

SEC Number: 152-747
File Number: _____

AYALA LAND, INC.

(Company's Full Name)

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

(Company Address)

(632) 750-6974

(Telephone Number)

March 31, 2017

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

1

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2017**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **000-153-790-000**
4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization:
Makati City, Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of issuer's principal office and postal code:
31F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 750-6974**
9. Former name, former address, former fiscal year: **not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of March 31, 2017

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	14,712,682,588
Preferred shares	13,664,949,759

Amount of Debt Outstanding
P81,000,000,000.00

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)

	March 2017 Unaudited	December 2016 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (note 4)	P20,771	P20,904
Short-term investments (note 5)	177	-
Financial assets at fair value through profit or loss - UITF	2,058	208
Financial assets at fair value through profit or loss (note 6)	450	1,964
Accounts and notes receivable (note 7)	108,821	97,468
Inventories (note 8)	47,407	66,728
Other current assets	28,114	23,740
Total Current Assets	207,798	211,012
Noncurrent Assets		
Noncurrent accounts and notes receivable	32,663	35,133
Available-for-sale financial assets	1,913	1,385
Land and improvements	104,296	101,457
Investments in associates and joint ventures (note 9)	25,386	24,985
Investment properties - net	112,183	107,931
Property and equipment - net	26,398	26,504
Deferred tax assets - net	9,940	9,879
Other noncurrent assets	21,115	18,146
Total Noncurrent Assets	333,894	325,420
Total Assets	P541,692	P536,432
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (note 11)	P145,141	P141,713
Short-term debt (note 10)	21,154	24,244
Income tax payable	2,338	1,471
Current portion of long-term debt (note 10)	5,188	5,187
Deposits and other current liabilities	10,360	15,588
Total Current Liabilities	184,181	188,203
Non Current Liabilities		
Long-term debt - net of current portion	135,124	130,370
Pension liabilities	1,490	1,499
Deferred tax liabilities - net	4,108	4,356
Deposits and other Noncurrent Liabilities	40,958	39,321
Total Noncurrent Liabilities	181,680	175,546
Total Liabilities	365,861	363,749
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	61,588	61,562
Retained earnings	93,832	91,799
Stock options outstanding	91	89
Actuarial loss on pension liabilities	(330)	(357)
Net unrealized gain on available-for-sale financial assets	42	44
Equity reserves	(5,434)	(5,432)
Treasury shares	-	-
	149,789	147,705
Noncontrolling interests	26,042	24,978
Total Equity	175,831	172,683
Total Liabilities and Equity	P541,692	P536,432

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

(Amounts in Millions, Except Earnings Per Share Figures)

	2017 Unaudited January 1 to March 31	2016 Unaudited January 1 to March 31
REVENUE		
Real estate	P29,680	P25,575
Interest income	1,459	1,319
Equity in net earnings of associates and joint ventures	138	(46)
Other income	366	124
	31,643	26,972
COSTS AND EXPENSES		
Real estate	19,220	16,358
General and administrative expenses	1,804	1,677
Interest and other financing charges	1,882	1,444
Other charges	211	243
Provision for bad debts	12	-
	23,129	19,722
INCOME BEFORE INCOME TAX	8,514	7,250
PROVISION FOR INCOME TAX		
Current	2,095	1,531
Deferred	(18)	289
	2,077	1,820
NET INCOME	P6,437	P5,430
Net income attributable to:		
Equity holders of Ayala Land, Inc.	P5,564	P4,708
Noncontrolling interests	873	722
	P6,437	P5,430
Earnings Per Share		
Basic	P0.38	P0.32
Diluted	0.38	0.32

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

(Amounts in Millions)

	2017 Unaudited January 1 to March 31	2016 Unaudited January 1 to March 31
NET INCOME	₱6,437	₱5,430
Other comprehensive income/loss		
Net unrealized gain (loss)		
on available-for-sale financial assets	26	13
Actuarial losses on pension liabilities	-	-
Total comprehensive income for the period	₱6,463	₱5,443
Total comprehensive income attributable to:		
Equity holders of Ayala Land, Inc.	₱5,590	₱4,721
Noncontrolling interests	873	722
	₱6,463	₱5,443

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Millions)

	March 2017 Unaudited	March 2016 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
COMMON SHARES - ₱1.00 par value		
Issued:		
Balance at beginning of year	₱14,597	₱14,586
Issuance of shares	-	1
Stock options exercised	-	-
Balance at end of year	14,597	14,587
Subscribed:		
Balance at beginning of year	115	110
Issuance of shares	-	(1)
Stock options exercised	-	0
Balance at end of year	115	109
PREFERRED SHARES - ₱0.10 par value		
Issuance of shares	1,307	1,307
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	46,929	46,218
Stock options exercised	-	26
Equity issuance cost charged to APIC	-	-
Issuance of common stock	-	-
IFRS 2 - Adjustment on Share-based payments	26	-
Balance at end of year	46,955	46,244
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(1,386)	(1,148)
Subscriptions	-	1
Collections	-	-
Balance at end of year	(1,386)	(1,147)
TOTAL PAID-UP CAPITAL		
	61,588	61,100
STOCK OPTIONS		
Balance at beginning of year	90	191
Stock options exercised	1	2
Balance at end of year	91	193
Treasury Stock	-	-
RETAINED EARNINGS		
Appropriated for future expansion	8,000	6,000
Unappropriated:		
Balance at beginning of year	83,799	71,952
Prior years adjustments (PAS 19)	-	-
Cash dividends	(3,531)	(3,497)
Net income	5,564	4,708
Balance at end of year	85,832	73,163
PARENT OR OTHER RESERVES		
	(5,434)	(5,407)
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		
	42	(81)
REMEASUREMENT LOSS ON DEFINED BENEFIT PLANS		
	(330)	(462)
NONCONTROLLING INTERESTS		
Balance at beginning of year	24,978	16,095
Net income (loss)	873	721
Increase (decrease) in noncontrolling interests	(191)	(179)
Dividends paid to minority interest	-	-
Balance at end of quarter	26,042	16,637
	₱175,831	₱151,143

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	March 2017 Unaudited	March 2016 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	8,513	7,250
Adjustments for:		
Depreciation and amortization	1,560	1,445
Interest and other charges - net of amount capitalized	2,093	1,684
Equity in net earnings of investees	(138)	46
Interest and other income	(1,459)	(1,320)
Unrealized gain on financial assets	(1)	-
Provision for doubtful accounts	13	-
Operating income before changes in working capital	10,581	9,105
Decrease (increase) in:		
Accounts and notes receivable - trade	(9,104)	(14,234)
Real estate inventories	20,570	(13,347)
Other current assets	(4,373)	2,035
Increase (decrease) in:		
Accounts and other payables	2,784	26,822
Pension liabilities	18	(129)
Other current liabilities	(5,227)	6,512
Cash generated from operations	15,249	16,764
Interest received	1,458	1,366
Income tax paid	(1,719)	(4,918)
Interest paid - net of amount capitalized	(940)	(6,141)
Net cash provided by (used in) operating activities	14,048	7,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	(2,839)	1,315
Investments	(7,682)	(14,346)
Property and equipment	(27)	(186)
Short term investments	(514)	(242)
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	212	(3,180)
Other assets	(3,070)	(1,855)
Net cash provided by (used in) investing activities	(13,920)	(18,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	5,498	21,551
Payments of short-term / long-term loans	(3,833)	(4,205)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	1,388	(4,967)
Minority interest in consolidated subsidiaries	191	(178)
Proceeds from capital stock subscriptions	26	30
Purchase of treasury shares	-	-
Dividends paid to noncontrolling interests	-	-
Dividends paid to equity holders of Ayala Land, Inc.	(3,531)	(3,497)
Net cash provided by (used in) financing activities	(261)	8,734
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(133)	(2,689)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,904	19,087
CASH AND CASH EQUIVALENTS AT END OF PERIOD	20,771	16,398

AYALA LAND, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

2. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2016 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, 2016.

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

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

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

On May 8, 2017, 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, 2016, except for the adoption of new Standards and Interpretations enumerated below.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments do not have any impact on the Group's financial position and results of operation. The Group will include the required disclosures in its 2017 consolidated financial statements.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group is assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 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 PFRS 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 PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effectivity date.

- PFRS 9, *Financial Instruments*

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 providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify

that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

The Group does not expect the amendments to have material impact on its consolidated financial statements.

- *Amendments to PAS 40, Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The Group does not expect the amendments to have material impact on its consolidated financial statements.

- *Philippine Interpretation IFRIC-22, Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Group does not expect the amendments to have material impact on its consolidated financial statements.

Effective beginning on or after January 1, 2019

- *PFRS 16, Leases*
Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

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

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.
The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of December 31, 2016 and March 31, 2017.

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

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable return from the involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from the other contractual arrangements, and
- The Groups' voting rights and potential voting rights.

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

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

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statements of financial position, separately from the Company's equity. Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

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

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

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

Ayala Land, Inc. Subsidiaries	Effective Ownership as of	
	March 2017	December 2016
Real Estate:		
Alveo Land Corporation (Alveo)	100%	100%
Serendra, Inc.	39	39
Solinea, Inc. (Solinea)	65	65
BGSouth Properties, Inc. (BGS)	50	50
Portico Land Corp. (Portico)	60	60
Serendra, Inc.	28	28
Amorsedia Development Corporation	100	100
OLC Development Corporation and Subsidiary	100	100
HLC Development Corporation	100	100
Allysonia International Ltd.	100	100
Avida Land Corporation (Avida)	100	100
Buklod Bahayan Realty and Development Corp.	100	100
Avida Sales Corp. and Subsidiaries	100	100
Amicassa Process Solutions, Inc.	100	100
Avencosouth Corp. (Avencosouth)	70	70
BGNorth Properties, Inc. (BGN)	50	50
Amaia Land Co. (Amaia)	100	100
Amaia Southern Properties, Inc. (ASPI)	65	65
Ayala Land International Sales, Inc. (ALISI)	100	100
Ayalaland International Marketing, Inc. (AIMI)	100	100
Ayala Land International (Singapore) Pte. Ltd.	100	100
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	100	100
Ayala Land International Marketing, SRL (ALIM SRL)	100	100
Ayala Land International Marketing London	100	100
Ayala Land Sales, Inc.	100	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	100	100
AyalaLand Malls Vismin, Inc.	100	100
AyalaLand Malls NorthEast, Inc.	100	100
Southportal Properties, Inc.	65	65
Buendia Landholdings, Inc.	100	100
Crans Montana Holdings, Inc.	100	100
Crimson Field Enterprises, Inc.	100	100
Ecoholdings Company, Inc. (ECI)	100	100
NorthBeacon Commercial Corporation NBCC)	100	100
Red Creek Properties, Inc.	100	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	100	100

Asterion Technopod, Incorporated (ATI)	100	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	100	100
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	100	100
Hillsford Property Corporation (HPC)	100	100
Primavera Towncentre, Inc. (PTI)	100	100
Summerhill E-Office Corporation (Summerhill)	100	100
Sunnyfield E-Office Corporation (Sunnyfield)	100	100
Subic Bay Town Centre, Inc.	100	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100	100
AyalaLand Real Estate Investments Inc.	100	100
AyalaLand Advisory Broadway Inc.	100	100
AyalaLand Development (Canada) Inc.	100	100
AyalaLand OpenAsia Holdings PTE, Limited	100	100
Blue Horizons Holdings PTE, Limited	100	100
AyalaLand Commercial REIT, Inc. (ALCRI)	100	100
Arvo Commercial Corporation (Arvo)	100	100
BellaVita Land Corporation (BellaVita)	100	100
Nuevo Centro, Inc. (Nuevo Centro)	55	55
Alviera Country Club, Inc	50	50
Cavite Commercial Town Center, Inc.	100	100
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo))	100	100
One Dela Rosa Property Development, Inc.	100	100
First Gateway Real Estate Corp.	100	100
Glensworth Development, Inc. (Glensworth)	100	100
UP North Property Holdings, Inc.	100	100
Central Block Developers, Inc.	35	35
ALO Prime Realty Corporation	100	100
Laguna Technopark, Inc. (LTI)	75	75
Ecozone Power Management, Inc.	75	75
Aurora Properties Incorporated	80	80
Soltea Commercial Corp.	16	16
Vesta Property Holdings, Inc.	70	70
Station Square East Commercial Corporation (SSECC)	69	69
Accendo Commercial Corp. (Accendo)	67	67
Avencosouth Corp.	20	20
Aviana Development Corporation	7	7
Aviana Development Corporation	50	50
Cagayan de Oro Gateway Corp. (CDOGC)	70	70
Ceci Realty, Inc. (Ceci)	60	60
Soltea Commercial Corp.	12	12
Soltea Commercial Corp.	60	60
CMPI Holdings, Inc.	60	60
CMPI Land, Inc.	36	36
ALI-CII Development Corporation (ALI-CII)	50	50
Roxas Land Corporation (RLC)	50	50
Adauge Commercial Corporation (Adauge)	60	60
Southgateway Development Corp. (SDC)	100	100
Ayalaland MetroNorth, Inc. (AMNI)	100	100
North Triangle Depot Commercial Corporation (NTDCC)	73	73
BGWest Properties, Inc. (BGW)	50	50
Lagdigan Land Corporation	60	60
Cebu Holdings, Inc. (CHI)	67	67
Cebu Property Ventures Development Corp and Subsidiaries	59	59
Cebu Leisure Company, Inc.	67	67
CBP Theatre Management Inc.	67	67
Taft Punta Engaño Property Inc. (TPEPI)	37	37
Cebu Insular Hotel Company, Inc. (CIHCI)	25	25
Solinea, Inc.	23	23
Amaia Southern Properties, Inc. (ASPI)	23	23
Southportal Properties, Inc.	23	23
Central Block Developers, Inc.	38	38
Alabang Commercial Corporation (ACC)	50	50
South Innovative Theater Management (SITMI)	50	50
ALI Commercial Center Inc.	100	100
Prime Orion Properties Inc.	51	51
FLT Prime Insurance Corporation	37	37
Orion Solutions, Inc.	51	51

Orion Holdings Philippines, Inc.	51	51
OE Holdings, Inc.	51	51
Orion Land, Inc.	51	51
Prow Holdings Inc	55	55
Ayalaland Malls Synergies, Inc.	100	100
Altaraza Prime Realty Corporation	100	100
Anvaya Cove Golf and Sports Club, Inc.	78	78
Anvaya Cove Beach and Nature Club, Inc.	73	73

Construction:

Makati Development Corporation (MDC)	100	100
MDC – Subic, Inc.	100	100
MDC - Build Plus, Inc.	100	100
MDC Concrete, Inc. (MCI)	100	100
MDC Equipment Solutions, Inc. (MESI)	100	100

Hotels and Resorts:

Ayala Hotels, Inc. (AHI)	50	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	80	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	80	80
Asian Conservation Company Limited and Subsidiary	100	100
Enjoy Hotels, Inc. (Enjoy)	100	100
Greenhaven Property Venture, Inc. (GPVI)	100	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63	63
Bonifacio Hotel Ventures, Inc.	100	100
Southcrest Hotel Ventures, Inc.	67	67
Northgate Hotel Ventures, Inc.	70	70
North Triangle Hotel Ventures, Inc.	100	100
Ecosouth Hotel Ventures, Inc.	100	100
Sentera Hotel Ventures Inc.	100	100
Econorth Resorts Ventures, Inc.	100	100
ALI Triangle Hotel Ventures, Inc.	100	100
Circuit Makati Hotel Ventures, Inc.	100	100
Capitol Centre Hotel Ventures, Inc.	100	100
Arca South Hotel Ventures, Inc.	100	100
Sicogon Town Hotel, Inc.	100	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	20	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	20	20
Ten Knots Phils., Inc. (TKPI)	60	60
Bacuit Bay Development Corporation	60	60
Lio Resort Ventures Inc.	60	60
North Liberty Resort Ventures Inc.	60	60
Paragua Eco-Resort Ventures Inc.	60	60
Ten Knots Development, Corp. (TKDC)	60	60
Chirica Resorts Corp.	60	60
Kingfisher Capital Resources Corp.	60	60
Pangalusian Island Resort Corporation	60	60

Property Management:

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

Entertainment:

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

Others:

ALInet.com, Inc. (ALInet)	100	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	100	100
Green Horizons Holdings Limited	100	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100	100
AyalaLand Club Management, Inc.	100	100

ALI Capital Corp. (formerly Varejo Corp.)	100	100
Integrated Eco-resort Inc.	100	100
Airswift Transport, Inc. (formerly Island Transvoyager, Inc.)	100	100
Verde Golf Development Corporation	100	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	100	100
Whiteknight Holdings, Inc. (WHI)	100	100
Next Urban Alliance Development Corp.	100	100
Arca South Integrated Terminal Inc.	100	100

4. Cash and Cash Equivalents

This account consists of the following:

<i>(in million pesos)</i>	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on Hand	P53	P53
Cash in Banks	8,585	9,166
Cash Equivalents	12,133	11,685
TOTAL	P20,771	P20,904

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

5. Short-term Investments

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

6. Financial Assets at FVPL

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

7. Accounts and Notes Receivables

The account consists of:

<u>(in million pesos)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Trade:		
Residential and office development	P 78,744	P79,300
Construction contracts	1,025	2,711
Shopping centers	1,851	2,558
Corporate business	1,620	2,542
Management fees	-	309
Others	2,453	908
Advances to other companies	13,669	14,085
Advances to contractors and suppliers	37,835	26,166
Accrued receivables	3,541	3,355
Receivables from related parties (Note 25)	838	1,117
Investment in bonds classified as loans and receivables	-	-

(in million pesos)	March 31, 2017	December 31, 2016
Receivables from employees	726	740
	142,302	133,791
Less allowance for impairment losses	(819)	(1,190)
	141,483	132,601
Less noncurrent portion	32,662	35,133
	P108,821	P97,468

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

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

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

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

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

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

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

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

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

Below is the aging analysis of receivables based on collectability.

AGING OF RECEIVABLES					
As of March 31, 2017 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱66,895	₱16,671	₱32,002	₱9,680	₱125,248
Nontrade Receivables	6,443	9,131	661	-	16,235
Total	₱73,338	₱25,802	₱32,663	₱9,680	₱141,483

8. Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

NRV is the estimated selling price in the ordinary course of business based on market prices at the reporting date less estimated costs of completion and the estimated costs of sale.

9. Investment in Associates and Joint Ventures

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

Financial information of the associate with material interest as follows:

Ortigas Holdings, Inc.	As of March 31, 2017 (in million pesos)
Current assets	12,417
Noncurrent assets	10,897
Current liabilities	6,341
Noncurrent liabilities	12,500
Negative Goodwill	(148)
Revenue	1,551
Profit or loss from continuing operations	1,162

Bonifacio Land	As of March 31, 2017 (in million pesos)
Current assets	16,661
Noncurrent assets	29,704
Current liabilities	4,715
Noncurrent liabilities	8,688
Revenue	2,681
Profit or loss from continuing operation	1,963

MCT BHd	As of March 31, 2017 (in million pesos)
Current assets	7,626
Noncurrent assets	7,663
Current liabilities	4,336
Noncurrent liabilities	2,263
Revenue	1,562
Profit or loss from continuing operation	1,501

The Group exercises joint control over the following entities:

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

10. Short-Term and Long-Term Debt

The short-term debt of P21.2 billion and P24.2 billion as of March 31, 2017 and December 31, 2016, respectively, represents secured and unsecured peso-denominated and dollar-denominated bank loans. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain short-term debt with a carrying value of P2.6B and P5.7B as of March 31, 2017 and December 31, 2016, respectively, are secured by real estate mortgages dated March 14, 2016 and September 2, 2014 covering certain properties of the Company.

Interest rates for short-term loans are as follows:

	March 31, 2017	December 2016
Philippine Peso	2.3% to 2.9%	2.1% to 3.0%
US Dollar	-	-

Long-term debt consists of:

(in thousand pesos)	March 31, 2017	December 31, 2016
Company:		
Bonds:		
Due 2019	P12,350,000	P12,350,000
Due 2020	4,000,000	4,000,000
Due 2022	12,650,000	12,650,000
Due 2023	7,000,000	7,000,000
Due 2024	15,000,000	15,000,000
Due 2025	15,000,000	15,000,000
Due 2026	8,000,000	8,000,000
Due 2033	2,000,000	2,000,000
Fixed Rate Corporate Notes (FXCNs)	9,101,500	9,131,818
PHP-denominated long-term loan	20,101,841	15,184,921
USD-denominated long-term loan	1,862,190	1,957,725
	107,065,531	102,274,464
Subsidiaries:		
Bonds		
Due 2021	P5,000,000	P5,000,000
Bank Loans – Philippine Peso	25,551,767	25,558,232
FXCNs	3,340,625	3,362,500
	33,892,392	33,920,732
	140,957,923	136,195,196
Less: Unamortized Transaction Costs	684,956	638,208
	140,272,967	135,556,988
Less: Current Portion	5,187,571	5,187,111
	P135,085,396	P130,369,877

Company

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

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

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

Philippine Peso Homestarter Bond due 2015

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

Philippine Peso Homestarter Bond due 2016

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

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022

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

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033

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

Philippine Peso 10-year and 6-month Bonds due 2024

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

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2025

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

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022

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

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2026

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

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2025

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

Philippine Peso 7-year FRCN due 2016

In October 2009, the Company executed a ₱1,000.0 million committed FRCN facility with a local bank, of which an initial ₱10.0 million was drawn on October 12, 2009. The balance of ₱990.0 million was subsequently drawn on November 18, 2011. The FRCN bears a floating interest rate based on the 3-month PDST-R1 plus a spread of 0.96%, repriced quarterly. The FRCNs were fully paid in October 12, 2016.

Philippine Peso 5-, 7- and 10-year FXCNs due 2011, 2013 and 2016

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

Philippine Peso 5-, 7- and 10-year FXCN due 2014, 2016 and 2019

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

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026

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

Philippine Peso 10-year Note due 2022

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

US Dollar-denominated Long-term Loan

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

Peso-denominated Long-term Loans

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

In March 2017, the Company executed a ₱10,000.0 billion long-term facility and had an initial drawdown of ₱5,000.0 billion. The loan has a fixed interest rate of 4.949% for 10 years inclusive of Gross Receipt Tax (GRT). The balance of ₱5,000.0 billion will be drawn in April 2017.

Subsidiaries

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

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021

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

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

11. Accounts and Other Payables

The accounts and other payables as of March 31, 2017 is broken down as follows:

Accounts and other payables	As of March 31, 2017 (in million pesos)	As of December 31, 2016 (In million pesos)
Accounts Payable	86,619	84,690
Taxes payable	19,240	16,024
Accrued project cost	14,513	15,219
Liability for purchased land	4,063	6,257
Accrued salaries & employee benefits	4,658	4,840
Accrued - Professional & Management	2,600	3,021
Accrued - Light & Water	2,381	2,183
Accrued - Repairs & maintenance	2,191	1,878
Interest payable	1,900	1,526
Accrued - Rental	885	1,392
Accrued - Advertising & Promo	1,242	1,243
Payable to related parties	694	669
Dividend payable	577	426
Retention payable	332	345
DRP obligation	349	223
Accrued Expenses	2,897	1,777
Total	145,141	141,713

Below is the aging analysis of payables.

AGING OF PAYABLES					
As of March 31, 2017 (in million pesos)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Payables	P57,780	P8,750	P36,305	-	P102,835
Nontrade Payables	58,068	33,242	10,250	-	101,560
Total	P115,848	P41,992	P46,555	-	P204,395

12. Equity

On February 20, 2017, the Board of Directors during its meeting approved the declaration the declaration of cash dividends of P0.24 per outstanding common share. This first half regular cash dividends, together with the planned second semester cash dividends, will bring our annual dividend payout ratio to 34% of prior year's earnings. The cash dividend will be payable on March 22, 2017 to stockholders of common shares as of record date March 6, 2017. The declaration of the annual cash dividends of 4.74786% per annum or P0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. The payment date will be June 29, 2017 to stockholders of said preferred shares on record as of June 15, 2017.

13. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

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

a. Transactions with BPI, an associate of AC

As of March 31, 2017, and December 31, 2016, the Group maintains current and savings account, money market placements and short/long-term debt payable with BPI broken down as follows:

(in million pesos)	March 31, 2017	December 31, 2016
	Unaudited	Audited
Cash in bank	P3,396	P2,790
Cash equivalents	4,181	3,361
Financial asset at FVPL	2,168	978
Short-term debt	2,553	5,669
Long-term debt	12,669	17,342

b. Outstanding balances from/to related parties

In million pesos	Receivables from Related Parties		Payables to Related Parties	
	March 2017	December 2016	March 2017	December 2016
Parent Company	P99	P99	P73	P73
Associates	7	231	223	253
Other related parties:				
FBDC	469	455	2	1
Globe Telecom (Globe)	130	234	1	6
Innove Communications, Inc.	1	-	7	7
BPI	47	53	44	47
Columbus	-	-	267	267
Others	84	45	77	15
	731	787	398	343
Total	P838	P1,117	P694	P669

c. Revenues and expenses from/to related parties

In million pesos	Revenues from related parties		Expenses to related parties	
	March 2017	March 2016	March 2017	March 2016
Parent Company	P3	P1	P1	P-
Associates	11	7	1	1
Other related parties:				
AG Counselors Corp.	-	-	62	52
BPI	42	43	36	6
FBDC	55	21	40	25
Globe Telecom, Inc.	37	11	9	10
Innove Communications, Inc.	-	2	12	7
Laguna AAA Waterworks Corp.	1	-	2	1
MWCI	1	-	48	32
MWPVI	-	-	21	-
Psi Technologies	30	23	-	-
Others	1	1	7	13
	167	101	237	146
Total	P181	P109	P239	P147

14. Segment information

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

- Residential developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture
- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Corporate business - development and lease or sale of office buildings; sale of industrial lots and lease of factory building
- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants
- Strategic land bank management and Visayas-Mindanao - acquisition, development and sale of large-scale, mixed-use, masterplanned communities; sale of override units or the Company's share in properties made available to subsidiaries for development. This also includes development, sale and lease, shopping centers and residential developments of the Group's product offerings in key cities in the Visayas and Mindanao regions
- Construction - land development and construction of the Group and third-party projects
- Property management - facilities management of the Group and third-party projects
- Others - other income from investment activities and sale of noncore assets.

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

YTD March 2017 (in million pesos)	Strategic Landbank Management and Visayas									
	Shopping Centers	Corporate Businesses	Residential Development	Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustment	Consolidated
Revenues										
Sales to external customers	3,909	1,361	17,726	1,905	2,567	1,826	386	0	0	29,680
Intersegment sales	267	12	444	(30)	12,399	0	150	0	(13,242)	0
Equity in net earnings of Investees	(20)	0	7	142	0	0	0	9	0	138
Total Revenues	4,156	1,373	18,177	2,017	14,966	1,826	536	9	(13,242)	29,818
Operating Expenses	2,313	531	14,324	1,677	14,019	1,246	526	322	(13,934)	21,024
Operating Profit	1,843	842	3,853	340	947	580	10	(313)	692	8,794
Interest income	-	-	-	-	-	-	-	-	-	1,459
Interest expense	-	-	-	-	-	-	-	-	-	(1,882)
Other income (expense)	-	-	-	-	-	-	-	-	-	142
Provision for income tax	-	-	-	-	-	-	-	-	-	(2,077)
Net Income	-	-	-	-	-	-	-	-	-	6,436
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	5,564
Minority interests	-	-	-	-	-	-	-	-	-	872
										6,436
Other information										
Segment assets	84,950	56,219	334,069	156,024	46,876	36,503	7,284	47,131	(262,687)	506,369
Investment in associates and jointly controlled entities	7,552	386	627	8,921	0	0	0	7,897	0	25,383
Deferred tax assets	385	100	1,811	371	35	386	26	2,481	4,345	9,940
Total assets	92,887	56,705	336,507	165,316	46,911	36,889	7,310	57,509	(258,342)	541,692
Segment liabilities	75,909	28,590	169,307	106,462	40,912	24,486	3,991	17,323	(105,227)	361,753
Deferred tax liabilities	229	25	1,654	512	0	36	16	11	1,625	4,108
Total liabilities	76,138	28,615	170,961	106,974	40,912	24,522	4,007	17,334	(103,602)	365,861
Segment additions to Property & Equipment	252	3	14	52	115	19	107	35	0	597
Investment properties	2,477	2,214	6	480	109	615	0	0	0	5,901
Depreciation and amortization	502	206	64	198	385	138	41	26	0	1,560

YTD March 2016 (in million pesos)	Strategic Landbank Management and Visayas									
	Shopping Centers	Corporate Businesses	Residential Development	Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustment	Consolidated
Revenues										
Sales to external customers	3,613	1,296	15,775	558	2,514	1,476	343	0	0	25,575
Intersegment sales	197	0	1,170	0	12,028	0	146	0	(13,541)	0
Equity in net earnings of Investees	(208)	0	0	32	0	0	0	130	0	(46)
Total Revenues	3,602	1,296	16,945	590	14,542	1,476	489	130	0	25,529
Operating Expenses	2,004	531	12,686	460	13,521	1,030	492	259	(12,948)	18,035
Operating Profit	1,598	765	4,259	130	1,021	446	(3)	(129)	12,948	7,494
Interest income	-	-	-	-	-	-	-	-	-	1,320
Interest expense	-	-	-	-	-	-	-	-	-	(1,444)
Other income (expense)	-	-	-	-	-	-	-	-	-	(120)
Provision for income tax	-	-	-	-	-	-	-	-	-	(1,820)
Net Income	-	-	-	-	-	-	-	-	-	5,430
Net Income attributable to:										
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	-	4,708
Minority interests	-	-	-	-	-	-	-	-	-	722
										5,430
Other information										
Segment assets	74,916	52,066	310,198	131,610	47,822	22,466	5,297	60,819	(231,005)	474,189
Investment in associates and jointly controlled entities	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	269	94	1,493	334	31	268	27	2,000	3,014	7,530
Total assets	75,185	52,160	311,691	131,944	47,853	22,734	5,324	62,819	(227,991)	481,719
Segment liabilities	19,210	5,573	114,865	37,546	42,226	11,462	3,777	187,234	(94,185)	327,708
Deferred tax liabilities	20	21	1,787	658	0	472	15	0	(105)	2,868
Total liabilities	19,230	5,594	116,652	38,204	42,226	11,934	3,792	187,234	(94,290)	330,576
Segment additions to Property & Equipment	1,788	8	34	3	1,148	(387)	946	35	0	3,575
Investment properties	2,744	2,200	0	917	0	339	0	131	0	6,331
Depreciation and amortization	413	199	60	216	348	140	42	27	0	1,445

15. Commitment

Ayala Land, Inc. (ALI), Ayala Corporation, BPI Capital Corporation, a wholly-owned subsidiary of the Bank of the Philippine Islands, and Kickstart Ventures Inc., a wholly-owned subsidiary of Globe Telecom Inc., signed an investment agreement to acquire a 1.91% ownership stake in BF Jade E-Service Philippines, Inc, the owner and operator of the online fashion platform Zalora Philippines (Zalora), subject to the fulfillment of certain conditions precedent, including obtaining the approval or deemed approval of the Philippine Competition Commission.

16. Events after Reporting Date

On May 2, 2017, Ayala Land issued and listed in PDEX its PhP 7 Billion Fixed Rate Bonds due 2027. The Bonds has a term of ten (10 years) with a fixed interest rate of 5.2624% per annum. The net proceeds amounting to approximately ₱6.92 billion will be used to partially finance the Company's general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the capital expenditures enumerated in the Final Prospectus of the Bonds.

Financial Risk Management Objectives and Policies

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

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

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

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

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

There were no changes in the Group's financial risk management objectives and policies as of March 31, 2017.

Liquidity risk

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

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

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a

three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

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

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

Credit risk

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

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

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

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

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

Results of Operations for the Nine Months Ended March 31, 2017

Review of 1Q 2017 operations vs 1Q 2016

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of P5.56 billion in the first three months of 2017, 18% higher than P4.71 billion posted in the first three months of 2016. Consolidated revenues reached P31.64 billion, 17% higher than P26.97 billion posted in the same period last year. Revenues from Real Estate increased by 16% to P29.68 billion driven by the strong performance of the Property Development, Commercial Leasing and Services businesses during the period.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 5.7% from 6.2% while the Earnings before interest and taxes (EBIT) margin stood unchanged at 30%.

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 P19.72 billion, 21% higher than P16.31 billion posted in the same period in 2016.

Residential. Revenues from the sale of residential lots and units reached P16.58 billion, 11% higher than the P14.95 billion posted in the same period last year, driven by bookings and project completion across all residential brands.

Ayala Land Premier (ALP) posted a 24% growth in bookings while revenues reached P4.00 billion, lower than P6.11 billion last year, as majority of its bookings came from projects with lower completion such as Park Central Towers in Makati and Courtyards 1 Phase 2.

Alveo meanwhile registered revenues of P6.12 billion, 80% higher than P3.41 billion generated last year from bookings of recently launched projects such as Ardia in Vermosa, Cavite, The Gentry in Makati, and Patio Suites in Davao and existing projects such as High Park Tower 2 in Vertis North and Park Triangle Residences in Bonifacio Global City (BGC). Significant revenues were also contributed by the completion of Solstice 1 and Lerato Tower 3 in Makati, Montala in Alviera, Pampanga and Lumira and Mondia, both in Nuvali, Santa Rosa, Laguna.

Avida reached P4.63 billion in revenues, 16% higher than P4.00 billion last year given higher bookings and the completion progress of Avida Towers Riala Tower 3 in Cebu, Avida Towers Asten Towers 1 and 2 in Makati, Avida Towers One Union Place Tower 2 in Arca South, Taguig, Avida Towers Turf and The Montane in BGC and Avida Towers Sola in Vertis North.

Amaia registered revenues of P1.34 billion, 61% higher than P835.01 million last year from higher bookings and completion progress of Amaia Skies Avenida, Amaia Skies Sta. Mesa, Amaia Steps Sucat in Paranaque, Amaia Steps Altaraza in Bulacan, Amaia Steps in Alabang and Amaia Steps Parkway in Nuvali. BellaVita meanwhile grew its revenues to P125.04 million, 7% higher than P116.72 million last year from higher bookings and completion of its ongoing projects in Cagayan de Oro, General Trias Cavite, Tayabas Quezon, Pililla Rizal and Alaminos Laguna.

Residential Gross Profit (GP) margins of horizontal projects improved to 46% from 43% due to higher margins from Ayala Land Premier's Riomonte in Nuvali and Alveo's Ardia in Vermosa and Montala in Alviera while gross profit margins of vertical developments slightly decreased to 33% from 34%.

Office for Sale. Revenues from the sale of office spaces reached P1.50 billion, 26% higher than P1.19 billion in 2016 driven by bookings from Alveo's Park Triangle Tower in BGC, Alveo Financial Tower in Makati CBD and Avida's Capital House in BGC. Gross profit margins of offices for sale increased to 41% from 39% driven by higher margins from Alveo Park Triangle Tower and High Street South Corporate Plaza Tower 2.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots reached P1.64 billion driven by lot sales in Vermosa and Arca South. This was substantially higher than the revenues posted last year amounting to P167.67 million. Gross profit margins of Commercial and Industrial lots decreased to 30% from 48% mainly from the higher contribution of low margin industrial lots in Naic, Cavite.

Reservation sales reached a total of P27.27 billion, 10% higher year-on-year, equivalent to an average monthly sales take-up of P9.1 billion while net booked sales registered at P20.20 billion, 35% higher year-on-year.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations.

Total revenues from commercial leasing amounted to P7.05 billion, 9% higher than P6.45 billion last year.

Shopping Centers. Revenues from Shopping Centers reached P3.84 billion, 12% higher than P3.42 billion last year due to the contribution of newly opened malls such as The 30th in Pasig City, UP Town Center in Quezon City, South Park in Alabang, Ayala Malls Legaspi and the addition of Tutuban Center in Manila.

Shopping Centers EBITDA margin slightly dipped to 67% from 69% due to lower margins from newly opened malls.

The average monthly mall lease rate registered at P1,088 per square meter while same mall rental growth is at 5%. Average occupancy rate is at 93%. Total gross leasable area (GLA) of Shopping Centers registered at 1.62 million square meters as of March 2017.

Offices. Revenues from Office Leasing reached P1.48 billion, 8% higher than P1.36 billion last year due to higher average rent of established offices and the contribution of newly opened BPO offices such as UP Town Center BPO and UP Building P in Quezon City and Ayala Center Cebu Corporate Center.

Office Leasing EBITDA margin improved to 91% from 90% due to the better performance of established offices.

The average monthly lease rates of offices registered at P740 per square meter. Average occupancy rate is at 85%. Total gross leasable area (GLA) of Office Leasing registered at 836 thousand square meters as of March 2017.

Hotels and Resorts. Revenues from Hotels and Resorts reached P1.74 billion, 4% higher than P1.67 billion last year. RevPAR of hotels increased by 2% to P3,954 per night while RevPAR of resorts increased by 7% to P10,542 per night.

Hotels and Resorts EBITDA margin registered at 31% slightly lower than the 32% posted during the same period last year due to newly opened rooms namely, Balay Kogon in Sicogon, Iloilo.

The average room rate of hotels is at P5,134 per night while the average room rate of resorts is at P15,118 per night. The average occupancy rate of hotels registered at 77% while resorts registered at 70% during the period.

Hotels and Resorts currently operates 961 hotel rooms from its internationally branded segment; Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 817 rooms from Seda Hotels located in Atria in Iloilo, BGC in Taguig, Centrio in Cagayan de Oro, Abreeza in Davao and Nuvali in Santa Rosa Laguna and 213 island resort rooms from El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian Islands and El Nido Cove, and 42 rooms at Lio Tourism Estate in Palawan and 6 rooms in Sicogon Tourism Estate in Iloilo. Total rooms under the Hotels and Resorts portfolio registered at 2,039 rooms as of March 2017.

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 P15.31 billion, 3% higher than P14.89 billion in 2016.

Construction. Revenues from construction reached P14.97 billion, 3% higher than P14.54 billion due to the increase in order book of projects from the Ayala Land Group.

Property Management. Revenues from Property Management registered at P342.48 million, similar to P342.82 million last year.

Blended EBITDA margins of the Services businesses was maintained at 10%.

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

Equity in net earnings of associates and JVs registered a gain of P138 million given the contribution from its various investments while, Interest, Investment and Other Income reached P1.82 billion, mainly due to higher interest income from accretion and installment sales.

Expenses

Total expenses registered at P23.13 billion, 17% higher than 19.72 billion in the same period last year mainly driven by Real Estate and Hotels expenses which grew 17% to P19.22 billion from 16.36 billion last year.

General and Administrative Expenses (GAE) grew by 8% to P1.80 billion, higher than 1.68 billion last year while GAE-to-revenue ratio further improved to 5.7% from 6.2% as a result of efficient cost management measures.

Interest Expense, Financing and Other Charges meanwhile registered at P2.11 billion, 25% higher than P1.69 billion, mainly attributed to higher interest expense resulting from a higher average daily loan balance.

Project and Capital Expenditure

Ayala Land spent a total of P21.8 billion for project and capital expenditures in the first three months of 2017. Of the total capital expenditure, 46% was spent on the completion of residential projects and 37% was spent on commercial leasing projects, 14% was spent on land acquisition, new businesses, services and other investments while 3% was spent on the development of its estates.

Financial Condition

Ayala Land posted a solid balance sheet position in the first three months of 2017 which provides adequate capacity to support its growth plans in the coming years.

Cash and Cash Equivalents stood at P23.0 billion, resulting in a current ratio of 1.13:1.

Total Borrowings stood at P161.47 billion as of March 31, 2017 from P159.80 billion as of December 2016. This translated to a Debt-to-Equity Ratio of 0.92:1 and a Net Debt-to-Equity Ratio of 0.79:1.

Return on Equity was at 15.0% as of March 31, 2017.

	<i>End-March 2017</i>	<i>End-December 2016</i>
Current ratio ¹	1.13:1	1.12:1
Debt-to-equity ratio ²	0.92:1	0.93:1
Net debt-to-equity ratio ³	0.79:1	0.79:1
Profitability Ratios:		
Return on assets ⁴	4.8%	5.0%
Return on equity ⁵	15.0%	14.9%
Asset to Equity ratio ⁶	3.08	3.11
Interest Rate Coverage Ratio ⁷	5.7	5.9

1 Current assets / current liabilities

2 Total debt/ consolidated stockholders' equity (Total debt includes short-term debt, long-term debt and current portion of long-term debt)

3 Net debt/ consolidated stockholders' equity (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)

4 Total Net income / average total assets

5 Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI

6 Total Assets /Total stockholders' equity

7 EBITDA/Interest expense

There are no events that will trigger direct or contingent financial obligations that are material to the company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created in 2017.

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

Income Statement items – March 2017 versus March 2016

Real estate and hotel revenues increased by 16% mainly due to higher sales bookings and incremental project completion of residential projects and better performance of malls, leasing and hotels & resorts business groups.

Equity in net earnings of associates and joint ventures improved by 398% largely due to Wellworth's net loss contribution in 2016.

Interest, fees and Other Investment Income higher by 11% due to the increase in interest income from banks and interest from installment sales

Other Income up by 194% due to the one-time take up of negative goodwill from ALI's investment in OCLP Holdings Inc. and increase in management fees.

Real estate and hotel costs increased by 17% due to higher sales and incremental project completion coming from residential, malls, leasing and hotels & resorts business segments in 2016.

General and administrative expense higher by 8% primarily due to increase in contracted services (janitorial and security), postal & communications, training & seminars and transportation.

Interest and other financing charges and other charges grew by 25% mainly due to higher borrowings.

Provision for income tax increased by 14% largely due to higher taxable income mainly from real estate.

Balance Sheet items – March 2017 versus December 2016

Short term investments lower by 15% primarily due to maturity of Short-term investment placements of Anvaya Golf Club and Anvaya Beach Club.

Financial assets at fair value through profit or loss higher by 28% largely due to MDC, APMC, BG West, and Amaia's UITF investment placements.

Accounts and notes receivables increased by 12% due to higher sales from residential business group projects and improved performance of malls, leasing, and hotels & resorts business segments.

Real estate Inventories down by 30% primarily due to higher real estate sales and transfers to investment properties.

Other current assets up by 18% due to increase in input VAT and CWT mainly from residential projects, additional prepayments for taxes & licenses, ads & promo, management fees and other current assets.

Non-current accounts and notes receivable declined by 7% largely due to the sale of real estate receivables.

Available-for-sale financial assets improved by 38% due to the increase in investment in AFS from Prime Orion Philippines, Inc. and ALI Capital.

Short-term debt down by 13% largely due to ALI and Avida's payment of short-term unsecured peso denominated bank loan availments.

Income tax payable higher by 59% mainly due to higher taxable income from real estate.

Deposit and other current liabilities declined by 34% due to the decrease in customers' deposits from real estate customers who reached the 10% threshold for sales bookings.

PART II - OTHER INFORMATION

Item 3. 1Q 2017 Developments

- A. New project or investments in another line of business or corporation**
- Ayala Land, Inc. (ALI), Ayala Corporation, BPI Capital Corporation, a wholly-owned subsidiary of the Bank of the Philippine Islands, and Kickstart Ventures Inc., a wholly-owned subsidiary of Globe Telecom Inc., signed an investment agreement to acquire a 1.91% ownership stake in BF Jade E-Service Philippines, Inc, the owner and operator of the online fashion platform Zalora Philippines (Zalora), subject to the fulfillment of certain conditions precedent, including obtaining the approval or deemed approval of the Philippine Competition Commission.
- B. Composition of Board of Directors (as of March 31, 2017)**
- | | |
|---------------------------------|------------------------|
| Fernando Zobel de Ayala | Chairman |
| Jaime Augusto Zobel de Ayala II | Vice Chairman |
| Bernard Vincent O. Dy | President & CEO |
| Antonino T. Aquino | Non-Executive Director |
| Delfin L. Lazaro | Non-Executive Director |
| Arturo G. Corpuz | Non-Executive Director |
| Francis G. Estrada* | Independent Director |
| Jaime C. Laya | Independent Director |
| Rizalina G. Mantaring | Independent Director |
| Ma. Angela E. Ignacio* | Independent Director |
- *Elected as independent director last April 19, 2017 to replace Mr. Francis G. Estrada*
- C. Performance of the corporation or result/progress of operations**
- Please see unaudited consolidated financial statements and management's discussion on results of operations.
- D. Declaration of dividends**
- P0.24 cash dividend
 Declaration date: February 20, 2017
 Record date: March 6, 2017
 Payment date: March 22, 2017
- P0.00474786 preferred cash dividend
 Declaration date: February 20, 2017
 Record date: June 15, 2017
 Payment date: June 29, 2017
- E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements**
- None

F. Offering of rights, granting of Stock Options and corresponding plans therefore ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock.

In 2005, the company introduced a revised ESOWN granted to qualified officers.

As of March 31, 2017, stock options outstanding* are as follows:

ESOP	None
ESOWN	113,482,013 shares

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

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate None

H. Other information, material events or happenings that may have affected or may affect market price of security None

I. Transferring of assets, except in normal course of business None

Item 4. Other Notes to 1Q 2017 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents Please see Item 2: Management's Discussion on Results of Operations and Analysis.

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period None

L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities Please see Notes to Financial Statements (note 10).

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period On May 2, 2017, Ayala Land issued and listed in PDEX its PHP 7 Billion Fixed Rate Bonds due 2027. The Bonds has a term of ten (10 years) with a fixed interest rate of 5.2624% per annum. The net proceeds amounting to approximately ₱6.92 billion will be used to partially finance the Company's general corporate requirements and/or for such specific purposes as may be determined from time to time, including but not limited to the capital expenditures enumerated in the Final Prospectus of the Bonds.

- 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**
- O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date** None
- P. Other material events or transactions during the interim period**
- On February 20, 2017, the Board of Directors during its meeting approved the raising of up to P20B through (a) retail bonds, (b) corporate notes and/or (c) bilateral term loans, all with a term of up to 10 years, to partially finance general corporate requirements. The retail bonds will be issued under the Corporation's PhP50 Billion Debt Securities Program as approved by the Securities and Exchange Commission in March 2016; and the raising of up to P10B through the issuance of short-dated notes with a tenor of up to 21 months to refinance the Corporation's short-term loans.
- On February 22, 2017, ALI acquires a 1.91% stake in Zalora Philippines Ayala Land, Inc. (ALI), Ayala Corporation, BPI Capital Corporation, a wholly-owned subsidiary of the Bank of the Philippine Islands, and Kickstart Ventures Inc., a wholly-owned subsidiary of Globe Telecom Inc., signed an investment agreement to acquire a 1.91% ownership stake in BF Jade E-Service Philippines, Inc, the owner and operator of the online fashion platform Zalora Philippines (Zalora), subject to the fulfillment of certain conditions precedent, including obtaining the approval or deemed approval of the Philippine Competition Commission.
- On March 21, 2017, ALI established a 10-year, P10 Billion bilateral term loan facility with Metrobank at a fixed rate of 4.949% with an initial drawdown of P5 Billion. The P5 billion balance was drawn on April 21, 2017.
- Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation** None

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general purpose and expected sources of funds	<p>For the year 2017, Ayala Land's consolidated budget for project and capital expenditures amount to P87.6 billion of which P21.8 billion has been disbursed as of March 31, 2017.</p> <p>The Company will use the capital expenditure for land acquisition as well as the construction completion of investment properties and launched residential projects.</p>
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period in one or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had material effect on the financial condition or results of operations	<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 work follow target completion dates committed at the time of project launch.</p>
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 March 2017</i>	<i>End December 2016</i>
Current ratio ¹	1.13:1	1.12:1
Debt-to-equity ratio ²	0.92:1	0.93:1
Net debt(cash)-to-equity ratio ³	0.79:1	0.79:1
Profitability Ratios:		
Return on assets ⁴	4.8%	5.0%
Return on equity ⁵	15.0%	14.9%
Asset to Equity Ratio ⁶	3.08:1	3.11:1
Interest Rate Coverage Ratio ⁷	5.7	5.9

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

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **AYALA LAND, INC.**

By:



AUGUSTO D. BENGZON
Vice President
CFO, Treasurer, CIO and Chief Compliance Officer

Date: May 12, 2017