SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

31F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

September 30, 2016

(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, 2016**

2. Commission Identification Number **152747**

3. BIR Tax Identification No. **000-153-790-000**

4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
   Makati City, Philippines

6. Industry Classification Code: _______ (SEC Use Only)

7. Address of issuer's principal office and postal code:
   31F, 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, 2016

Title of each class	Number of shares issued and outstanding
Common shares	**14,712,682,588**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding (registered)
₱71,000,000,000.00

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

    (b) has been subject to such filing requirements for the past 90 days:
    Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

	September 30, 2016 Unaudited	December 31, 2015 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (note 4)	**₱21,046**	₱19,087
Short-term investments (note 5)	**11**	165
Financial assets at fair value through profit or loss – UITF	**2,622**	288
Financial assets at fair value through profit or loss (note 6)	**439**	443
Accounts and notes receivable (note 7)	**82,298**	64,961
Inventories (note 8)	**68,789**	59,247
Other current assets	**25,165**	22,012
Total Current Assets	**200,370**	166,204
Non-Current Assets		
Noncurrent accounts and notes receivable (note 7)	**44,544**	41,257
Available-for-sale financial assets	**1,337**	500
Land and improvements	**93,632**	93,303
Investments in associates and joint ventures (note 9)	**23,712**	17,522
Investment properties – net	**102,879**	80,465
Property and equipment – net	**24,978**	24,246
Deferred tax assets - net	**8,556**	7,912
Other noncurrent assets	**13,294**	10,934
Total Non-Current Assets	**312,932**	276,138
Total Assets	**₱513,302**	₱442,342
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (note 11)	**₱138,630**	₱121,757
Short-term debt (note 10)	**31,736**	10,486
Income tax payable (note 11)	**726**	1,284
Current portion of long-term debt (note 10)	**3,580**	8,808
Deposits and other current liabilities (note 11)	**9,417**	3,798
Total Current Liabilities	**184,089**	146,133
Non-Current Liabilities		
Long-term debt - net of current portion (note 10)	**123,576**	111,702
Pension liabilities (note 11)	**1,465**	1,502
Deferred tax liabilities - net (note 11)	**2,668**	1,782
Deposits and other Non-Current Liabilities (note 11)	**35,934**	31,397
Total Noncurrent Liabilities	**163,645**	146,384
Total Liabilities	**347,732**	292,516
Equity (note 12)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**61,345**	61,072
Retained earnings	**85,951**	77,952
Stock options outstanding	**199**	191
Actuarial loss on pension liabilities	**(462)**	(432)
Net unrealized loss on available-for-sale financial assets	**(80)**	(81)
Equity reserves	**(5,431)**	(4,971)
Treasury shares	**-**	-
	141,522	133,731
Non-controlling interests	**24,048**	16,095
Total Equity	**165,570**	149,825
Total Liabilities and Equity	**₱513,302**	₱442,342

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2016		2015	
	July 1 to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
REVENUE				
Real estate	**₱29,049**	**₱80,500**	₱22,787	₱70,213
Interest income	**1,518**	**4,278**	1,378	4,336
Equity in net earnings of associates and joint ventures	**78**	**345**	(64)	(145)
Other income	**84**	**366**	335	643
	30,729	**85,489**	24,436	75,047
COSTS AND EXPENSES				
Real estate	**18,887**	**51,325**	13,991	44,971
General and administrative expenses	**1,593**	**4,900**	1,475	4,648
Interest and other financing charges	**2,014**	**5,419**	1,461	4,661
Other charges	**164**	**565**	283	428
	22,658	**62,209**	17,210	54,708
INCOME BEFORE INCOME TAX	**8,071**	**23,280**	7,226	20,339
PROVISION FOR INCOME TAX				
Current	**3,027**	**6,413**	2,029	5,532
Deferred	**(1,079)**	**(537)**	(88)	(399)
	1,948	**5,876**	1,941	5,133
NET INCOME	**₱6,123**	**₱17,404**	₱5,285	₱15,206
Net income attributable to:				
Equity holders of Ayala Land, Inc.	**₱5,321**	**₱15,061**	₱4,437	₱12,825
Non-controlling interests	**802**	**2,343**	847	2,381
	₱6,123	**₱17,404**	₱5,285	₱15,206
Earnings Per Share				
Basic	**₱0.36**	**₱1.03**	₱0.30	₱0.87
Diluted	**0.36**	**1.03**	0.30	0.87

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	2016		2015	
	July 1 to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
NET INCOME	**₱6,123**	**₱17,404**	₱5,285	₱15,206
Other comprehensive income/loss				
Net unrealized gain (loss) on available-for-sale financial assets	**31**	**28**	(53)	(123)
Actuarial losses on pension liabilities	**-**	**-**	-	-
Total comprehensive income for the period	**₱6,154**	**₱17,432**	₱5,232	₱15,083
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	**₱5,352**	**₱15,089**	₱4,384	₱12,703
Non-controlling interests	**802**	**2,343**	848	2,380
	₱6,154	**₱17,432**	₱5,232	₱15,083

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Millions)

	September 30, 2016	September 30, 2015
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
COMMON SHARES - ₱1.00 par value		
Issued:		
Balance at beginning of year	**₱14,586**	₱14,187
Issuance of shares	**8**	396
Stock options exercised	-	18
Balance at end of year	**14,594**	14,601
Subscribed:		
Balance at beginning of year	**110**	3
Issuance of shares	**(8)**	89
Stock options exercised	**17**	2
Balance at end of year	**119**	94
PREFERRED SHARES - ₱0.10 par value		
Issuance of shares	**1,307**	1,307
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	**46,218**	30,200
Stock options exercised	**423**	137
Equity issuance cost charged to APIC	**-**	(194)
Issuance of common stock	**-**	16,005
IFRS 2 - Adjustment on Share-based payments	**133**	-
Balance at end of year	**46,774**	46,148
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	**(1,148)**	(846)
Subscriptions	**(432)**	(376)
Collections	**131**	62
Balance at end of year	**(1,448)**	(1,160)
TOTAL PAID-UP CAPITAL	**61,346**	60,990
STOCK OPTIONS		
Balance at beginning of year	**191**	185
Stock options exercised	**7**	1
Balance at end of year	**198**	186
Treasury Stock	**-**	-
RETAINED EARNINGS		
Appropriated for future expansion	**6,000**	6,000
Unappropriated:		
Balance at beginning of year	**71,952**	60,478
Cash dividends	**(7,061)**	(6,157)
Net income	**15,061**	12,825
Balance at end of year	**85,951**	73,146
PARENT OR OTHER RESERVES	**(5,431)**	(4,741)
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(80)**	67
REMEASUREMENT LOSS ON DEFINED BENEFIT PLANS	**(462)**	(616)
NON-CONTROLLING INTERESTS		
Balance at beginning of year	**16,095**	15,056
Net income (loss)	**2,343**	2,381
Increase (decrease) in non-controlling interests	**6,020**	644
Dividends paid to minority interest	**(410)**	(126)
Balance at end of quarter	**24,048**	17,955
	₱165,570	₱146,988

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions)

	September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱23,280**	₱20,339
Adjustments for:		
Depreciation and amortization	**4,385**	3,722
Interest and other charges - net of amount capitalized	**6,495**	5,057
Equity in net earnings of investees	**(345)**	145
Interest and other income	**(4,278)**	(4,593)
Unrealized gain on financial assets	**1**	(69)
Provision for doubtful accounts	**-**	287
Operating income before changes in working capital	**29,538**	24,888
Decrease (increase) in:		
Accounts and notes receivable - trade	**(25,371)**	(19,880)
Real estate inventories	**(9,542)**	(11,933)
Other current assets	**(3,153)**	(1,726)
Increase (decrease) in:		
Accounts and other payables	**21,667**	20,032
Pension liabilities	**(66)**	(275)
Other current liabilities	**5,618**	(4,553)
Cash generated from operations	**18,691**	6,553
Interest received	**4,332**	4,701
Income tax paid	**(7,994)**	(4,633)
Interest paid - net of amount capitalized	**(9,730)**	(5,089)
Net cash provided by operating activities	**5,299**	1,532
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	**(330)**	(1,113)
Investments	**(33,537)**	(15,853)
Property and equipment	**(1,119)**	(2,506)
Short term investments	**(2,175)**	4,478
Decrease (increase) in:		
Non-current accounts and notes receivable - non-trade	**4,693**	(3,620)
Other assets	**(3,021)**	(5,680)
Net cash used in investing activities	**(35,489)**	(24,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**34,726**	25,991
Payments of short-term / long-term loans	**(6,830)**	(20,041)
Increase (decrease) in:		
Deposits and other noncurrent liabilities	**5,423**	98
Minority interest in consolidated subsidiaries	**6,021**	645
Proceeds from capital stock subscriptions	**280**	16,140
Dividends paid to non-controlling interests	**(410)**	(126)
Dividends paid to equity holders of Ayala Land, Inc.	**(7,061)**	(6,157)
Net cash provided by financing activities	**32,149**	16,550
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,959**	(6,212)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**19,087**	28,677
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**21,046**	22,465

AYALA LAND, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Ayala Land, Inc. (the Company) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines. The Company's parent is Ayala Corporation (AC). AC is a publicly-listed company, 49.01%-owned by Mermac, Inc., 10.18%-owned by Mitsubishi Corporation (MC) and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Company and its Subsidiaries (the Group) are incorporated to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property; to acquire, purchase, hold, manage, develop and sell subdivision lots, with or without buildings or improvements; to erect, construct, alter, manage, operate, lease, in whole or in part, buildings and tenements of the Group or of other persons; and to engage or act as real estate broker. The Group is also involved in hotels and resorts operations.

2. 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, 2015 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, 2015.

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 millions except when otherwise indicated.

On November 7, 2016, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

2. Summary of Significant 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, 2015, except for the adoption of new Standards and Interpretations enumerated below.

PAS 1, *Presentation of Financial Statements: Disclosure Initiative (Amendment)*
The amendments to PAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing PAS 1 requirements.

The amendments clarify
- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

PFRS 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendments)*
These amendments clarify the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016 These amendments ae not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.

PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
In the 2012 – 2014 annual improvements cycle, five amendments to four standards were issued, which included an amendment to PFRS 5, *Non-current Assets held for Sale and Discontinued Operations-Changes in Methods of Disposal,* PFRS 7, *Financial Instruments: Disclosures-Servicing Contracts and to Condensed Interim Financial Statements,* PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate,* and PAS 34, *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report'.*

These amendments did not have any impact on the Company's unaudited interim consolidated financial statements.

3. Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of September 30, 2016 and December 31, 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect the return through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statements of financial position, separately from the Company's equity.

Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity,
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss, and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

Ayala Land, Inc. Subsidiaries	**Effective Ownership as of September 2016**	**December 2015**
Real Estate:		
Alveo Land Corporation (Alveo)	**100%**	**100%**
Serendra, Inc.	**39**	**39**
Solinea, Inc. (Solinea)	**65**	**65**
BGSouth Properties, Inc. (BGS)	**50**	**50**
Portico Land Corp. (Portico)	**60**	**60**
Serendra, Inc.	**28**	**28**
Amorsedia Development Corporation	**100**	**100**
OLC Development Corporation and Subsidiary	**100**	**100**
HLC Development Corporation	**100**	**100**
Allysonia International Ltd.	**100**	**100**

Avida Land Corporation (Avida)	**100**	**100**
Buklod Bahayan Realty and Development Corp.	**100**	**100**
Avida Sales Corp. and Subsidiaries	**100**	**100**
Amicassa Process Solutions, Inc.	**100**	**100**
Avencosouth Corp. (Avencosouth)	**70**	**70**
BGNorth Properties, Inc. (BGN)	**50**	**50**
Amaia Land Co. (Amaia)	**100**	**100**
Amaia Southern Properties, Inc. (ASPI)	**65**	**65**
Ayala Land International Sales, Inc. (ALISI)	**100**	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**	**100**
Ayala Land International (Singapore) Pte. Ltd.	**100**	**100**
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**	**100**
Ayala Land International Marketing, SRL (ALIM SRL)	**100**	**100**
Ayala Land International Marketing London	**100**	**100**
Ayala Land Sales, Inc.	**100**	**100**
Southportal Properties, Inc.	**65**	**65**
Buendia Landholdings, Inc.	**100**	**100**
Crans Montana Holdings, Inc.	**100**	**100**
Crimson Field Enterprises, Inc.	**100**	**100**
Ecoholdings Company, Inc. (ECI)	**100**	**100**
NorthBeacon Commercial Corporation NBCC)	**100**	**100**
Red Creek Properties, Inc.	**100**	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	**100**
Asterion Technopod, Incorporated (ATI)	**100**	**100**
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**	**100**
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	**100**	**100**
Hillsford Property Corporation (HPC)	**100**	**100**
Primavera Towncentre, Inc. (PTI)	**100**	**100**
Summerhill E-Office Corporation (Summerhill)	**100**	**100**
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	**100**
Subic Bay Town Centre, Inc.	**100**	**100**
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**	**100**
AyalaLand Real Estate Investments Inc.	**100**	**100**
AyalaLand Advisory Broadway Inc.	**100**	**100**
AyalaLand Development (Canada) Inc.	**100**	**100**
AyalaLand OpenAsia Holdings PTE, Limited	**100**	**100**
Blue Horizons Holdings PTE, Limited	**100**	**100**
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**	**100**
Arvo Commercial Corporation (Arvo)	**100**	**100**
BellaVita Land Corporation (BellaVita)	**100**	**100**
Nuevo Centro, Inc. (Nuevo Centro)	**55**	**100**
Cavite Commercial Town Center, Inc.	**100**	**100**
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	**100**	**100**
One Dela Rosa Property Development, Inc.	**100**	**100**
First Gateway Real Estate Corp.	**100**	**100**
Glensworth Development, Inc. (Glensworth)	**100**	**100**
UP North Property Holdings, Inc.	**100**	**100**
Central Block Developers, Inc.	**52**	**52**
ALO Prime Realty Corporation	**100**	**100**
Laguna Technopark, Inc. (LTI)	**75**	**75**
Ecozone Power Management, Inc.	**75**	**75**
Aurora Properties Incorporated	**80**	**80**
Soltea Commercial Corp.	**16**	**16**
Vesta Property Holdings, Inc.	**70**	**70**
Station Square East Commercial Corporation (SSECC)	**69**	**69**
Accendo Commercial Corp. (Accendo)	**67**	**67**
Avencosouth Corp.	**20**	**20**
Aviana Development Corporation	**7**	**7**
Aviana Development Corporation	**50**	**50**
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	**70**
Ceci Realty, Inc. (Ceci)	**60**	**60**
Soltea Commercial Corp.	**12**	**12**
Soltea Commercial Corp.	**60**	**60**
CMPI Holdings, Inc.	**60**	**60**
CMPI Land, Inc.	**36**	**36**
ALI-CII Development Corporation (ALI-CII)	**50**	**50**
Roxas Land Corporation (RLC)	**50**	**50**
Adauge Commercial Corporation (Adauge)	**60**	**60**
Southgateway Development Corp. (SDC)	**100**	**100**

Ayalaland MetroNorth, Inc. (AMNI)	**100**	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**73**	**73**
BGWest Properties, Inc. (BGW)	**50**	**50**
Lagdigan Land Corporation	**60**	**60**
Cebu Holdings, Inc. (CHI)	**67**	**56**
Cebu District Property Enterprise, Inc.	**7**	**6**
Cebu Property Ventures Development Corp and Subsidiaries	**59**	**43**
Cebu Leisure Company, Inc.	**67**	**56**
CBP Theatre Management Inc.	**67**	**56**
Taft Punta Engaño Property Inc. (TPEPI)	**37**	**31**
Cebu Insular Hotel Company, Inc. (CIHCI)	**25**	**21**
Solinea, Inc.	**23**	**20**
Amaia Southern Properties, Inc. (ASPI)	**23**	**20**
Southportal Properties, Inc.	**23**	**20**
Central Block Developers, Inc.	**32**	**32**
Alabang Commercial Corporation (ACC)	**50**	**50**
South Innovative Theater Management (SITMI)	**50**	**50**
ALI Commercial Center Inc.	**100**	**100**
Prime Orion Properties Inc.	**52**	**-**
Prow Holdings Inc	**55**	**-**
Ayalaland Malls Synergies, Inc.	**100**	**-**
Construction:		
Makati Development Corporation (MDC)	**100**	**100**
MDC – Subic, Inc.	**100**	**100**
MDC - Build Plus, Inc.	**100**	**100**
MDC Conqrete, Inc. (MCI)	**100**	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**	**100**
Hotels and Resorts:		
Ayala Hotels, Inc. (AHI)	**50**	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**80**	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**	**80**
Asian Conservation Company Limited and Subsidiary	**100**	**100**
Enjay Hotels, Inc. (Enjay)	**100**	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**	**63**
Bonifacio Hotel Ventures, Inc.	**100**	**100**
Southcrest Hotel Ventures, Inc.	**67**	**67**
Northgate Hotel Ventures, Inc.	**70**	**70**
North Triangle Hotel Ventures, Inc.	**100**	**100**
Ecosouth Hotel Ventures, Inc.	**100**	**100**
Sentera Hotel Ventures Inc.	**100**	**100**
Econorth Resorts Ventures, Inc.	**100**	**100**
ALI Triangle Hotel Ventures, Inc.	**100**	**100**
Circuit Makati Hotel Ventures, Inc.	**100**	**100**
Capitol Centre Hotel Ventures, Inc.	**100**	**100**
Arca South Hotel Ventures, Inc.	**100**	**100**
Sicogon Town Hotel, Inc.	**100**	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**20**	**20**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**20**	**20**
Ten Knots Phils., Inc. (TKPI)	**60**	**60**
Bacuit Bay Development Corporation	**60**	**60**
Lio Resort Ventures Inc.	**60**	**60**
North Liberty Resort Ventures Inc.	**60**	**60**
Paragua Eco-Resort Ventures Inc.	**60**	**60**
Ten Knots Development, Corp. (TKDC)	**60**	**60**
Chirica Resorts Corp.	**60**	**60**
Kingfisher Capital Resources Corp.	**60**	**60**
Pangalusian Island Resort Corporation	**60**	**60**
Property Management:		
Ayala Property Management Corporation (APMC)	**100**	100
Prime Support Services, Inc.	**50**	50
Ayala Theatres Management, Inc. and Subsidiaries	**100**	100
DirectPower Services, Inc. (DirectPower)	**100**	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100

Entertainment:		
Five Star Cinema, Inc.	**100**	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	50
Others:		
ALInet.com, Inc. (ALInet)	**100**	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	**100**	100
Green Horizons Holdings Limited	**100**	100
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	100
AyalaLand Club Management, Inc.	**100**	100
ALI Capital Corp. (formerly Varejo Corp.)	**100**	100
Sicogon Island Tourism Estate, Corp.	**100**	100
Integrated Eco-resort Inc.	**100**	100
Island Transvoyager, Inc.	**100**	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**	100
AyalaLand Malls Vismin, Inc.	**100**	100
AyalaLand Malls NorthEast, Inc.	**100**	100
Verde Golf Development Corporation	**100**	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	**100**	100
Whiteknight Holdings, Inc. (WHI)	**100**	100
Mercado General Hospital, Inc.	**33**	33
Next Urban Alliance Development Corp.	**100**	100
Arca Integrated Transport System, Inc.	**100**	100

The following were the changes in the group structure in 2016:

Ayalaland Malls Synergies, Inc. is a wholly owned subsidiary of Ayala Land, Inc. and was incorporated on June 1, 2016. The company will house the Commercial Business Group's allied businesses such as but not limited to the partnership with Mercato, LED, operation of upcoming mall's foodcourt.

Prow Holdings, Inc., Ayala Land, Inc. purchased 6,000,000 common shares and 24,000,000 preferred redeemable shares, with par value of P10 per share each of Prow Holdings, Inc. (PHI) for P300,000,000 in April 2016. Subsequently, on May 23, 2016, additional 3,000,000 common shares and 12,000,000 preferred redeemable shares with par value of P10 per share were acquired by ALI and same was accounted for as Investment in Associate as of June 30, 2016.
However, in August 2016, a total of 9,150,931 common shares and 12,876,456 preferred redeemable shares were purchased for a total consideration of P220,273,870 which brought ALI's ownership interest to 55% of the total outstanding capital stock of PHI. As of September 30, 2016, PHI has been considered as a subsidiary and is initially consolidated as an asset acquisition. The transactions were entered based on the governing joint venture agreement for the development Alviera Estate in Porac, Pampanga.

Prime Orion Philippines, Inc. (POPI), on February 24, 2016, the Company and Prime Orion Philippines, Inc. (POPI) executed a Deed of Subscription whereby the Company subscribed to 2.5 billion common shares of stock of POPI, which represent 51.06% of the total outstanding shares of POPI, to be taken out of the increase in capital stock of POPI in consideration of PhP2.25 per share or a total subscription price of PhP5,625,000,000.00. ALI paid 25% of the Subscription Price (or PhP1,406,250,000.00) upon execution of the Deed of Subscription. The payment of the 75% of the Subscription Price is conditioned upon fulfillment of certain conditions.

As of September 30, 2016, the POPI Group has been consolidated in the unaudited interim consolidated financial statements of the Company as the Company became a stockholder of POPI only upon the approval by the SEC of the application of POPI for the increase of its authorized capital stock and the issuance of the Certificate of Increase in Capital Stock on July 4, 2016. The right of the Company to vote, to receive dividends and exercise all other rights of the stockholder all originate from it owning shares in POPI as of July 4, 2016. The Company consolidates POPI in its September 30, 2016 Financial Statements using POPI's book balances.

4. Cash and Cash Equivalents

This account consists of the following:

(in million pesos)	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash on Hand	P50	P56
Cash in Banks	10,913	9,364
Cash Equivalents	10,083	9,667
TOTAL	**P21,046**	**P19,087**

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

5. Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates.

6. Financial Assets at FVPL

This pertains to the Investment in ARCH Capital Funds in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers.

7. Accounts and Notes Receivables

The account consists of:

(in million pesos)	**September 30, 2016**	December 31, 2015
Trade:		
Residential and office development	**₱69,501**	₱65,833
Construction contracts	**2,743**	2,636
Shopping centers	**3,052**	2,124
Corporate business	**4,800**	1,113
Management fees	**89**	117
Others	**391**	1,243
Advances to other companies	**11,889**	15,514
Advances to contractors and suppliers	**33,674**	13,278
Accrued receivables	**40**	3,162
Receivables from related parties (Note 25)	**837**	1,012
Investment in bonds classified as loans and receivables	**-**	258
Receivables from employees	**729**	712
	127,745	107,002
Less allowance for impairment losses	**(903)**	785
	126,842	106,217
Less noncurrent portion	**44,544**	41,256
	₱82,298	₱64,961

The classes of trade receivables of the Group are as follows:

- Residential and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments
- Construction contracts - pertain to receivables from third party construction projects
- Shopping centers - pertain to lease receivables from retail spaces
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

Advances to contractors and suppliers are recouped upon every progress billing payment depending on the percentage of accomplishment or delivery.

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group's employees which are collectible through salary deduction, are interest-bearing and payable on various maturity dates.

Below is the aging analysis of receivables based on collectability.

AGING OF RECEIVABLES

As of September 30, 2016 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱54,546	₱8,542	₱37,813	₱8,277	₱109,178
Nontrade Receivables	8,431	2,502	6,731	-	17,664
Total	₱62,977	₱11,044	₱44,544	₱8,277	₱126,842

8. Inventories

This account consists of:

(in million pesos)	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Real Estate Inventories	P67,217	P57,619
Club Shares	1,572	1,628
TOTAL	**P68,789**	**P59,247**

9. Investment in Associates and Joint Ventures

The Company considers a subsidiary with material NCI, an associate and a joint venture with material interest if its net assets exceed 5% of its total consolidated net assets as of the reporting period. There are no significant restrictions on the Company's ability to use assets and settle liabilities of the group.

Financial information on the Company's significant subsidiary with material NCI follows:

Cebu Holdings, Inc.	**As of September 30, 2016 (in million pesos)**
Current assets	4,672
Noncurrent assets	15,358
Current liabilities	5,295
Noncurrent liabilities	7,280
Revenue	2,029
Profit or loss from continuing operations	509

Financial information of the associate with material interest as follows:

Bonifacio Land	**As of September 30, 2016 (in million pesos)**
Current assets	14,158
Noncurrent assets	29,923
Current liabilities	5,025
Noncurrent liabilities	-
Revenue	2,331
Profit or loss from continuing operation	1,005

MCT BHd	**As of September 30, 2016 (in million pesos)**
Current assets	10,974
Noncurrent assets	7,056
Current liabilities	7,574
Noncurrent liabilities	1,983
Revenue	4,681
Profit or loss from continuing operation	542

The Group exercises joint control over the following entities:

- SIAL Specialty Retailers, Inc.
- SIAL CVS Retailers, Inc.
- Cebu Distict Property Enterprise, Inc.
- Emerging City Holdings, Inc.
- Bershires Holdings, Inc.
- Alveo-Federal Land Communities, Inc.
- ALI-ETON Property Development Corporation

10. Short-Term and Long-Term Debt

The short-term debt of P31.7 billion and P10.5 billion as of September 30, 2016 and December 31, 2015, respectively, represents secured and unsecured peso-denominated and dollar-denominated bank loans. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain short-term debt with a carrying value of P19.8B and P14.2B as of September 30, 2016 and December 31, 2015, respectively, are secured by real estate mortgages dated March 14, 2016 and September 2, 2014 covering certain properties of the Company. Dollar-denominated short-term loans amounted to $22.4 million as of December 31, 2015. There were no outstanding dollar-denominated bank loans as of September 30, 2016.

Interest rates for short-term loans are as follows:

	September 2016	December 2015
Philippine Peso	2.2% to 3.0%	2.1% to 3.1%
US Dollar	1.1% to 1.3%	1.1% to 1.3%

Long-term debt consists of:

(in thousand pesos)	**September 30, 2016**	December 31, 2015
Company:		
Bonds:		
Due 2015	**₱–**	₱-
Due 2016	-	2,182,850
Due 2019	9,350,000	9,350,000
Due 2020	4,000,000	4,000,000
Due 2022	12,650,000	12,650,000
Due 2024	15,000,000	15,000,000
Due 2025	15,000,000	8,000,000
Due 2026	8,000,000	-
Due 2033	2,000,000	2,000,000
Fixed Rate Corporate Notes (FXCNs)	9,169,500	14,328,400
Floating Rate Corporate Notes (FRCNs)	1,000,000	1,000,000
PHP-denominated long-term loan	15,260,638	15,442,250
USD-denominated long-term loan	2,018,812	1,882,400
	93,448,950	85,835,900
Subsidiaries:		
Bonds		
Due 2021	₱5,000,000	₱5,0000,000
Bank Loans – Philippine Peso	25,874,347	23,337,605
Bank Loans – US Dollar	-	3,324,361
FXCNs	3,384,375	3,450,000
	34,258,722	35.111,966
	127,707,672	120,947,866
Less: Unamortized Transaction Costs	551,237	438,013
	127,156,435	120,509,853
Less: Current Portion	3,580,204	8,807,652
	₱123,576,231	₱111,702,201

Company

On April 12, 2016, The Board of Directors during its meeting approved the terms and conditions of the P7 Billion second tranche of the fixed rate bond series under the Company's P50 Billion Debt Securities Program as approved by the SEC in March 2016. The 9.5-yr Fixed Rate Bonds was priced at a rate of 4.75% per annum. The Fixed Rate Bonds was issued on April 25, 2016 and will mature in 2025.

On August 18, 2016, the Board of Directors approved the terms and conditions of (a) the P7 Billion Third Tranche of the Fixed Rate Bond Series and (b) the P3 Billion Homestarter Bonds both of which will be issued under the Company's P50 Billion Debt Securities Program as approved by the Securities and Exchange Commission in March 2016.

The P7 Billion Fixed Rate Bond which was issued on October 7, 2016 was priced as a rate of 3.8915% and will mature in 2023. While the P3 Billion Homestarter Bonds which was issued on October 19, 2016 was priced at a rate of 3% and will mature in 2019.

Philippine Peso Homestarter Bond due 2015
In October 2012, the Company issued 1,000.0 million bond due 2015 with fixed rate equivalent to 5.00% p.a. The Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a Aaa issuer rating on the Company indicating that it has the smallest degree of investment risk for the bond. AAA is the highest credit rating possible on CRISP's rating scale for issuers. CRISP also assigned a stable credit outlook for Company's issuer rating as CRISP continues to believe that the Company's strong financial performance will continue and roll out of its new development projects will sustain its leadership position. In 2015, ₱767.0 million of the bond was redeemed with the remaining balance of ₱219.7 million as of December 31, 2015 fully redeemed by January 2016.

Philippine Peso Homestarter Bond due 2016
In May 2013, the Company issued the second tranche of the bonds registered with the Securities and Exchange Commission in 2012, at an aggregate principal amount of ₱2,000.0 million. The bonds have a term of three (3) years from the issue date, and will bear interest on its principal amount at a fixed rate of 4.00% p.a. Interest will not be compounded and shall be payable on maturity date or on the date of effectivity of an Early Downpayment Application, as may be applicable, less the amount of any applicable withholding taxes. Outstanding bonds amounting to ₱1,963.2 million as of December 31, 2015 were fully redeemed by August 2016.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.625% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.000% p.a. The Philippine Rating Services Corporation ("PhilRatings") assigned a PRS AAA rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS AAA is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.625% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.000% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 10-year and 6-month Bonds due 2024
In July 2013, the company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2025
In April 2014, the Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.625% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2026
In March 2016, the Company issued a total of ₱8,000.0 million bonds due 2026 at a fixed rate equivalent to 4.85% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2025
In April 2016, the Company issued a total of ₱7,000.0 million bonds due 2025 at a fixed rate equivalent to 4.75% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7-year FRCN due 2016
In October 2009, the Company executed a ₱1,000.0 million committed FRCN facility with a local bank, of which an initial ₱10.0 million was drawn on October 12, 2009. The balance of ₱990.0 million was subsequently drawn on November 18, 2011. The FRCN bears a floating interest rate based on the 3-month PDST-R1 plus a spread of 0.96%, repriceable quarterly. The FRCNs will mature on October 12, 2016, the seventh anniversary of the initial drawdown date.

Philippine Peso 5-, 7- and 10-year FXCNs due 2011, 2013 and 2016
In September 2006, the Company issued ₱3,000.0 million FXCNs consisting of 5-, 7- and 10-year notes issued to various financial institutions and will mature on various dates up to 2016. The FXCNs bear fixed interest rates ranging from 7.25% to 7.75% p.a. depending on the term of the notes. In January 2011, simultaneous to a new corporate note offering, the Company undertook a liability management exercise by offering to prepay holders of the corporate notes issued in 2006 while inviting the same institutions to participate in the new issuance. A number of investors holding up to ₱ 875.0 million of notes maturing in 2013 and 2016 accepted the offer to be prepaid. On September 23, 2011, the 5-year and one (1) day FXCNs amounting to ₱1,830.0 million matured and were fully repaid by the Company. Subsequently in September 2013, the balance of the 7-year FXCNs amounting to ₱195.0 million matured and was fully repaid by the Company. As of December 31, 2015, and 2014, the notes had an outstanding balance of ₱100.0 million. The notes were fully paid on September 22, 2016.

Philippine Peso 5-, 7- and 10-year FXCN due 2014, 2016 and 2019
In January 2009, the Company issued an aggregate ₱2,380.0 million in 5-, 7- and 10-year notes to various financial institutions and retail investors. The notes will mature on various dates up to 2019. The FXCNs bear fixed interest rates ranging from 7.76% to 8.90%. ₱220.0 million and ₱830.0 million notes due in 2014 and 2016, respectively were prepaid on January 28, 2013. On January 28, 2016, the remaining ₱1.3 billion of notes outstanding as of December 31, 2015 were prepaid.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Company issued ₱10,000.0 billion FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.62% to 7.50% p.a. depending on the term of the notes. The Company prepaid ₱ 1.95 billion of notes due in 2016 on January 19, 2013. In 2014, the Company paid ₱50.8 million for the matured portion of the loan.

Philippine Peso 10-year Note due 2022
In December 2012, the Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.50%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date.

US Dollar-denominated Long-term Loan
In October 2012, the Company executed and had fully withdrawn a US$58.5 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The loan will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In January 2014 and October 2015, the Company made partial prepayments on the loan in the amount of US$5.75 million and US$12.785 million, respectively. In March 2016, a total of US$25.0 million in principal were prepaid.

Peso-denominated Long-term Loans
In August to September 2015, the Company assumed an aggregate of ₱15,442.3 million various long-term facilities of some Subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.725% p.a. and terms ranging from 4.4 years to 10.5 years. In March 2016, the Company additionally assumed from ALI Makati Hotel Property, Inc. US$30.0 million in long-term loans from the Bank of the Philippine Islands. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR) and is repriceable quarterly.

Subsidiaries
The subsidiaries' loans will mature on various dates up to 2023. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R1/R2 or and fixed interest rates ranging from 3.56% to 5.75% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to 95% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or at the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a. Dollar-denominated loans bear floating interest rates at a credit spread over the benchmark three-month US Dollar LIBOR, repriceable quarterly. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain credit facilities with a total carrying value of ₱11,912.4 million and ₱14,499.6 million as of December 31, 2015 and 2014, respectively, are secured by a real estate mortgage dated September 2, 2014 covering certain properties of the Company.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In June 2014, Cebu Holdings, Inc. issued a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.32% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of September 30, 2016 and December 31, 2015.

11. Accounts and Other Payables

The accounts and other payables as of September 30, 2016 is broken down as follows:

Accounts and other payables	As of September 30, 2016 (in million pesos)	As of December 31, 2015 (In million pesos)
Accounts Payable	P77,377	P72,015
Accrued Project Cost	17,666	16,655
Taxes payable	15,544	10,725
Liability for land purchase	4,860	5,875
Accrued salaries & employee benefits	4,237	2,796
Accrued - Repairs & maintenance	1,376	2,780
Accrued - Professional & Management Fees	3,065	2,536
Accrued - Commission	744	572
Accrued - Utilities	2,261	2,115
Accrued – Rental	843	1,204
Accrued – Advertising & Promo	2,039	900
Accrued – Insurance	64	45
Accrued – Postal & Comm	18	34
Accrued - Representation	329	330
Interest Payable	1,744	1,512
Payable to related party	1,897	663
DRP Obligations	267	262
Retention Payable	140	29
Dividend Payable	321	348
Other Accrued Payable	3,838	361
Total	**P138,630**	**P121,757**

Below is the aging analysis of payables.

AGING OF PAYABLES As of September 30, 2016 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Payables	₱37,594	₱18,306	₱33,641	-	₱89,541
Nontrade Payables	38,091	54,781	6,427	-	99,299
Total	₱75,685	₱73,087	₱40,068	**-**	₱188,840

12. Equity

On February 26, 2016, the BOD approved the declaration of cash dividends amounting to P0.238 per outstanding common share and was paid on March 23, 2016 to shareholders on record as of March 11, 2016. Further, on the same date, the BOD declared annual cash dividends of 4.74786% per year or P0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. These were paid out on June 29, 2016 to shareholders on record as of June 15, 2016.

On May 11, 2016, 137 ESOWN grantees subscribed to 13,646,546 common shares at P26.27 per share.

On May 18, 2016, Additional ESOWN shares were subscribed totaling 293,919 common shares at P26.27 per share by four grantees.

On May 19, 2016, Additional ESOWN shares were subscribed under the ESOWN totaling 3,110,756 common shares

On August 18, 2016, the Board of Directors approved the declaration of cash dividends of P0.238 per outstanding common share. This brings full year dividends to P0.476 per common share, which reflects a 15% increase from last year's regular cash dividends, and payout ratio of 40% of prior year's earnings. The cash dividend will be payable on September 16, 2016 to stockholders of common shares as of record date September 2, 2016.

13. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties
In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following provide the total amount of transactions that have been entered into with related party for the relevant financial year:

a. Transactions with BPI, an associate of AC

As of September 30, 2016, and December 31, 2015, the Group maintains current and savings account, money market placements and short/long-term debt payable with BPI broken down as follows:

(in million pesos)	**September 30, 2016 Unaudited**	**December 31, 2015 Audited**
Cash in bank	**P4,606**	P13,355
Cash equivalents	**3,891**	5,939
Financial asset at FVPL	**2,625**	6,264
Short-term debt	**6,448**	1,669
Long-term debt	**13,360**	12,522

b. Outstanding balances from/to related parties

	Receivables from Related Parties		**Payables to Related Parties**	
In million pesos	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2015
Parent Company	P97	P156	P73	P78
Associates	1	122	25	249
Other related parties:				
FBDC	389	547	1,358	-
Globe Telecom (Globe)	215	113	51	5
BPI	36	38	52	47
Columbus	-	-	267	267
Lagoon Development Corp	-	-	50	-
Mercado Ambulatory and Surgical Centers, Inc.	30	-	21	-
Panay Medical Ventures	15	-	-	-
Ayala Group Counselors Corporation	22	-	-	-
Others	32	35	-	15
	739	734	1,799	336
Total	P837	P1,013	P1,897	P663

c. Revenues and expenses from/to related parties

	Revenues from related parties		Expenses to related parties	
In million pesos	September 2016	September 2015	September 2016	September 2015
Parent Company	P50	P384	P19	P368
Associates	38	34	5	1
Other related parties:				
Globe Telecom (Globe)	147	33	42	37
BPI	134	154	168	24
Fort Bonifacio Corp	69	56	-	-
PSI Technologies	79	89	-	-
Others	20	13	-	-
AG Counselors Corp	-	-	156	137
Manila Water Company, Inc.	-	-	146	109
Fort Bonifacio Development Corp	-	-	126	114
Innove Communications, Inc,	-	-	29	22
BPI Securities Corp.	-	-	-	91
Others	-	-	26	13
	449	345	693	547
Total	P537	P763	P717	P916

14. Segment information

The industry segments where the Group and its associates and joint ventures operate follow:

- Residential developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture

- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners

- Corporate business - development and lease or sale of office buildings; sale of industrial lots and lease of factory building

- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants

- Strategic land bank management and Visayas-Mindanao - acquisition, development and sale of large-scale, mixed-use, masterplanned communities; sale of override units or the Company's share in properties made available to subsidiaries for development. This also includes development, sale and lease, shopping centers and residential developments of the Group's product offerings in key cities in the Visayas and Mindanao regions

- Construction - land development and construction of the Group and third-party projects

- Property management - facilities management of the Group and third-party projects

- Others - other income from investment activities and sale of noncore assets.

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

YTD September 2016	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	10,627	3,805	47,435	5,233	7,780	4,574	1,046	-	-	80,500
Intersegment sales	618	-	1,858	(235)	40,620	-	524	-	(43,385)	-
Equity in net earnings of Investees	(291)	-	7	187	-	-	-	442	-	345
Total Revenues	**10,954**	**3,805**	**49,300**	**5,185**	**48,400**	**4,574**	**1,570**	**442**	(43,385)	**80,845**
Operating Expenses	5,985	1,320	36,517	3,939	45,206	3,352	1,487	1,304	(42,884)	56,226
Operating Profit	**4,969**	**2,485**	**12,783**	**1,246**	**3,194**	**1,222**	**83**	**(862)**	**(501)**	**24,619**
Interest income										4,278
Interest expense										(5,419)
Other income (expense)										(198)
Provision for income tax										(5,876)
Net Income										17,404
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										15,061
Minority interests										2,343
										17,404
Other information										
Segment assets	87,208	52,981	318,344	142,137	43,565	37,658	5,791	51,696	(255,197)	484,183
Investment in associates and jointly controlled entities	6,252	-	614	8,622	-	-	-	8,224	-	23,712
Deferred tax assets	319	87	1,643	368	34	271	32	2,653	-	5,407
Total assets	**93,779**	**53,068**	**320,601**	**151,127**	**43,599**	**37,929**	**5,823**	**62,573**	**(255,197)**	**513,302**
Segment liabilities	71,245	23,088	149,158	101,934	43,239	23,518	3,600	32,948	(103,666)	345,064
Deferred tax liabilities	221	35	1,849	442	-	483	16	-	(378)	2,668
Total liabilities	**71,466**	**23,123**	**151,007**	**102,376**	**43,239**	**24,001**	**3,616**	**32,948**	**(104,044)**	**347,732**
Segment additions to										
Property & Equipment	4,913	28	725	12	1,862	869	15	146	-	8,570
Investment properties	13,221	2,834	-	5,519	30	1,272	-	-	-	22,876
Depreciation and amortization	1,164	547	185	579	1,139	409	118	244	-	4,385

YTD September 2015	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	9,238	3,489	43,330	3,582	5,357	4,310	906	-	-	70,212
Intersegment sales	671	-	525	(138)	24,277	-	821	-	(25,058)	-
Equity in net earnings of Investees	(254)	-	-	178	-	-	-	(69)	-	(145)
Total Revenues	**9,655**	**3,489**	**43,855**	**3,622**	**29,634**	**4,310**	**1,727**	**(69)**	-	**70,067**
Operating Expenses	5,196	2,018	32,882	2,707	26,211	3,341	1,411	911	(25,058)	49,619
Operating Profit	**4,459**	**1,471**	**10,973**	**915**	**3,423**	**969**	**316**	**(980)**	**25,058**	**20,448**
Interest income										4,336
Interest expense										(4,661)
Other income (expense)										216
Provision for income tax										(5,133)
Net Income										15,206
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										12,825
Minority interests										2,381
										15,206
Other information										
Segment assets	72,418	50,755	285,043	104,996	43,589	25,335	5,426	42,468	(214,146)	415,884
Investment in associates and jointly controlled entities	808	-	-	8,613	-	-	-	3,501	-	12,922
Deferred tax assets	261	66	2,035	318	30	142	25	1,579	2,439	6,895
Total assets	**73,487**	**50,821**	**287,078**	**113,927**	**43,619**	**25,477**	**5,451**	**47,548**	**(211,707)**	**435,701**
Segment liabilities	49,209	18,645	148,073	94,241	39,216	16,183	4,071	7,190	(89,857)	286,971
Deferred tax liabilities	3	24	1,051	206	-	440	1	-	17	1,742
Total liabilities	**49,212**	**18,669**	**149,124**	**94,447**	**39,216**	**16,623**	**4,072**	**7,190**	**(89,840)**	**288,713**
Segment additions to										
Property & Equipment	274	35	1,648	338	1,221	291	2,041	117	-	5,965
Investment properties	6,028	1,469	453	1,149	-	450	-	837	-	10,386
Depreciation and amortization	1,167	618	141	532	655	398	116	95	-	3,722

Financial Risk Management Objectives and Policies

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

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

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

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

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

There were no changes in the Group's financial risk management objectives and policies as of September 30, 2016.

Liquidity risk

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

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

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

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

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

Credit risk

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

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

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

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

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

Results of Operations for the Nine Months Ended September 30, 2016

Ayala Land, Inc. (ALI or "the Company") continued to perform steadily in the past nine months of 2016 delivering a net income of P15.06 billion, 17% higher than the P12.83 billion posted in the same period last year. Consolidated revenues for the past nine months reached P85.49 billion, 14% higher than the P75.05 billion posted in the same period in 2015. Revenues from Real Estate increased by 15% to P80.50 billion driven by the sustained growth of the residential and office for sale segments, complemented by the sale of new commercial lots and the strong performance of shopping centers.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 5.7% from 6.2% while the Earnings before interest and taxes (EBIT) margin registered higher at 31% from 30% during the same period last year.

Business Segments

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

Property Development. This includes the sale of residential lots and units, office spaces, as well as commercial and industrial lots. Total revenues from Property Development amounted to P52.61 billion in the past nine months of 2016, 12% higher than the P46.87 billion reported during the same period in 2015.

Revenues from the sale of residential lots and units reached P43.95 billion in the past nine months, 10% higher than the P40.00 billion posted in the same period last year, driven by bookings and project completion across all residential brands.

Ayala Land Premier (ALP) registered revenues of P16.84 billion, 7% higher than the P15.68 billion, posted in the same period in 2015 driven by higher bookings from projects such as Park Central Tower in Makati City and Arbor Lanes in Arca South, Taguig and increased completion of horizontal projects such as Riomonte in Nuvali, The Courtyards in Vermosa, Cavite and residential building projects such as Two Roxas Triangle and Tower 2 of Garden Towers located in the Makati CBD and East and West Gallery Place in Bonifacio Global City, Taguig.

Alveo meanwhile registered revenues of P11.20 billion, 11% higher than the P10.06 billion generated in the same period last year due to the higher completion of subdivision projects such as Lumira and Mondia in Nuvali, Santa Rosa Laguna and Montala in Alviera, Porac Pampanga and condominium projects such as Lerato Tower 3 in Makati CBD, High Park Towers 1 and 2 in Vertis North, Quezon City, Portico in Pasig, Verve Residences 1 and 2, One and Two Maridien and Park Triangle Residences in Bonifacio Global City, Taguig and Solinea Towers 1, 2 and 3 in Cebu.

Avida posted revenues of P11.79 billion, 15% higher than the P10.26 billion posted in the same period last year on the account of higher bookings of projects such as Hillcrest Estates and Southfield Settings in Nuvali, Santa Rosa Laguna, Avida Tower Turf, The Montane and Avida Tower Verte in Bonifacio Global City, Taguig, Avida Towers One Union Place 1 and 3 in Arca South, Taguig and Avida Towers Asten 1 and 2 in Makati City. Higher completions were also recognized from Avida Towers BGC 34th 1 and 2 in Bonifacio Global City, Taguig, Avida Towers Vita 2 and 3 in Vertis North, Quezon City and Avida Towers Davao 2 in Davao City.

Amaia generated revenues of P2.47 billion, 12% lower than the previous year due to the contribution of projects with lower completion.

BellaVita meanwhile significantly increased revenues to P458 million, 68% higher than the P272 million posted in the same period last year due to the substantial bookings generated by its existing projects in Cagayan de Oro, Cabanatuan and Tayabas, Quezon and higher completion of the projects in General Trias, Cavite and Pililla, Rizal.

The gross profit margins of horizontal projects slightly decreased to 42% from 43% while the gross profit margins of vertical projects also slightly decreased to 34% from 35% due to the higher development and land cost of recently launched projects.

Revenues from the sale of office spaces reached P4.17 billion, 3% higher than the P4.03 billion registered in the same period in 2015 driven by higher bookings from Alveo Financial Tower in Makati CBD, Alveo Park Triangle Tower and Alveo Park Triangle Corporate Plaza and higher completion of High Street South Corporate Plaza 1 and 2 in Bonifacio Global City, Taguig. Avida's office projects in Bonifacio Global City also contributed significant revenues coming from higher bookings from Capital House and higher completion of One Park Drive. Gross profit margins of offices for sale was sustained at 38%.

Sales from residential and office for sale projects reached a total of P84.32 billion during the period, 2% higher year-on-year, equivalent to an average monthly sales take-up of P9.36 billion. Ayala Land launched P49.2 billion worth of residential and office for sale projects in the past nine months of 2016.

Revenues from the sale of commercial and industrial lots reached P3.92 billion, 50% higher than the P2.62 billion posted in the same period last year due to higher lot sales in Arca South, Taguig and Altaraza, San Jose Del Monte, Bulacan. Gross profit margins from Commercial and Industrial lots declined to 40% from 49% due to the sale of lower-margin lots located in non-prime areas.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to P19.17 billion in the past nine months of 2016, 12% higher than the P17.18 billion recorded in the same period last year.

Revenues from shopping centers reached P10.59 billion, 15% higher than the P9.24 billion posted in the same period last year due to the improved performance of the new malls such as UP Town Center in Quezon City and Ayala Malls Solenad in Nuvali, Santa Rosa Laguna and the higher occupancy and average rental rates of existing malls. Monthly average lease rates registered slightly higher to P1,154 per square meter from P1,153 per square meter in the same period last year while the same mall rental growth increased by 5% year-on-year. Shopping Centers EBITDA margin slightly decreased to 68% from 69% due to the lower margins of newly-opened malls. Average occupancy rate registered at 93%. Total gross leasable area (GLA) of Shopping Centers registered at 1.57 million square meters as of September 30, 2016.

Revenues from office leasing reached P4.01 billion, 10% higher than the P3.63 billion posted during the same period last year due to the higher average rental rates of existing buildings and the positive contribution of new offices such as Bonifacio Stopover and BGC Corporate Center in Bonifacio Global City, Taguig. Monthly average lease rates of its BPO offices registered 5% higher to P734 per square meter from 696 per square meter in the same period last year. Office Leasing EBITDA margin improved to 90% from 89%. Average occupancy rate registered at 90%. Total gross leasable area (GLA) of Office Leasing registered at 753 thousand square meters as of September 30, 2016.

Revenues from hotels and resorts reached P4.57 billion, 6% higher than the P4.31 billion posted in the same period last year due to the improved revenue-per-available-room (REVPAR) of hotels and resorts. REVPAR of hotels increased by 1% to P3,845 per night while REVPAR of resorts increased by 5% to P7,775 per night. Hotels and Resorts EBITDA margin slightly decreased to 27% from 28% due to lower overall occupancy of resorts. Average occupancy rate registered at 74% for Hotels and 58% for Resorts. The Hotels and Resorts segment currently operates 961 hotel rooms from its internationally branded segment; Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 213 island resort rooms from El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 817 rooms from its Seda Hotels located in Bonifacio Global City, Taguig, Centrio Cagayan de Oro, Abreeza, Davao and Nuvali, Santa Rosa Laguna and Atria, Iloilo. Total rooms under the Hotels and Resorts portfolio registered at 1,991 as of September 30, 2016.

Services. This includes the Company's wholly-owned Construction and Property Management companies; respectively Makati Development Corporation and Ayala Property Management Corporation. Total revenues from the Services business amounted to P48.70 billion, 59% higher than the P30.54 billion reported in the same period in 2015.

Revenues from Construction reached P47.66 billion, 61% higher than the P29.63 billion posted during the same period last year due to the increase in order book of projects within the Ayala Land Group. Revenues from Property Management reached P1.05 billion, 15% higher than the P906 million posted in the same period last year due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses decreased to 7% from 13% as bulk of construction accomplishments are from lower margin contract packages.

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

Equity in net earnings of associates and JVs registered at P345 million due mainly from the earnings contribution of MCT BHd. Meanwhile, Interest, Investment and Other Income reached P4.64 billion, 7% lower due to the lower interest income on money market placements.

Expenses

Total expenses registered at P62.21 billion, 14% higher than the P54.71 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 14% to P51.33 billion from P44.97 billion from the same period last year.

General and Administrative Expenses (GAE) grew by only 5% to P4.90 billion from P4.65 billion last year as a result of efficient cost management measures. GAE-to-revenue ratio further improved to 5.7% from 6.2% last year. Interest Expense, Financing and Other Charges meanwhile registered at P5.98 billion, 18% higher year-on-year from P5.09 billion, mainly attributed to higher interest expense resulting from a higher average daily loan balance. The average interest rate registered at 4.5% as of the past nine months of 2016 compared to 4.8% in the same period last year.

Project and Capital Expenditure

Ayala Land spent a total of P63.9 billion for project and capital expenditures in the past nine months of 2016. Of the total capital expenditure, 17% was spent on land acquisition, 6% was spent on the development of its estates, 40% was spent on the completion of residential projects, 27% was spent on the completion of commercial leasing projects with the remaining 10% of the amount disbursed for new businesses, services and other investments.

Financial Condition

Ayala Land posted a solid balance sheet position as of the past nine months of 2016 which provides adequate capacity to support its growth plans for 2016 and beyond.

Cash and Cash Equivalents, including short-term investments and UITF investments classified as FVPL, stood at P23.68 billion, resulting in a current ratio of 1.09:1. Total Borrowings stood at P158.89 billion as of September 2016 from P131.00 billion as of December 2015, translating to a Debt-to-Equity Ratio of 0.97:1 and a Net Debt-to-Equity Ratio of 0.82:1. Return on Equity was at 14.6% as of September 30, 2016.

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

Income Statement items – September 2016 versus September 2015

15% increase in real estate and hotel revenues
Primarily due to higher sales bookings and incremental project completion of residential projects and contribution from improved performance of malls, leasing and hotels & resorts business groups.

338% increase in equity in net earnings of investees
Mainly due to higher equity from investments in Malaysia and China.

43% decrease in other income
Largely due to lower management fees and miscellaneous income.

14% increase in real estate and hotel costs
Mainly due to higher real estate and hotels costs coming from residential, malls, leasing and hotels & resorts business segments.

5% increase in general and administrative expense
Primarily due to increase in compensation & benefits related expenses.

18% increase in interest expense, financing and other charges
Mainly due to increased borrowings to finance various capital expenditures.

14% increase in provision for income tax
Largely due to higher taxable income mainly from real estate.

Balance Sheet items – September 2016 versus Dec. 2015

10% increase in cash and cash equivalents
Largely due to bond issuance and loan availments in 2016.

93% decrease in short term investments
Primarily due to maturity of Short-term investment placements

318% increase in fair value through profit or loss financial asset
Due to BG West, NUVALI companies and APMC's UITF investment placements.

27% increase in accounts and notes receivables (net)
Mainly due to higher sales and additional bookings from residential business group projects (subdivision, condominium, house & lot, and office building for sale) and improved performance of malls, leasing, and hotels & resorts business segments.

16% increase in real estate Inventories
Primarily due to new project launches of residential projects and incremental completion of existing projects.

14% increase in other current assets
Mainly due to higher Input Vat and CWT recognition, and increased prepayments and materials and supplies.

8% increase in non-current accounts and notes receivable
Largely due to the increase in advances to other companies which includes advances to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. This will be recorded as part of the project costs upon development or as part of consideration for purchases of land.

35% increase in investments in associates and joint ventures
Mainly due to the investment in OCLP and share in equity from Associates for YTD September 2016.

28% increase in investment properties
Primarily due to additional project costs of malls and office buildings and contribution of additional land acquisitions.

167% increase in available-for-sale financial assets
Mainly due to Cyber Bay Shares and Alviera country club shares.

8% increase in deferred tax assets
Primarily due to higher deferred tax assets mainly coming from residential group's tax effect of temporary difference arising from sale and collection on booked accounts.

22% increase in other non-current assets
Mainly due to provisionary excess of investment in POPI versus POPI's book balance.

14% increase in account and other payables
Largely due to higher expenses on development and project costs of new and existing and contribution from the group's increase in accrued expenses, interest payable, taxes payable and higher payables to external suppliers/contractors due to increased volume of construction projects for ALI.

203% increase in short-term debt
Primarily due to additional short-term unsecured peso denominated bank loan availments in 2016.

43% decrease in income tax payable
Mainly due to settlement of income taxes.

148% increase in customers & tenant's deposit
Primarily due to increase in advances and deposits for projects.

59% decrease in current portion of long-term debt
Mainly due to loan payments of ALI and AHRC.

50% increase in deferred tax liabilities
Primarily coming from the recognition of deferred tax liability for the uncollected receivables from residential development.

11% increase in long-term debt
Largely due to ALI's bond issuance amounting to P15B.

14% increase in deposits and other noncurrent liabilities
Largely due to higher non-current security deposits from residential customers and new tenants from leasing business segment.

49% increase in non-controlling interest
Mainly due to the increase in Non-Controlling Interest's share in YTD September 2016 NIAT and contribution from NCI share of Prow Holdings, Nuevo Centro, Aviana and POPI.

PART II - OTHER INFORMATION

Item 3. 3Q 2016 Developments

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (as of September 30, 2016)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala II	Vice Chairman
	Bernard Vincent O. Dy	President & CEO
	Antonino T. Aquino	Director
	Francis G. Estrada	Director
	Jaime C. Laya	Director
	Delfin L. Lazaro	Director
	Rizalina G. Mantaring	Director
	Arturo G. Corpuz	Director
C. Performance of the corporation or result/progress of operations	Please see unaudited consolidated financial statements and management's discussion on results of operations.	
D. Declaration of dividends	P0.238 cash dividend Declaration date: February 26, 2016 Record date: March 11, 2016 Payment date: March 23, 2016	
	P0.238 cash dividend Declaration date: August 18, 2016 Record date: September 02, 2016 Payment date: September 16, 2016	
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, 2016, stock options outstanding* are as follows:

ESOP	None
ESOWN	117,182,855 shares

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

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

Item 4. Other Notes to 3Q 2016 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 Item 2: Management's Discussion on Results of Operations and Analysis.
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 (note 10).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	On August 18, 2016, the Board of Directors approved the terms and conditions of (a) the P7 Billion Third Tranche of the Fixed Rate Bond Series and (b) the P3 Billion Homestarter Bonds both of which will be issued under the Company's P50 Billion Debt Securities Program as approved by the Securities and Exchange Commission in March 2016. The P7 Billion Fixed Rate Bond which was issued on October 7, 2016 was priced as a rate of 3.8915% and will mature in 2023. While the P3 Billion Homestarter Bonds which was issued on October 19, 2016 was priced at a rate of 3% and will mature in 2019.
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	On February 24, 2016, the Company and Prime Orion Philippines, Inc. (POPI) executed a Deed of Subscription whereby the Company subscribed to 2.5 billion common shares of stock of POPI, which represent 51.06% of the total outstanding shares of POPI, to be taken out of the increase in capital stock of POPI in consideration of PhP2.25 per share or a total subscription price of PhP5,625,000,000.00. ALI paid 25% of the Subscription Price (or PhP1,406,250,000.00) upon execution of the Deed of Subscription. The payment of the 75% of the Subscription Price is conditioned upon fulfillment of certain conditions.

As of September 30, 2016, the POPI Group has been consolidated in the unaudited interim consolidated financial statements of the Company as the Company became a stockholder of POPI only upon the approval by the SEC of the application of POPI for the increase of its authorized capital stock and the issuance of the Certificate of Increase in Capital Stock on July 4, 2016. The right of the Company to vote, to receive dividends and exercise all other rights of the stockholder all originate from it owning shares in POPI as of July 4, 2016. The Company consolidates POPI in its September 30, 2016 Financial Statements using POPI's book value balances.

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

On August 18, 2016, the Board of Directors during its meeting approved the declaration of cash dividends of P0.238 per outstanding common share. This brings full year dividends to P0.476 per common share, which reflects a 15% increase from last year's regular cash dividends, and payout ratio of 40% of prior year's earnings. The cash dividend was made be payable on September 16, 2016 to stockholders of common shares as of record date September 2, 2016.

On the same day, the Board of Directors during its meeting also approved the terms and conditions of (a) the Php3 billion Homestarter Bonds and (b) the Php7 Billion Third Tranche of the Fixed Rate Bond Series both of which will be issued under the Corporation's PhP50 Billion Debt Securities Program as approved by the Securities and Exchange Commission in March 2016.

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 the year 2016, Ayala Land's consolidated budget for project and capital expenditures amount to P84.5 billion of which P63.9 billion has been disbursed as of September 30, 2016. This will be financed through a combination of internally-generated funds, borrowings and operations. The Company will use the capital expenditure for land acquisition as well as the construction completion of investment properties and launched residential projects.
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period in one or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
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:

	End September 2016	*End December 2015*
Current ratio [1]	*1.10:1*	*1.14:1*
Debt-to-equity ratio [2]	*0.98:1*	*0.87:1*
Net debt(cash)-to-equity ratio [3]	*0.82:1*	*0.74:1*
Profitability Ratios:		
Return on assets [4]	*4.9%*	*5.0%*
Return on equity [5]	*14.6%*	*14.4%*
Asset to Equity Ratio[6]	*3.1:1*	*2.95:1*
Interest Rate Coverage Ratio[7]	*5.4*	*5.5*

[1] Current assets / current liabilities
[2] Total debt / consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
[3] Net debt / consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short-term investments and financial assets through FVPL)
[4] Total net income/average total assets
[5] Net income attributable to equity holders of ALI/average total stockholders' equity attributable to equity holders of ALI
[6] Total assets / total stockholders' equity
[7] EBITDA / interest expense

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:

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: November 08, 2016