

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) 848-5313

(Telephone Number)

September 30, 2009

(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 **September 30, 2009**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **050-000-153-790**
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) 848-5313**
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 September 30, 2009

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	13,001,279,745

Amount of Debt Outstanding
P18.6 billion

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
As of September 30, 2009 and December 31, 2008
(in million pesos)

	September 2009 Unaudited	December 2008 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	15,105	12,655
Short-term investments	165	1,009
Fair value through profit or loss financial assets	438	1,779
Accounts and notes receivable	17,123	15,796
Real estate inventories	7,440	8,140
Other current assets	4,504	4,556
Total Current Assets	44,774	43,935
Noncurrent Assets		
Non-current accounts and notes receivable	1,471	1,780
Land and improvements	18,091	15,942
Investments in associates and jointly controlled entities	10,303	9,916
Available-for-sale financial assets	1,857	469
Investment properties - net	24,324	17,483
Property and equipment - net	3,568	8,948
Deferred tax assets	974	795
Other noncurrent assets	1,031	1,185
Total Noncurrent Assets	61,618	56,518
	106,393	100,453
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	19,825	20,654
Short-term debt	1,398	1,280
Income tax payable	380	89
Current portion of long-term debt	295	244
Other current liabilities	1,116	1,116
Total Current Liabilities	23,014	23,383
Noncurrent Liabilities		
Long-term debt - net of current portion	16,857	15,228
Pension liabilities	140	99
Deferred tax liabilities	140	162
Deposits and other noncurrent liabilities	6,592	5,601
Deferred credits	1,311	937
Total Noncurrent Liabilities	25,041	22,027
Total Liabilities	48,054	45,410
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up Capital	18,462	18,358
Retained Earnings	33,901	31,372
Stock Options Outstanding	109	106
Unrealized Gain(Loss) on Available-for-sale Financial Assets	19	16
Treasury Stock	(824)	(824)
	51,666	49,028
Minority interests	6,672	6,015
	58,338	55,043
	106,393	100,453



Ayala Land, Inc.

Consolidated Statements of Income

For the Three Months and Nine Months Ended September 30, 2009 and September 30, 2008

(in million pesos, except earnings per share)

	2009 Unaudited		2008 Unaudited	
	July 1 to Sept 30	Jan 1 to Sept 30	July 1 to Sept 30	Jan 1 to Sept 30
REVENUE				
Real estate	7,175	20,145	7,960	20,990
Hotel operations	345	905	305	989
Equity in net earnings of investees, interest, fees, investment and other income	641	1,508	350	2,021
	8,161	22,558	8,615	23,999
COSTS AND EXPENSES				
Real estate	5,193	14,107	6,065	15,055
Hotel operations	208	639	211	649
General and administrative expenses	555	1,985	650	1,961
Interest expense, financing and other charges	635	1,564	243	758
	6,591	18,295	7,169	18,423
INCOME BEFORE INCOME TAX	1,570	4,263	1,446	5,576
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	467	1,139	440	1,610
Deferred	(153)	(202)	(15)	(188)
	314	937	425	1,422
NET INCOME	1,256	3,326	1,021	4,154
Net Income(Loss) Attributable to :				
Equity holders of Ayala Land, Inc.	1,049	2,919	934	3,843
Minority interests	206	406	87	311
	1,255	3,326	1,021	4,154
Earnings per Share				
Basic *	0.08	0.22	0.07	0.29
Diluted **	0.08	0.22	0.07	0.29

* Based on 13,059,542,804 and 13,037,264,962 weighted average number of shares as of September 30, 2009 and September 30, 2008, respectively

** Based on 13,079,032,518 and 13,062,808,442 weighted average number of shares as of September 30, 2009 and September 30, 2008, respectively



Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in million pesos)

	2009 Unaudited		2008 Unaudited	
	July 1 to Sept 30	Jan 1 to Sept 30	July 1 to Sept 30	Jan 1 to Sept 30
NET INCOME FOR THE PERIOD	1,255	3,326	1,021	4,154
Other comprehensive income				
Net unrealized gain(loss) on available-for-sale financial assets	5	3	5	11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,260	3,329	1,026	4,164
Total comprehensive income attributable to :				
Equity holders of the parent	1,054	2,923	934	3,848
Minority Interest	206	406	92	316
	1,260	3,329	1,026	4,164



Ayala Land, Inc.
 Consolidated Statement of Changes in Stockholders' Equity
 For the Nine Months Ended September 30, 2009 and September 30, 2008
 (in million pesos)

	Jan 1 - Sept 30 2009 Unaudited	Jan 1 - Sept 30 2008 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK - (Common shares -P1.00 par value)		
Issued		
Balance at beginning of year	13,003	13,003
Issuance of shares	0	0
Stock options exercised	0	0
Stock dividends	0	0
Balance at end of year	13,003	13,003
Subscribed		
Balance at beginning of year	39	32
Issuance of shares	38	7
Balance at end of year	77	39
CAPITAL STOCK - (Preferred Shares- P.10 par value)		
Issued		
Issuance of shares	1,303	1,303
Balance at end of year	1,303	1,303
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	4,180	3,995
Stock options exercised	152	76
IFRS 2- Adjustment on Share-based payment	(13)	12
Balance at end of year	4,319	4,083
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(168)	(130)
Subscriptions	(190)	(77)
Collections/Cancellations	22	83
IFRS 2- Adjustment on Share-based payment	90	(30)
Balance at end of year	(246)	(154)
TRANSLATION ADJUSTMENT	5	0
TOTAL PAID-UP CAPITAL	18,462	18,274
STOCK OPTIONS		
Balance at beginning of year	106	96
Cost of stock options	2	16
Stock options exercised	0	(5)
Balance at end of year	109	107
TREASURY STOCK	(824)	(798)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	25,372	21,405
Cash dividends	(390)	(391)
Net income	2,919	3,843
Balance at end of year	27,901	24,857
	33,901	30,857
Unrealized loss/(gain) on available for sale financial assets	17	7
Unrealized loss/(gain) on fixed income securities	2	-
Balance at end of year	19	7
	51,666	48,447
MINORITY INTERESTS		
Balance at beginning of year	6,015	5,041
Net income(loss)	406	311
Decrease in minority interests	507	(11)
Dividends paid to minority interests	(257)	3
	6,672	5,344
	58,338	53,791
Total income and expense recognized for the year		
Net income (loss) attributable to:		
Equity holders of Ayala Land, Inc.	2,919	3,843
Minority Interests	406	311
	3,325	4,154



Ayala Land, Inc.
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2009 and September 30, 2008
(in million pesos)

	Jan 1 - Sept 30	Jan 1 - Sept 30
	2009 Unaudited	2008 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	4,263	5,576
Adjustments for:		
Depreciation and amortization	1,258	876
Interest expense - net of amount capitalized	1,007	758
Unrealized gain on financial assets	3	5
Provision for doubtful accounts	78	2
Gain on sale of investments	0	(761)
Equity in net earnings of investees	(526)	(646)
Interest income	(587)	(441)
Operating income before changes in working capital	5,496	5,369
Decrease (increase) in :		
Accounts and notes receivable - trade	(1,338)	(1,183)
Real estate inventories	700	(720)
Other current assets	53	(821)
Increase (decrease) in :		
Accounts payable and accrued expenses	401	3,919
Pension liabilities	41	98
Other current liabilities	(0)	92
Cash generated from operations	5,353	6,754
Interest received	631	480
Income tax paid	(1,445)	(1,098)
Interest paid - net of amount capitalized	(1,049)	(781)
Net cash provided by (used in) operating activities	3,490	5,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	0	902
Disposals of (additions to):		
Short term investments	1,985	(1,292)
Land and improvements	(2,149)	(1,332)
Investments	(8,555)	(1,433)
Property and equipment	4,787	(2,787)
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	198	(551)
Other assets	(25)	(705)
Net cash provided by (used in) investing activities	(3,759)	(7,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) short-term loans payable	2,419	(28)
Proceeds from (payment of) long-term loans payable	(620)	5,265
Increase (decrease) in :		
Noncurrent liabilities and deposits	1,343	1,419
Minority interest	507	(4)
Proceeds from capital stock subscriptions	106	82
Purchase of treasury shares	0	(797)
Dividends paid to minority	(257)	(3)
Dividends paid to equity holders of Ayala Land, Inc.	(779)	(391)
Net cash provided by (used in) financing activities	2,719	5,543
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,450	3,700
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,655	11,272
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,105	14,972

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, 2008 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, 2008.

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 November 11, 2009, 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, 2008, except for the adoption of new Standards and Interpretations enumerated below.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
It allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: a) cost determined in accordance with PAS 27, *Consolidated and Separate Financial Statements*; b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

- *Amendment to PFRS 2, Share-based Payment - Vesting Condition and Cancellations*
 The Standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires nonvesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a nonvesting condition that is within the control of either the entity or the counterparty is accounted for as cancellation. However, failure to satisfy a nonvesting condition that is beyond the control of either party does not give rise to a cancellation.
- *PFRS 8, Operating Segments*
 It will replace PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheet and consolidated statement of income and the Group will provide explanations and reconciliations of the differences. This standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its consolidated financial statements with a securities commission or similar party.
- *Amendment to PAS 1, Presentation of Financial Statements*
 It introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income' (OCI). Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. This Amendment also requires additional requirements in the presentation of the consolidated balance sheets and equity as well as additional disclosures to be included in the consolidated financial statements. Adoption of this Amendment will not have significant impact on the Group except for the presentation of a statement of comprehensive income and additional disclosures to be included in the consolidated financial statements.
- *Amendment to PAS 23, Borrowing Costs*
 The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
- *Amendments to PAS 27, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
 These Amendments, introduce changes in respect of the holding companies' separate financial statements, including, (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in the consolidated statement of income. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

- Amendment to PAS 32, *Financial Instruments: Presentation* and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
 These Amendments, specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro-rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro-rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
 This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or expire.
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
 It provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group, the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
 When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a noncontrolling interest in the subsidiary after the sale.
- PAS 1, *Presentation of Financial Statements*
 Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet.
- PAS 16, *Property, Plant and Equipment*
 This Amendment replaces the term 'net selling price' with 'fair value less costs to sell', to be consistent with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* and PAS 36, *Impairment of Asset*.

Items of property and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents, and subsequent sales are all shown as cash flows from operating activities.

- PAS 19, *Employee Benefits*

This revises the definition of ‘past service cost’ to include reduction in benefits related to past services (‘negative past service cost’) and to exclude reduction in benefits related to future services that arise from plan amendments. Amendments to plans that results in a reduction in benefits related to future services are accounted for as a curtailment.

It revises the definition of ‘return on plan assets’ to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

It also revises the definition of ‘short-term’ and ‘other long-term’ employee benefits to focus on the point in time at which the liability is due to be settled and it deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

- PAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*

Loans granted with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as a government grant.

- PAS 23, *Borrowing Costs*

This revises the definition of borrowing costs to consolidate the types of items that are considered components of ‘borrowing costs’, i.e., components of the interest expense calculated using the effective interest rate method.

- PAS 28, *Investments in Associates*

If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- PAS 29, *Financial Reporting in Hyperinflationary Economies*

This revises the reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property and equipment as being an example, rather than implying that it is a definitive list.

- PAS 31, *Interests in Joint Ventures*

If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- PAS 36, *Impairment of Assets*

When discounted cash flows are used to estimate ‘fair value less costs to sell’, additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate ‘value in use’.

- **PAS 38, *Intangible Assets***
Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for intangible assets with finite lives that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit-of-production method.

- **PAS 39, *Financial Instruments: Recognition and Measurement***
Changes in circumstances relating to derivatives, specifically derivatives designated or de-designated as hedging instruments after initial recognition, are not reclassifications.

When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, *Insurance Contracts*, this is a change in circumstance, not a reclassification.

It removes the reference to a 'segment' when determining whether an instrument qualifies as a hedge.

Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- **PAS 40, *Investment Properties***
It revises the scope (and the scope of PAS 16) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.
- **PAS 41, *Agriculture***
It removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.

It removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Instead, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

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:	(%)
Amorsedia Development Corporation and Subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50

Avida Land Corporation and Subsidiaries (Avida)	100
Ayala Land International Sales, Inc.	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
Alveo Land Corporation (formerly Community Innovations, Inc.)	100
Crans Montana Property Holdings Corporation	100
Crimson Field Enterprises, Inc.	100
Red Creek Properties, Inc.	100
Regent Time International, Limited (Regent) (British Virgin Islands)	100
Ecoholdings Company, Inc.	100
NorthBeacon Commercial Corporation (NBCC)	100
ALI Property Partners Holding Corp. (APPHC)	80
ALI Property Partners Corp. (APPCo)	20
Laguna Technopark, Inc.	75
Aurora Properties Incorporated	70
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Serendra, Inc.	67
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
Asian I-Office Properties, Inc. (AiO)	60
Accendo Commercial Corp.	51
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Construction:	
Makati Development Corporation (MDC)	100
Hotels:	
Ayala Hotels, Inc. (AHI) and Subsidiaries	50
Enjay Hotels, Inc.	100
Cebu Insular Hotel Company, Inc.	63
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. (LAI)	50
Others:	
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100
Food Court Company, Inc.	100

4. Receivables / Payables

Aging of Receivables (as of September 30, 2009; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	7,448	5,526	725	281	13,980
Non-Trade Receivables	3,522	346	746	0	4,614
Total	10,970	5,872	1,471	281	18,594

Aging of Payables (as of September 30, 2009; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	6,425	2,884	1,849	7	11,165
Non-Trade Payables	10,347	1,657	6,335	0	18,339
Total	16,772	4,541	8,184	7	29,504

5. Short-Term and Long-Term Debt

Short-Term Debt (as of September 30, 2009; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	213
Avida	597
LAI	295
SSECC	243
AGDC	<u>50</u>
Total	<u>1,398</u>

Long-Term Debt (as of September 30, 2009; 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	-		9,380		9,380	
UPI	-		1,800		1,800	
SSECC	49		1,594		1,643	
ODRPHI	61		1,034		1,095	
NBCC	10		990		1,000	
AVIDA	5		495		500	
AiO	1		424		425	
CIHC	53		298		350	
EHI	43		232		275	
FGREC	15		249		264	
GDI	-		225		225	
LAI	60		90		150	
Accendo	-		47		47	
Total	295		16,857		17,152	

* Including bonds and FXCNs

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans –
January – September 2009 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	2,600	issuance of Homestarter bonds and Fixed Rate Corporate Notes; new short-term loan
Avida	200	availment of short-term loans
SSECC	100	availment of short-term loans
Accendo	47	availment of new long-term loan
ODRPDI	37	availment of long-term loan
LAI	10	availment of short-term loans
UPI	5	availment of long-term loan
Total	<u>2,998</u>	

Repayments of Debt and Equity Securities –
January – September 2009 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	693	maturity of Homestarter Bonds and prepayment of Fixed Rate Corporate Notes
SSECC	334	payment of matured short-term loans and amortization on long- term loans
AGDC	78	payment of matured short-term loans
LAI	70	payment of matured short-term loans and amortization on long- term loan
EHI	18	amortization on long-term loan
ODRPDI	6	amortization on long-term loan
FGREC	1	amortization on long-term loan
Total	<u>1,200</u>	

6. Commercial Paper Issuances and Outstanding Balance
(for the quarter ended September 30, 2009)

None.

7. Accounts and Other Payables

The accounts and other payables as of September 30, 2009 is broken down as follows:
(million)

Accounts payable	P 11,258
Accrued expenses	6,971
Taxes payable	1,379
Retentions payable	212
Dividends payable	5
Total	<u><u>P 19,825</u></u>

8. Segment information

YTD-September 2009										
<i>(in million pesos)</i>										
	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Visimin / International	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
Revenues	1,492	10,527	3,317	1,333	147	4,234	-	21,050	-	21,050
Sales to external customers	253	4	287	-	-	4,538	-	5,082	(5,082)	-
Intersegment sales	323	-	117	-	91	-	(5)	526	-	526
Equity in net earnings of investees	2,068	10,531	3,721	1,333	238	8,772	(5)	26,658	(5,082)	21,576
Total revenue	1,389	8,589	1,952	720	160	8,381	671	21,862	(5,073)	16,789
Operating expenses	679	1,942	1,769	613	78	391	(676)	4,796	(9)	4,787
Operating profit	-	-	-	-	-	-	-	-	-	605
Interest income	-	-	-	-	-	-	-	-	-	(1,075)
Interest expense	-	-	-	-	-	-	-	-	-	377
Other income	-	-	-	-	-	-	-	-	-	(431)
Other Expense	-	-	-	-	-	-	-	-	-	(937)
Provision for income tax	-	-	-	-	-	-	-	-	-	3,326
Net income	-	-	-	-	-	-	-	-	-	2,920
Net income attributable to:	-	-	-	-	-	-	-	-	-	406
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	3,326
Minority interests	-	-	-	-	-	-	-	-	-	-
Other information	15,506	59,795	20,629	18,166	4,073	11,413	7,574	137,156	(31,736)	105,420
Segment assets	-	-	-	-	-	-	-	-	-	-
Investment in associates and jointly controlled entities	285	36	30	42	-	39	991	1,423	(450)	973
Deferred tax assets	15,791	59,831	20,699	18,208	4,073	11,452	8,565	138,579	(32,186)	106,393
Total assets	2,679	17,742	6,937	5,537	322	8,210	12,601	54,028	(6,113)	47,915
Segment liabilities	-	140	-	1	-	6	443	590	(450)	140
Deferred tax liabilities	2,679	17,862	6,937	5,538	322	8,216	13,044	54,618	(6,563)	48,055
Total liabilities	387	276	3,278	1,304	1	82	43	5,371	-	5,371
Segment additions to property and equipment and investment properties	6	61	662	242	2	195	90	1,288	-	1,288
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-

YTD-September 2008										
<i>(in million pesos)</i>										
	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Visimin / International	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
Revenues	1,111	10,774	2,752	633	96	6,612	-	21,978	-	21,978
Sales to external customers	-	361	280	-	-	4,250	-	4,891	(4,891)	-
Intersegment sales	382	-	94	6	177	-	(13)	646	-	646
Equity in net earnings of investees	1,493	11,135	3,126	639	273	10,862	(13)	27,515	(4,891)	22,624
Total revenue	625	9,046	1,792	335	132	9,986	503	22,419	(4,754)	17,665
Operating expenses	868	2,089	1,334	304	141	876	(516)	5,096	(137)	4,959
Operating profit	-	-	-	-	-	-	-	-	-	1,237
Interest income	-	-	-	-	-	-	-	-	-	(758)
Interest expense	-	-	-	-	-	-	-	-	-	138
Other income	-	-	-	-	-	-	-	-	-	(1,422)
Provision for income tax	-	-	-	-	-	-	-	-	-	4,154
Net income	-	-	-	-	-	-	-	-	-	3,843
Net income attributable to:	-	-	-	-	-	-	-	-	-	311
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	4,154
Minority interests	-	-	-	-	-	-	-	-	-	-
Other information	13,590	52,175	18,603	11,157	4,518	12,305	10,464	122,812	(26,740)	96,072
Segment assets	-	-	-	-	-	-	-	-	-	-
Investment in associates and jointly controlled entities	176	16	9	-	-	40	1,375	1,616	(594)	1,022
Deferred tax assets	13,766	52,191	18,612	11,157	4,518	12,345	11,839	124,428	(27,334)	97,094
Total assets	3,033	16,197	6,841	917	716	8,453	13,444	49,601	(6,597)	43,004
Segment liabilities	-	305	-	-	-	6	580	892	(594)	298
Deferred tax liabilities	3,033	16,503	6,841	917	716	8,459	14,024	50,493	(7,191)	43,302
Total liabilities	-	-	-	-	-	-	-	-	-	-
Segment additions to property and equipment and investment properties	-	71	506	122	5	262	43	1,009	-	1,009
Depreciation and amortization	-	50	503	73	2	153	95	876	-	876

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

Results of Operations for the Nine Months Ended September 30, 2009

Ayala Land, Inc. (ALI or "the Company") continued to post improving quarterly financial results in the third quarter of 2009. Third quarter consolidated revenues reached Php8.2 billion, 17% higher than the Php7.0 billion achieved in the second quarter. Despite the improving trends however, consolidated year-to-date revenues of Php22.56 billion for the first nine months of 2009 were 6% lower than the Php24.0 billion recorded in the same period last year, mostly due to the uncertain market conditions experienced back in the first quarter of 2009. The slight decline was accounted for mostly by a 4% year-to-date drop in Real Estate and Hotel operations revenues and the absence this year of capital gains from a large transaction, compared with the sale of shares in three subsidiaries in relation to the Valero lot in March 2008.

Despite the slight drop in year-to-date consolidated revenues, consolidated net operating income (NOI) meanwhile reached Php6.30 billion for the first nine months of 2009, marginally exceeding last year's Php6.27 billion as overall NOI margins improved to 30% compared with 29% for the same period last year. Residential and Support Businesses margins have stabilized while an improvement in Strategic Landbank Management margins offset the decline in Corporate Business margins which incurred start-up related costs in view of the new leasing facilities in operation.

With the improvement in NOI margins and a reduction in General and Administrative Expenses (5% lower for the third quarter year-on-year and 17% lower compared with the second quarter of 2009), the Company has been able to record an after-tax Net Income (NIAT) of Php1.05 billion, 9% higher than the Php964 million recorded in the second quarter. This steady improvement in NIAT performance has allowed the company to post a nine-month 2009 core NIAT of Php2.9 billion, just 8% lower than the Php3.2 billion in core earnings recorded in the same period last year. This variance likewise underscores the improving financial performance of the Company as it compares favorably with the negative 16% and negative 21% year-on-year variances posted in the first half and the first quarter of 2009 respectively.

Business Segments

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

Residential Development. Residential Development revenues amounted to Php10.5 billion in the first nine months of 2009, 2% lower than the Php10.8 billion posted in the same period last year. The Company's middle-income brand, Alveo, posted a 10% growth to Php3.21 billion, as a higher percentage of completion on projects under construction offset the decline in new bookings. Revenues of Avida meanwhile were flat at Php2.67 billion while Ayala Land Premier revenues registered a decline of 10% to Php4.66 billion as the recovery in demand in the second and third quarters was not able to fully offset the significant drop in the first quarter and was affected as well by a limited supply of new product launches in 2009. Leading indicators for the residential segment continue to register a steady improvement, with a 3% quarter-on-quarter growth, to Php3.3 billion, in the combined value of bookings for the three brands for the third quarter of 2009. Conversion rates likewise continued to improve to 83% while collection efficiency remained steady at more than 96%. The Residential business remained as the single biggest contributor to the Company's NOI, accounting for 43% of total at Php2.72 billion. NOI margins were maintained at 26% year-on-year as changes in booking mix that led to more

construction accomplishment in lower-margin vertical projects were offset by strong cost control efforts and realized savings on some completed projects.

Shopping Centers. Total revenues for Shopping Centers rose by 3% to Php3.32 billion during the first nine months of 2009. This was driven by the continued improvement in occupancy rates at Greenbelt 5 and Market! Market!, allowing blended occupancy rates to remain at 92% despite the Ayala Center redevelopment related closures in Glorietta 1 as well as the start-up operations of MarQuee Mall in Angeles, Pampanga (which opened in the last week of September 2009). Average leased-out rates, including merchant spaces already taken-up but still undergoing fit-out or rent-free periods, were even higher at 95% as of the end-September 2009. Overall same-store sales growth remained healthy at 5% year-on-year for the first nine months of 2009, with the Company's value-oriented anchor tenants continuing to perform better than average. NOI for Shopping Centers improved by 2% to Php1.83 billion and accounted for 29% of the Company's total NOI. NOI margins were slightly lower at 55% compared with 56% in the same period last year, mostly due to Ayala Center redevelopment related rental concessions in Glorietta.

Corporate Business. Revenues from Corporate Business more than doubled to Php1.33 billion in the first nine months of the year from Php633 million in the same period last year. The growth was derived from the expansion of the BPO office portfolio that reached a total of 257,128 square meters of GLA as of end-September 2009, tripling the 84,233 square meters of BPO GLA that stood as of end-September 2008. Revenues were also boosted by higher average BPO lease rates that went up by 21% to an average of Php577 per square meter per month with the start of operations of two higher-yielding BPO office buildings in Makati in 2009 (Solaris One and Glorietta 5 BPO). Average leased-out rate for the BPO portfolio was at 64% as of the end of the period. Meanwhile, the performance of the headquarter-type (HQ) office buildings remained positive. Average lease rates for the HQ buildings increased by 9% to Php807 on programmed rental escalations as well as above-average renewal rental rates. Occupancy rates were likewise high and steady at 97%. At the NOI level, the expansion of the BPO portfolio also accounted for the bulk of the growth, increasing by 83% to Php719 million year-on-year, accounting for 11% of total. NOI margins, however, dropped to 54% from 63% as a result of the higher costs associated with the start-up operations of the new BPO buildings but is expected to recover as occupancy rates improve in the recently opened buildings.

Strategic Landbank Management. Revenues from the Strategic Landbank Management Group (SLMG) amounted to Php1.49 billion in the first nine months, 136% higher than the same period last year, largely due to the significant construction completion of its share in booked NUVALI residential and commercial lot sales. The strong revenue growth also led to an increase in NOI by 176% year-on-year to Php386 million from Php140 million last year and contributed 6% to total. NOI margins likewise improved to 26% from 22% with a greater percentage of construction accomplishment in higher-margin lots in NUVALI.

Visayas-Mindanao. Visayas-Mindanao's revenues improved by 53% to Php147 million in the first nine months of 2009 from Php96 million during the same period last year. Most of the revenue growth came from increasing percentage completion at Alegria and from higher bookings in new phases of Plantazionne Verdana Homes (PVH). NOI contribution was Php18 million, less than 1% of total.

Support Businesses. The Support Businesses, namely Construction, Property Management and Hotels, generated combined revenues (net of inter-company eliminations) of Php4.23 billion during the first nine months of the year, 36% lower than the Php6.61 billion posted in the same period last year with the winding down and subsequent lower contribution of external construction projects and as the Company began to focus more on internal construction projects. Consequently, NOI for the Support Businesses in aggregate also dropped by 45% to Php630

million. Overall Support Business margins meanwhile were slightly lower, at 15% compared with 17% for the same period last year, but have remained steady quarter-on-quarter with the relative stabilization of construction material costs.

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

Equity in Net Earnings from Investees dropped 19% to Php526 million in the first nine months of 2009 from Php646 million in the same period last year largely due to the decline in equity earnings from Cebu Holdings, Inc. (CHI) and Fort Bonifacio Development Corporation (FBDC). There were no lot sales in Cebu Business Park and Asiatown IT Park while FBDC had fewer lot sales this year, negating the improved performance of shopping center joint ventures accounted for under the equity method (particularly TriNoma and Alabang Town Center). Meanwhile, Interest, Investment and Other Income was lower by 29% to Php982 million in the first nine months, compared with the Php1.38 billion posted in the same period last year. Higher management fees and interest income on higher average cash balances in the first nine months of 2009 were not enough to compensate for the absence of capital gains derived from the sale of shares in wholly-owned subsidiaries Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc. last year.

Expenses

Total expenses remained relatively flat and amounted to Php18.30 billion, 1% less than the Php18.42 billion spent in the first nine months of 2008. Cost of Sales from Real Estate and Hotels, which accounted for the bulk at Php14.75 billion, declined by 6% year-on-year, reflecting the strong project cost control initiatives. GAE was also contained at Php2.04 billion, growing by only 1% from last year. Meanwhile, Interest Expense, Financing and Other Charges went up by 106% year-on year to Php1.56 billion due mostly to higher average loan balances for the first nine months of 2009.

Project and Capital Expenditures

ALI spent a total of Php10.7 billion for project and capital expenditures in the first nine months of 2009, 14% less than the Php12.5 billion spent during the same period in 2008. Residential Development accounted for the bulk of total or 68%. The Php10.7 billion spent in the first nine months represents 61% of the full year capital expenditure budget of Php17.4 billion. The Company expects to significantly catch up on its planned spending by year-end 2009, with any variances or shortfall accounted for mostly by timing differences on cash disbursements.

Financial Condition

The Company's balance sheet continues to be robust with sufficient room to take on more debt to support its growth plans over the next few years. Cash and Cash Equivalents stood at Php15.71 billion with a Current Ratio of 1.95: 1. Total Borrowings stood at Php18.55 billion from Php16.75 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.36: 1 and a Net Debt-to-Equity Ratio of 0.06: 1. The Company has been managing its debt profile effectively, with 92% in long-term debt and an average borrowing rate of 8.2% for 85% of its loans. The Company's borrowings carry an average maturity tenor of 5 years.

Recent Significant Transactions

As part of its strategic plan to develop more growth centers around the country, the Company recently concluded two key landbank acquisitions. ALI forged in August 2009 a joint venture agreement with the National Housing Authority (NHA) to develop the 29.1-hectare North Triangle Property in Quezon City into the Philippines' first transit-oriented mixed-use central business district. The total project cost is estimated at Php22 billion, inclusive of programmed development costs and the current value of the property. The Company also recently signed (in October 2009) a 50-year lease agreement with the Subic Bay Metropolitan Authority (SBMA) for the development of a 7.5-hectare property along Rizal Highway within the Subic Bay Freeport Zone into an integrated mixed-use community which will include a shopping mall, BPO office building and a hotel. The total investment in the area is expected to reach approximately Php3 billion, inclusive of the investments generated from the project's multiplier-effect from retail, office and hotel locators.

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

Income Statement items – 9M 2009 versus 9M 2008

8% decline in hotel operations revenues

Mainly due to the lower occupancy rate and average room rate of Hotel InterContinental Manila.

25% decrease in equity in net earnings of investees, interest, fees, investment and other income

Largely due to lower income from Cebu Holdings, Inc. and Fort Bonifacio Development Corporation, and the absence of large transactions during the period against the sale of shares in Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc. in March 2008.

6% decline in real estate costs and expenses

Primarily due to impact of project cost control initiatives.

106% increase in interest expense, financing and other charges

Principally due to higher level of debt, provisioning for bad debts and impairment of real estate inventories.

34% decrease in provision for income tax

Mainly due to the lower taxable income during the period and reduction in income tax rate to 30%.

31% increase in net income attributable to minority interests

Largely due to higher income of Aurora Properties and Ceci Realty.

Balance Sheet items – September 30, 2009 versus End-2008

19% increase in cash and cash equivalents

Largely due to proceeds from issuance of privately placed Fixed Rate Corporate Notes in January 2009 and Floating Rate Corporate Notes in April 2009, and the sale of installment receivables in April.

78% decrease in short-term investments and fair value through profit or loss financial assets

Mainly due to maturity of government securities.

8% increase in accounts and notes receivable

Mainly due to higher receivables recognized by Aurora Properties, Vesta Property Holdings and Alveo Land.

9% decrease in real estate inventories

Mainly due to sale of Avida residential units and land sales from Aurora Properties, Ceci Realty and Vesta Property Holdings.

17% decline in non-current accounts and notes receivable

Primarily due to collection of receivables from Ceci Realty and Serendra Inc.

13% increase in land and improvements

Primarily due to incidental costs related to site preparation and clearing of various properties.

253% increase in available-for-sale financial assets

Mainly due to investment in fixed income securities and Ayala Corporation preferred shares.

39% increase in investment properties

Largely due to the reclassification of operational and completed buildings from property and equipment to investment in buildings, and additional disbursements related to the construction of San Lazaro Vertex, Greenbelt 5 Phase 2, Glorietta 5, Ayala Center Redevelopment, MarQueen Mall and the new UP-AyalaLand TechnoHub buildings.

60% decrease in property and equipment

Primarily due to the reclassification of operational and completed buildings from property and equipment to investment properties.

23% increase in deferred tax assets

Largely due to Ceci Realty's higher unrealized sales collection.

13% decline in other non-current assets

Largely due to decrease in LPG inventory.

9% increase in short-term debt

Largely due to ALI Parent's new availment of short-term loans.

326% increase in income tax payable

Primarily due to higher creditable withholding tax recognized by Alveo Land and Ceci Realty in 2008.

21% increase in current portion of long-term debt

Largely due to the reclassification of loans from non-current to current portion of long-term debt.

11% increase in long-term debt – net of current portion

Mainly due to the increase in Fixed Rate Corporate Notes (FXCNs) and additional debt of APPHC, net of maturing loans from AHI, LAI and SSECC.

42% increase in pension liabilities

Primarily due to adjustments made to reflect latest actuarial valuation.

14% decrease in deferred tax liabilities

Primarily due to the shift in the corporate tax rate from 35% to 30%.

18% increase in deposits and other non-current liabilities

Primarily due to increase in security and customer deposits.

40% increase in deferred credits

Mainly due to unearned rent and management fees.

8% increase in retained earnings

Mainly due to the increase in income.

22% increase in unrealized gain on available-for-sale financial assets

Mainly due to revaluation of Ayala Corporation preferred shares and fixed income securities.

11% increase in minority interest in net assets of subsidiaries

Largely attributed to Accendo Commercial Corp. and APPHC.

PART II - OTHER INFORMATION

Item 3. 3Q 2009 Developments

- | | | | | | | | | |
|--|--|---|------|-------------------|-------|--------------------------|--|--------------------|
| A. New project or investments in another line of business or corporation | None. | | | | | | | |
| B. Composition of Board of Directors (as of September 30, 2009) | Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala II
Antonino T. Aquino
Mercedita S. Nolleto
Francis G. Estrada
Delfin L. Lazaro
Aurelio R. Montinola III
Corazon dela Paz - Bernardo
Oscar S. Reyes | Chairman
Vice Chairman
President & CEO
Corp. Secretary
Director
Director
Director
Director
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 | <u>P0.03 cash dividend</u>
Declaration date: May 12, 2009
Record date: June 11, 2009
Payment date: June 30, 2009 | | | | | | | |
| 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 September 30, 2009, stock options outstanding* are as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>ESOP</td> <td style="text-align: right;">40,703,341 shares</td> </tr> <tr> <td>ESOWN</td> <td style="text-align: right;"><u>78,941,292</u> shares</td> </tr> <tr> <td></td> <td style="text-align: right;">119,644,633 shares</td> </tr> </table> | | ESOP | 40,703,341 shares | ESOWN | <u>78,941,292</u> shares | | 119,644,633 shares |
| ESOP | 40,703,341 shares | | | | | | | |
| ESOWN | <u>78,941,292</u> shares | | | | | | | |
| | 119,644,633 shares | | | | | | | |
| G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate | None. | | | | | | | |

** outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*

- 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 9M 2009 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** - Signing in October of a 50-year lease agreement with the Subic Bay Metropolitan Authority (SBMA) for the development of a 7.5-hectare property along Rizal Highway within the Subic Bay Freeport Zone.
- 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**
- Issuance in January of privately placed Fixed Rate Corporate Notes worth Php2.38 billion, with three tranches of five, seven and ten-year maturities at 7.7553% 8.4547% and 8.9%, respectively.
 - Obtained financing facility in April in the form of privately placed Floating Rate Corporate Notes worth Php1.00 billion, with a maturity of seven years.
 - Declaration of cash dividend of Php 0.03 per share to all shareholders as of record date June 11, 2009, payable on June 30, 2009

- Board approval in August of the formation of a new, wholly-owned subsidiary that will pursue the planned expansion of the residential operations catering to the country's economic housing segment.
- Signing in August of a Joint Venture Agreement with the National Housing Authority (NHA) for the development of the 29.1-hectare North Triangle Property in Quezon City.
- Issuance in September of the Ayala Land Homestarter Bonds worth Php504 million at 100% of face value, with a maturity of three (3) years from the initial issue date, and a fixed-rate coupon of 5% per annum.

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 2009, Ayala Land's consolidated budget for project and capital expenditures amount to P17.4 billion. About 50% is earmarked for residential developments, 17% for strategic landbank management, 13% for shopping centers, and the balance for corporate business, Visayas-Mindanao, and support businesses. This will be financed through a combination of internally-generated funds, borrowings, pre-selling, and with proceeds from sale of accounts receivable.

For the first nine months of 2009, consolidated project and capital expenditures amounted to P10.7 billion, or 61% of the P17.4 billion budget for the whole year. About 68% was spent for residential projects, 12% for shopping centers, 9% for corporate business, 7% for geographic businesses and 4% for strategic landbank management.

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-September 2009</i>	<i>End-December 2008</i>
Current ratio ¹	1.95:1	1.89:1
Debt-to-equity ratio ²	0.36:1	0.34:1
	<i>9M 2009</i>	<i>2008</i>
Return on assets ³	3.8% ⁵	5.2%
Return on equity ⁴	7.7% ⁵	10.2%

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*

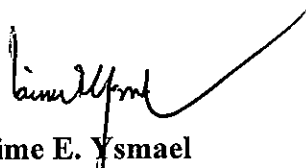
⁵ *9M09 NIAT annualized/average of end September-09 and end Dec-08 assets and equity*

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: November 12, 2009