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)

March 31, 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 **March 31, 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 March 31, 2016

Title of each class	Number of shares issued and outstanding
Common shares	**14,695,631,367**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
₱57,962,880,000.00

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 [ ]

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Millions)

	March 2016 Unaudited	December 2015 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	**₱16,398**	₱19,087
Short-term investments	**-**	-
Financial assets at fair value through profit or loss - UITF	**692**	165
Financial assets at fair value through profit or loss	**446**	732
Accounts and notes receivable	**85,063**	64,961
Inventories	**72,594**	59,247
Other current assets	**19,977**	22,012
Total Current Assets	**195,170**	166,204
Noncurrent Assets		
Noncurrent accounts and notes receivable	**38,522**	41,257
Available-for-sale financial assets	**91,988**	93,303
Land and improvements	**23,719**	17,522
Investments in associates and joint ventures	**522**	500
Investment properties - net	**86,796**	80,465
Property and equipment - net	**24,308**	24,246
Deferred tax assets - net	**7,530**	7,912
Other noncurrent assets	**13,164**	10,934
Total Noncurrent Assets	**286,549**	276,139
Total Assets	**₱481,719**	₱442,343
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱140,447**	₱121,757
Short-term debt	**25,250**	10,486
Income tax payable	**1,861**	1,284
Current portion of long-term debt	**5,127**	8,808
Deposits and other current liabilities	**10,310**	3,798
Total Current Liabilities	**182,995**	146,133
Non Current Liabilities		
Long-term debt - net of current portion	**117,966**	111,702
Pension liabilities	**1,403**	1,502
Deferred tax liabilities - net	**2,868**	1,782
Deposits and other Noncurrent Liabilities	**25,344**	31,397
Total Noncurrent Liabilities	**147,581**	146,383
Total Liabilities	**330,576**	292,516
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**61,100**	61,072
Retained earnings	**79,163**	77,952
Stock options outstanding	**193**	191
Actuarial loss on pension liabilities	**(462)**	(432)
Net unrealized gain on available-for-sale financial assets	**(81)**	(81)
Equity reserves	**(5,407)**	(4,971)
Treasury shares	**-**	-
	134,506	133,731
Noncontrolling interests	**16,637**	16,095
Total Equity	**151,143**	149,826
Total Liabilities and Equity	**₱481,719**	₱442,342

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2016 Unaudited January 1 to March 31	2015 Unaudited January 1 to March 31
REVENUE		
Real estate	**₱25,575**	₱23,680
Interest income	**1,319**	1,293
Equity in net earnings of associates and joint ventures	**(46)**	(39)
Other income	**124**	127
	26,972	25,061
COSTS AND EXPENSES		
Real estate	**16,358**	15,428
General and administrative expenses	**1,677**	1,606
Interest and other financing charges	**1,444**	1,513
Other charges	**243**	91
	19,722	18,638
INCOME BEFORE INCOME TAX	**7,250**	6,423
PROVISION FOR INCOME TAX		
Current	**1,820**	1,409
Deferred	**-**	138
	1,820	1,547
NET INCOME	**₱5,430**	₱4,876
Net income attributable to:		
Equity holders of Ayala Land, Inc.	**₱4,708**	₱4,121
Noncontrolling interests	**722**	754
	₱5,430	₱4,876
Earnings Per Share		
Basic	**₱0.32**	₱0.28
Diluted	**0.32**	0.28

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	2016 Unaudited January 1 to March 31	2015 Unaudited January 1 to March 31
NET INCOME	**₱5,430**	₱4,876
Other comprehensive income/loss		
Net unrealized gain (loss) on available-for-sale financial assets	**13**	(4)
Actuarial losses on pension liabilities	**-**	-
Total comprehensive income for the period	**₱5,443**	₱4,871
Total comprehensive income attributable to:		
Equity holders of Ayala Land, Inc.	**₱4,721**	₱4,117
Noncontrolling interests	**722**	754
	₱5,443	₱4,871

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Millions)

	March 2016 Unaudited	March 2015 Unaudited
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	**1**	488
Stock options exercised	**-**	-
Balance at end of year	**14,587**	14,675
Subscribed:		
Balance at beginning of year	**110**	3
Issuance of shares	**(1)**	(3)
Stock options exercised	**0**	1
Balance at end of year	**109**	1
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	**26**	14
Equity issuance cost charged to APIC	**-**	-
Issuance of common stock	**-**	15, 537
IFRS 2 - Adjustment on Share-based payments	**-**	-
Balance at end of year	**46,244**	45,751
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	**(1,148)**	(846)
Subscriptions	**1**	-
Collections	**-**	6
Balance at end of year	**(1,147)**	(840)
TOTAL PAID-UP CAPITAL	**61,100**	60,894
STOCK OPTIONS		
Balance at beginning of year	**191**	186
Stock options exercised	**2**	(2)
Balance at end of year	**193**	184
Treasury Stock	**-**	-
RETAINED EARNINGS		
Appropriated for future expansion	**6,000**	6,000
Unappropriated:		
Balance at beginning of year	**71,952**	60,478
Prior years adjustments (PAS 19)	**-**	-
Cash dividends	**(3,497)**	(3,045)
Net income	**4,708**	4,121
Balance at end of year	**73,163**	67,554
PARENT OR OTHER RESERVES	**(5,407)**	(4,519)
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(81)**	138
REMEASUREMENT LOSS ON DEFINED BENEFIT PLANS	**(462)**	(566)
NONCONTROLLING INTERESTS		
Balance at beginning of year	**16,095**	15,056
Net income (loss)	**721**	754
Increase (decrease) in noncontrolling interests	**(179)**	310
Dividends paid to minority interest	**-**	-
Balance at end of quarter	**16,637**	16,120
	₱151,143	₱139,805

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	March 2016 Unaudited	March 2015 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**7,250**	6,423
Adjustments for:		
Depreciation and amortization	**1,445**	782
Interest and other charges - net of amount capitalized	**1,684**	1,552
Equity in net earnings of investees	**46**	39
Interest and other income	**(1,320)**	(1,381)
Unrealized gain on financial assets	**-**	2
Provision for doubtful accounts	**-**	30
Operating income before changes in working capital	**9,105**	7,448
Decrease (increase) in :		
Accounts and notes receivable - trade	**(14,234)**	(19,951)
Real estate inventories	**(13,347)**	771
Other current assets	**2,035**	(3,233)
Increase (decrease) in :		
Accounts and other payables	**26,822**	17,976
Pension liabilities	**(129)**	(162)
Other current liabilities	**6,512**	(679)
Cash generated from operations	**16,764**	2,168
Interest received	**1,366**	1,364
Income tax paid	**(4,918)**	(468)
Interest paid - net of amount capitalized	**(6,141)**	(1,373)
Net cash provided by (used in) operating activities	**7,071**	1,691
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	**1,315**	(1,510)
Investments	**(14,346)**	(4,500)
Property and equipment	**(186)**	(1,123)
Short term investments	**(242)**	166
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	**(3,180)**	1,725
Other assets	**(1,855)**	(2,960)
Net cash provided by (used in) investing activities	**(18,494)**	(8,203)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**21,551**	**5,800**
Payments of short-term / long-term loans	**(4,205)**	**(7,206)**
Increase (decrease) in :		
Deposits and other noncurrent liabilities	**(4,967)**	**1,943**
Minority interest in consolidated subsidiaries	**(178)**	**310**
Proceeds from capital stock subscriptions	**30**	**16,041**
Purchase of treasury shares	**-**	**-**
Dividends paid to noncontrolling interests	**-**	**-**
Dividends paid to equity holders of Ayala Land, Inc.	**(3,497)**	**(3,045)**
Net cash provided by (used in) financing activities	**8,734**	**13,842**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,689)**	7,330
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**19,087**	28,677
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**16,398**	36,008

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

1. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 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 thousands except when otherwise indicated.

On May 4, 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.

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 improvements are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

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.

Early application is permitted since these amendments are clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its 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 are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

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 are not expected to have any impact to the Group as the Group does not have any bearer plants.

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 will not have any impact on the Group's 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 are not expected to have any impact to the Group.

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.

<u>Standards and Interpretations issued but not yet effective</u>

The Group will adopt the following amended standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have a significant impact on the unaudited condensed consolidated financial statements.

Effective 2018
PFRS 9, Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

PFRS 9, *Financial Instruments (2014 or final version)*
In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition*

and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.
PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

Deferred Effectivity

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

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

The following new standard issued by the IASB has not yet been adopted by the FRSC:

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued its new standard, IFRS 16 – Leases, which replaces International Accounting Standard (IAS) 17. Rather, lessees will apply the single-asset method. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The Accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Principles of Consolidation

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

Ayala Land, Inc. Subsidiaries (as of March 31, 2016)	**Effective Ownership**
Real Estate:	
Alveo Land Corporation (Alveo)	**100%**
Serendra, Inc.	**39**
Solinea, Inc. (Solinea)	**65**
BGSouth Properties, Inc. (BGS)	**50**
Portico Land Corp. (Portico)	**60**
Serendra, Inc.	**28**
Amorsedia Development Corporation (ADC)	**100**
OLC Development Corporation and Subsidiary	**100**
HLC Developmet Corporation	**100**
Allysonia International Ltd.	**100**
Avida Land Corporation (Avida)	**100**
BuklodBahayan Realty and Development Corp.	**100**
Avida Sales Corp. and Subsidiaries	**100**
Amicassa Process Solutions, Inc.	**100**
Avencosouth Corp. (Avencosouth)	**70**
BGNorth Properties, Inc. (BGN)	**50**
Amaia Land Co. (Amaia)	**100**
Amaia Southern Properties, Inc. (ASPI)	**65**
Ayala Land International Sales, Inc. (ALISI)	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**
Ayala Land International (Singapore) Pte. Ltd	**100**
Ayala Land International Marketing (Hong Kong) Ltd	**100**
Ayala Land International Marketing, SRL	**100**
Ayala Land International Marketing, London	**100**
Ayala Land Sales, Inc.	**100**
Southportal Properties, Inc. (Southportal)	**65**
Buendia Landholdings, Inc.	**100**
Crans Montana Holdings, Inc.	**100**
Crimson Field Enterprises, Inc.	**100**
Ecoholdings Company, Inc. (ECI)	**100**
NorthBeacon Commercial Corporation (NBCC)	**100**
Red Creek Properties, Inc.	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**
AsterionTechnopod, Incorporated (ATI)	**100**
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**
North Ventures Commercial Corporation (Formerly Fairview Prime Commercial Corp.)	**100**
Hillsford Property Corporation (HPC)	**100**
Primavera Towncentre, Inc. (PTI)	**100**
Summerhill E-Office Corporation (Summerhill)	**100**
Sunnyfield E-Office Corporation (Sunnyfield)	**100**
Subic Bay Town Centre, Inc.	**100**
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**
AyalaLand Real Estate Investments Inc.	**100**
AyalaLand Advisory Broadway Inc.	**100**
AyalaLand Development (Canada) Inc.	**100**
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**
Arvo Commercial Corporation (Arvo)	**100**
BellaVita Land Corporation (BellaVita)	**100**
Nuevo Centro, Inc. (Nuevo Centro)	**100**
Cavite Commercial Town Center, Inc.	**100**
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	**100**
One Dela Rosa Property Development, Inc.	**100**
First Gateway Real Estate Corp.	**100**
Glensworth Development, Inc. (Glensworth)	**100**
UP North Property Holdings, Inc.	**100**
ALO Prime Realty Corporation	**100**
Laguna Technopark, Inc. (LTI)	**75**

Ayala Land, Inc. Subsidiaries (as of March 31, 2016)	Effective Ownership
Ecozone Power Management, Inc.	**75**
Aurora Properties Incorporated	**80**
Soltea Commercial Corp.	**16**
Vesta Property Holdings, Inc.	**70**
Station Square East Commercial Corporation (SSECC)	**69**
Next Urban Alliance Development Corporation	**100**
Accendo Commercial Corp. (Accendo)	**67**
Avencosouth Corp.	**20**
Aviana Development Corporation	**7**
Aviana Development Corporation	**50**
Cagayan de Oro Gateway Corp. (CDOGC)	**70**
Ceci Realty, Inc. (Ceci)	**60**
Soltea Commercial Corp.	**12**
Soltea Commercial Corp.	**60**
CMPI Holdings, Inc.	**60**
CMPI Land, Inc.	**36**
ALI-CII Development Corporation (ALI-CII)	**50**
Roxas Land Corporation (RLC)	**50**
Adauge Commercial Corporation (Adauge)	**78**
Southgateway Development Corp. (SDC)	**100**
Ayalaland MetroNorth, Inc. (AMNI)	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**73**
BGWest Properties, Inc. (BGW)	**50**
Lagdigan Land Corporation	**60**
Central Block Developers, Inc. (CBDI)	**35**
Cebu Holdings, Inc. (CHI)	**67**
Cebu Property Ventures Development Corp and Subsidiary	**43**
Cebu Leisure Company, Inc.	**56**
CBP Theatre Management Inc.	**56**
Taft Punta Engano Property, Inc.(TPEPI)	**31**
Cebu Insular Hotel Company, Inc.	**21**
Solinea, Inc.	**20**
Amaia Southern Properties, Inc. (ASPI)	**20**
Southportal Properties, Inc. (Southportal)	**20**
Central Block Developers, Inc. (CBDI)	**20**
Cebu Property Ventures Development Corp and Subsidiary	**8**
Alabang Commercial Corporation (ACC)	**50**
South Innovative Theater Management (SITMI)	**50**
ALI Commercial Center, Inc.	**100**
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**
Ayalaland Malls Vismin, Inc.	**100**
Ayalaland Malls NorthEast, Inc.	**100**
OCLP Holdings Inc.	**18**
PROW Holdings Inc.	**33**

Construction:	
Makati Development Corporation (MDC)	**100**
MDC Subic, Inc.	**100**
MDC Build Plus, Inc.	**100**
MDC Conqrete, Inc. (MCI)	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**

Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**
Asian Conservation Company Limited and Subsidiary	**100**
Enjay Hotels, Inc. (Enjay)	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**
Bonifacio Hotel Ventures, Inc.	**100**
Southcrest Hotel Ventures, Inc.	**67**
Northgate Hotel Ventures, Inc.	**70**

Ayala Land, Inc. Subsidiaries (as of March 31, 2016)	Effective Ownership
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
Sentera Hotel Ventures Inc.	100
Econorth Resorts Ventures, Inc.	100
ALI Triangle Hotel Ventures, Inc.	100
Circuit Makati Hotel Ventures, Inc.	100
Capitol Centre Hotel Ventures, Inc.	100
Arca South Hotel Ventures, Inc.	100
Sicogon Town Hotel, Inc.	100
ALI Makati Hotels & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	20
Ten Knots Phils, Inc. (TKPI)	60
Bacuit Bay Development Corporation	60
Lio Resort Ventures, Inc.	60
North Liberty Resort Ventures, Inc.	60
Paragua Eco-Resort Ventures, Inc.	60
Ten Knots Development, Corp. (TKDC)	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Pangalusian Island Resort Corporation	60

Property Management:

Ayala Property Management Corporation (APMC)	100
Prime Support Services, Inc.	100
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100

Entertainment:

Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50

Others:

ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hong Kong company)	100
Green Horizons Holdings Limited	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100
AyalaLand Club Management, Inc.	100
ALI Capital Corp. (formerly Varejo Corp.)	100
Sicogon Island Tourism Estate Corp.	100
Integrated Eco-resort Inc.	100
Island Transvoyager, Inc.	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	100
Verde Golf Development Corporation	100
Arca South Integrated Terminal, Inc.	100
Ayala Land Medical Facilities Leasing Inc.	100
Whiteknight Holdings, Inc. (WHI)	100

4. Receivables/Payables

AGING OF RECEIVABLES					
As of March 31, 2016 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱51,359	₱15,614	₱30,557	₱5,401	₱102,931
Nontrade Receivables	8,324	4,365	7,966	-	20,665
Total	**₱59,683**	**₱19,979**	**₱38,523**	**₱5,401**	**₱123,586**

AGING OF PAYABLES					
As of March 31, 2016 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Payables	₱42,861	₱15,215	₱23,573	-	₱81,649
Nontrade Payables	70,930	23,612	6,042	-	100,584
Total	**₱113,791**	**₱38,827**	**₱29,615**	**-**	**₱182,233**

5. Inventories

This account consists of:

(in million pesos)	**March 2016 (Unaudited)**	**December 2015 (Audited)**
Real Estate Inventories	P71,327	P57,618
Club Shares	1,267	1,629
TOTAL	**P72,594**	**P59,247**

6. Disclosure of Interests in Subsidiaries with Material Non-controlling Interests and Interests in Associates

The Company considers a subsidiary with material NCI, an associate and 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 March 31, 2016 (in million pesos)**
Current assets	4,755
Noncurrent assets	14,931
Current liabilities	5,977
Noncurrent liabilities	6,602
Revenue	661
Profit or loss from continuing operations	180

Financial information on associate with material interest on which has the Company has significant influence follows:

Bonifacio Land Corporation	**As of March 31, 2016 (in million pesos)**
Current assets	510
Noncurrent assets	19,171
Current liabilities	1,035
Revenue	6,216
Profit or loss from continuing operation	5,777

7. Short-Term and Long-Term Debt

Short-Term Debt Borrower	**As of March 31, 2016 (in million pesos)**
ALI	P22,098.7
Alveo	1,749.1
Avida	1,401.9
Total	**P25,249.7**

Long-Term Debt as of March 31, 2016	**Current**		**Noncurrent**		**Total**	
Borrower (in millions)	**Peso**	**US$**	**Peso**	**US$**	**Peso**	**US$**
ALI	**3,797.5**	**7.9**	**84,539.1**	**37.1**	**88,336.6**	**45.0**
Alabang Commercial Corp.	-	-	135.3	-	135.3	-
Accendo Commercial Corp	175.0	-	1,193.8	-	1,368.8	-
Adauge Commercial Corporation	18.6	-	601.4	-	620.0	-
AyalaLand Hotels and Resorts Corporation	214.6	-	5,401.0	-	5,615.6	-
Alveo Land Corp.	112.5	-	4,387.5	-	4,500.0	
Amaia Land Corp.	37.5	-	1,453.1	-	1,490.6	-
Arvo Commercial Corporation	8.9	-	153.5	-	162.4	-
Avida Land Corp	140.0	-	6,297.5	-	6,437.5	-
Cagayan de Oro Gateway Corp	99.4	-	2,170.8	-	2,270.2	-
Cebu Holdings, Inc.	88.2	-	6,123.2	-	6,211.4	-
Hillsford Property Corp.	12.4	-	50.5	-	62.9	-
HLC Development Corp.	179.4	-	1,166.3	-	1,345.7	-
North Triangle Depot Commercial Corporation	85.0	-	1,837.5	-	1,922.5	-
Philippine Integrated Energy Solutions, Inc.	88.0	-	1,614.7	-	1,702.7	-
Subic Bay Town Center, Inc	43.8	-	733.7	-	777.5	-
Sunnyfield E-Office Corporation	18.4	-	74.9	-	93.3	-
Westview Commercial Ventures Corp.	7.8	-	32.0	-	39.8	-
Total	**5,127.0**	**7.9**	**117,965.8**	**37.1**	**123,092.8**	**45.0**

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuance of Debt and Equity Securities/New Financing Through Loans

Borrower	**As of March 31,2016 (in million pesos)**	**Nature**
ALI	30,958.9	availment of short-term loans assumption of subsidiaries' debt and issuance of bonds
Alveo	1,168.9	availment of short-term loans
AHRC	1,436.5	availment of long-term loans
Avida	1,112.0	availment of short-term loans
Total	**34,676.3**	

Repayment of Debt and Equity Securities

Borrower	As of March 31, 2016 (in million pesos)	Nature
ALI	15,582.8	repayment of short term and homestarter bonds and amortization on matured long-term loans
Accendo	18.8	amortization on long-term loan
AHRC	1,543.1	amortization/assignment of long-term loans
Amaia	9.4	amortization on long-term loan
Arvo	2.2	amortization on long-term loan
Avida	12.5	amortization on long-term loan
CDOGC	24.8	amortization on long-term loans
CHI	27.3	amortization on long-term loans
Hillsford	3.1	amortization on long-term loan
HLC	44.9	amortization on long-term loan
NTDCC	21.3	amortization on long-term loans
Philenergy	22.0	amortization on long-term loans
SBTCI	11.0	amortization on long-term loan
Sunnyfield	4.6	amortization on long-term loan
Westview	2.0	amortization on long-term loan
ALI	15,582.8	repayment of short term and homestarter bonds and amortization on matured long-term loans
Accendo	18.8	amortization on long-term loan
AHRC	1,543.1	amortization/assignment of long-term loans
Amaia	9.4	amortization on long-term loan
Arvo	2.2	amortization on long-term loan
Avida	12.5	amortization on long-term loan
Total	**17,329.8**	

P8.0 Billion Fixed Rate Bonds due 2026

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	2,588,125.00	2,588,125.00
Documentary Stamp Tax	40,000,000.00	40,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
Estimated Professional Expenses & Agency fees	7,500,000.00	3,651,246.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	398,937.60
Listing Fee	100,000.00	-
Total Expenses	82,688,125.00	76,638,308.60
Net Proceeds	**7,917,311,875.00**	**7,923,361,691.40**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects.

P7.0 Billion Fixed Rate Bonds due 2022

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**7,000,000,000.00**	**7,000,000,000.00**
Less: Estimated Upfront Expenses		
SEC Registration & Legal Research Fee	-	-
Documentary Stamp Tax	35,000,000.00	35,000,000.00
Underwriting Fee	26,250,000.00	25,724,999.99
Estimated Professional Expenses & Agency fees	5,740,000.00	3,058,763.32
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	19,307.59
Listing Fee	100,000.00	-
Total Expenses	69,590,000.00	63,803,070.90
Net Proceeds	**6,930,410,000.00**	**6,936,196,929.10**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P7.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P6.9 billion. Net proceeds were used to partially finance various projects.

P5.0 Billion Fixed Rate Bonds due 2021

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**5,000,000,000.00**	**5,000,000,000.00**
Expenses		
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration	1,812,500.00	1,812,500.00
Legal Research Fee	18,125.00	18,125.00
Upfront Fees	-	-
Underwriting Fee	18,750,000.00	18,750,000.00
Professional Expenses and Agency Fees	3,828,500.00	4,051,801.20
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	275,128.39
Total Expenses	**52.051.125.00**	**49,907,554.59**
Net Proceeds	**4,947,978,875.00**	**4,950,092,445.41**

Balance of Proceeds as of 03.31.2016 **NIL**

Cebu Holdings, Inc. raised from the Bonds gross proceeds of P5.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P4.95 billion. Net proceeds were used to partially finance various projects.

P8 Billion Fixed Rate Callable Bonds due 2025

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Expenses		
Documentary Stamp Tax	40,000,000.00	40,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	7,748,500.00	7,178,064.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	126,279.00
Listing Fee	168,000.00	100,000.00
Total Expenses	**84,772,125.00**	**81,759,968.00**
Net Proceeds	**7,915,227,875.00**	**7,918,240,032.00**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects.

P4.0 Billion in Fixed Rate Bonds due 2020 and P2.0 Billion Fixed Rate Bonds due 2033

(in pesos)	**ESTIMATED PER PROSPECTUS**	**ACTUAL**
Issue Amount	**6,000,000,000.00**	**6,000,000,000.00**
Expenses		
Documentary Stamp Tax	30,000,000.00	30,000,000.00
Upfront Fees		
Underwriting Fee (375 bps + GRT)	22,500,000.00	22,500,000.00
Professional Expenses	1,457,500.00	2,517,808.07
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	1,000,000.00	5,530.00
Total Expenses	**55,057,500.00**	**55,123,338.07**
Net Proceeds	**5,944,942,500.00**	**5,944,876,661.93**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P6.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P5.9 billion. Net proceeds were used to partially finance various projects.

P15.0 Billion Fixed Rate Bonds due 2024

(in pesos)	**ESTIMATED PER PROSPECTUS**	**ACTUAL**
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration	5,812,500.00	5,812,500.00
Legal Research Fee	58,125.00	58,125.00
Upfront Fees		
Underwriting Fee	56,250,000.00	56,250,000.00
Professional Expenses	7,336,000.00	401,082.05
Trustee	20,000.00	20,000.00
Registry Account Opening Fee	150,000.00	150,000.00
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	97,807.91
Total Expenses	**147,226,625.00**	**137,889,514.96**
Net Proceeds	**14,852,773,375.00**	**14,862,110,485.04**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects.

P9.35 Billion Fixed Rate Callable Bonds due 2019 and P5.65 Billion Fixed Rate Callable Bonds due 2022

(in pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	54,035,000.00	54,035,000.00
Rating Fee	5,040,000.00	4,125,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	1,960,000.00	3,064,146.00
Marketing/Printing/Photocopying Costs and OPEs	500,000.00	383,755.82
Registry and Paying Agency Fee	337,500.00	1,056,314.87
Trustee Fees	112,500.00	20,000.00
Listing Fee	100,000.00	443,666.68
Total Expenses	**141,440,625.00**	**142,483,508.37**
Net Proceeds	**14,858,559,375.00**	**14,857,516,491.63**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects.

HOMESTARTER BONDS 6

(in pesos)	PROSPECTUS	ACTUAL
Issue Amount	**2,000,000,000.00**	**2,000,000,000.00**
Expenses		
Underwriting and Other Professional Fees	15,000,000.00	15,060,000.00
Issue Management Fee	2,000,000.00	2,000,000.00
Underwriting Fee	12,500,000.00	12,500,000.00
Legal Fee – Joint Underwriters	500,000.00	560,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,486,780.27
Documentary Stamp Tax	10,000,000.00	10,000,000.00
Total Expenses	**27,200,000.00**	**26,546,789.27**
Net Proceeds	**1,972,800,000.00**	**1,973,453,210.73**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P2.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P1.97 billion. Net proceeds were used to partially finance various projects.

HOMESTARTER BONDS 5

(in pesos)	PROSPECTUS	ACTUAL
Issue Amount	**1,000,000,000.00**	**1,000,000,000.00**
Expenses		
SEC Registration	1,325,625.00	1,325,625.00
Underwriting and Other Professional Fees	8,000,000.00	9,421,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,587,085,83
Registry and Paying Agency Fees	200,000.00	154,090.30
Documentary Stamp Tax	10,000,000.00	5,000,000.00
Total Expenses	**21,725,625.00**	**17,487,801.13**
Net Proceeds	**978,274,375.00**	**982,512,198.87**

Balance of Proceeds as of 03.31.2016 **NIL**

Ayala Land raised from the Bonds gross proceeds of P1.0Bn. After issue-related expenses, actual net proceeds amounted to P982.5 million. Net proceeds were used to partially finance various projects.

8. Commercial Paper Issuances and Outstanding Balance (for the quarter ended March 31, 2016)

None.

9. Accounts and Other Payables

The accounts and other payables as of March 31, 2016 is broken down as follows:

Accounts and other payables	**As of March 31, 2016 (In million pesos)**
Accounts Payable	94,248
Accrued Expenses	6,509
Taxes payable	10,059
Accrued project cost	14,899
Commission Payable	718
Dividend payable	635
Accrued salaries & employee benefits	4,426
Accrued - Rental	894
Accrued - Repairs & maitenance	1,434
Accrued - Advertising & Promo	1,090
Accrued - Professional & Management Fees	2,569
Accrued - Light & Water	2,428
Accrued - Insurance	52
Accrued - Postal & Comm	23
Accrued - Representation	352
Accrued - Donations & Contribution	41
Accrued - Transportation & Travel	15
Interest payable	22
Retention payable	33
Total	**P140,447**

10. 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.

<u>Terms and Conditions of Transactions with Related Parties</u>
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 a significant related party for the relevant financial year:

a. Transactions with BPI, an associate of AC

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

(in million pesos)	Unaudited March 31, 2016	Audited December 31, 2015
Cash in bank	**P4,295**	P11,954
Cash equivalents	**1,534**	1,059
Financial asset at FVPL	**691**	230
Short-term debt	**3,588**	1,699
Long-term debt	**15,673**	12,522

11. Segment information

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

- Residential Development - 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 and 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.

In 2010, the Visayas-Mindanao business segment was combined with Strategic Land Bank Management.

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 March 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	3,613	1,296	15,775	558	2,514	1,476	343	0	0	25,575
Intersegment sales	197	0	1,170	0	12,028	0	146	0	(13,541)	0
Equity in net earnings of Investees	(208)	0	0	32	0	0	0	130	0	(46)
Total Revenues	**3,602**	**1,296**	**16,945**	**590**	**14,542**	**1,476**	**489**	**130**	0	**25,529**
Operating Expenses	2,004	531	12,686	460	13,521	1,030	492	259	(12,948)	18,035
Operating Profit	**1,598**	**765**	**4,259**	**130**	**1,021**	**446**	**(3)**	**(129)**	**12,948**	**7,494**
Interest income	-	-	-	-	-	-	-	-	-	1,320
Interest expense	-	-	-	-	-	-	-	-	-	(1,444)
Other income (expense)	-	-	-	-	-	-	-	-	-	(120)
Provision for income tax	-	-	-	-	-	-	-	-	-	(1,820)
Net Income	-	-	-	-	-	-	-	-	-	5,430
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	4,708
Minority interests	-	-	-	-	-	-	-	-	-	722
										5,430
Other information										
Segment assets	74,916	52,066	310,198	131,610	47,822	22,466	5,297	60,819	(231,005)	474,189
Investment in associates and jointly controlled entities	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	269	94	1,493	334	31	268	27	2,000	3,014	7,530
Total assets	**75,185**	**52,160**	**311,691**	**131,944**	**47,853**	**22,734**	**5,324**	**62,819**	**(227,991)**	**481,719**
Segment liabilities	19,210	5,573	114,865	37,546	42,226	11,462	3,777	187,234	(94,185)	327,708
Deferred tax liabilities	20	21	1,787	658	0	472	15	0	(105)	2,868
Total liabilities	**19,230**	**5,594**	**116,652**	**38,204**	**42,226**	**11,934**	**3,792**	**187,234**	**(94,290)**	**330,576**
Segment additions to										
Property & Equipment	1,788	8	34	3	1,148	(387)	946	35	0	3,575
Investment properties	2,744	2,200	0	917	0	339	0	131	0	6,331
Depreciation and amortization	413	199	60	216	348	140	42	27	0	1,445

YTD March 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	2,985	1,328	13,324	2,613	1,527	1,499	404	0	0	23,680
Intersegment sales	93	0	343	(50)	7,400	0	140	0	(7,926)	0
Equity in net earnings of Investees	(70)	0	0	49	0	0	0	(18)	0	(39)
Total Revenues	**3,008**	**1,328**	**13,667**	**2,612**	**8,927**	**1,499**	**544**	**(18)**	**0**	**23,641**
Operating Expenses	1,880	664	10,202	1,780	7,982	1,128	458	192	(7,222)	17,064
Operating Profit	**1,128**	**664**	**3,465**	**832**	**945**	**371**	**86**	**(210)**	**7,222**	**6,577**
Interest income	-	-	-	-	-	-	-	-	-	1,293
Interest expense	-	-	-	-	-	-	-	-	-	(1,513)
Other income (expense)	-	-	-	-	-	-	-	-	-	67
Provision for income tax	-	-	-	-	-	-	-	-	-	(1,547)
Net Income	-	-	-	-	-	-	-	-	-	**4,877**
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	4,122
Minority interests	-	-	-	-	-	-	-	-	-	754
										4,876
Other information										
Segment assets	77,436	41,254	278,743	93,248	42,433	19,802	5,280	34,262	(173,344)	419,114
Investment in associates and jointly controlled entities	568	0	0	8,811	0	0	0	1,650	0	11,029
Deferred tax assets	271	86	1,554	319	30	110	17	1,642	1,994	6,023
Total assets	**78,275**	**41,340**	**280,297**	**102,378**	**42,463**	**19,912**	**5,297**	**37,554**	**(171,350)**	**436,166**
Segment liabilities	47,253	19,199	152,849	84,222	38,610	9,841	4,001	7,442	(69,428)	293,989
Deferred tax liabilities	19	79	1,480	276	0	440	1	0	77	2,372
Total liabilities	**47,272**	**19,278**	**154,329**	**84,498**	**38,610**	**10,281**	**4,002**	**7,442**	**(69,351)**	**296,361**
Segment additions to										
Property & Equipment	137	26	38	283	603	339	499	106	0	2,031
Investment properties	1,534	182			0	0	0	0	0	1,716
Depreciation and amortization	249	137	33	134	2	136	36	55	0	782

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

<u>Review of 1Q 2016 operations vs 1Q 2015</u>

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of P4.71 billion in the first three months of 2016, 14% higher than the P4.12 billion posted in the first three months of 2015. Consolidated revenues reached P26.97 billion, 8% higher than the P25.06 billion posted in the same period last year. Revenues from Real Estate increased by 8% to P25.57 billion driven by the steady performance of its Property Development, Commercial Leasing and Services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 6.2% from 6.4% while the Earnings before interest and taxes (EBIT) margin registered higher at 30% from 28% 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 P16.31 billion for the first three months of 2016, 2% higher than the P15.92 billion reported during the same period in 2015.

Revenues from the sale of residential lots and units reached P14.47 billion, 17% higher than the P12.36 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 P6.11 billion, 14% higher than the P5.35 billion posted in the same period in 2015 driven by higher bookings in Riomonte in Nuvali, Laguna, Ayala Westgrove Heights in Silang, Cavite and West Gallery Place in Bonifacio Global City, Taguig and increased project completion of The Courtyards in Vermosa, Cavite and Two Roxas Triangle and Garden Tower 2 in Ayala Center, Makati and The Suites and East Gallery Place in Bonifacio Global City.

Alveo meanwhile registered revenues of P3.41 billion, 8% higher than the P3.15 billion generated in the same period last year brought about by higher bookings and completion of projects such as Lumira and Mondia in Nuvali, Laguna and Montala in Alviera, Pampanga and Lerato Tower 3 and Solstice in Makati, Portico in Pasig, and Abreeza Place 1 and 2 in Davao.

Avida reached P4.00 billion in revenues, 34% higher compared to the same period last year. The strong bookings of The Montane in Bonifacio Global City, Avida Towers Asten in Makati and One Union Place Towers in Arca South, Taguig combined with higher project completion of Vita Towers in Vertis North, Avida Towers Davao in Davao City and Verte Tower 1, contributed to the increase in revenues of Avida.

Amaia and Bellavita also recorded growth. Amaia registered revenues of P835.01 million, 7% higher compared to the same the period in 2015 driven by bookings from Steps Nuvali, Steps Mandaue, Scapes Capas and Scapes North Point. BellaVita meanwhile grew its revenues to P116.72 million, posting 46% growth from P79.69 million last year due to higher bookings from projects in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Porac Pampanga and Cabanatuan City, Nueva Ecija.

Residential sales for 2016 reached a total of P24.74 billion, 6% higher year-on-year, equivalent to an average monthly sales take-up of P8.2 billion. Residential Gross Profit (GP) margins of horizontal projects slightly declined to 43% from 44% due to lower margins on newly launched projects such as Lumira, Mirala and Mondia in Nuvali while gross profit margins of vertical developments improved to 34% from 32% due to the sale of higher margin projects such as East Veranda in Arca South and Solstice in Circuit Makati.

Revenues from the sale of office spaces reached P1.19 billion, posting a 35% growth from the P880.63 million registered in the same period in 2015 driven by bookings from Park Triangle (South Tower) in Bonifacio Global City, Alveo Financial Tower in Makati CBD and The Stiles in Circuit Makati, and higher completion of Alveo's projects such as High Street South Corporate Plaza 1 and 2 and Park Triangle Corporate Plaza and higher sales from Avida projects such as Capital House and One Park Drive in Bonifacio Global City. Gross profit margins of offices for sale slightly declined to 39% from 40% during the previous year due to the lower margin on newly launched projects.

Revenues from the sale of commercial and industrial lots substantially declined to P168 million from P1.99 billion in 2015, due to absence of lot sales in Arca South, Nuvali and Altaraza. GP margins of Commercial and Industrial lots decreased to 48% from 51% due to lower margin lots sold mainly in Westborough, Cavite.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to P6.45 billion in the first quarter of 2016, 10% higher than the P5.87 billion recorded in the same period last year.

Revenues from Shopping Centers reached P3.61 billion, 15% higher year-on-year from P3.16 billion due to the improved contribution of newly opened malls such as Solenad 3 and UP Town Center. Shopping Centers EBITDA margin improved to 69% from 66% due to cost containment initiatives and better performance of established malls. Monthly average lease rates registered at P1,155 per square meter while same mall rental growth increased by 5% year-on-year. Average occupancy rate registered at 94%. Total gross leasable area (GLA) of Shopping Centers registered at 1.45 million square meters as of March 2016.

Revenues from Office Leasing reached P1.36 billion, 13% higher year-on-year from P1.21 billion due to the higher occupancy and average rental rates of existing buildings and the positive contribution of new offices. Office Leasing EBITDA margin improved to 90% from 87% due to cost containment and better performance of established offices. Monthly average lease rates of offices registered 4% higher to P697 per square meter from P669 per square meter in the same period last year. Average occupancy rate registered at 83% due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 742 thousand square meters as of March 2016.

Revenues from Hotels and Resorts reached P1.48 billion, 2% lower year-on-year from P1.50 billion due to the closure of Intercontinental Hotel but was offset by higher occupancy of SEDA hotel in Nuvali. REVPAR of hotels increased by 1% to P3,892 per night while REVPAR of resorts increased by 9% to P9,913 per night. Hotels and Resorts EBITDA margin registered at 32% slightly higher than the 30% posted during the same period last year due to the improved performance of SEDA Nuvali. Average occupancy rate of Hotels registered at 73% while Resorts registered at 67% during the period. Hotels and Resorts 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 Iloilo, Bonifacio Global City, Taguig, Centrio Cagayan de Oro, Abreeza in Davao and Nuvali in Santa Rosa Laguna. Total rooms under the Hotels and Resorts portfolio registered at 1,991 as of March 2016.

Services. This includes the Company's wholly-owned Construction and Property Management companies: Makati Development Corporation and Ayala Property Management Corporation. Total revenues from the Services business amounted to P14.89 billion, 60% higher than the P9.33 billion reported in the same period in 2015.

Revenues from Construction reached P14.54 billion, 63% higher year-on-year from P8.93 billion due to the increase in order book of projects from the Ayala Land Group. Revenues from Property Management reached P343 million, 15% lower year-on-year from P404 million due to lower management fees. Blended EBITDA margins of the Services businesses decreased to 10% from 13% as bulk of the 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 a loss of P46 million in the first three months of 2016 mainly due to sale of the fixed assets of SIAL Specialty Retailers, Inc. in its department stores located at Fairview Terraces and UP Town Center. Meanwhile, Interest, Investment and Other Income reached P1.44 billion, mainly due to higher interest income on accretion and installment sales.

Expenses

Total expenses registered at P19.72 billion in first three months of 2016, 6% higher than the P18.64 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 6% to P16.36 billion from P15.43 billion last year.

General and Administrative Expenses (GAE) grew by 4% to P1.68 billion from P1.61 billion last year while GAE-to-revenue ratio further improved to 6.2% from 6.4% last year as a result of efficient cost management measures. Interest Expense, Financing and Other Charges meanwhile registered at P1.69 billion, 5% higher year-on year from P1.60 billion, mainly attributed to higher interest expense on higher average loan balance.

Project and Capital Expenditure

Ayala Land spent a total of P23.40 billion for project and capital expenditures in the first three months of 2016. Of the total capital expenditure, 13% was spent on land acquisition, 5% was spent on the development of its estates, 29% was spent on the completion of residential projects and 23% was spent on commercial leasing projects with the rest of the amount disbursed for its new businesses, services and other investments.

Financial Condition

Ayala Land posted a solid balance sheet position in the first three months of 2016 which provides adequate capacity to support its growth plans in the coming years.

Cash and Cash Equivalents stood at P17.01 billion, resulting in a current ratio of 1.07:1. Total Borrowings stood at P148.34 billion as of March 31, 2016 from P131.00 billion as of December 2015, translating to a Debt-to-Equity Ratio of 0.98:1 and a Net Debt-to-Equity Ratio of 0.87:1. Return on Equity was at 14.0% as of March 31, 2016.

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 March 31, 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.

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

Income Statement items – March 2016 versus March 2015

8% increase in real estate and hotel revenues
Mainly due to higher sales bookings from newly launched residential projects, contribution from incremental project completion and improved performance of the hotels and resorts, malls and leasing business segments

18% decrease in equity in net earnings of investees
Primarily due to the one-time take-up of loss due to sale of the fixed assets of SIAL Specialty Retailers, Inc. in its department stores located at Fairview Terraces and UP Town Center

6% increase in real estate and hotel costs
Mainly due to higher real estate and hotels costs arising from higher contribution of residential, hotels and resorts, malls and leasing business groups

18% increase in Provision for Income Tax
Largely due to higher taxable income mainly from real estate

Balance Sheet items – March 2016 versus December 2015

14% decrease in cash and cash equivalents
Mainly due to various CAPEX and partially off-set by cash proceeds from ALI's bond issuance and loan availments

33% increase in fair value through profit or loss financial asset
Primarily due to BG West's UITF investment placements

31% increase in accounts and notes receivables (net)
Largely due to higher sales and additional bookings from residential business group projects (subdivision, condominium, house and lot and office for sale) and improved performance of the hotels and resorts, malls and leasing business segments

23% increase in real estate Inventories
Primarily due to new project launches and incremental completion of existing projects

9% decrease in other current assets
Mainly due to the release of escrow accounts.

35% increase in investments in associates and joint ventures
Largely due to the new investments and share in equity for year-to-date March 2016

8% increase in investment properties
Mainly due to additional project costs of malls and office buildings and contribution of additional land acquisitions

20% increase in other non-current assets
Mainly 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.

15% increase in account and other payables
Largely due to the expenses on development and project costs of the residential business group and contribution from the group's increase in accrued expenses, interest payable, taxes payable and higher payables to external suppliers/contractors due to the increased volume of construction projects of ALI

141% increase in short-term debt
Primarily due to additional short-term unsecured peso denominated bank loan availments

45% increase in income tax payable
Mainly due to higher provision for income tax

171% increase in customers & tenant's deposit
Primarily due to increase in advances and deposits for projects

42% decrease in current portion of long-term debt
Mainly due to loan payments of ALI, AHRC and CHI

61% increase in deferred tax liabilities
Primarily coming from the recognition of deferred tax liab for the uncollected receivables from residential development

7% decrease in Pension Liability
Due to lower recognized liability on employee benefits.

6% increase in long-term debt
Largely due to ALI's bond issuance amounting to P8B

19% decrease in deposits and other noncurrent liabilities
Mainly due to the decrease of NCL-Security deposits and deduction of residential deposits from land acquisitions and project related deposits

PART II - OTHER INFORMATION

Item 3. 1Q 2016 Developments

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (as of March 31, 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

<u>P0.238 cash dividend</u>
Declaration date: February 26, 2016
Record date: March 11, 2016
Payment date: March 23, 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 March 31, 2016, stock options outstanding* are as follows:

ESOP	None
ESOWN	107,577,713 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	
I. Transferring of assets, except in normal course of business	None

Item 4. Other Notes to 1Q 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 Notes to Financial Statements (Item #7).
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (Item #5).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	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 Corporation'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.
N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None
O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None

P. Other material events or transactions during the interim period

On January 12, 2016 Ayala Land, Inc. (ALI), and its subsidiaries and affiliates together with Cebu Holdings, Inc., and Cebu Property Ventures and Development Corporation, (the "ALI Group") signed a Memorandum of Agreement ("MOA") with Manila Water Philippine Ventures, Inc. ("MWPV"), a wholly-owned subsidiary of Manila Water Company, Inc. Under the Agreement, MWPV shall provide water and used water services to all ALI Group projects nationwide

On January 21, 2016 Ayala Land, Inc. (ALI) and LT Group, Inc. (LTG) entered into an agreement to jointly develop a 35-hectare township that spans portions of Pasig City and Quezon City.

On February 24, 2016 Ayala Land, Inc. ("ALI") and Prime Orion Philippines, Inc. ("POPI") executed a Deed of Subscription and a Supplement to the Deed of Subscription whereby ALI subscribed to 2,500,000,000 common shares of stock of POPI, which will represent 51.06% of the total outstanding shares of POPI. The consideration for the ALI subscription is PhP2.25 per share or a total subscription price of PhP5,625,000,000.00 of which 25% or PhP1,406,250,000.00 was paid on February 24 and the 75% to be paid upon fulfillment of certain terms and conditions.

On February 26, 2016 The Board of Directors approved the following matters during its meeting:

- The declaration of cash dividends of P0.238 per outstanding common share. This reflects a 15% increase from last year's first half regular cash dividends, and together with the planned second semester cash dividends, will bring our dividend payout ratio to 40% of prior year's earnings. The cash dividend was paid on March 23, 2016 to stockholders of common shares as of record date March 11, 2016.

- The declaration of the annual cash dividends of 4.74786% per annum or P0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. The payment date will be June 29, 2016 to stockholders of said preferred shares on record as of June 15, 2016.

– The grant to our qualified executives, pursuant to our Employee Stock Ownership Plan (the “Plan”), of stock options covering up to 17,958,997 common shares at a subscription price of Php26.27 per share equivalent to the average closing price of our common shares at the Philippine Stock Exchange for 30 consecutive trading days ending February 24, 2016, net of 15% discount. The grant of stock options was recommended by our Personnel and Compensation Committee pursuant to the Plan.

On March 01, 2016 SIAL Specialty Retailers, Inc. (SIAL) entered into a Deed of Absolute Sale with Metro Retail Stores Group, Inc. (MRSGI) to sell fixed assets in SIAL’s department stores located at Fairview Terraces and UP Town Center. SIAL Specialty Retailers, Inc. (SIAL) is a joint venture company owned 50% each by Ayala Land, Inc. (ALI) and the SSI Group, Inc. (SSI). SSI Group Inc.

On March 08, 2016, The Securities and Exchange Commission (the “SEC”) approved on March 8, 2016 Ayala Land, Inc.’s (“ALI” or the “Company”) application for registration of a PhP50.0 Billion Debt Securities Program with an initial tranche of PhP8.0 Bil. The 10-yr Fixed Rate Bonds was priced at a rate of 4.85% per annum. The Fixed Rate Bonds was issued on March 23, 2016 and will mature in 2026.

On March 2016, the Company purchased 29,807,059 common shares or 17.9% ownership of OCLP Holdings, Inc. which owns 99.5% of Ortigas and Company Limited Partnership.

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 27% has been disbursed in the 1Q 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 investment properties and completion of 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 #7).

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

ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year.

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 March 2016	***End December 2015***
Current ratio [1]	*1.07:1*	*1.14:1*
Debt-to-equity ratio [2]	*0.98:1*	*1.02:1*
Net debt(cash)-to-equity ratio [3]	*0.87:1*	*0.74:1*
Profitability Ratios:		
Return on assets [4]	*4.7%*	*5.0%*
Return on equity [5]	*14.0%*	*14.4%*
Asset to Equity Ratio[6]	*3.19:1*	*2.95:1*
Interest Rate Coverage Ratio[7]	*6.3*	*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:

Angelica L. Salvador
Vice President and Controller

Date: May 11, 2016