

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

**AYALA LAND, INC.**

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(Company's Full Name)

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

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(Company Address)

(632) 750-6974

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(Telephone Number)

**September 30, 2015**

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(Quarter Ending)

**SEC Form 17-Q Quarterly Report**

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(Form Type)

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(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2015**
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, 2015**

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
<b>Common shares</b>	<b>14,695,631,367</b>
<b>Preferred shares</b>	<b>13,066,494,759</b>

Amount of Debt Outstanding  
**P58,956,360,000.00**

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

Stock Exchange: **Philippine Stock Exchange**  
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes  No

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

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

#### **AYALA LAND, INC. AND SUBSIDIARIES**

#### **UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in Millions)

	September 2015 Unaudited	December 2014 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P22,465	P28,677
Short-term investments	0	301
Financial assets at fair value through profit or loss - UITF	1,646	5,608
Financial assets at fair value through profit or loss	442	657
Accounts and notes receivable	74,677	58,574
Inventories	60,112	48,179
Other current assets	25,364	23,638
Total Current Assets	184,706	165,634
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable	38,377	31,374
Available-for-sale financial assets	559	784
Land and improvements	81,558	80,445
Investments in associates and joint ventures	12,922	10,963
Investment properties - net	77,852	67,898
Property and equipment - net	21,046	18,825
Deferred tax assets - net	6,895	6,457
Other noncurrent assets	11,786	6,563
Total Noncurrent Assets	250,995	223,310
Total Assets	P435,701	P388,944
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables	P124,582	P104,532
Short-term debt	8,415	16,302
Income tax payable	1,097	647
Current portion of long-term debt	8,252	5,067
Deposits and other current liabilities	4,345	8,898
Total Current Liabilities	146,691	135,446
<b>Non Current Liabilities</b>		
Long-term debt - net of current portion	113,950	103,296
Pension liabilities	1,349	1,580
Deferred tax liabilities - net	1,742	1,967
Deposits and other Noncurrent Liabilities	24,981	24,659
Total Noncurrent Liabilities	142,022	131,503
Total Liabilities	288,713	266,949
<b>Equity</b>		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	60,991	44,851
Retained earnings	73,146	66,478
Stock options outstanding	186	186
Actuarial loss on pension liabilities	(616)	(572)
Net unrealized gain on available-for-sale financial assets	67	136
Equity reserves	(4,741)	(4,139)
Treasury shares	-	-
Total Equity	129,033	106,940
Noncontrolling interests	17,955	15,056
Total Equity	146,988	121,995
<b>Total Liabilities and Equity</b>	<b>P435,701</b>	<b>P388,944</b>

**AYALA LAND, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Millions, Except Earnings Per Share Figures)

	2015 Unaudited		2014 Unaudited	
	July 1 to September 30	January 1 to September 30	July 1 to September 30	January 1 to September 30
<b>REVENUE</b>				
Real estate	₱22,787	₱70,213	₱20,853	₱63,818
Interest income	1,378	4,336	1,232	3,461
Equity in net earnings of associates and joint ventures	(64)	(145)	(30)	599
Other income	335	643	63	438
	<b>24,436</b>	<b>75,047</b>	<b>22,118</b>	<b>68,316</b>
<b>COSTS AND EXPENSES</b>				
Real estate	13,991	44,971	13,211	42,112
General and administrative expenses	1,475	4,648	1,426	4,436
Interest and other financing charges	1,461	4,661	1,471	3,821
Other charges	283	428	(211)	473
	<b>17,210</b>	<b>54,708</b>	<b>15,897</b>	<b>50,842</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>7,226</b>	<b>20,339</b>	<b>6,221</b>	<b>17,474</b>
<b>PROVISION FOR INCOME TAX</b>				
Current	2,029	5,532	1,587	4,549
Deferred	(88)	(399)	120	(206)
<b>NET INCOME</b>	<b>₱5,285</b>	<b>₱15,206</b>	<b>₱4,514</b>	<b>₱13,131</b>
Net income attributable to:				
Equity holders of Ayala Land, Inc.	₱4,437	₱12,825	₱3,734	₱10,788
Noncontrolling interests	847	2,381	780	2,342
	<b>₱5,285</b>	<b>₱15,206</b>	<b>₱4,514</b>	<b>₱13,131</b>
<b>Earnings Per Share</b>				
Basic	₱0.30	₱0.87	₱0.26	₱0.76
Diluted	0.30	0.87	0.26	0.76

**AYALA LAND, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Millions)

	2015 Unaudited		2014 Unaudited	
	July 1 to September 30	January 1 to September 30	July 1 to September 30	January 1 to September 30
<b>NET INCOME</b>	<b>₱5,285</b>	<b>₱15,206</b>	<b>₱4,514</b>	<b>₱13,131</b>
Other comprehensive income/loss				
Net unrealized gain (loss) on available-for-sale financial assets	(53)	(123)	27	7
Actuarial losses on pension liabilities		-	-	-
<b>Total comprehensive income for the period</b>	<b>₱5,232</b>	<b>₱15,083</b>	<b>₱4,541</b>	<b>₱13,138</b>
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	<b>₱4,384</b>	<b>₱12,703</b>	<b>₱3,761</b>	<b>₱10,796</b>
Noncontrolling interests	<b>848</b>	<b>2,380</b>	<b>780</b>	<b>2,342</b>
	<b>₱5,232</b>	<b>₱15,083</b>	<b>₱4,541</b>	<b>₱13,138</b>

## AYALA LAND, INC. AND SUBSIDIARIES

### UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Millions)

	September 2015 Unaudited	September 2014 Unaudited
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.</b>		
<b>COMMON SHARES - ₱1.00 par value</b>		
Issued:		
Balance at beginning of year	₱14,187	₱14,064
Issuance of shares	396	10
Stock options exercised	18	0
Balance at end of year	14,601	14,064
Subscribed:		
Balance at beginning of year	3	109
Issuance of shares	89	(10)
Stock options exercised	2	17
Balance at end of year	94	116
<b>PREFERRED SHARES - ₱0.10 par value</b>		
Issuance of shares	1,307	1,307
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning of year	30,200	29,712
Stock options exercised	137	432
Equity issuance cost charged to APIC	(194)	-
Issuance of common stock	16,005	-
IFRS 2 - Adjustment on Share-based payments	-	-
Balance at end of year	46,148	30,144
<b>SUBSCRIPTIONS RECEIVABLE</b>		
Balance at beginning of year	(846)	(737)
Subscriptions	(376)	(291)
Collections	62	146
Balance at end of year	(1,160)	(882)
<b>TOTAL PAID-UP CAPITAL</b>		
	60,990	44,759
<b>STOCK OPTIONS</b>		
Balance at beginning of year	185	198
Stock options exercised	1	(13)
Balance at end of year	186	185
Treasury Stock	-	-
<b>RETAINED EARNINGS</b>		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	60,478	51,616
Prior years adjustments (PAS 19)	-	-
Cash dividends	(6,157)	(5,933)
Net income	12,825	10,789
Balance at end of year	73,146	62,472
<b>PARENT OR OTHER RESERVES</b>		
	(4,741)	(3,309)
<b>UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
	67	17
<b>REMEASUREMENT LOSS ON DEFINED BENEFIT PLANS</b>		
	(616)	(502)
<b>NONCONTROLLING INTERESTS</b>		
Balance at beginning of year	15,056	13,628
Net income (loss)	2,380	2,342
Increase (decrease) in noncontrolling interests	645	1,682
Dividends paid to minority interest	(126)	(234)
Balance at end of quarter	17,955	17,418
	<b>₱146,988</b>	<b>121,040</b>

## AYALA LAND, INC. AND SUBSIDIARIES

### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	September 2015 Unaudited	September 2014 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	20,339	17,474
Adjustments for:		
Depreciation and amortization	3,722	3,076
Interest and other charges - net of amount capitalized	5,057	3,821
Equity in net earnings of investees	145	(599)
Interest and other income	(4,593)	(3,423)
Unrealized gain on financial assets	(69)	(15)
Provision for doubtful accounts	287	47
Operating income before changes in working capital	24,888	20,381
Decrease (increase) in :		
Accounts and notes receivable - trade	(19,880)	(16,465)
Real estate inventories	(11,933)	(1,531)
Other current assets	(1,726)	736
Increase (decrease) in :		
Accounts and other payables	20,032	17,092
Pension liabilities	(275)	(121)
Other current liabilities	(4,553)	1,604
Cash generated from operations	6,553	21,696
Interest received	4,701	3,578
Income tax paid	(4,633)	(5,030)
Interest paid - net of amount capitalized	(5,089)	(3,844)
Net cash provided by (used in) operating activities	1,532	16,400
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of (additions to):		
Land and improvements	(1,113)	(10,063)
Investments	(15,853)	(8,973)
Property and equipment	(2,506)	(1,679)
Short term investments	4,478	6,756
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(3,620)	(2,984)
Other assets	(5,680)	(7,188)
Net cash provided by (used in) investing activities	(24,294)	(24,131)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term / long-term loans	25,991	18,300
Payments of short-term / long-term loans	(20,041)	(6,945)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	98	2,345
Minority interest in consolidated subsidiaries	645	1,682
Proceeds from capital stock subscriptions	16,140	291
Purchase of treasury shares	-	-
Dividends paid to noncontrolling interests	(126)	(234)
Dividends paid to equity holders of Ayala Land, Inc.	(6,157)	(5,933)
Net cash provided by (used in) financing activities	16,550	9,506
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,212)</b>	<b>1,775</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>28,677</b>	<b>27,966</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>22,465</b>	<b>29,741</b>



**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, 2014 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, 2014.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Land, Inc. (herein referred to as "the Company") and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Group's functional currency, and rounded to the nearest thousands except when otherwise indicated.

On November 9 2015, 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, 2014, except for the adoption of new Standards and Interpretations enumerated below.

*PFRS 9, Financial Instruments - Classification and Measurement (2010 version)*

PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first

phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

*PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

***Annual Improvements to PFRSs (2010-2012 cycle)***

In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, Fair Value Measurement. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

***Annual Improvements to PFRSs (2011-2013 cycle)***

In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

***Annual Improvements to PFRSs (2010-2012 cycle)***

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

*PFRS 2, Share-based Payment - Definition of Vesting Condition*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

*PFRS 3, Business Combinations -Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). The Group shall consider this amendment for future business combinations.

*PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

*PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset maybe revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

*PAS 24, Related Party Disclosures - Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

***Annual Improvements to PFRSs (2011-2013 cycle)***

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

*PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

*PFRS 13, Fair Value Measurement - Portfolio Exception*

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).

*PAS 40, Investment Property*

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

**Future Changes in Accounting Policies**

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 2016

*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.

*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 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

*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, 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.

***Annual Improvements to PFRSs (2012-2014 cycle)***

The Annual Improvements to PFRSs (2012-2014 cycle) 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:

*PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

*PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

*PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

*PAS 19, Employee Benefits - regional market issue regarding discount rate*

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

*PAS 34, Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report*

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

**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.

### 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:

<b>Ayala Land, Inc. Subsidiaries (as of September 30, 2015)</b>	<b>Effective Ownership</b>
<b>Real Estate:</b>	
Alveo Land Corporation (Alveo)	<b>100%</b>
Serendra, Inc.	<b>39</b>
Solinea, Inc. (Solinea)	<b>65</b>
BGSouth Properties, Inc. (BGS)	<b>50</b>
Portico Land Corp. (Portico)	<b>60</b>
Serendra, Inc.	<b>28</b>
Amorsedia Development Corporation (ADC)	<b>100</b>
OLC Development Corporation and Subsidiary	<b>100</b>
HLC Development Corporation	<b>100</b>
Allysonia International Ltd.	<b>100</b>
Avida Land Corporation (Avida)	<b>100</b>
BuklodBahayan Realty and Development Corp.	<b>100</b>
Avida Sales Corp. and Subsidiaries	<b>100</b>
Amicassa Process Solutions, Inc.	<b>100</b>
Avencosouth Corp. (Avencosouth)	<b>70</b>
BGNorth Properties, Inc. (BGN)	<b>50</b>
Amaia Land Co. (Amaia)	<b>100</b>
Amaia Southern Properties, Inc. (ASPI)	<b>65</b>
Ayala Land International Sales, Inc. (ALISI)	<b>100</b>
Ayalaland International Marketing, Inc. (AIMI)	<b>100</b>
Ayala Land International (Singapore) Pte. Ltd	<b>100</b>
Ayala Land International Marketing (Hong Kong) Ltd	<b>100</b>
Ayala Land International Marketing, SRL	<b>100</b>
Ayala Land International Marketing, London	<b>100</b>
Ayala Land Sales, Inc.	<b>100</b>
Southportal Properties, Inc. (Southportal)	<b>65</b>
Buendia Landholdings, Inc.	<b>100</b>
Crans Montana Holdings, Inc.	<b>100</b>
Crimson Field Enterprises, Inc.	<b>100</b>
Ecoholdings Company, Inc. (ECI)	<b>100</b>
NorthBeacon Commercial Corporation (NBCC)	<b>100</b>

<b>Ayala Land, Inc. Subsidiaries (as of September 30, 2015)</b>	<b>Effective Ownership</b>
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
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
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)	72
Southgateway Development Corp. (SDC)	100
Ayalaland MetroNorth, Inc. (AMNI)	100
North Triangle Depot Commercial Corporation (NTDCC)	73
BGWest Properties, Inc. (BGW)	50
Cebu District Propetry Enterprise, Inc.	35
Lagdigan Land Corporation	60
Cebu Holdings, Inc. (CHI)	51
Cebu District Propetry Enterprise, Inc.	5
Cebu Property Ventures Development Corp and Subsidiary	38
Cebu Leisure Company, Inc.	50
CBP Theatre Management Inc.	50
Taft Punta Engano Property, Inc.(TPEPI)	28
Cebu Insular Hotel Company, Inc.	19
Solinea, Inc.	18
Amaia Southern Properties, Inc. (ASPI)	18
Southportal Properties, Inc. (Southportal)	18
Alabang Commercial Corporation (ACC)	50
South Innovative Theater Management (SITMI)	50
ALI Commercial Center, Inc.	100



<b>Ayala Land, Inc. Subsidiaries (as of September 30, 2015)</b>	<b>Effective Ownership</b>
<b>Construction:</b>	
Makati Development Corporation (MDC)	100
MDC Subic, Inc.	100
MDC Build Plus, Inc.	100
MDC Concrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
<b>Hotels and Resorts:</b>	
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
Enjoy Hotels, Inc. (Enjoy)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
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
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
Ten Knots Development, Corp. (TKDC)	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
<b>Property Management:</b>	
Ayala Property Management Corporation (APMC)	100
<b>Entertainment:</b>	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
<b>Others:</b>	
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100
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
SIAL Specialty Retailers, Inc.	50
AyaGold Retailers, Inc.	50
SIAL CVS Retailers, Inc.	50
Philippine FamilyMart CVS, Inc.	30
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	100
Verde Golf Development Corporation	100
Ayala Land Medical Facilities Leasing Inc.	100
Whiteknight Holdings, Inc. (WHI)	100
Mercado General Hospital, Inc.	33

#### 4. Receivables/Payables

<b>AGING OF RECEIVABLES</b>					
As of September 30, 2015 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱50,114	₱8,086	₱24,978	₱3,482	₱86,660
Nontrade Receivables	6,925	6,069	13,399	-	26,393
<b>Total</b>	<b>₱57,039</b>	<b>₱14,155</b>	<b>₱38,377</b>	<b>₱3,482</b>	<b>₱113,053</b>

<b>AGING OF PAYABLES</b>					
As of September 30, 2015 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱39,976	₱13,890	₱22,986	-	₱76,852
Nontrade Receivables	53,144	23,015	5,086	-	81,245
<b>Total</b>	<b>₱93,120</b>	<b>₱36,905</b>	<b>₱28,072</b>	<b>-</b>	<b>₱158,097</b>

#### 5. Inventories

This account consists of:

<i>(in million pesos)</i>	<b>September 2015 (Unaudited)</b>	<b>December 2014 (Audited)</b>
Real Estate Inventories	P58,480	P46,530
Club Shares	1,632	1,649
<b>TOTAL</b>	<b>P60,112</b>	<b>P48,179</b>

#### 6. Disclosure of Interests in Subsidiaries with Material Noncontrolling 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:

<b>Cebu Holdings, Inc.</b>	<b>As of September 30, 2015 (in million pesos)</b>
Current assets	4,661
Noncurrent assets	13,087
Current liabilities	4,417
Noncurrent liabilities	6,580
Revenue	2,136
Profit or loss from continuing operations	500

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

<b>Bonifacio Land</b>	<b>As of September 30, 2015 (in million pesos)</b>
Current assets	15,918
Noncurrent assets	28,874
Current liabilities	3,671
Noncurrent liabilities	7,480
Revenue	2,238
Profit or loss from continuing operation	850

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

Short-Term Debt Borrower	As of September 30, 2015 (in million pesos)
ALI	P6,931.6
Alveo	810.2
Avida	672.9
<b>Total</b>	<b>P8,414.7</b>

Long-Term Debt as of September 30, 2015 Borrower (in millions)	Current		Noncurrent		Total	
	Peso	US\$	Peso	US\$	Peso	US\$
<b>ALI</b>	<b>7,076.4</b>	-	<b>79,785.5</b>	<b>52.8</b>	<b>86,861.9</b>	<b>52.8</b>
Alabang Commercial Corp.	-	-	136.0	-	136.0	-
Accendo Commercial Corp	75.0	-	1,331.3	-	1,406.3	-
Adauge Commercial Corporation	6.2	-	613.8	-	620.0	-
Ayala Land Hotel Land Resorts Corp	435.7	6.8	5,373.1	27.0	5,808.8	33.8
ALI Property Partners Corp.	18.7	-	-	-	18.7	-
Alveo Land Corp.	-	-	4,500.0	-	4,500.0	-
Amaia Land Corp.	28.1	-	1,471.9	-	1,500.0	-
Arvo Commercial Corp.	8.9	-	158.0	-	166.9	-
Avida Land Corp	80.0	-	6,382.5	-	6,462.5	-
Cagayan de Oro Gateway Corp	94.5	-	2,220.5	-	2,315.0	-
Cebu Holdings, Inc.	97.4	-	6,155.4	-	6,252.8	-
Hillsford Property Corp.	12.4	-	56.7	-	69.1	-
HLC Development Corp	89.7	-	1,345.7	-	1,435.4	-
North Triangle Depot Commercial Corp.	85.0	-	1,880.0	-	1,965.0	-
Philippine Integrated Energy Solutions, Inc.	73.5	-	1,664.0	-	1,737.5	-
Subic Bay Town Center	43.8	-	755.5	-	799.3	-
Sunnyfield E-office Corp.	18.4	-	84.1	-	102.5	-
Westview Commercial Ventures Corp.	7.8	-	36.0	-	43.8	-
<b>Total</b>	<b>8,251.5</b>	<b>6.8</b>	<b>113,950.0</b>	<b>79.8</b>	<b>122,201.5</b>	<b>86.6</b>

## Issuances, Repurchases and Repayments of Debt and Equity Securities

### Issuance of Debt and Equity Securities/New Financing Through Loans

Borrower	As of September 30, 2015 (in million pesos)	Nature
ALI	35,761.7	availment of short-term loans and issuance of bonds
Adauge	320.0	availment of long-term loan
ACC	286.0	availment of long-term loan
Alveo	3,545.2	availment of short-term and long-term loans
AHRC	2,534.5	Availment of long-term loans
Avida	8,329.5	availment of short-term and long-term loans
CDOGC	25.0	availment of long-term loan
SSECC	114.8	availment of short-term loan
TKDC	700.0	availment of short-term loan
<b>Total</b>	<b>51,616.7</b>	

### Repayment of Debt and Equity Securities

Borrower	As of September 30, 2015 (in million pesos)	Nature
ALI	16,664.8	repayment of short term and amortization on long-term loans
ACC	400.0	payment of matured short-term loan
Accendo	1,017.2	amortization on long-term loan
AHRC	3,006.4	amortization/repayment/redenomination of long-term loans
Alveo	3,783.5	payment of matured short-term loans
Amaia	550.0	payment of matured short-term loans
APPCO	3,419.3	amortization and assignment of long-term loans
Arvo	6.7	amortization on long-term loan
Avida	9,351.5	payment of matured short-term loans and amortization on long-term loan
Cavite	412.0	assignment of loan
CDOGC	60.0	amortization on long-term loan
CHI	471.9	amortization on long-term loans
Hillsford	9.3	amortization on long-term loan
HLC	134.6	amortization on long-term loan
LAIP	135.0	payment of matured short-term loan
NBCC	920.0	repayment of long-term loan
NTDCC	763.8	amortization and repayment on long-term loans
NVCC	2,400.0	assignment of loan
Philenergy	22.5	amortization on long-term loan
SSECC	1,617.1	payment of matured short-term and long-term loan
Sunnyfield	13.8	amortization on long-term loans
SBTCI	37.7	amortization on long-term loans
TKDC	1,400.0	payment of matured short-term loans
Vesta	525.0	payment of matured short-term loan
Westview	355.9	amortization on long-term loans
<b>Total</b>	<b>47,477.7</b>	

### 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 09.30.2015

**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

<b>(in pesos)</b>	<b>ESTIMATED PER PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>5,000,000,000.00</b>	<b>5,000,000,000.00</b>
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	<b>52,051,125.00</b>	<b>49,907,554.59</b>
Net Proceeds	<b>4,947,978,875.00</b>	<b>4,950,092,445.41</b>

#### Balance of Proceeds as of 09.30.2015

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

<b>(in pesos)</b>	<b>ESTIMATED PER PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>8,000,000,000.00</b>	<b>8,000,000,000.00</b>
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	<b>84,772,125.00</b>	<b>81,759,968.00</b>
Net Proceeds	<b>7,915,227,875.00</b>	<b>7,918,240,032.00</b>

#### Balance of Proceeds as of 09.30.2015

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

<b>(in pesos)</b>	<b>ESTIMATED PER PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>6,000,000,000.00</b>	<b>6,000,000,000.00</b>
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	<b>55,057,500.00</b>	<b>55,123,338.07</b>
Net Proceeds	<b>5,944,942,500.00</b>	<b>5,944,876,661.93</b>

**Balance of Proceeds as of 09.30.2015****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**

<b>(in pesos)</b>	<b>ESTIMATED PER PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>15,000,000,000.00</b>	<b>15,000,000,000.00</b>
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	<b>147,226,625.00</b>	<b>137,889,514.96</b>
Net Proceeds	<b>14,852,773,375.00</b>	<b>14,862,110,485.04</b>

**Balance of Proceeds as of 09.30.2015****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**

<b>(in pesos)</b>	<b>ESTIMATED PER PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>15,000,000,000.00</b>	<b>15,000,000,000.00</b>
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	<b>141,440,625.00</b>	<b>142,483,508.37</b>
Net Proceeds	<b>14,858,559,375.00</b>	<b>14,857,516,491.63</b>

**Balance of Proceeds as of 09.30.2015****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

<b>(in pesos)</b>	<b>PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>2,000,000,000.00</b>	<b>2,000,000,000.00</b>
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	<b>27,200,000.00</b>	<b>26,546,789.27</b>
Net Proceeds	<b>1,972,800,000.00</b>	<b>1,973,453,210.73</b>

**Balance of Proceeds as of 09.30.2015**

**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

<b>(in pesos)</b>	<b>PROSPECTUS</b>	<b>ACTUAL</b>
Issue Amount	<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>
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	<b>21,725,625.00</b>	<b>17,487,801.13</b>
Net Proceeds	<b>978,274,375.00</b>	<b>982,512,198.87</b>

**Balance of Proceeds as of 09.30.2015**

**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 September 30, 2015)

None.

## 9. Accounts and Other Payables

The accounts and other payables as of September 30, 2015 is broken down as follows:

<u>Accounts and other payables</u>	<u>As of September 30, 2015</u> <u>(In million pesos)</u>
Accounts Payable	P82,149
Accrued Expenses	1,213
Taxes payable	8,833
Accrued project cost	16,798
Commission payable	1,146
Dividend payable	263
Accrued salaries & employee benefits	1,528
Accrued - Repairs & maintenance	2,127
Accrued - Advertising & Promo	939
Accrued - Professional & Management Fees	3,976
Accrued - Light & Water	2,563
Accrued - Postal & Comm	14
Accrued - Rental	813
Accrued – Representation	317
Accrued - Insurance	37
Accrued - Transportation & Travel	12
Interest Payable	1,847
Retention payable	7
<b>Total</b>	<b>P124,582</b>

## 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.

### 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 a significant related party for the relevant financial year:



a. Transactions with BPI, an associate of AC

As of September 30, 2015 and December 31, 2014, the Group maintains current and savings account, money market placements and Long-term debt payable with BPI broken down as follows:

<b>(in million pesos)</b>	<b>Unaudited September 30, 2015</b>	<b>Audited December 31, 2014</b>
Cash in bank	<b>P12,260</b>	P13,355
Cash equivalents	<b>3,243</b>	5,939
Financial asset at FVPL	<b>2,243</b>	6,264
Short-term debt	<b>769</b>	-
Long-term debt	<b>12,758</b>	23,817

## 11. 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.

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 September 2015 (in million pesos)	Strategic Landbank Management and Visayas									Consolidated
	Shopping Centers	Corporate Businesses	Residential Development	Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustment	
<b>Revenues</b>										
Sales to external customers	9,238	3,489	43,330	3,582	5,357	4,310	906	0	0	70,212
Intersegment sales	671	0	525	(138)	24,277	0	821	0	(26,156)	0
Equity in net earnings of Investees	(254)	0	0	178	0	0	0	(69)	0	(145)
<b>Total Revenues</b>	<b>9,655</b>	<b>3,489</b>	<b>43,855</b>	<b>3,622</b>	<b>29,634</b>	<b>4,310</b>	<b>1,727</b>	<b>(69)</b>	<b>0</b>	<b>70,067</b>
Operating Expenses	5,196	2,018	32,882	2,707	26,211	3,341	1,411	911	(25,058)	49,619
<b>Operating Profit</b>	<b>4,459</b>	<b>1,471</b>	<b>10,973</b>	<b>915</b>	<b>3,423</b>	<b>969</b>	<b>316</b>	<b>(980)</b>	<b>25,058</b>	<b>20,448</b>
Interest income										4,336
Interest expense										(4,661)
Other income (expense)										216
Provision for income tax										(5,133)
<b>Net Income</b>										<b>15,206</b>
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										12,825
Minority interests										2,381
										<b>15,206</b>
<b>Other information</b>										
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	0	0	8,613	0	0	0	3,501	0	12,922
Deferred tax assets	261	66	2,035	318	30	142	25	1,579	2,439	6,895
<b>Total assets</b>	<b>73,487</b>	<b>50,821</b>	<b>287,078</b>	<b>113,927</b>	<b>43,619</b>	<b>25,477</b>	<b>5,451</b>	<b>47,548</b>	<b>(211,707)</b>	<b>435,701</b>
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	0	440	1	0	17	1,742
<b>Total liabilities</b>	<b>49,212</b>	<b>18,669</b>	<b>149,124</b>	<b>94,447</b>	<b>39,216</b>	<b>16,623</b>	<b>4,072</b>	<b>7,190</b>	<b>(89,840)</b>	<b>288,713</b>
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	0	450	0	837		10,386
Depreciation and amortization	1,167	618	141	532	655	398	116	95	0	3,722

YTD September 2014 (in million pesos)	Strategic Landbank Management and Visayas									Consolidated
	Shopping Centers	Corporate Businesses	Residential Development	Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustment	
<b>Revenues</b>										
Sales to external customers	7,930	3,270	37,298	6,922	3,650	4,022	726	0	0	63,818
Intersegment sales	459	0	295	4,052	16,143	0	748	0	(21,697)	0
Equity in net earnings of Investees	(149)	0	0	824	0	0	0	(76)	0	599
<b>Total Revenues</b>	<b>8,240</b>	<b>3,270</b>	<b>37,593</b>	<b>11,798</b>	<b>19,793</b>	<b>4,022</b>	<b>1,474</b>	<b>(76)</b>	<b>0</b>	<b>64,417</b>
Operating Expenses	4,865	1,664	29,184	7,680	17,733	3,144	1,265	1,306	(20,247)	46,594
<b>Operating Profit</b>	<b>3,375</b>	<b>1,606</b>	<b>8,409</b>	<b>4,118</b>	<b>2,060</b>	<b>878</b>	<b>209</b>	<b>(1,382)</b>	<b>20,247</b>	<b>17,823</b>
Interest income										3,461
Interest expense										(3,821)
Other income (expense)										11
Provision for income tax										(4,343)
<b>Net Income</b>										<b>13,131</b>
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										10,789
Minority interests										2,342
										<b>13,131</b>
<b>Other information</b>										
Segment assets	68,830	41,436	227,333	93,446	36,194	24,929	5,810	10,120	(157,240)	350,858
Investment in associates and jointly controlled entities	533	0	0	7,142	0	75	0	1,473	0	9,223
Deferred tax assets	253	81	1,357	269	0	113	30	2,083	1,681	5,867
<b>Total assets</b>	<b>69,616</b>	<b>41,517</b>	<b>228,690</b>	<b>100,857</b>	<b>36,194</b>	<b>25,117</b>	<b>5,840</b>	<b>13,676</b>	<b>(155,559)</b>	<b>365,948</b>
Segment liabilities	19,906	13,674	122,031	44,106	33,617	10,925	3,608	63,012	(66,748)	244,131
Deferred tax liabilities	18	83	228	149	0	440	0	0	(131)	787
<b>Total liabilities</b>	<b>19,924</b>	<b>13,757</b>	<b>122,259</b>	<b>44,255</b>	<b>33,617</b>	<b>11,365</b>	<b>3,608</b>	<b>63,012</b>	<b>(66,879)</b>	<b>244,918</b>
Segment additions to										
Property & Equipment	144	57	328	27	503	386	337	101	0	1,883
Investment properties	2,960	2,396	429	2,093	0	217	0	0	0	8,095
Depreciation and amortization	1,094	496	122	471	365	353	73	101	0	3,075

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

### **Results of Operations for the Nine Months Ended September 30, 2015**

Ayala Land, Inc. (ALI or "the Company") continued to perform steadily in the first nine months of 2015 sustaining a net income growth of 19% to P12.83 billion from the P10.79 billion posted in the same period last year. Consolidated revenues for the first nine months reached P75.05 billion, 10% higher than P68.32 billion posted in the same period in 2014. Revenues from Real Estate increased by 10% to P70.21 billion driven by the stable 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 6.5% 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 P46.87 billion in the first nine months of 2015, 9% higher than the P43.17 billion reported during the same period in 2014.

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

Ayala Land Premier (ALP) registered revenues of P15.68 billion, 6% higher than the P14.86 billion posted in the same period in 2014 driven by increased project completion of The Courtyards in Vermosa, Cavite and high-end residential building projects such as the Two Roxas Triangle and Garden Tower 2 in Ayala Center Makati, The Suites and East Gallery Place in Bonifacio Global City Taguig and Park Point Residences in Cebu.

Alveo meanwhile registered revenues of P10.06 billion, 43% higher than the P7.02 billion generated in the same period last year brought about by higher bookings and completion of subdivision projects such as Lumira and Mondia in Nuvali, Santa Rosa Laguna and Montala in Alvia, Porac Pampanga and condominium projects namely Kroma in Makati, Veranda Tower 1 in Arca South, Taguig, Verve Residences 1, Park Triangle Residences and Two Maridien in Bonifacio Global City, Taguig and Solinea Tower 1 and 3 in Cebu.

Avida and Amaia likewise recorded double digit revenue growth, with Avida reaching P10.26 billion revenues, or 12% higher compared to same period last year and Amaia registering revenues of P2.80 billion, or 16% higher compared to same period in 2014. The increased bookings of Avida Settings Alvia and Avida Tower One Union Place 1 and 2 in Arca South combined with higher project completion of Vita Towers in Vertis North, Verte Tower 1 and The Montane in Bonifacio Global City contributed to the increase in revenues of Avida while Amaia's major contributors are Steps Nuvali, Steps Altaraza, San Jose Del Monte Bulacan and Scapes General Trias, Cavite.

BellaVita more than tripled its revenues to P272 million from P76 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 the first nine months of 2015 reached a total of P82.91 billion, 4% higher year-on-year, equivalent to an average monthly sales take-up of P9.22 billion. Residential Gross Profit (GP) margins of horizontal projects improved to 43% from 42% due to the sale of higher margin projects of Alveo such as Lumira, Mirala and Mondia in Nuvali while gross profit margins of vertical developments were maintained at 35%.

Revenues from the sale of office spaces reached P4.03 billion, posting a 57% growth from the P2.57 billion registered in the same period in 2014 driven by the higher completion of Alveo's projects such as High Street South Corporate Plaza 1 and 2 and higher sales from Avida projects such as Park Triangle Corporate Plaza, Capital House and One Park Drive in Bonifacio Global City. Gross profit margins of offices for sale buildings declined slightly to 38% compared to the 40% posted during the same period last year due to the sale of lower margin projects such as The Stiles in Circuit Makati by Alveo and Capital House by Avida in Bonifacio Global City.

Revenues from the sale of commercial and industrial lots reached P2.84 billion, 35% lower year-on-year from P4.37 billion due to higher lot sales in Nuvali and Arca South in 2014. GP margins of Commercial and Industrial lots declined to 49% from 53% due to the lower contribution of higher margin lots in Altaraza San Jose Del Monte Bulacan and in Nuvali Santa Rosa Laguna.

Ayala Land launched P68.83 billion worth of residential and office for sale projects in the first nine months of 2015.

**Commercial Leasing.** This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to P17.21 billion in the first nine months of 2015, 12% higher than the P15.38 billion recorded in the same period last year.

Revenues from shopping centers reached P9.24 billion, 12% higher year-on-year from P8.26 billion due to the improved performance of Fairview Terraces and UP Town Center and the higher occupancy and average rental rates of existing malls. Shopping Centers EBITDA margin improved to 69% from 63%. Monthly average lease rates registered 2% higher to P1,153 per square meter from P1,134 per square meter in the same period last year. Same store sales grew 2% year on year while same mall rental growth increased by 9% year-on-year. Average occupancy rate registered at 94%. Total gross leasable area (GLA) of Shopping Centers registered at 1.40 million square meters as of September 30, 2015.

Revenues from office leasing reached P3.66 billion, 18% higher year-on-year from P3.10 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 89% from 85%. Monthly average lease rates of its BPO offices registered 5% higher to P696 per square meter from P661 per square meter in the same period last year. Average occupancy rate registered at 93%. Total gross leasable area (GLA) of Office Leasing registered at 637 thousand square meters as of September 30, 2015.

Revenues from hotels and resorts reached P4.31 billion, 7% higher year-on-year from P4.02 billion due to the improved revenue-per-available-room (REVPAR) of Holiday Inn, Fairmont Hotel and the Raffles Residences and Hotel InterContinental in Ayala Center Makati, Marriott in Cebu Business Park, SEDA hotels in Bonifacio Global City, Cagayan de Oro and Davao and El Nido Resorts in Palawan. REVPAR of hotels increased by 4% to P3,927 per night while REVPAR of resorts increased by 12% to P7,387 per night. Hotels and Resorts EBITDA margin was maintained at 28%. Average occupancy rate of Hotels registered at 74% while Resorts registered at 58% during the period. Hotels and Resorts currently operates 1,294 hotel rooms from its internationally branded segment; Hotel InterContinental Manila, 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 153 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 2,324 as of September 30, 2015.

**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 P30.54 billion, 48% higher than the P20.60 billion reported in the same period in 2014.

Revenues from Construction reached P29.63 billion, 49% higher year-on-year from P19.87 billion due to the increase in order book of projects within the Ayala Land Group. Revenues from Property Management reached P906 million, 25% higher year-on-year from P727 million due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses improved to 13% from 10%.

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

Equity in net earnings of associates and JVs registered a loss of P145 million in the first nine months of 2015 due to the lower net earnings of Fort Bonifacio Development Corporation attributed to the lower inventory of commercial lots and startup costs from new businesses. Meanwhile, Interest, Investment and Other Income reached P4.98 billion, mainly due to higher interest income on accretion and installment sales.

### **Expenses**

Total expenses registered at P54.71 billion in the first nine months of 2015, 8% higher than the P50.84 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 7% to P44.97 billion from P42.11 billion last year.

General and Administrative Expenses (GAE) grew by 5% to P4.65 billion from P4.44 billion last year as a result of efficient cost management measures. GAE-to-revenue ratio further improved to 6.2% from 6.5% last year. Interest Expense, Financing and Other Charges meanwhile registered at P5.09 billion, 18% higher year-on-year from P4.29 billion, mainly attributed to higher interest expense and a higher average interest rate of 4.76% compared to 4.43% during the previous year.

### **Project and Capital Expenditure**

Ayala Land spent a total of P60.31 billion for project and capital expenditures in the first nine months of 2015. Of the total capital expenditure, 29% was spent on land acquisition, 4% was spent on the development of its estates, 37% was spent on the completion of residential projects and 20% was spent on commercial leasing projects with the rest of the amount disbursed for new businesses, services and other investments.

### **Financial Condition**

Ayala Land posted a solid balance sheet position in the first nine months of 2015 which provides adequate capacity to support its growth plans for 2015 and beyond.

Cash and Cash Equivalents stood at P24.11 billion, resulting in a current ratio of 1.26:1. Total Borrowings stood at P130.62 billion as of September 2015 from P124.67 billion as of December 2014, translating to a Debt-to-Equity Ratio of 0.89:1 and a Net Debt-to-Equity Ratio of 0.72:1. Return on Equity was at 14.5% as of September 30, 2015.

## **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, 2015.

### ***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 – 9M 2015 versus 9M 2014**

#### *10% increase in real estate and hotel revenues*

Largely due to higher sales bookings and incremental completion of residential projects and improved performance of the hotels and resorts, shopping centers and office leasing businesses

#### *124% decrease in equity in net earnings of investees*

Primarily due to lower equity from FBDC companies

#### *25% increase in interest, fees and investment income*

Mainly due to higher accretion income on installment sales.

#### *47% increase in other income*

Primarily driven by higher management fees on administered projects.

#### *7% increase in real estate and hotel operating costs*

Largely due to higher real estate and hotels costs

#### *5% increase in general administrative expenses*

Due to the increase in taxes & licenses, seminars, rentals and office services related expenses

#### *18% increase in interest expense, financing and other charges*

Mainly due to higher borrowings and higher interest rate.

#### *18% increase in provision for income tax*

Primarily due to higher taxable income mainly from increase in real estate's revenue

### **Balance Sheet items – September 30, 2015 versus Dec. 31, 2014**

#### *22% decrease in cash and cash equivalents*

Mainly due to payment of various capital expenditures on land acquisition and loan payments

#### *100% decrease in short term investments*

Primarily due to the maturity of Short-term investment placements

#### *67% decrease in fair value through profit or loss financial asset*

Largely due to the maturity of UITF placements were no longer renewed

#### *27% increase in accounts and notes receivables (net)*

Mainly due to higher sales and additional bookings from residential projects (subdivision, condominium and office for sale).

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

Primarily due to incremental project completion and new launches of residential projects

#### *7% increase in other current assets*

Largely from the increase of escrow balance

#### *22% increase in noncurrent accounts and notes receivable*

Largely due to additional bookings and increased sales from newly launched and existing residential projects.



*29% decrease in available-for-sale financial assets*

Mainly due to the sale of SSI's available-for-sale (AFS) investment

*18% increase in investments in associates and joint ventures*

Mainly due to the additional equity infusion to Regent Wise and share in Equity from FBDC companies.

*15% increase in investment properties*

Primarily due to additional project costs of malls and office buildings and contribution of additional land acquisitions.

*12% increase in property and equipment*

Mainly due to MDC's batching plants, formworks and equipment fleet acquisition and Phil. Energy's purchase of chillers and installation of district cooling system (DCS) in malls

*80% increase in other noncurrent assets*

Largely due to the increase in deferred charges

*19% increase in account and other payables*

Primarily due to higher expenses on the completion of existing and new projects, higher payable to suppliers, accrued expenses and taxes payable.

*48% decrease in short-term debt*

Mainly due to conversion from floating to fixed rate loan

*70% increase in income tax payable*

Mainly due to higher taxable income for the period and provision of income tax

*51% decrease in customers & tenant's deposit*

Largely due to lower deposit from customers and tenants

*63% increase in current portion of long-term debt*

Mainly due to addition and increase in loan amount of ALI and subsidiaries

*11% decrease in deferred tax liabilities*

Primarily due to lower sales with less than 25% collections.

*15% decrease in pension liability*

Mainly due to additional contribution on retirement fund.

*10% increase in long-term debt*

Mainly due to increase in loan amount of ALI and subsidiaries

*36% increase in capital stock*

Mainly due to ALI's Equity top up placement in January 2015

*19% increase in noncontrolling interest*

Mainly due to increase in 2015 NIAT share of noncontrolling interest



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

**Item 4. Other Notes to 3Q 2015 Operations and Financials**

- |   |  |
|---|--|
| <b>J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents</b>  | Please see Notes to Financial Statements (Item #7).  |
| <b>K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period</b>  | None   |
| <b>L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities</b>  | Please see Notes to Financial Statements (Item #5).  |
| <b>M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period</b>   | On October 15 2015, ALI through its wholly-owned subsidiary, Regent Wise, exercised its option to acquire additional shares of Malaysian development and construction company, MCT BHd (MCT) for a total cost of US\$92Mn, to bring its total shareholding in MCT from 9.16% to 32.95% |
| <b>N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations</b> | None   |
| <b>O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date</b>   | None   |

**P. Other material events or transactions during the interim period**

On August 13, 2015 Ayala Land, Inc. (ALI) entered into an agreement with Prime Orion Philippines, Inc. (POPI) to subscribe 2,500,000,000 common shares of stock or 51.36% interest in POPI for a total consideration of P5.6 billion, subject to certain terms and conditions

On August 11, 2015 Ayala Land, Inc. ("ALI") won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). ALI will be awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc.

On June 30, 2015 Ayala Land, Inc., through SM-ALI Group consortium, participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 square meters, which is a portion of Cebu City-owned lot located at the South Road Properties, Cebu City

On May 12, 2015 Ayala Land, Inc. (ALI), through its wholly-owned subsidiary, Regent Wise Investments Limited which owns 9.16% of the shares of Malaysian development and construction company, MCT, Bhd. (MCT), entered into call option agreements with the two founders and majority shareholders of MCT, Barry Goh Ming Choon and Tong Seech Wi, that will give ALI the opportunity to increase its shareholdings in MCT up to a maximum of 32.95%. The call options are exercisable for one month beginning on October 7, 2015.

On April 22, 2015 Ayala Land offered P7b fixed rate bonds, 4.5% bonds due 2022.

On April 08, 2015, Ayala Land, Inc. purchased all of the 8.2 million common shares of Aegis PeopleSupport Realty Corporation amounting to P435m.

On April 06, 2015 Ayala Land, Inc. through Regent Wise Investments Limited acquired 9.16% shares of Malaysian company, GW Plastics Holdings Bhd, to be renamed MCT Bhd, through a private placement amounting to US\$43m or P1.9b.

<b>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</b>	None
<b>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</b>	None
<b>S. Material commitments for capital expenditures, general purpose and expected sources of funds</b>	<p>For the year 2015, Ayala Land's consolidated budget for project and capital expenditures amount to P100.3 billion. This will be financed through a combination of internally-generated funds, borrowings and pre-selling.</p> <p>The Company is looking at an estimated capital expenditure of P80-90 billion from the original target of 100 billion for 2015 as part of our tighter cash management program to maintain the Company's strong balance sheet position. This entails rationalizing on our land acquisitions given the substantial growth in the land bank for the past two years and to focus on what is required based on current plans. All project for launch for the rest of the year will continue as planned.</p>
<b>T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations</b>	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.
<b>U. Significant elements of income or loss that did not arise from continuing operations</b>	None
<b>V. Causes for any material change/s from period to period in one or more line items of the financial statements</b>	Please see Notes to Financial Statements (Item #7).
<b>W. Seasonal aspects that had material effect on the financial condition or results of operations</b>	<p>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.</p> <p>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</p>

work follow target completion dates committed at the time of project launch.

**X. Disclosures not made under SEC Form 17-C**

None.

**Item 5. Performance Indicators**

The table below sets forth the comparative performance indicators of the Company and its majority-owned subsidiaries:

	<i>End September 2015</i>	<i>End December 2014</i>
Current ratio <sup>1</sup>	1.26:1	1.22:1
Debt-to-equity ratio <sup>2</sup>	0.89:1	1.02:1
Net debt(cash)-to-equity ratio <sup>3</sup>	0.72:1	0.74:1
Profitability Ratios:		
Return on assets <sup>4</sup>	4.9%	5.0%
Return on equity <sup>5</sup>	14.5%	14.4%
Asset to Equity Ratio <sup>6</sup>	2.96:1	3.19:1
Interest Rate Coverage Ratio <sup>7</sup>	5.3	5.7

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

A handwritten signature in black ink, appearing to read "Jaime E. Ysmael", with a long, sweeping horizontal stroke extending to the right.

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

Date: November 13, 2015