

SEC Number: 152-747  
File Number: \_\_\_\_\_

**AYALA LAND, INC.**

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(Company's Full Name)

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

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(Company Address)

(632) 750-6974

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(Telephone Number)

**September 30, 2010**

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(Quarter Ending)

**SEC Form 17-Q Quarterly Report**

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(Form Type)

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(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, 2010**
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) 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 September 30, 2010**

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
<b>Common shares</b>	<b>13,023,363,594</b>

Amount of Debt Outstanding  
**P19.9 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, 2010 and December 31, 2009  
 (in million pesos)

	September 2010 Unaudited	December 2009 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	16,869	10,529
Short-term investments	2,073	4,561
Fair value through profit or loss financial assets	406	434
Available-for-sale financial assets	0	926
Accounts and notes receivable - net	18,527	16,655
Real estate inventories	14,398	9,022
Other current assets	4,868	4,014
Total Current Assets	57,141	46,140
<b>Noncurrent Assets</b>		
Non-current accounts and notes receivable	2,982	1,977
Land and improvements	14,834	17,768
Investments in associates and jointly controlled entities	11,474	10,798
Available-for-sale financial assets	679	726
Investment properties - net	25,836	25,413
Property and equipment - net	3,264	3,365
Deferred tax assets - net	1,198	1,078
Other noncurrent assets	1,046	807
Total Noncurrent Assets	61,312	61,931
	<b>118,453</b>	<b>108,071</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables	23,907	19,309
Short-term debt	2,545	1,631
Income tax payable	212	224
Current portion of long-term debt	2,257	378
Other current liabilities	2,276	2,151
Total Current Liabilities	31,198	23,692
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	15,120	16,804
Pension liabilities	84	53
Deferred tax liabilities	177	151
Deposits and other noncurrent liabilities	7,442	7,323
Deferred credits	1,156	854
Total Noncurrent Liabilities	23,977	25,185
Total Liabilities	55,175	48,877
<b>Equity</b>		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up Capital	18,621	18,448
Retained Earnings	37,859	34,570
Stock Options Outstanding	199	181
Unrealized Gain(Loss) on Available-for-sale Financial Assets	27	17
Treasury Stock	(824)	(824)
	55,882	52,392
Minority interests	7,396	6,803
	63,278	59,195
	<b>118,453</b>	<b>108,071</b>



Ayala Land, Inc.  
Consolidated Statements of Income  
For the Three Months and Nine Months Ended September 30, 2010 and September 30, 2009  
(in million pesos, except earnings per share)

	2010 Unaudited		2009 Unaudited	
	July 1 to Sept 30	Jan 1 to Sept 30	July 1 to Sept 30	Jan 1 to Sept 30
<b>REVENUE</b>				
Real estate	8,427	25,215	7,175	20,145
Hotel operations	338	1,003	345	905
Equity in net earnings of investees, interest, fees, investment and other income	661	1,655	641	1,508
	<b>9,427</b>	<b>27,874</b>	<b>8,161</b>	<b>22,558</b>
<b>COSTS AND EXPENSES</b>				
Real estate	5,793	17,561	5,193	14,107
Hotel operations	233	701	208	639
General and administrative expenses	637	2,153	555	1,985
Interest expense and other financing charges	354	1,130	319	1,075
Other charges	152	322	316	489
	<b>7,168</b>	<b>21,867</b>	<b>6,591</b>	<b>18,295</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,258</b>	<b>6,007</b>	<b>1,570</b>	<b>4,263</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current	730	1,675	467	1,139
Deferred	(60)	(114)	(153)	(202)
	<b>670</b>	<b>1,561</b>	<b>314</b>	<b>937</b>
<b>NET INCOME</b>	<b>1,589</b>	<b>4,445</b>	<b>1,255</b>	<b>3,326</b>
<b>Net Income(Loss) Attributable to :</b>				
Equity holders of Ayala Land, Inc.	1,423	3,935	1,049	2,919
Minority interests	165	510	206	406
	<b>1,589</b>	<b>4,445</b>	<b>1,255</b>	<b>3,326</b>
<b>Earnings per Share</b>				
Basic *	0.11	0.30	0.08	0.22
Diluted **	0.11	0.30	0.08	0.22

\* Based on 13,013,528,612 and 12,980,014,576 weighted average number of shares as of September 30, 2010 and September 30, 2009, respectively

\*\* Based on 13,037,482,154 and 12,999,504,290 weighted average number of shares as of September 30, 2010 and September 30, 2009, respectively



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

	2010 Unaudited		2009 Unaudited	
	July 1 to Sept 30	Jan 1 to Sept 30	July 1 to Sept 30	Jan 1 to Sept 30
<b>NET INCOME FOR THE PERIOD</b>	<b>1,589</b>	<b>4,445</b>	<b>1,255</b>	<b>3,326</b>
<b>Other comprehensive income</b>				
Net unrealized gain(loss) on available-for-sale financial assets	5	10	5	3
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,594</b>	<b>4,455</b>	<b>1,260</b>	<b>3,329</b>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	1,429	3,945	1,054	2,923
Minority Interest	165	510	206	406
	<b>1,594</b>	<b>4,455</b>	<b>1,260</b>	<b>3,329</b>



Ayala Land, Inc.  
Consolidated Statement of Changes in Stockholders' Equity  
For the Nine Months Ended September 30, 2010 and September 30, 2009  
(Amounts in millions, except Par Value and Cash Dividends Per Share)

	Jan 1 - Sept 30 2010 Unaudited	Jan 1 - Sept 30 2009 Unaudited
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.</b>		
<b>CAPITAL STOCK - (Common shares -P1.00 par value)</b>		
<b>Issued</b>		
Balance at beginning of year	13,005	13,003
Issuance of shares	6	0
Stock options exercised	0	0
Stock dividends	0	0
Balance at end of year	13,012	13,003
<b>Subscribed</b>		
Balance at beginning of year	75	39
Additions	0	0
Issuance of shares	(6)	38
Stock options exercised	22	0
Balance at end of year	91	77
<b>Preferred Shares - P0.10 par value</b>		
Balance at beginning of year	1,303	1,303
Balance at end of year	1,303	1,303
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning of year	4,327	4,180
Issuance of shares	0	152
Stock options exercised	196	0
IFRS 2- Adjustment on Share-based payment	122	(13)
Balance at end of year	4,645	4,319
<b>TRANSLATION ADJUSTMENT</b>		
Transaction for the period	0	5
Balance at end of year	0	5
<b>SUBSCRIPTIONS RECEIVABLE</b>		
Balance at beginning of year	(263)	(168)
Subscriptions	(212)	(190)
IFRS 2- Adjustment on Share-based payment	(23)	90
Collections	68	22
Balance at end of year	(430)	(246)
<b>TOTAL PAID-UP CAPITAL</b>	<b>18,621</b>	<b>18,462</b>
<b>RETAINED EARNINGS</b>		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	28,570	25,372
Cash dividends	(646)	(390)
Net income	3,935	2,919
Balance at end of year	31,859	27,901
	<b>37,859</b>	<b>33,901</b>
<b>STOCK OPTIONS OUTSTANDING</b>		
Balance at beginning of year	181	106
Cost of stock options	0	2
Stock options exercised	18	0
Balance at end of year	199	109
<b>UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
Balance at beginning of year	17	14
Net changes during the year	10	5
Balance at end of year	27	19
<b>TREASURY STOCK</b>	<b>(824)</b>	<b>(824)</b>
<b>NONCONTROLLING INTERESTS</b>		
Balance at beginning of year	6,803	6,015
Net income(loss)	510	406
Increase (decrease) in minority interests	127	507
Dividends paid to minority interests	(43)	(257)
Net unrealized gain (loss) recognized in equity	0	0
Balance at end of year	7,396	6,672
	<b>63,278</b>	<b>58,338</b>





**Ayala Land, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Nine Months Ended September 30, 2010 and September 30, 2009**  
**(in million pesos)**

	Jan 1 - Sept 30 2010 Unaudited	Jan 1 - Sept 30 2009 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	6,007	4,263
Adjustments for:		
Depreciation and amortization	1,306	1,258
Interest and other charges - net of amount capitalized	1,133	1,007
Equity in net earnings of investees	(683)	(526)
Interest and other income	(528)	(587)
Unrealized gain on financial assets	10	3
Provision for doubtful accounts	17	78
Operating income before changes in working capital	7,261	5,496
Decrease (increase) in :		
Accounts and notes receivable - trade	(607)	(1,338)
Real estate inventories	(5,375)	700
Other current assets	(854)	53
Increase (decrease) in :		
Accounts and other payables	5,406	401
Pension liabilities	31	41
Other current liabilities	126	(0)
Cash generated from operations	5,988	5,353
Interest received	624	631
Income tax paid	(1,942)	(1,445)
Interest paid - net of amount capitalized	(1,182)	(1,049)
Net cash provided by (used in) operating activities	3,488	3,490
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of (additions to):		
Land and improvements	2,934	(2,149)
Investments	(1,028)	(8,555)
Property and equipment	(547)	4,787
Short term investments	3,441	1,985
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(2,384)	198
Other assets	(359)	(25)
Net cash provided by (used in) investing activities	2,059	(3,759)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term / long-term loans	3,597	2,419
Payments of short-term / long-term loans	(2,487)	(620)
Increase (decrease) in :		
Non-current liabilities and deposits	446	1,343
Minority interest in consolidated subsidiaries	127	507
Proceeds from capital stock subscriptions	191	106
Dividends paid to minority	(43)	(257)
Dividends paid to equity holders of Ayala Land, Inc.	(1,036)	(779)
Net cash provided by (used in) financing activities	794	2,719
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,340</b>	<b>2,450</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>10,529</b>	<b>12,655</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>16,869</b>	<b>15,105</b>

**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, 2009 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, 2009.

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 9, 2010, 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, 2009, except for the adoption of new Standards and Interpretations enumerated below.

- *Amendment to PAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items*  
The Amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. This Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- Philippine Interpretation IFRIC 17, Distribution of Noncash Assets to Owners*  
 This Philippine Interpretation provides guidance on how to account for noncash distributions to owners. The Philippine Interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect this Philippine Interpretation to have an impact on the consolidated financial statements as the Group has not made noncash distributions to its shareholders in the past.
- Philippine Interpretation IFRIC 18, Transfers of Assets from Customers*  
 This Philippine Interpretation is to be applied prospectively to transfers of assets from customers received. It also provides guidance on how to account for items of property and equipment received from customers or cash that is received and used to acquire or construct assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. When the transferred item meets the definition of an asset, the asset is measured at fair value on initial recognition as part of an exchange transaction. The service(s) delivered are identified and the consideration received (the fair value of the asset) allocated to each identifiable service. Revenue is recognized as each service is delivered by the entity.
- Amendments to PFRS 2, Group Cash-settled Share-based Payment Transactions*  
 The Amendments to PFRS 2 clarify the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as the Group has not entered into any such share-based payment transactions.
- Revised PFRS 3, Business Combinations and PAS 27, Consolidated and Separate Financial Statements*  
 The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and noncontrolling interests (previously referred to as ‘minority interests’), even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 must be applied prospectively, while changes introduced by the revised PAS 27 must be applied retrospectively with a few exceptions. The changes will affect future acquisitions and transactions with noncontrolling interests.

### 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 (formerly Community Innovations, Inc.)	100
Amaia Land Corporation	100
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
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
Primavera Town Centre	100
Subic Bay Town Centre	100
ALI Property Partners Holding Corp. (APPHC)	80
ALI Property Partners Corp. (APPCo)	60
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 and Resorts Corporation	100
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
Philippine Integrated Energy Solutions, Inc.	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, 2010; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	9,311	4,216	1,972	305	15,754
Non-Trade Receivables	4,272	423	1,060	0	5,755
<b>Total</b>	<b>13,583</b>	<b>4,639</b>	<b>2,982</b>	<b>305</b>	<b>21,509</b>

Aging of Payables (as of September 30, 2010; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	10,215	3,333	6,155	0	19,703
Non-Trade Payables	11,721	1,126	2,703	0	15,550
<b>Total</b>	<b>21,936</b>	<b>4,459</b>	<b>8,858</b>	<b>0</b>	<b>35,253</b>

#### 5. Short-Term and Long-Term Debt

Short-Term Debt (as of September 30, 2010; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	756
Avida	1,097
LAI	350
SSECC	112
APPHC	100
LTI	100
AGDC	30
<b>Total</b>	<b><u>2,545</u></b>

Long-Term Debt (as of September 30, 2010; 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	1,830		7,861		9,691	
Avida	5		490		495	
CIHC	70		228		298	
EHI	-		-		-	
SSECC	49		1,545		1,594	
Accendo	-		500		500	
AiO	4		420		424	
FGREC	33		216		249	
GDI	28		274		303	
NBCC	10		980		990	
ODRPHI	138		897		1,034	
APPHC	90		1,710		1,800	
LAI	-		-		-	
<b>Total</b>	<b>2,257</b>		<b>15,120</b>		<b>17,377</b>	

\* 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 2010 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	817	availment of short-term FCDO loans
Accendo	446	availment of new long-term and short-term loans
Avida	349	availment of short-term loans
GDI	53	availment of new long-term loan
LTI	200	availment of short-term loan
SSECC	152	availment of short-term loan
UPI	100	availment of short-term loan
<b>Total</b>	<b>2,117</b>	

Repayments of Debt and Equity Securities –  
January – September 2010 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	2	retirement of homestarter bonds
SSECC	414	payment of matured short-term loans and amortization on long-term loans
AGDC	20	payment of matured short-term loan
AiO	1	amortization on long-term loan
LAI	65	repayment of long-term loan
LTI	100	payment of matured short-term loan
CIHI	52	amortization on long-term loan
EHI	264	repayment of long-term loan
ODRPDI	58	amortization on long-term loan
NBCC	8	amortization on long-term loan
Avida	3	amortization on long-term loan
FGREC	<u>14</u>	amortization on long-term loan
<b>Total</b>	<b><u>1,001</u></b>	

**6. Commercial Paper Issuances and Outstanding Balance**  
**(for the quarter ended September 30, 2010)**

None.

**7. Accounts and Other Payables**

The accounts and other payables as of September 30, 2010 is broken down as follows:

	(million)
Accounts payable	P 14,385
Accrued expenses	7,807
Taxes payable	1,568
Retentions payable	82
Dividends payable	<u>65</u>
<b>Total</b>	<b><u>P 23,907</u></b>

## 8. Segment information

YTD-September 2010 (in million pesos)										
	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Geographic Businesses	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
<b>Revenues</b>	1,889	12,471	3,524	1,494	171	6,700	26,219	26,219	-	26,219
Sales to external customers	(2)	313	344	-	-	2,434	3,089	3,089	(3,089)	-
Intersegment sales	328	-	176	-	144	-	683	683	-	683
Equity in net earnings of investees	2,185	12,784	4,044	1,494	315	9,134	29,991	29,991	(3,089)	26,902
<b>Total revenue</b>	1,289	9,442	2,218	738	194	8,306	23,450	23,450	(3,035)	20,415
Operating expenses	896	3,342	1,826	756	121	628	6,541	6,541	(54)	6,487
<b>Operating profit</b>										556
Interest income										(1,190)
Interest expense										416
Other income										(323)
Other Expense										(1,561)
Provision for income tax										4,445
<b>Net income</b>										3,935
Net income attributable to: Equity holders of Ayala Land, Inc.										510
Minority interests										4,445
<b>Other information</b>										
Segment assets	9,550	74,435	19,843	19,775	2,827	12,470	140,644	140,644	(35,266)	105,378
Investment in associates and jointly controlled entities	6,186	-	2,199	15	3,074	-	11,474	11,474	-	11,474
Deferred tax assets	193	30	12	40	-	30	1,296	1,601	-	1,601
<b>Total assets</b>	15,929	74,465	22,054	19,830	5,901	12,500	153,719	153,719	(35,266)	118,453
Segment liabilities	3,102	23,076	7,954	6,064	341	8,226	12,678	61,341	(6,745)	54,596
Deferred tax liabilities	28	174	-	1	-	5	371	579	-	579
<b>Total liabilities</b>	3,130	23,250	7,954	6,065	341	8,131	13,049	61,920	(6,745)	55,175
Segment additions to property and equipment and investment properties	6	112	1,030	8	-	147	1,384	1,384	-	1,384
Depreciation and amortization	1	67	686	317	2	175	1,306	1,306	-	1,306

  

YTD-September 2009 (in million pesos)										
	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Vismin / International	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
<b>Revenues</b>	1,492	10,527	3,317	1,333	147	4,234	21,050	21,050	-	21,050
Sales to external customers	253	4	287	-	-	4,538	5,082	5,082	(5,082)	-
Intersegment sales	323	-	117	-	91	-	526	526	-	526
Equity in net earnings of investees	2,068	10,531	3,721	1,333	238	8,772	26,658	26,658	(5,082)	21,576
<b>Total revenue</b>	1,389	8,589	1,952	720	160	8,381	21,862	21,862	(5,073)	16,789
Operating expenses	679	1,942	1,769	613	78	391	(676)	4,796	(9)	4,787
<b>Operating profit</b>										605
Interest income										(1,075)
Interest expense										377
Other income										(431)
Other Expense										(937)
Provision for income tax										3,326
<b>Net income</b>										2,919
Net income attributable to: Equity holders of Ayala Land, Inc.										407
Minority interests										3,326
<b>Other information</b>										
Segment assets	15,506	59,795	20,629	18,166	4,073	11,413	7,574	137,156	(31,736)	105,420
Investment in associates and jointly controlled entities	285	36	30	42	-	39	991	1,423	(450)	973
Deferred tax assets	15,791	59,831	20,569	18,208	4,073	11,462	8,565	136,579	(32,188)	106,393
<b>Total assets</b>	2,679	17,742	6,937	5,637	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	17,882	6,937	5,638	322	8,216	13,044	54,618	(6,563)	48,055
<b>Total liabilities</b>										
Segment additions to property and equipment and investment properties	387	276	3,278	1,304	1	82	43	5,371	-	5,371
Depreciation and amortization	6	61	682	242	2	195	90	1,258	-	1,258



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

### **Results of Operations for the Nine Months Ended September 30, 2010**

Ayala Land, Inc. ("ALI" or "the Company") posted a record Php3.94 billion in net income for the first nine months of the year, 35% higher than the Php2.92 billion recorded in the same period last year. The Company's net income of Php1.42 billion in the third quarter was also a new record for core quarterly earnings and was the 6<sup>th</sup> straight quarter of positive earnings growth.

Consolidated revenues for the first nine months reached Php27.87 billion, 24% higher year-on-year. Real Estate and Hotel revenues increased by 25% to Php26.22billion, with robust growth across all major business lines. Consolidated net operating income (NOI) reached Php7.96 billion for the first nine months of 2010, 26% higher than the same period last year, with overall NOI margins maintained at 30%. Significant improvements in the Company's residential and corporate business margins were offset by a drop in shopping center margins due to the ongoing redevelopment of the Glorietta 1 and 2 sections of Ayala Center in Makati. On a quarter-on-quarter basis however, the Company's blended NOI margins have been steadily improving from 29% in the first quarter to 31% in the third quarter. Meanwhile, the ratio of General and Administrative Expenses (GAE) to revenues has been steadily declining from 9% in the first quarter to 7% in the third quarter of 2010. These two factors underscore the strong cost control efforts and efficiency improvement across the Company.

### **Business Segments**

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

***Residential Development.*** Residential revenues reached Php12.47 billion for the first nine months of 2010, 18% higher than the Php10.53 billion reported during the same period last year, with strong growth in bookings across all residential brands. Ayala Land Premier (ALP) generated revenues of Php5.53 billion for the first nine months, up 20% year-on-year. ALP accounted for 44% of total residential revenues following the strong sales of Park Terraces (Makati) and Serendra West Tower (Bonifacio Global City) condominium units as well as Santierra lots in NUVALI. Alveo and Avida meanwhile also posted year-on-year revenue growth of 23% and 12%, respectively, with higher bookings from the success of new launches such as Meranti (Bonifacio Global City) and Venare (NUVALI) for Alveo and Avida Towers Cebu and Alabang for Avida. Together with newly launched fourth brand Amaia, the Company's four residential brands launched a total of 8,396 units in the first nine months, or 72% of the Company's full-year 2010 target of 11,640 units. The Company generated a residential sales take-up value of Php26.7 billion for the first nine months of 2010, averaging nearly Php3.0 billion of sales take-up every month. The Residential business remained as the biggest contributor to NOI, accounting for 48% of total at Php3.81 billion. Residential NOI margins improved to 31%, from 26% the previous year.

***Shopping Centers.*** Total revenues for Shopping Centers amounted to Php3.52billion for the first nine months of 2010, 6% higher than in the same period last year. This was driven by the 7% expansion in occupied gross leasable area (GLA) as the addition of MarQueue Mall in Pampanga and improved occupancy rate at Greenbelt 5 more than offset the closure of Glorietta 1. The Company's value-oriented anchor tenants also continued to perform well with double digit increases in same-store sales growth. However, the revenue impact of the higher average

occupancy rates (which reached 93% for all malls, from 92% in the first nine months of 2009), was tempered by a 4% decline in average rental rates with lower per square meter building lease rates in MarQuee and Glorietta 5 compared with what was previously achieved in Glorietta 1. This also caused the drop in average shopping center NOI margins which declined to 50% from 55% in the first nine months of 2009. The P1.75 billion in shopping centers NOI was 4% lower year-on-year and accounted for 22% of the Company's total NOI.

**Corporate Business.** Revenues from the Company's office building portfolio reached Php1.49 billion in the first nine months of 2010, compared with Php1.33 billion for the same period last year. The 12% improvement in office building revenues was generated by the significant increase in occupied business process outsourcing office (BPO) GLA, which increased by 35% (equivalent to 46,788 square meters) compared with the same period last year as the outlook and demand for BPO expansion continue to improve. Occupancy on the BPO portfolio has now reached 71% (with an 86% lease-out rate) compared with 53% a year ago, while average BPO lease rates increased by 1% due to portfolio mix as most of the increase in occupancy in the third quarter occurred in the Company's non-CBD BPO locations, which carry lower average lease rates. The contribution of the Company's traditional headquarter-type office buildings however declined slightly as average lease rates went down by 2% and average occupancy rates decreased from 97% to 95%. The expansion of the BPO portfolio mainly accounted for the growth in NOI, which increased 21% to Php870 million in the first nine months of 2010. This contributed 11% of the Company's total NOI while margins also improved from 54% to 58% due to the significant improvement in occupancy in the BPO portfolio.

**Strategic Landbank Management.** Revenues from the Strategic Landbank Management Group (SLMG) amounted to Php1.86 billion in the first nine months, 25% higher than the same period last year, largely due to overrides on the successful sales performance of Park Terraces in Makati and Santierra in NUVALI. The strong revenue growth also led to an increase in NOI by 73% year-on-year to Php668 million from Php386 million last year and contributed 8% to total. NOI margins likewise improved to 36% from 26% with significant bookings in higher-margin override units.

**Visayas-Mindanao.** The Visayas-Mindanao group's revenues improved by 17% to Php171 million in the first nine months of 2010 from Php147 million during the same period last year. Most of the revenue growth came from higher bookings in Plantazionne Verdana Homes (including Asyana) and Ayala Northpoint in Negros Occidental. NOI contribution was Php28 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 Php6.70 billion during the first nine months of the year, 58% higher than the Php4.23 billion posted in the same period last year. The improvement came largely from the higher completion of external construction projects and improving hotel operations which yielded better occupancy rates and higher average room revenues. NOI for the Support Businesses in aggregate also improved by 31% to Php824 million or 10% of total. Overall Support Business margins meanwhile were lower at 12% compared with 15% in the same period last year despite an increase in the respective NOI margins of each business as the Construction business (which carry lower NOI margins) accounted for 33% of the aggregate support business NOI, compared with 19% in the same period last year.

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

Equity in Net Earnings from Investees increased by 30% to Php683 million in the first nine months of 2010 from Php526 million in the same period last year. The improvement came primarily from the stronger performance of shopping center joint ventures accounted for under the equity method, particularly TriNoma and Alabang Town Center, which had higher lease and occupancy rates in the first nine months of the year. Affiliate Cebu Holdings, Inc. also saw an improvement in the performance of Ayala Center Cebu. Interest, Investment and Other Income meanwhile decreased by 1% to Php972 million in the first nine months, compared with the Php982 million posted in the same period last year due to slightly lower interest rates.

## **Expenses**

Total expenses amounted to Php23.94 billion, 22% more than the Php19.64 billion spent in the first nine months of 2009. Cost of Sales from Real Estate and Hotels, which accounted for the bulk at Php18.26 billion, rose by 24% year-on-year, lower than the 25% increase in Real Estate and Hotel revenues, reflecting the strong project cost control initiatives being implemented throughout the organization. General and Administrative Expenses (GAE) was also contained at Php2.15 billion, growing by only 8% from last year, resulting in a drop in the Company's GAE-to-revenue ratio to 8.2% from 9.4% last year. Meanwhile, Interest Expense and Other Financing Charges declined by 5% to Php1.43 billion as the lower average cost of debt on the Company's borrowings offset the increase in average loan balances for the first nine months of 2010.

## **Project and Capital Expenditures**

The Company spent a total of Php14.0 billion for project and capital expenditures in the first nine months of 2010, 31% more than the Php10.7 billion spent during the same period in 2009. Residential Development accounted for almost half of the total or 47%, while the Strategic Landbank Management and the Visayas-Mindanao groups spent another 19%. Hotels, Shopping Centers and Corporate Business accounted for the balance of 15%, 14% and 8%, respectively. Spending in the third quarter alone reached Php6.5 billion, mostly for construction completion on ongoing projects. The Company expects full year capital expenditure to reach a new record high, although it may fall short of the planned Php27.2 billion announced at the start of the year due to timing differences in some planned land acquisition.

## **Financial Condition**

The Company's balance sheet continued to be robust with strong cash inflows from the successful pre-sales of various residential launches. Cash and Cash Equivalents stood at Php19.3 billion with a Current Ratio of 1.83: 1. Total Borrowings stood at Php19.9 billion from Php18.8 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 0.01: 1.

## **Other Developments**

The Company recently incorporated and registered two new subsidiaries with the Securities and Exchange Commission (SEC). The first is the AyalaLand Commercial REIT, Inc. (ALCRI) which is intended to be the vehicle through which the Company will own and operate select investment properties and the entity to be used for the possible initial public offering under the

recently passed Republic Act 9856 or the Philippine Real Estate Investment Trust (REIT) Law. ALCRI will have an initial authorized capitalization of Php1.2 billion, with Php300 million already subscribed and paid up. The second is the Ayala Hotels and Resorts Corporation (AHRC), which is intended to be a holding company for hotel and resort investments entered into by the Company. AHRC has an authorized capital stock of P1.18 billion consisting of 235.03 million common shares with a par value of one peso per share, and 940.12 million redeemable preferred shares also with a par value of one peso per share.

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

#### Income Statement items – 9M 2010 versus 9M 2009

##### *25% increase in real estate revenues*

Mainly due to higher sales from newly launched projects such as Ayala Land Premier's Park Terraces, Serendra West Tower and Santierra, and growth in Construction business.

##### *11% increase in hotel revenues*

Primarily due to higher occupancy and REVPAR at InterContinental Hotel Manila and Cebu City Marriott.

##### *10% increase in equity in net earnings of investees, interest, fees and other income*

Largely due to better performance of affiliate investments Cebu Holdings, Inc. and shopping center joint ventures accounted for under the equity method.

##### *24% increase in real estate cost and 10% increase in hotel expenses*

Mainly due to higher real estate revenues and higher hotel occupancy levels.

##### *8% increase in general and administrative expenses*

Primarily due to higher payroll costs and benefits.

##### *5% increase in interest expense and other financing charges*

Mainly due to new and additional loans.

##### *34% decrease in other charges*

Largely due to absence of charges incurred from sale of accounts receivable.

##### *67% increase in provision for income tax*

Mainly due to higher taxable income.

##### *25% increase in net income attributable to minority interests*

Primarily due to higher income from Ayala Property Partners Holdings Inc., Ceci Realty, Inc. and Ayala Greenfield Development Corporation.

#### Balance Sheet items – September 30, 2010 versus End-2009

##### *60% increase in cash and cash equivalents*

Mainly due to liquidation of short term investments and fixed income securities, proceeds from pre-selling of residential products and Makati Development Corporation's (MDC) collection of downpayment from new projects.

*55% decrease in short-term investments*

Primarily due to reclassification of Serendra's short-term investment to cash and cash equivalents.

*70% decrease in fair value through profit or loss financial assets and available-for-sale financial assets*

Mainly due to maturity of investments.

*11% increase in accounts and notes receivables (net)*

Largely due to launch of new projects and higher receivables of MDC from external contracts.

*60% increase in real estate inventories*

Mainly due to reclassification of NUVALI land from unsubdivided to saleable, and incremental project completion of existing and new projects.

*21% increase in other current assets*

Mainly due to MDC's prepaid expenses representing cost of materials, equipment rentals and salaries for new and existing projects, and prepaid taxes.

*51% increase in non-current accounts and notes receivables*

Largely due to trade receivables of Alveo Land and Vesta Property Holdings.

*17% decrease in land and improvements*

Mainly due to reclassification of NUVALI land from unsubdivided to saleable.

*6% increase in investments in associates and jointly controlled entities*

Largely due to investments in Ten Knots Group.

*6% decrease in available-for-sale financial assets (non-current portion)*

Primarily due to sale of fixed income securities available for sale (AFS).

*11% increase in deferred tax assets*

Largely due to unrealized gain on real estate projects under construction.

*30% increase in other noncurrent assets*

Mainly due to increase in utility and other deposits.

*24% increase in accounts and other payables*

Primarily due to increase in trade payables with the completion of existing and new projects, and increase in accrued and taxes payable.

*56% increase in short-term debt*

Mainly due to new loan availments of ALI-parent, Avida, ALI Property Partners Holdings Corp. (APPHC) and Laguna Technopark, Inc.

*5% decrease in income tax payable*

Largely due to income tax payments made by Aurora Properties Inc. and Ceci Realty, Inc.

*498% increase in current portion of long-term debt*

Primarily due to reclassification APPHC loans payable from non-current to current.

*6% increase in other current liabilities*

Largely due to higher deposits from new projects such as Park Terraces and Santierra.

*10% decrease in long-term debt – net of current portion*

Mainly due to reclassification of ALI-parent loan from non-current to current, and loan pretermination of Enjay Hotels, Inc.

*58% increase in pension liabilities*

Primarily due to additional retirement contributions.

*35% increase in deferred credits*

Largely due to unearned revenues and management fees.

*10% increase in retained earnings*

Mainly due to increase in income.

*10% increase in stock options outstanding*

Primarily due to new ESOWN shares granted in May 2010.

*60% decrease in unrealized gain (loss) on available-for-sale financial assets*

Primarily due to revaluation of fixed income securities AFS.

*9% increase in minority interests*

Largely attributed to APPHC, Ceci Realty and Ayala Greenfield Development Corporation.

## PART II - OTHER INFORMATION

### Item 3. 3Q 2010 Developments

- A. New project or investments in another line of business or corporation** None.
- B. Composition of Board of Directors (as of September 30, 2010)**
- |                                 |                 |
|---------------------------------|-----------------|
| Fernando Zobel de Ayala         | Chairman        |
| Jaime Augusto Zobel de Ayala II | Vice Chairman   |
| Antonino T. Aquino              | President & CEO |
| Mercedita S. Nolledo            | Corp. Secretary |
| Francis G. Estrada              | Director        |
| Delfin L. Lazaro                | Director        |
| Jaime C. Laya                   | Director        |
| Aurelio R. Montinola III        | Director        |
| Oscar S. Reyes                  | Director        |
- C. Performance of the corporation or result/progress of operations** Please see unaudited consolidated financial statements and management's discussion on results of operations.
- D. Declaration of dividends**
- Common shares: P0.045 cash dividend  
Declaration date: June 1, 2010  
Record date: June 30, 2010  
Payment date: July 23, 2010
- Preferred shares: P0.0046 cash dividend  
Declaration date: August 26, 2010  
Record date: September 22, 2010  
Payment date: October 18, 2010
- 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, 2010, stock options outstanding\* are as follows:
- |       |                          |
|-------|--------------------------|
| ESOP  | 33,561,155 shares        |
| ESOWN | <u>92,506,726</u> shares |
|       | 126,067,881 shares       |

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

- |  |       |
|--|-------|
| <b>G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate</b>               | None. |
| <b>H. Other information, material events or happenings that may have affected or may affect market price of security</b> | None. |
| <b>I. Transferring of assets, except in normal course of business</b>  | None. |

**Item 4. Other Notes to 9M 2010 Operations and Financials**

- |   |   |
|---|---|
| <b>J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents</b>  | Please see Notes to Financial Statements (Item #7).   |
| <b>K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period</b>  | None.   |
| <b>L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities</b>  | Please see Notes to Financial Statements (Item #4).   |
| <b>M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</b>   | - Incorporation of Ayala Hotels and Resorts Corporation as a new 100%-owned subsidiary with an authorized capital stock of P1.18 billion consisting of 235.03 million common shares and 940.12 million redeemable preferred shares. |
| <b>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</b> | None.   |
| <b>O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date</b>   | None.   |
| <b>P. Other material events or transactions during the interim period</b>   | - Signing of a Memorandum of Agreement with Manila Water Company (MWC) for the joint development and operation of a water and wastewater facility service company that will serve the needs of ALI projects,                        |



primarily NUVALI.

- Signing of a Joint Development Agreement between Amaia Land Corp. and Eton Properties Inc. for the development of a 4-hectare property in Calamba, Laguna that will form part of Amaia Scapes Laguna.
- Signing of a Joint Development Agreement between Avida Land Corp. and Philippine National Bank (PNB) for the development of a 2.3-hectare property along EDSA corner Reliance and Mayflower Sts. In Mandaluyong City into a residential complex.
- Exercise of the oversubscription option for an additional sale of Php504 million Ayala Land Homestarter Bonds thereby bringing final issue size to Php1.008 billion.
- Executive Committee approval to enter responsible tourism estate development by taking a 60% interest in Ten Knots Group which owns the El Nido Resorts in Lagen and Miniloc Islands in Northern Palawan.
- Declaration of cash dividend of Php 0.045 per share to all shareholders as of record date June 30, 2010, payable on July 23, 2010.
- Signing of an Equity Joint Venture Agreement with Sino-Singapore Tianjin Eco-City Investment and Development Corp. Ltd. for the development of a 19-tower residential project (1,100 units) on a 9.8-hectare parcel of land in Tianjin Eco-City, China.
- Declaration and payment of the annual cash dividends of 4.64% per annum to all shareholders of the outstanding unlisted Preferred Shares with record date of September 22, 2010 and payment date of October 18, 2010.
- Formation of AyalaLand Commercial REIT, Inc. (ALCRI) with an initial authorized capitalization of Php1.2 billion, Php300 million of which is subscribed and paid-up.

**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 2010, Ayala Land's consolidated budget for project and capital expenditures amount to P27.2 billion. About 54% is earmarked for residential developments, 15% 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 and pre-selling.
- For the first nine months of 2010, consolidated project and capital expenditures amounted to P14.0 billion, or 51% of the P27.2 billion budget for the whole year. About 47% was spent for residential projects, 19% for strategic landbank management and Visayas-Mindanao groups, 15% for hotels and the balance for shopping centers and corporate businesses.
- 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 2010</i>	<i>End-December 2009</i>
Current ratio <sup>1</sup>	1.83:1	1.95:1
Debt-to-equity ratio <sup>2</sup>	0.36:1	0.36:1
	<i>9M 2010</i>	<i>2009</i>
Return on assets <sup>3</sup>	4.6% <sup>5</sup>	3.9%
Return on equity <sup>4</sup>	9.7% <sup>5</sup>	8.0%

<sup>1</sup> *Current assets / current liabilities*

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

<sup>3</sup> *Net income / average total assets*

<sup>4</sup> *Net income / average stockholders' equity*

<sup>5</sup> *9M10 NIAT annualized/average of end September-10 and end Dec-09 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 upwards and to the right.

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

Date: November 9, 2010