(1)	-	-	-	-	-	-	-	3	69	-	69
Total revenue	4,121	378	15	7,822	2,334	649	440	1,178	4,337	-	-	135	21,459	(3,473)	17,986
Operating expenses	2,794	288	6	5,731	1,543	245	351	984	4,031	-	-	205	15,176	(3,151)	13,027
Operating profit	1,387	90	9	2,091	791	404	89	194	306	-	-	(70)	5,291	(322)	4,969
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(982)
Other income/(expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53
Provision for income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,272)
Net income	1,387	90	9	2,091	791	404	89	194	306	-	-	(70)	5,291	(322)	4,969
Net income attributable to:															
Equity holders of Ayala Land, Inc.															2,782
Minority interests															424
Other Information															3,196
Segment assets	28,254	13,319	660	159,889	76,041	26,612	-	17,400	30,013	3,169	2,131	5,317	362,815	(84,495)	278,320
Investment in associates and jointly controlled entities	7,010	-	-	105	192	-	-	-	-	964	-	-	8,271	-	8,271
Deferred tax assets	214	9	1	592	231	56	-	53	15	-	11	1,454	2,546	(995)	1,741
Total assets	35,478	13,328	661	160,586	76,464	26,678	0	17,453	30,028	4,133	2,142	6,771	373,132	(85,490)	288,332
Segment liabilities	3,284	3,946	122	58,900	16,232	9,559	-	9,898	27,505	17	1,325	71,408	202,216	(21,212)	181,004
Deferred tax liabilities	6	33	1	365	42	42	-	477	-	-	-	-	945	165	1,110
Total liabilities	3,290	3,979	123	57,265	16,274	9,601	0	10,375	27,525	17	1,325	71,408	203,161	(21,047)	182,114
Segment additions to property and equipment and investment properties	583	44	-	7	1,417	795	-	1,705	22	-	209	12	4,784	0	4,794
Depreciation and amortization	19	24	-	83	399	147	-	75	6	-	21	35	859	0	859
YTD-March 2012 (As restated)															
<i>(in million pesos)</i>															
Revenues															
Sales to external customers	1,249	412	58	5,274	2,024	654	286	651	1,275	-	-	-	12,893	-	12,893
Intersegment sales	193	-	-	56	119	-	52	(6)	2,663	-	-	-	3,097	(3,123)	(26)
Equity in net earnings of investees	162	-	-	1	-	-	-	-	-	-	-	19	182	-	182
Total revenue	1,604	412	58	5,331	2,143	654	348	645	3,938	-	-	19	16,172	(3,123)	13,049
Operating expenses	677	212	43	4,851	1,384	324	300	412	3,729	-	-	205	12,137	(2,831)	9,306
Operating profit	927	200	15	1,480	759	330	48	233	209	-	-	(186)	4,035	(292)	3,743
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(454)
Other income/(expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24)
Provision for income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(909)
Net income	927	200	15	1,480	759	330	48	233	209	-	-	(186)	4,035	(292)	3,743
Net income attributable to:															
Equity holders of Ayala Land, Inc.															2,108
Minority interests															511
Other Information															2,617
Segment assets	9,631	11,578	719	99,968	40,616	23,823	-	6,986	15,560	5,387	1,448	9,392	225,208	(60,601)	164,607
Investment in associates and jointly controlled entities	6,633	368	-	10	150	-	-	-	-	-	-	1,252	8,413	0	8,413
Deferred tax assets	225	-	-	201	8	31	-	12	13	-	12	1,275	1,777	175	1,852
Total assets	16,489	11,946	719	99,979	40,974	23,854	-	6,998	15,573	5,397	1,460	11,919	235,398	(55,200)	174,972
Segment liabilities	3,072	2,779	243	35,892	18,199	7,676	-	2,446	14,691	4	769	23,515	108,998	(12,430)	96,568
Deferred tax liabilities	63	30	-	289	21	22	-	-	-	-	-	434	859	(73)	766
Total liabilities	3,135	2,809	243	35,871	18,220	7,700	-	2,446	14,691	4	769	23,949	109,857	(12,448)	97,354
Segment additions to property and equipment and investment properties	4	-	-	18	1,378	118	-	714	418	-	513	32	3,195	0	3,195
Depreciation and amortization	0	34	-	62	321	127	-	43	41	-	5	26	659	0	659

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

Results of Operations for the Three Months Ended March 31, 2013

Ayala Land, Inc. (ALI or "the Company") sustained its growth trajectory in the first quarter of 2013 as net income grew by 30% to P2.76 billion from the P2.13 billion posted in the same period last year. Consolidated revenues for the first quarter reached P18.53 billion, 38% higher than the P13.39 billion posted in the same period last year. Revenues from Real Estate and Hotels increased by 40% to P17.94 billion, comprising bulk of consolidated revenues, largely due to the strong performance across all business lines.

The ratio of corporate General and Administrative Expenses (GAE) to revenues declined further to 7.1% from 7.5% last year. Earnings before interest and taxes (EBIT) was maintained at 30% for the first three 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, as well as the sale of commercial and industrial lots, posted revenues of P12.11 billion in the first three months of 2013, 56% higher than the P7.75 billion reported during the same period in 2012.

Revenues from the residential segment reached P8.01 billion in the first three months, 17% higher than the same period last year, on the back of a 33% improvement in the value of bookings across the residential brands. Ayala Land Premier (ALP) posted a revenue growth of 7% year-on-year to P2.65 billion, due to the steady completion and significant bookings from the high-value condominium units in Garden Towers and Park Terraces in Makati City and Park Point Residences in Cebu. Alveo meanwhile generated P2.10 billion in revenues, 19% higher compared with the first quarter of 2012, with additional bookings generated from Kasa Luntian, Mirala, Kroma and Escala projects. Avida and Amaia likewise recorded revenue growth of 56% and 47% to P2.66 billion and P378 million, respectively. Avida's performance was driven by strong bookings from the success of recent launches such as Avida Centera Towers 3 & 4, Avida Riala Tower 2, Avida Prime Taft Towers 1 & 2 and increased sales in Avida Parkway Settings Nuvali. For Amaia, revenues were largely contributed by strong bookings from Amaia Skies Cubao Towers 1 & 2, Amaia Scapes Novaliches, Amaia Skies Avenida, Amaia Steps Bicutan, Amaia Scapes Cavite and Amaia Scapes Lipa .

Sales take-up value for the first three months of the year reached P19.2 billion, equivalent to an average monthly sales take-up of P6.4 billion. This is comparable to the record P6.5 billion average monthly sales take-up achieved for the whole of 2012. Residential Gross Profit (GP) margins of horizontal projects fell to 43% from 47% due to the increasing share of broad market products, while GP margins of vertical developments improved to 36% from 33%, owing to the cost-containment efforts implemented across the group. The Company's four residential brands launched a total of 4,010 units in the first quarter of 2013, with a total sales value of P10.1 billion.

**2012 figures restated to make values comparable to 2013 numbers, which consolidate the following subsidiaries: BG West Properties, Inc., BG North Properties, Inc, BG South Properties, Inc., Cebu Holdings, Inc., North Triangle Depot Commercial Corporation and Alabang Commercial Corporation.*

Revenues from the sale of commercial and industrial lots increased by 348% in the first three months to P4.10 billion driven by the sale of commercial lots in the Arca South property (Food Terminal Inc). GP margins however fell to 35% from 56% due to higher costs associated with the Arca South parcel.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Center and Office leasing operations. Total revenues for Commercial Leasing amounted to P4.43 billion during the first three months of 2013, 23% higher than the P3.61 billion recorded in same period last year.

Revenues from Shopping Centers rose by 7% to P2.44 billion during the first three months of 2013 from P2.28 billion in the first quarter of 2012. The first quarter saw a marginal decline in monthly average lease rates from P1,114 per square meter in 2012 to P1,108 per square meter in 2013, brought about by the opening of new provincial malls. Occupied gross leasable area (GLA) was up by 6.9% year-on-year, while same-store sales increased by 6% for building leases and a 0.4% growth for land leases. Shopping Centers EBITDA margins were maintained at 60% with the improved portfolio performance and the effective management of direct operating expenses despite the continuing impact of redevelopment projects in Ayala Center Makati and Cebu.

Revenues from Office leasing operations increased by 13% to P775 million for the first three months of the year, from P688 million in the same period last year. The revenue growth was generated by higher lease rates and occupied GLA for business process outsourcing (BPO) office spaces, which increased by 10% year-on-year. Total occupied BPO GLA expanded to 372,791 square meters as of the end of the first quarter, with an average lease-out rate of 90%. Average BPO lease rates increased by 6% year-on-year due to rental escalations in existing buildings. EBITDA margins of the total office portfolio increased to 79% from 78% as a result of improved occupancy and higher lease rates.

Hotels and Resorts. Hotels and Resorts currently operates 946 internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Makati, 192 island resort rooms in Lagen, Miniloc, Apulit and Pangulasian Island in the province of Palawan and 329 Seda Hotel rooms between Bonifacio Global City and Centrio Cagayan de Oro. Revenues of the Hotels and Resorts business grew by 86% to P1.21 billion in the first quarter of 2013 from P650 million in the same period last year largely due to the opening of new hotels and resorts. REVPAR for Hotels was at P3,396 while REVPAR for resorts was at P6,989 with the addition of 42 new villas in Pangulasian, El Nido. EBITDA margins for Hotels and Resorts decreased to 24% from 30% owing to larger operating costs with the addition of new rooms. In April, the Company unveiled the doors of its latest hotel developments, the Holiday Inn & Suites Makati and Seda Davao. Another Seda hotel is currently under construction in Nuvali, which is expected to begin operations by 2014.

Services. Services, which include the Company's wholly-owned Construction and Property Management businesses, generated combined revenues (net of inter-company eliminations) of P4.64 billion during the first three months of the year, 9% higher than the P4.25 billion posted in the same period last year. Construction revenues grew by 10% to P4.34 billion due to the higher construction order book from ALI Group projects. Property Management revenues also improved by 3% to P306 million in the first quarter of 2013 from additional property management contracts. Blended EBITDA margins for Services improved to 7% from 6% last year.

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

Equity in Net Earnings from Investees dropped by 62% to P69 million for the first three months of 2013, from P181 million in the same period last year. This resulted from the deliberate decision not to sell Fort Bonifacio Development Corporation (FBDC) commercial lots. Meanwhile, Interest, Investment and Other income grew by 67% to P519 million largely due to the consolidation of ALI Makati Hotel & Residences, Inc. (AMHRI) and ALI Makati Hotel Property, Inc. (AMHPI) to AyalaLand Hotels and Resorts Corporation (AHRC), coupled with foreign exchange and money market placement gains.

Expenses

Total expenses for January to March 2013 amounted to P14.07 billion, 43% more than the P9.84 billion incurred as of end-March 2012. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 41% year-on-year amounting to P11.73 billion. GAE grew by 30% to P1.31 billion due to the consolidation of AMHRI and AMHPI coupled with compensation-related expenses, but notably at a slower pace relative to overall revenue growth, allowing the GAE-to-revenue ratio to decline to 7.1% from 7.5% last year. Interest Expense, Financing and Other Charges meanwhile increased by 92% year-on year to P1.03 billion due to higher level of borrowings to finance the Company's expansion plans. The average cost of the Company's consolidated debt decreased to 5.4% in the first quarter this year from 5.7% in the same period last year.

Project and Capital Expenditure

The Company spent a total of P10.3 billion for project and capital expenditures in the first three months of 2013, 29% more than the P8.0 billion spent during the same period in 2012. The bulk of capital expenditures in the first quarter were spent on residential developments (49% of total), land acquisition (21%), shopping centers (21%), hotels and resorts (5%), with the balance spent on BPO offices and other land development activities in the Company's strategic landbank areas. The P10.3 billion spent in the first three months represents 16% 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 Php40.20 billion with a Current Ratio of 1.35: 1. Total Borrowings stood at Php73.81 billion from Php74.78 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.80: 1 and a Net Debt-to-Equity Ratio of 0.36: 1.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of derivative financial instruments, if any, is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies in 2013.

Liquidity risk

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

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

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

Credit risk

The Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of post dated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio.

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies and the amount of foreign currency-denominated debt are minimal. As such, the Group's foreign currency risk is minimal.

Equity price risk

Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

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

Income Statement items – 1Q 2013 versus 1Q 2012

39% increase in real estate and hotel revenues

Mainly due to higher sales bookings, incremental completion of residential projects and opening of new hotels.

62% decrease in equity in net earnings of investees

Largely due to the deliberate move to conserve FBDC commercial lots.

61% increase in interest, fees and investment income

Mainly due to AHRC gains from foreign exchange and money market placements.

100% increase in other income

Primarily driven by higher management fees.

41% increase in real estate and hotel costs

Largely due to higher real estate revenues and start up costs for new hotels.

30% increase in general and administrative expenses

Primarily due to the consolidation of AMHRI and AMHPI to AHRC and payroll related expenses.

92% increase in interest expense, financing and other charges

Largely due to increased borrowings for various capital expenditures.

40% increase in provision for income tax

Mainly due to higher taxable income.

17% decrease in net income attributable to non-controlling interests

Primarily due to fewer lots sold by VPHI.

Balance Sheet items – March 31, 2013 versus End-2012

20% increase in cash and cash equivalents

Mainly due to higher collection of receivables and gains from money market placements.

5% decrease in financial assets at fair value through profit or loss

Largely due to lower investments in Arch Capital.

37% increase in accounts and notes receivables (net)

Largely due to additional bookings from residential projects.

29% increase in other current assets

Mainly due to higher creditable withholding tax and prepayments.

6% increase in available-for-sale financial assets

Primarily due to new investments of ALI parent in ACCI and BPI Capital.

6% increase in investment properties

Mainly due to Ayala Center redevelopment.

51% increase in deferred tax assets

Primarily due to MDC's higher deferred tax assets on increased residential projects and PAS 19 adjustment on retirement benefit. .

18% decrease in other non-current assets

Largely due to decreased bill and other deposits.

23% increase in account and other payables

Mainly due to higher payable to suppliers and taxes payable.

9% increase in short-term debt

Mainly due to bank loan availments of ALI parent, Alveo, Avida and VPHI.

35% increase in current portion of long-term debt

Primarily related to ALI parent bonds and bank loans of Avida.

5% decrease in other current liabilities

Largely due to lower deposits in residential projects.

7% decrease in long-term debt (net of current portion)

Mainly due to ALI parent fixed rate bond issuances.

798% increase in pension liabilities

Primarily due to restatement of 2012 pension liability per PAS19 – employee benefits.

196% increase in deferred tax liabilities

Mainly due to consolidation of BGS and BGN per PFRS10.

30% increase in deposits and other non-current liabilities

Largely due to higher deposits from residential customers and MDC's increased retention payable.

24% increase in paid up capital

Primarily due to issuance of Ayala Corporation common shares.

358% decrease in unrealized gain (loss) on available-for-sale financial assets

Mainly due to increase in market value of Ayala Corporation preferred shares and sale of fixed income securities.

61% decrease in treasury stock

Largely due to the redemption of 13 billion outstanding non-voting preferred shares amounting to P1.3 billion.

PART II - OTHER INFORMATION

Item 3. 1Q 2013 Developments

- A. **New project or investments in another line of business or corporation** None.
- B. **Composition of Board of Directors (as of March 31, 2013)**
- | | |
|---------------------------------|-----------------|
| Fernando Zobel de Ayala | Chairman |
| Jaime Augusto Zobel de Ayala II | Vice Chairman |
| Antonino T. Aquino | President & CEO |
| Francis G. Estrada | Director |
| Delfin L. Lazaro | Director |
| Jaime C. Laya | Director |
| Aurelio R. Montinola III | Director |
| Mercedita S. Nolleto | 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** P0.14787806 cash dividend
Declaration date: February 19, 2013
Record date: March 5, 2013
Payment date: March 19, 2013
- 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 March 31, 2013, stock options outstanding* are as follows:
- | | |
|-------|--------------------------|
| ESOP | 17,383,734 shares |
| ESOWN | <u>92,928,397</u> shares |
| | 107,600,300 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 1Q 2013 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 #5). |
| M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period | <ul style="list-style-type: none"> - Ayala Land, Inc. entered into a Sale and Purchase Agreement with Global Technologies International Limited to acquire the latter's 32% stake in ALI Property Partners Co. for P3.52 billion. - Ayala Land, Inc. sold its 60% interest in Asian i-Office Properties Inc. to Cebu Property Ventures and Development Corporation. - Ayala Land, Inc. agreed in principle with AboitizLand Inc. to forge a 50%-50% joint venture for the development of properties in Cebu. - Ayala Land, Inc. agreed to acquire certain landholding assets of Boulevard Holdings, Inc. - Ayala Land, Inc. agreed to enter into a joint venture with Taft Property Venture Development Corporation for the purpose of developing a 12-hectare property in Mactan, Cebu. |

- 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** SEC approval of the following:
1. Capital restructuring
 - (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) Decrease in authorized capital stock by P1.3 billion, the aggregate par value of P13.035 billion preferred shares which have been redeemed and eliminated, from P22.8 billion to P21.5 billion.
 - Board approval on the placement of 399,528,229 listed common shares of the Company with par value of P1.00 per share at a price of P30.50 per share and the issuance of the Company's equal number of new shares at the same price, with Ayala Corporation as the seller of the placement tranche and subscriber of the subscription tranche. The Company completed the top-up placement, raising an aggregate of P12.6 billion in paid up capital.
 2. Declaration of cash dividends of P0.14787806 per share to all shareholders as of record date March 5, 2013, payable on March 19, 2013.
- 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 2013, Ayala Land's consolidated budget for project and capital expenditures amount to P65.7 billion. This will be financed through a combination of internally-generated funds, borrowings and pre-selling.
- For the first three months of 2013, consolidated project and capital expenditures amounted to P10.3 billion, about 16% of the projected P65.7 billion budget for the whole year. About 40% was spent for residential projects, 22% for land acquisition, 21% 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. For the reporting period, capital spending was approved for the development of Ayala Center Cebu Corporate Center in Cebu Business Park and Solstice Tower in Circuit Makati.
- 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 remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect 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 March 2013</i>	<i>End December 2012 (As restated per PFRS10)</i>
Current ratio ¹	<i>1.35:1</i>	<i>1.32:1</i>
Debt-to-equity ratio ²	<i>0.80:1</i>	<i>0.91:1</i>
Net debt(cash)-to-equity ratio ³	<i>0.36:1</i>	<i>0.48:1</i>
Profitability Ratios:		
Return on assets ⁴	<i>4.0%</i>	<i>4.9%</i>
Return on equity ⁵	<i>12.0%</i>	<i>12.6%</i>
Asset to Equity Ratio ⁶	<i>3.12:1</i>	<i>3.14:1</i>
Interest Rate Coverage Ratio ⁷	<i>5.5</i>	<i>5.9</i>

**Restated per PFRS 10*

¹ *Current assets / current liabilities*

² *Total debt / stockholders' equity attributable to parent (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*

³ *Net debt / stockholders' equity attributable to parent net of unrealized gain on AFS (Net debt is total debt less cash and cash equivalents, short-term investments and financial assets through FVPL)*

⁴ *Net income attributable to parent / average total assets*

⁵ *Net income attributable to parent / average total stockholders' equity*

⁶ *Total assets / total stockholders' equity attributable to parent*

⁷ *EBITDA / interest expense*

End December 2012

⁴ *Total net income / average total assets*

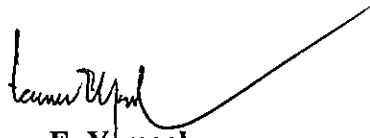
⁵ *Total net income / average total stockholders' equity*

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 horizontal stroke extending to the right.

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: May 14, 2013