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, 2018

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2018**

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, 2018

Title of each class	Number of shares issued and outstanding
Common shares	**14,724,947,558**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
₱95,390,600,000.00

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

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

12. Indicate by check mark whether the registrant:

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

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

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Millions)

	March 2018 Unaudited	December 2017 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (note 4)	**₱22,606**	₱20,998
Short-term investments (note 5)	**5,819**	4,740
Financial assets at fair value through profit or loss (note 6)	**512**	541
Accounts and notes receivable (note 7)	**103,197**	98,311
Inventories (note 8)	**62,236**	62,192
Other current assets	**30,703**	31,779
Total Current Assets	**225,073**	218,561
Noncurrent Assets		
Noncurrent accounts and notes receivable	**44,651**	44,523
Available-for-sale financial assets	**1,217**	1,475
Land and improvements	**94,740**	94,277
Investments in associates and joint ventures (note 9)	**19,634**	26,801
Investment properties – net	**147,874**	134,616
Property and equipment – net	**30,045**	28,524
Deferred tax assets - net	**12,104**	10,648
Other noncurrent assets	**17,158**	14,567
Total Noncurrent Assets	**367,423**	355,431
Total Assets	**₱592,496**	**₱573,992**
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (note 12)	**₱19,377**	₱17,644
Accounts and other payables (note 11)	**145,217**	137,684
Income tax payable	**1,773**	978
Current portion of long-term debt (note 12)	**10,276**	6,573
Deposits and other current liabilities	**18,486**	21,744
Total Current Liabilities	**195,129**	184,623
Non Current Liabilities		
Long-term debt - net of current portion (note 12)	**150,951**	150,168
Pension liabilities	**1,501**	1,536
Deferred tax liabilities - net	**3,558**	3,544
Deposits and other non current Liabilities	**47,468**	41,857
Total Non Current Liabilities	**203,478**	197,105
Total Liabilities	**398,607**	381,728
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**61,967**	61,949
Retained earnings	**112,783**	109,976
Stock options outstanding	**101**	99
Remeasurement loss on defined benefit plans	**-147**	-160
Net unrealized gain on available-for-sale financial assets	**43**	41
Cumulative Translations adjustments	**1,355**	1,002
Equity Reserves	**-19,551**	-6,152
	156,551	166,755
Non-controlling interests	**37,338**	25,509
Total Equity	**193,889**	192,264
Total Liabilities and Equity	**₱592,496**	**₱573,992**

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2018 Unaudited January 1 to March 31	2017 Unaudited January 1 March 31
REVENUE		
Real estate	**₱35,270**	₱29,680
Interest and Investment Income	**1,173**	1,459
Equity in net earnings of associates and joint ventures	**167**	138
Other income	**367**	365
	36,977	31,642
COSTS AND EXPENSES		
Real estate	**22,079**	19,220
General and administrative expenses	**1,971**	1,804
Interest and other financing charges	**2,243**	1,882
Other charges	**352**	223
	26,645	23,129
INCOME BEFORE INCOME TAX	**10,332**	8,513
PROVISION FOR INCOME TAX		
Current	**3,257**	2,095
Deferred	**-506**	-18
	2,751	2,077
NET INCOME	**₱7,581**	₱6,436
Net income attributable to:		
Equity holders of Ayala Land, Inc.	**₱6,517**	₱5,564
Non-controlling interests	**1,064**	872
	₱7,581	₱6,436
Earnings Per Share		
Basic	**₱0.44**	₱0.38
Diluted	**0.44**	0.38

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	2018 Unaudited January 1 to March 31	2017 Unaudited January 1 to March 31
NET INCOME	**₱7,581**	₱5,430
Other comprehensive income/loss		
Net unrealized gain (loss) on available-for-sale financial assets	**15**	13
Total comprehensive income for the period	**₱7,596**	₱5,443
Total comprehensive income attributable to:		
Equity holders of Ayala Land, Inc.	**₱6,532**	₱4,722
Non-controlling interests	**1064**	721
	₱7,596	₱5,443

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to equity holders of Ayala Land, Inc.												
	Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Appropriated Retained Earnings	Unappropriated Retained Earnings	Stock Options Outstanding	Remeasurement Gain (Loss) on Defined Benefit Plans	Net Unrealized Gain (Loss) on Availablefor-Sale Financial Assets	Cumulative Translation Adjustments	Equity Reserves	Total	Non-Controlling Interests	Total Equity
As of January 1, 2018	**16,031,596**	**47,454,241**	**-1,537,126**	**8,000,000**	**101,976,450**	**99,064**	**-160,015**	**40,530**	**1,001,986**	**-6,152,115**	**166,754,611**	**25,508,747**	**192,263,358**
Net income					6,516,972						6,516,972	1,064,368	7,581,340
Other comprehensive income (loss)							12,761	2,205	353,094		368,060		368,060
Total comprehensive income	**16,031,596**	**47,454,241**	**-1,537,126**	**8,000,000**	**108,493,422**	**99,064**	**-147,254**	**42,735**	**1,355,080**	**-6,152,115**	**173,639,643**	**26,573,115**	**200,212,758**
Cost of stock options		18,554									18,554		18,554
Collection of subscription receivable											-		-
Stock options exercised						1,421					1,421		1,421
Acquisition of non-controlling interest											-		-
Increase in non-controlling interest											-	10,765,380	10,765,380
Net change in non-controlling interest										-13,398,726	-13,398,726		-13,398,726
Cash dividends declared					-3,710,687						-3,710,687	-400	-3,711,087
As of March 31, 2018	**16,031,596**	**47,472,795**	**-1,537,126**	**8,000,000**	**104,782,735**	**100,485**	**-147,254**	**42,735**	**1,355,080**	**-19,550,841**	**156,550,205**	**37,338,095**	**193,888,300**
As of January 1, 2017	**16,019,332**	**46,928,521**	**-1,385,682**	**8,000,000**	**83,798,555**	**89,697**	**-356,918**	**43,594**	**-**	**-5,432,003**	**147,705,096**	**24,978,092**	**172,683,188**
Net income					5,564,096						5,564,096	872,556	6,436,652
Other comprehensive income (loss)							27,408	-1,232			26,176		26,176
Total comprehensive income	**16,019,332**	**46,928,521**	**-1,385,682**	**8,000,000**	**89,362,651**	**89,697**	**-329,510**	**42,362**	**-**	**-5,432,003**	**153,295,368**	**25,850,648**	**179,146,016**
Cost of stock options		25,348									25,348		25,348
Collection of subscription receivable											-		-
Stock options exercised						1,565					1,565		1,565
Acquisition of non-controlling interest											-		-
Increase in non-controlling interest											-	191,394	191,394
Net change in non-controlling interest										-2,196	-2,196		-2,196
Cash dividends declared					-3,531,044						-3,531,044		-3,531,044
As of March 31, 2017	**16,019,332**	**46,953,869**	**-1,385,682**	**8,000,000**	**85,831,607**	**91,262**	**-329,510**	**42,362**	**-**	**-5,434,199**	**149,789,041**	**26,042,042**	**175,831,083**

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Millions)

	March 2018 Unaudited	March 2017 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱10,332**	₱8,513
Adjustments for:		
Depreciation and amortization	**1,531**	1,560
Interest and other charges - net of amount capitalized	**2,595**	2,093
Equity in net earnings of investees	**-167**	-138
Interest and other income	**-1,173**	-1,459
Unrealized gain on financial assets	**2**	-1
Provision for doubtful accounts	**1**	13
Operating income before changes in working capital	**13,121**	10,581
Decrease (increase) in:		
Accounts and notes receivable – trade	**-2,078**	-9,104
Real estate inventories	**-43**	20,570
Other current assets	**1,075**	-4,373
Increase (decrease) in:		
Accounts and other payables	**7,055**	2,784
Pension liabilities	**-22**	18
Other current liabilities	**-3,258**	-5,227
Cash generated from operations	**15,850**	15,249
Interest received	**1,163**	1,458
Income tax paid	**-1,663**	-1,719
Interest paid - net of amount capitalized	**-2,408**	-940
Net cash provided by (used in) operating activities	**12,942**	14,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	**-463**	-2,839
Investments	**-20,448**	-7,682
Property and equipment	**-1,665**	-27
Short term investments	**-1,051**	-514
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	**-2,927**	212
Other assets	**-4,051**	-3,070
Net cash provided by (used in) investing activities	**-30,605**	-13,920
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**8,386**	5,498
Payments of short-term / long-term loans	**-2,167**	-3,833
Increase (decrease) in :		
Deposits and other noncurrent liabilities	**5,625**	1,388
Minority interest in consolidated subsidiaries	**10,765**	191
Proceeds from capital stock subscriptions	**20**	26
Purchase of treasury shares	**-**	-
Other Comprehensive Income	**353**	-
-Dividends paid to equity holders of Ayala Land, Inc.	**-3,711**	-3,531
Net cash provided by (used in) financing activities	**19,271**	-261
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,608**	-133
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**20,998**	20,904
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱22,606**	**₱20,771**

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, 47.02%-owned by Mermac, Inc., 6.08%-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.

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

Effective Ownership	March 2018	December 2017
Real Estate:		
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**
AyalaLand Premier, Inc. ****	**100**	**100**
Ayala Land International Sales, Inc. (ALISI)	**100**	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**	**100**
Ayala Land International (Singapore) Pte. Ltd.	**100**	**100**
Ayalaland International Marketing (Hong Kong) Limited (ALIM HK)	**100**	**100**
Ayala Land International Marketing , SRL (ALIM SRL)	**100**	**100**
Ayala Land International Marketing London	**100**	**100**
Ayala Land Sales, Inc.	**100**	**100**
Southportal Properties, Inc.	**65**	**65**
Buendia Landholdings, Inc.	**100**	**100**
Crans Montana Holdings, Inc.	**100**	**100**
Crimson Field Enterprises, Inc.	**100**	**100**

Ecoholdings Company, Inc. (ECI)	**100**	**100**
NorthBeacon Commercial Corporation NBCC)	**100**	**100**
Red Creek Properties, Inc.	**100**	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	**100**
North Eastern Commercial Corp.(formerly Asterion Technopod, Incorporated) (NECC)	**100**	**100**
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**	**100**
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	**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**
Modular Construction Technology (MCT) Bhd.	**66**	**-**
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. (Alviera)***	**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**
ALO Prime Realty Corporation	**100**	**100**
Makati Cornerstone Leasing Corp. (MCLC) ****	**100**	**100**
Arca South Commercial Ventures Corp. ****	**100**	**100**
Capitol Central Commercial Ventures Corp. ****	**100**	**100**
Bay City Commercial Ventures Corp. (BCCVC) ****	**100**	**100**
Laguna Technopark, Inc. (LTI)	**75**	**75**
Ecozone Power Management, Inc.	**75**	**75**
Aurora Properties Incorporated (API)	**80**	**80**
Soltea Commercial Corp.	**16**	**16**
Vesta Property Holdings, Inc.	**70**	**70**
Altaraza Prime Realty Corporation (Altaraza)	**100**	**100**
Prow Holdings Inc. (Prow)	**55**	**55**
Station Square East Commercial Corporation (SSECC)	**69**	**69**
Next Urban Alliance Development Corp.	**100**	**100**
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**
AyalaLand Estates, Inc.(formerly Southgateway Development Corp. (SDC)	**100**	**100**
Ayalaland MetroNorth, Inc. (AMNI)	**100**	**100**
Verde Golf Development Corporation	**100**	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**73**	**73**
BGWest Properties, Inc. (BGW)	**50**	**50**
Lagdigan Land Corporation	**60**	**60**
Central Block Developers, Inc (CBDI)	**35**	**35**
Cebu Holdings, Inc. (CHI)	**72**	**72**
Cebu Property Ventures Development Corp (CPVDC) and Subsidiaries	**63**	**63**
Cebu Leisure Company, Inc.	**72**	**72**
CBP Theatre Management Inc.	**72**	**72**
Taft Punta Engaño Property Inc. (TPEPI)	**40**	**40**
Cebu Insular Hotel Company, Inc. (CIHCI)	**27**	**27**
Solinea, Inc.	**25**	**25**
Amaia Southern Properties, Inc. (ASPI)	**25**	**25**
Southportal Properties, Inc.	**25**	**25**
Central Block Developers, Inc. (CBDI)**	**41**	**41**
Alabang Commercial Corporation (ACC)	**50**	**50**
South Innovative Theater Management (SITMI)	**50**	**50**
ALI Commercial Center Inc.	**100**	**100**
Prime Orion Philippines Inc. (POPI)	**66**	**63**
FLT Prime Insurance Corp.	**43**	**45**
Orion Solutions, Inc	**66**	**63**
Orion I Holdings Philippines, Inc.	**66**	**63**
OE Holdings, Inc.	**66**	**63**
Orion Land Inc.	**66**	**63**
Ayalaland Malls Synergies, Inc.	**100**	**100**
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**	**100**
AyalaLand Malls Vismin, Inc.	**100**	**100**
AyalaLand Malls NorthEast, Inc.	**100**	**100**
Construction:		
Makati Development Corporation (MDC)	**100**	**100**
MDC – Subic, Inc.	**100**	**100**
MDC - Build Plus, Inc.	**100**	**100**
MDC Conqrete, Inc. (MCI)	**100**	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**	**100**
MDBI Construction Corp. (formerly MDC Triangle)(MBDI) ****	**67**	**67**
Hotels and Resorts:		
Ayala Hotels, Inc. (AHI)	**50**	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**	**100**
ALI Makati Hotel & Residences, Inc. (AMRH) (formerly KHI-ALI Manila, Inc.)	**80**	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**	**80**
Regent Horizons Conservation Company, Inc. and SubsidiaryAsian Conservation Company Limited and Subsidiary	**100**	**100**
Enjay Hotels, Inc. (Enjay)	**100**	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**	**63**
Bonifacio Hotel Ventures, Inc.	**100**	**100**
Southcrest Hotel Ventures, Inc.	**67**	**67**
Northgate Hotel Ventures, Inc.	**70**	**70**
North Triangle Hotel Ventures, Inc.	**100**	**100**
Ecosouth Hotel Ventures, Inc.	**100**	**100**
Sentera Hotel Ventures Inc.	**100**	**100**

Econorth Resorts Ventures, Inc.	**100**	**100**
ALI Triangle Hotel Ventures, Inc.	**100**	**100**
Circuit Makati Hotel Ventures, Inc.	**100**	**100**
Capitol Centre Hotel Ventures, Inc.	**100**	**100**
Arca South Hotel Ventures, Inc.	**100**	**100**
Sicogon Town Hotel, Inc.	**100**	**100**
Bay Area Hotel Ventures, Inc.****	**100**	**100**
Makati North Hotel Ventures, Inc. (MNHVI)****	**100**	**100**
One Makati Hotel Ventures, Inc. (OMHVI)****	**100**	**100**
Sicogon Island Tourism Estate, Corp.	**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**
Lio Tourism Estate Management Corporation	**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.)(Airswift)	100	100
Arca South Integrated Terminal, Inc.	100	100
Whiteknight Holdings, Inc. (WHI)	100	100
Ayalaland Medical Facilities Leasing Inc. (Ayala Land Healthcare Leasing Inc.)	100	100
Anvaya Cove Beach and Nature Club, Inc. (Anvaya Cove Beach)***	73	73
Anvaya Cove Golf and Sports Club, Inc. (Anvaya Cove Golf)***	76	78

*represents the Group's percentages of effective ownership
**includes CPVDC interest in CBDI
*** consolidated in compliance with Philippine Interpretations Committee (PIC) Q&A 2016-02 PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity
****newly incorporated entities in 2017

AC owns the other 50.0% of AHI. The Company exercises control over AHI. Likewise, the Company, through its 50.0% effective ownership and by virtue of a management contract or shareholders' agreement, exercises control over the operations and management of ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP. Accordingly, the accounts of AHI, ACC, BGWest, BGNorth, BGSouth, RLC, ALI-CII and LAIP are consolidated to the accounts of the Company.

The following were the changes in the group structure during 2018

MCT Bhd

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions.

On January 5, 2018, the transfer of shares was completed, increasing ALI's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the Board of Directors of MCT, to acquire all remaining shares of the company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement.

The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. (Malaysian time) 19 February 2018. 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%.

On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, current ownership stake of ALI in MCT is 66.25%.

Prime Orion Philippines, Inc.

On January 24, 2018, ALI acquired an additional 202,774,547 shares of Prime Orion Philippines, Inc. (POPI) amounting to ₱497.7 million. This transaction increased ALI's effective ownership in POPI to 66.27%.

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, 2017 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, 2017.

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

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

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Group’s functional currency, and rounded to the nearest thousands (₱000) except when otherwise indicated.

On May 08, 2018, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of the Group as of December 31, 2017 and March 31, 2018.

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.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the previous Group's annual financial statements for the year ended December 31, 2017, except for the adoption of the following new Standards and amended PFRS which became effective 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.

- 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.

4. Cash and Cash Equivalents

This account consists of the following:

(in million pesos)	**March 31, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
Cash on Hand	₱63	₱52
Cash in Banks	11,348	10,108
Cash Equivalents	11,195	10,838
TOTAL	**₱22,606**	**₱20,998**

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 account consists of the following:

(in million pesos)	**March 31, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
Investment in Arch Capital Fund	444	458
Investment in Unit Investment Trust Fund (UITF)	₱68	₱83
TOTAL	**₱512**	**₱541**

Investment in ARCH Capital Fund pertains to monetary interest in a fund 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.

The Group invests in money market Unit Investment Trust Funds (UITF) which aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments and with no minimum holding period requirement.

7. Accounts and Notes Receivables

The account consists of:

(in million pesos)	**March 31, 2018**	**December 31, 2017**
Trade:		
Residential and office development	₱91,463	₱89,199
Shopping centers	2,758	2,709
Construction contracts	1,113	2,495
Corporate business	1,783	1,606
Management fees	310	329
Others	2,122	1,377
Advances to other companies	22,528	22,394
Advances to contractors and suppliers	18,265	16,185
Accrued receivables	4,863	4,700
Receivables from related parties (Note 13)	2,633	1,734
Receivables from employees	795	832
	148,633	143,560
Less allowance for impairment losses	785	726
	147,848	142,834
Less noncurrent portion	44,651	44,523
	₱103,197	**₱98,311**

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

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

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

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

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

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

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

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

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

The Group entered into agreements with BPI Asset Management and Trust Corporation in 2017 and 2016 for the assignment of interest-bearing employee receivables amounting to ₱69.0 million and ₱99.6 million, respectively. The transactions were without recourse and did not result to any gain or loss.

The Group sold real estate receivables on a without recourse basis to partner mortgage banks, which include BPI Family Savings Bank, a related party, totaling to ₱4,597 million in 2017 and ₱2,008 million in 2016. These were sold at discount with total proceeds of ₱4,331 million and ₱1,894 million, respectively. The Group recognized loss on sale, under "Other Charges" amounting to ₱266 million and ₱114 million in 2017 and 2016, respectively.

Below is the aging analysis of receivables based on collectability.

Aging of Receivables As of March 31, 2018 (in million pesos)	Up to 6 months	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	₱70,096	₱10,292	₱39,472	₱4,960	₱124,820
Non-trade Receivables	11,637	11,172	219	0	23,028
Total	₱81,733	₱21,464	₱39,691	₱4,960	₱147,848

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

Details of the group's investments in associates and joint ventures and the related percentages of ownership are shown below:

(in thousand pesos)

		Percentages of Ownership		Carrying Amounts	
		As of March 31, 2018	**As of December 31, 2017**	**As of March 31, 2018**	**As of December 31, 2017**
Joint ventures:					
	Emerging City Holdings, Inc. (ECHI)	50%	50%	3,973,050	3,916,375
	Berkshires Holdings, Inc. (BHI)	50%	50%	1,934,649	1,910,360
	Cebu District Property Enterprise, Inc. (CDPEI)	35%	42%	1,472,772	1,476,052
	Alveo-Federal Land Communities, Inc.	50%	50%	691,805	661,201
	ALI-ETON Property Development Corporation	50%	50%	591,850	603,719
	AyaGold Retailers, Inc. (AyaGold)	50%	50%	96,603	95,842
	BYMCW, Inc.	31%	31%	51,000	51,000
	SIAL Specialty Retailers, Inc. (SIAL Specialty)	50%	50%	24,462	26,462
	SIAL CVS Retailers, Inc.	-	50%	-	-
				8,836,191	**8,741,011**
Associates:					
	OCLP Holdings, Inc.(OHI)	21%	21%	7,792,687	7,737,712
	Modular Construction Technology Bhd (MCT)	0%	33%	-	7,471,123
	Bonifacio Land Corp. (BLC)	10%	10%	1,417,146	1,395,035
	Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	49%	49%	818,451	673,769
	Tianjin Eco-City Ayala Land Development Co., Ltd (Tianjin Eco-City)	40%	40%	465,203	464,977
	Mercado General Hospital, Inc. (MGHI)	33%	33%	264,054	279,274
	Lagoon Development Corporation	30%	30%	37,555	34,991
	BIB Aurora Insurance Corp.	10%	10%	2,932	2,931
				10,798,027	**18,059,812**
Total				**19,634,218**	**26,800,823**

On Jan 11, 2018**,** SIAL CVS Retailers, Inc., FamilyMart Co., Ltd., and ITOCHU Corporation have concluded the transaction to sell 100% of the outstanding shares of Philippine FamilyMart CVS, Inc. (PFM) to P-H-O-E-N-I-X Petroleum Philippines, Inc. (PNX), further to a Memorandum of Agreement (MOA) entered into by the parties last October 30, 2017.

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 associates with material interest as follows:

OCLP Holdings, Inc. (OHI)

OHI owns 99.5% interest in Ortigas & Company Limited Partnership (OCLP), an entity engaged in real estate development and leasing businesses. In 2016, ALI acquired a 21.1% stake in OHI consistent with its thrust of expanding its operations to other areas within and outside of Metro Manila through partnerships. The acquisition was made possible via the purchase of shares from existing OHI shareholders and this was recorded under "Investments in associates and joint ventures" account.

Below is the summarized financial information for OHI:

OCLP Holdings, Inc.	**As of March 31, 2018 (in thousand pesos)**	**As December 31, 2017 (in thousand pesos)**
Current assets	15,494,239	14,885,750
Noncurrent assets	11,723,306	11,733,438
Current liabilities	7,541,039	6,816,078
Noncurrent liabilities	13,920,252	14,350,692
Equity	5,756,254	5,452,418
Proportion of Group's ownership	21.0%	21.1%
Group's share in identifiable net assets	1,208,813	1,150,460
Carrying amount of the investment	7,792,687	7,737,712
Fair value adjustments	6,583,873	6,587,252
Negative Goodwill	-	148,046
Dividends received	-	34,865
Revenue	1,225,051	6,738,000
Cost and expenses	(915,787)	(5,283,000)
Net income (continuing operations)	309,265	1,455,000
Group's share in net income for the year	64,946	305,550
Total comprehensive income	309,265	1,455,000
Group's share in total comprehensive income for the year	64,946	305,550

Bonifacio Land Corporation (BLC)

The Group has 10% interest in BLC, which is involved in the purchase, subscription or otherwise disposal of real and personal properties. Bonifacio Land Corp. is a private company incorporated on October 20, 1994 and there is no quoted market price available for its shares. Its registered office and principal place of business is Taguig, Philippines.

Below is the summarized financial information of BLC:

Bonifacio Land Corporation	As of March 31, 2018 (in thousand pesos)	As December 31, 2017 (in thousand pesos)
Current assets	7,876,732	8,253,289
Noncurrent assets	37,034,539	37,357,443
Current liabilities	4,213,454	4,606,258
Noncurrent liabilities	6,556,815	7,332,631
Equity	34,141,003	33,671,843
Less: noncontrolling interest	15,525,245	15,324,979
Equity attributable to Parent Company	18,615,758	18,346,864
Proportion of Group's ownership	10.1%	10.1%
Group's share in identifiable net assets	1,880,192	1,853,033
Carrying amount of the investment	1,417,146	1,395,035
Negative Goodwill	(463,046)	(457,998)
Dividends received	-	26,610

Revenue	1,137,657	6,207,544
Cost and expenses	(582,952)	(3,766,383)
Net income (continuing operations)	554,705	2,441,161
Net income attributable to minority interest	(257,897)	(1,119,548)
Net income attributable to parent	296,809	1,321,613
Group's share in net income for the year	29,978	133,483
Total comprehensive income attributable to parent	296,809	1,321,613
Group's share in total comprehensive income for the year	29,978	133,483

Aggregate financial information on associates with immaterial interest (Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others) is as follows:

(in thousand pesos)	As of March 31, 2018	As of December 31, 2017
Carrying amount	1,588,195	1,455,942
Share in net income (loss) from continuing operations	(17,291)	(75,995)
Share in total comprehensive income (loss)	(17,291)	(75,995)

Emerging City Holdings, Inc. (ECHI)

The Group has 50% interest in ECHI, which serves as The Group's corporate vehicle in the acquisition of a controlling stake in Bonifacio Land Corp./ Fort Bonifacio Development Corp. (FBDC) through Columbus Holdings, Inc. in 2003. FBDC continues to sell commercial lots and condominium units and leases out retail and office spaces in Bonifacio Global City.

Below is the summarized financial information of ECHI:

Emerging City Holdings, Inc.	As of March 31, 2018 (in thousand pesos)	As December 31, 2017 (in thousand pesos)
Current assets	11,754,009	13,980,028
Noncurrent assets	33,496,896	30,806,231
Current liabilities	3,519,742	4,313,401
Noncurrent liabilities	7,578,959	7,396,186
Equity	34,152,205	33,076,672
Less: minority interest	24,433,286	23,833,518
Equity	9,718,918	9,243,154
Proportion of Group's ownership	50.0%	50.0%
Group's share in identifiable net assets	4,859,459	4,621,577
Carrying amount of the investment	3,973,050	3,916,375
Fair value adjustments	886,409	705,202
Dividends received	-	350,000

Revenue	1,138,105	6,167,341
Cost and expenses	(583,545)	(3,806,627)
Net income (continuing operations)	554,559	2,360,714
Net income attributable to minority interest	(408,019)	(1,730,425)
Net income attributable to parent	146,540	630,829
Group's share in net income for the year	73,270	315,145
Total comprehensive income attributable to parent	147,826	629,819
Group's share in total comprehensive income for the year	73,913	314,910

Aggregate financial information on joint ventures with immaterial interest (BHI, CDPEI, Alveo-Federal, ALI-Eton, SIAL CVS, SIAL Specialty, AyaGold and BYMCW, Inc.) is as follows:

(in thousand pesos)	As of March 31, 2018	As of December 31, 2017
Carrying amount	4,863,141	4,824,636
Share in net income (loss) from continuing operations	40,504	(18,985)
Share in total comprehensive income (loss)	40,504	(18,985)

10. Short-Term and Long-Term Debt

The short-term debt of P19.4 billion and P17.6 billion as of March 31, 2018 and December 31, 2017, respectively, represents both peso and dollar denominated bank loans for March 2018 and peso-denominated bank loans

In compliance with BSP rules on directors, officers, stockholders and related interests, certain short-term and long-term debt with a carrying value of P17,422.9 million and P17,697.5 million as of March 31, 2018 and December 31, 2017 are secured by a real estate mortgages dated September 2, 2014 and March 14, 2016 covering both land and building of the Greenbelt Mall.

Peso-denominated short-term loans had a weighted average cost of 2.70% and 2.64% per annum in March 31, 2018 and December 31, 2017, respectively.

Long-term debt consists of:

(in thousand pesos)	March 31, 2018	December 31, 2017
Company:		
Bonds:		
Due 2019	12,340,600	12,340,950
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 2027	7,000,000	7,000,000
Due 2033	2,000,000	2,000,000
Short-dated notes	7,400,000	7,100,000
Fixed Rate Corporate Notes (FXCNs)	5,807,500	9,064,000
PHP-denominated long-term loan	29,823,372	24,873,145
USD-denominated long-term loan	1,436,468	1,516,624
	127,457,940	125,544,719
Subsidiaries:		
Bonds		
Due 2021	₱5,000,000	₱5,0000,000
Bank Loans – Philippine Peso	25,787,919	23,578,229
FXCNs	3,253,125	3,275,000
	34,041,044	31.853,229
	161,498,984	157,397,948
Less: Unamortized Transaction Costs	271,450	656,542
	161,227,534	156,741,406
Less: Current Portion	10,276,162	6,572,775
	150,951,372	**150,168,631**

Company

Philippine Peso 15-month Notes due 2019
In November 2017, the Company issued and listed on the Philippine Dealing & Exchange Corp. a ₱3,100.0 million Corporate Note. This Note issue is the second SEC-registration exempt transaction of the Company under Section 10.1(l) of the Securities Regulation Code (SRC) and in reliance upon Sections 10.1.3 and 10.1.4 of the Implementing Rules and Regulations of the SRC. Similar to the Company's prior Notes issuance in July, these Notes were offered exclusively to Qualified Institutional Buyers as defined under 10.1(l) of the SRC. The Notes bear a fixed interest rate of 3.25% p.a. and will mature in on February 2019.

Philippine Peso 21-month Note due 2019
In July 2017, the Company issued and listed on the Philippine Dealing & Exchange Corp. a ₱4,300.0 million Corporate Note. This Note issue is an SEC-registration exempt transaction under Section 10.1(l) of the Securities Regulation Code (SRC) and Section 10.1.3 of the 2015 Implementing Rules and Regulations of the SRC. Thus, the Note was offered on a limited basis to juridical persons or entities who, at the point of offer or sale, were Qualified Buyers. The Notes bear a fixed interest rate of 2.75% p.a. The Corporate Notes will mature in April 2019.

Philippine Peso Homestarter Bond due 2019
In October 2016, the Company issued at an aggregate principal amount of ₱3,000.0 million of bonds representing the first tranche of the Homestarter Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016. The bonds have a term of three (3) years from the issue date, and bear interest on its principal amount at a fixed rate of 3.00% p.a. Interest is payable semi-annually or on the date of effectivity of an Early Downpayment Application, as may be applicable, less the amount of any applicable withholding taxes. The bond was the first Homestarter Bond listed on the PDEx.

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 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.

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 7-year Fixed Rate Bonds due 2023
In October 2016, the Company issued a total of ₱7,000.0 million bonds due 2023 at a fixed rate equivalent to 3.8915% 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 bond issue is the third tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

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 9.5-year 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. The bond issue is the second tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

Philippine Peso 10-year Fixed Rate Bonds due 2026
In March 2016, a registration statement filed by the Company covering the ₱50 Billion Debt Securities Program was rendered effective by the SEC. Under which, the Company issued the first tranche of Fixed Rate Bond series amounting to ₱8,000.0 million due 2026 at a 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 10-year Fixed Rate Bonds due 2027
In May 2017, the Company issued a total of ₱7,000.0 million bonds due 2027 at a fixed rate equivalent to 5.2624% p.a. The Bonds have been rated PRS Aaa by PhilRatings, which is considered the highest quality with minimal credit risk. The bond issue is the fourth tranche of the Fixed Rate Bond series registered under the Company's ₱50 Billion Debt Securities Program as approved by the SEC in March 2016.

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.

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

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

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 was drawn in April 2017.

<u>Subsidiaries</u>

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 2.7066% to 5.8858% 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. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain credit facilities with a total carrying value of ₱ 11,030.8 million and ₱11,746.9 million as of September 30, 2017 and December 31, 2016, 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 September 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, 2017 and December 31, 2016.

11. Accounts and Other Payables

The accounts and other payables as of March 31, 2018 is broken down as follows:

Accounts and other payables (in million pesos)	**As of March 31, 2018**	**As of December 31, 2017**
Accounts payable	75,663	76,977
Taxes payable	18,824	19,336
Accrued project costs	18,120	15,947
Accrued salaries & employee benefits	5,632	5,485
Accrued professional & management fees	2,971	3,994
Liability for purchased land	5,884	3,710
Accrued utilities	2,720	2,299
Interest payable	2,093	1,908
Accrued repairs and maintenance	2,151	1,765
Accrued rentals	1,735	1,567
Accrued advertising and promotions	1,134	1,076
Payable to related parties	328	640
Dividends payable	4,122	360
Retention payable	615	335
DRP obligation	230	230
Other accrued expenses	2,995	2,055
Total	**₱145,217**	**₱137,684**

Below is the aging analysis of payables.

Aging of Payables As of March 31, 2018 (in million pesos)	**Up to 6 months**	**Over 6 mos. to One Year**	**Over One Year**	**Past Due**	**Total**
Trade Payables	₱49,834	₱11,469	₱39,753	-	₱101,056
Non-trade Payables	81,532	22,641	12,774	-	116,947
Total	₱131,366	₱34,110	₱52,527	-	₱218,003

12. Equity

On February 20, 2018, the Board of Directors during its meeting approved the declaration the declaration of cash dividends of P0.252 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 29% of prior year's earnings. The cash dividend was paid on April 3, 2018 to stockholders of common shares as of record date March 12, 2018. 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 on June 29, 2018 to stockholders of said preferred shares on record as of June 18, 2018.

13. Business Combinations and Acquisition of Non-Controlling Interests

MCT Bhd

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions.

On January 5, 2018, the transfer of shares was completed, increasing ALI's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the Board of Directors of MCT, to acquire all remaining shares of the company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement.

The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. (Malaysian time) 19 February 2018. 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%.

On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, current ownership stake of ALI in MCT is 66.25%.

14. 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, 2018, and December 31, 2017, 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, 2018 Unaudited**	December 31, 2017 Audited
Cash in bank	₱4,578	₱3,887
Cash equivalents	5,705	4,363
Investment in FVPL	1,439	83
Short-term debt	7,113	5,405
Long-term debt	12,035	12,292

b. Outstanding balances from/to related parties

	Receivables from Related Parties		**Payables to Related Parties**	
In million pesos	**March 2018**	**December 2017**	**March 2018**	**December 2017**
Parent Company	₱108	₱101	₱73	₱73
Associates	553	618	1	253
Other related parties:				
FBDC	1,099	536	1	10
Globe Telecom	130	126	3	4
BPI	84	123	44	44
Columbus	-	-	-	267
Others	659	230	206	30
	1,972	1,015	254	355
Total	**₱2,299**	**₱1,734**	**₱328**	**₱640**

c. Revenues and expenses from/to related parties

	Revenues from Related Parties		**Expenses to Related Parties**	
In million pesos	**March 2018**	**March 2017**	**March 2018**	**March 2017**
Parent Company	₱4	₱3	₱4	₱1
Associates	22	11	-	1
Other related parties:				
AG Counsellors Corp.	-	-	23	62
Bank of the Philippine Islands	57	42	34	36
Globe Telecom, Inc.	41	37	11	9
Psi Technologies	-	30	-	12
Panay Medical Ventures Inc.	17	-	-	-
Manila Water Company, Inc.	1	1	54	48
Laguna AAA Waterworks Corp	-	1	1	2
Michigan Holdings, Inc.	-	-	-	-
Manila Water Philippine Ventures, Inc.	6	-	11	21
Innove Communications	1	-	12	12
Fort Bonifacio Development Corp	68	55	2	-
Others	-	1	31	97
	191	₱167	₱156	₱237
Total	₱217	₱181	₱160	₱239

15. 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, 2018.

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 is more than the amount of foreign currency-denominated debt.

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.

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Groups financial assets and liabilities recognized as of March 31, 2018 and December 31, 2017.

The methods and assumptions used by the Group is estimating the fair value of the financial instruments are as follows:

Cash & Cash equivalents, short term investments and current receivables, accounts and other payables, current payables and short-term debt- Carrying amounts approximate fair values due to relatively short-term maturities of these financial instruments.

Financial assets at FVPL- UITF - These are investment in fund. Fair value is based of the net assets values as of reporting dates.

Noncurrent accounts and notes receivables- The fair values of residential accounts and notes receivable from employees, are based on the discounted value of future cash flow using the applicable rates for similar types of instruments. The discount rates used ranged from 3.10% to 7.24% and 4.53% to 7.20% as of March 31, 2018 and December 31, 2017.

AFS quoted equity securities- Fair values are based on the quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair values cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - the fair value of noncurrent unquoted instruments (long term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from 2.73% to 5.25% and 3.93% to 7.20% as of March 31, 2018 and December 31, 2017, respectively. The fair value of non-current unquoted debt instruments with floating rates as estimated using the discounted cash flow- last pricing method.

16. Fair Value Hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1. Quoted (unadjusted prices) in actives markets for identical assets and liabilities

Level 2. Other techniques for which all inputs which have significant effect of the recorded fair value are observable, either directly or indirectly.

Level 3. Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The company categorizes trade receivable, investment in bonds classified as loans and receivables, receivables from employees, long term debt and deposits and other non-current liabilities under level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the un-observable input and the effect of changes to this is that the higher spread, the lower the fair value.

There have been no reclassifications from level 1 to Level 2 categories in March 31, 2018 and December 31, 2017.

	March 31, 2018		**December 31, 2017**	
(in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial Asset at FVPL	512	512	541	541
Available-for-Sale Financial Assets				
Unquoted equity securities	263	263	524	524
Quoted equity securities	954	954	951	951
Total	₱1,729	₱1,729	₱2,016	₱2,016

Loans and Receivables				
Trade residential and office development	98,037	100,239	89,198	89,356
Receivables from employees	795	795	832	832
Total	₱98,832	₱101,034	₱90,030	₱90,188
Other Financial Liabilities				
Long-term debt	161,227	161,572	156,741	149,527
Deposits and other noncurrent liabilities	31,102	31,102	21,710	17,937
Total	₱184,746	₱192,674	₱178,451	₱167,464

The following table provides the fair value hierarchy of the Group's financial assets which are measured at fair value as of March 31, 2018 and December 31, 2017:

(in millions) **March 31, 2018**	**Date of valuation**	**Total**	**Quoted prices in Active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant observable inputs (Level 3)**
Financial assets as fair value through profit and loss					
Investment in Unit Investment Trust Fund	Mar 31, 2018	₱68	-	₱68	-
Investment in Arch Capital Fund	Mar 31, 2018	444	-	-	444
		₱512	-	₱68	₱444
Available for sale financial assets					
Quoted	Mar 31, 2018	₱954	₱954	-	-
Unquoted	Mar 31, 2018	263	-	-	263
		1,217	954	-	263
Total		**₱1,729**	**₱954**	**₱68**	**₱707**

(in millions) **December 31, 2017**	**Date of valuation**	**Total**	**Quoted prices in Active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant observable inputs (Level 3)**
Financial assets as fair value through profit and loss					
Investment in Unit Investment Trust Fund	Dec 31, 2017	₱83	-	₱83	-
Investment in Arch Capital Fund	Dec 31, 2017	458	-	-	458
		₱541	-	₱83	₱458
Available for sale financial assets					
Quoted	Dec 31, 2017	₱951	₱951	-	-
Unquoted	Dec 31, 2017	524		-	524
		1,475	951	-	524
Total		**₱2,016**	**₱951**	**₱83**	**₱982**

A reconciliation of the beginning and closing balances of Level 3 financial assets are summarized below.

(in millions)	**March 2018**	**December 2017**
At the beginning of period	₱982	₱972
Additions	-	23
Disposals/redemptions	(275)	(13)
Recognized in statement of income	-	1
At end of the period	₱707	₱982

17. Statement of Cash Flows

Disclose here the roll forward of liabilities under financing activities (PAS 7 disclosures on cash flows)

(in millions)	2017	Cash Flows	Non-Cash Changes Acquisition	Foreign Exchange Movement	Fair value Changes	2018
Long-term debt-net of current portion	150,169	783	-	-	-	150,951
Current Portion of Long-term debt	6,573	3,703	-	-	-	10,276
Short-term debt	17,644	1,733	-	-	-	19,377
Dividends Payable	360	3,762	-	-	-	4,122
Deposits & Other noncurrent liabilities	47,566	2,022	-	-	-	49,588
Total liabilities from financing activities	**₱222,312**	**₱12,003**	**-**	**-**	**-**	**₱234,315**

18. 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
- 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 2018	Shopping Centers	Corporate Businesses	Residential Development	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustment	Consolidated
(in million pesos)									
Revenues									
Sales to external customers	4,214	1,970	25,136	841	1,941	1,168	-	-	35,270
Intersegment sales	-	36	-	16,591	-	-	-	-16,627	-
Equity in net earnings of Investees	3	-	119	-	-	-	45	-	167
Total Revenues	**4,217**	**2,006**	**25,255**	**17,432**	**1,941**	**1,168**	**45**	**-16,627**	**35,437**
Operating Expenses	2,981	950	19,336	16,494	1,250	1,124	-54	-18,031	24,050
Operating Profit	**1,236**	**1,056**	**5,919**	**938**	**691**	**44**	**99**	**1,404**	**11,387**
Interest income	-	-	-	-	-	-	-	-	1,173
Interest expense	-	-	-	-	-	-	-	-	-2,243
Other income (expense)	-	-	-	-	-	-	-	-	367
Other charges	-	-	-	-	-	-	-	-	-352
Provision for income tax	-	-	-	-	-	-	-	-	-2,751
Net Income	-	-	-	-	-	-	-	-	7,581
Net Income attributable to:									
Equity holders of Ayala Land, Inc.	-	-	-	-	-	-	-	-	6,517
Minority interests	-	-	-	-	-	-	-	-	1,064
									7,581
Other information									
Segment assets	126,865	123,049	463,093	52,565	45,072	6,832	40,704	-297,422	560,758
Investment in associates and jointly									
controlled entities	7,953	-	10,082	51	-	-	1,548	-	19,634
Deferred tax assets	377	169	2,517	27	263	23	2,730	5,998	12,104
Total assets	**135,195**	**123,218**	**475,692**	**52,643**	**45,335**	**6,855**	**44,982**	**-291,424**	**592,496**
Segment liabilities	105,521	65,394	208,770	45,717	35,506	3,345	37,138	-106,342	395,049
Deferred tax liabilities	251	35	1,589	-	32	12	14	1,625	3,558
Total liabilities	**105,772**	**65,429**	**210,359**	**45,717**	**35,538**	**3,357**	**37,152**	**-104,717**	**398,607**
Segment additions to									
Property & Equipment	81	6	45	144	66	15	76	-	433
Investment properties	4,767	1,928	6,469	215	1,055	-	-	-	14,434
Depreciation and amortization	438	208	276	365	177	41	26	-	1,531

YTD March 2017	Shopping Centers	Corporate Businesses	Residential Development	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)									
Revenues									
Sales to external customers	3,909	1,361	19,631	2,567	1,826	386	-	-	29,680
Intersegment sales	267	12	414	12,399	-	752	-	-13,844	-
Equity in net earnings of Investees	-20	-	149	-	-	-	9	-	138
Total Revenues	**4,156**	**1,373**	**20,194**	**14,966**	**1,826**	**1,138**	**9**	-13,844	**29,818**
Operating Expenses	2,313	531	16,001	14,019	1,246	1,117	322	-14,525	21,024
Operating Profit	**1,843**	**842**	**4,193**	**947**	**580**	**21**	**-313**	**681**	**8,794**
Interest income	-	-	-	-	-	-	-	-	1,459
Interest expense	-	-	-	-	-	-	-	-	-1,882
Other income (expense)	-	-	-	-	-	-	-	-	365
Other charges	-	-	-	-	-	-	-	-	-223
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	490,093	46,876	36,503	7,284	47,131	-262,687	506,369
Investment in associates and jointly									
controlled entities	7,552	386	9,548	-	-	-	7,897	-	25,383
Deferred tax assets	385	100	2,182	35	386	26	2,481	4,345	9,940
Total assets	**92,887**	**56,705**	**501,823**	**46,911**	**36,889**	**7,310**	**57,509**	**-258,342**	**541,692**
Segment liabilities	75,909	28,590	275,769	40,912	24,486	3,991	17,323	-105,227	361,753
Deferred tax liabilities	229	25	2,166	-	36	16	11	1,625	4,108
Total liabilities	**76,138**	**28,615**	**277,935**	**40,912**	**24,522**	**4,007**	**17,334**	**-103,602**	**365,861**
Segment additions to									
Property & Equipment	252	3	66	115	19	107	35	-	597
Investment properties	2,477	2,214	486	109	615	-	-	-	5,901
Depreciation and amortization	502	206	262	385	138	41	26	-	1,560

19. Commitments

On February 20, 2018, the PCC approved the setting up of a joint venture between the Company and Royal Asia Land, Inc. to acquire, own, and develop a 936-hectare commercial and residential project in Silang and Carmona, Cavite. Both firms will own 50% equity in the joint venture vehicle while Royal Asia Land will receive a consultation fee of 2% of the joint venture firm's gross revenue for its participation in the planning and development of the property. ALI, meanwhile, will develop and market the project and receive a management fee of 12% and sales and marketing fee of 5% of the gross revenue. The PCC has deemed that the transaction does not result in a substantial lessening of competition because it will not have a structural effect on the market.

On March 23, 2018, the Executive Committee of Ayala Land, Inc. (ALI) has approved the exchange of ALI's 75% equity interest in Laguna Technopark, Inc. (LTI) into additional shares of stock in Prime Orion Philippines, Inc. (POPI). The value of the transaction is P3.0B where POPI will issue 1,225,370,620 common shares to ALI in exchange for 30,186 LTI common shares and bring ALI's direct ownership in POPI to 63.90%.

20. Events after the Reporting Date

On April 4, 2018, Ayala Land, Inc. (ALI) signed a Deed of Absolute Sale with Central Azucarera de Tarlac, Inc. for the acquisition of several parcels of land with an aggregate area of approximately 290 hectares located in Barangay Central, City of Tarlac, Province of Tarlac.

On April 27, 2018, the company issued and listed on the Philippine Dealing & Exchange Corp. a ₱10,000.0 million bond due in April 2028 with a fixed coupon rate of 5.9203% pa until the interest repricing date, five years after the bond's issue date. The repriced interest rate shall be adjusted to the higher of: a) initial interest rate; or b) interest rate repricing benchmark rate plus 75 bps and shall apply to all interest payments thereafter. The Bond was rated by PRS AAA by Philratings, the highest investment grade indicating minimal credit risk. The issuance is the fifth and final tranche of the Company's ₱50,000.0 million fixed-rate Bond Series under its Debt Series Program as approved by the Securities and Exchange Commission (SEC) on March 2016.

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

<u>Review of 1Q 2018 operations vs 1Q 2017</u>

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of P6.52 billion in the first three months of 2018, 17% higher than P5.56 billion posted in the same period in 2017. Consolidated revenues reached P36.98 billion, 17% higher than P31.64 billion wherein real estate revenues increased 19% to P35.27 billion due to the substantial growth of property development and the sustained performance of commercial leasing.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 5.3% from 5.7% while the Earnings Before Interest and Taxes (EBIT) margin improved to 32.8% from 30.3%.

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 P25.14 billion, 29% higher than P19.42 billion posted in the same period in 2017.

Residential. Revenues from the sale of residential lots and units reached P21.77 billion, 34% higher than P16.27 billion posted in the same period last year, driven by new bookings and project completion.

Ayala Land Premier (ALP) posted revenues of P7.49 billion, 84% higher than P4.06 billion last year due to higher bookings from recently launched projects such as The Courtyards Phase 3 in Vermosa, Cavite, Park Central North Tower in Makati and Cerilo in Nuvali and higher completion progress of The Suites in BGC.

Alveo meanwhile registered revenues of P6.40 billion, 5% higher than P6.12 billion last year due to bookings of recently launched projects such as Orean Place in Vertis North, Travertine at Portico and The Residences at Evo City. Significant revenues were also contributed by the completion progress of High Park Tower 2 in Vertis North, Veranda in Arca South and Aveia in Sta. Rosa, Laguna.

Avida reached P4.56 billion, slightly lower than P4.63 billion last year due to limited inventory.

Amaia registered revenues of P1.38 billion, 2% higher than P1.34 billion last year from higher bookings and completion progress of Amaia Skies Shaw, Amaia Skies Cubao Tower 2, Amaia Steps in Alabang, and Amaia Scapes in General Trias, Cavite. BellaVita meanwhile grew its revenues to P231 million, a substantial 84% growth from P125 million due to higher bookings and completion of its ongoing projects in Cagayan de Oro, Cabanatuan and Iloilo.

MCT Bhd recognized revenues of P1.72 billion in the first quarter of 2018 from the sales and completion progress of its projects in its Cybersouth township development and its Cyberjaya projects, namely Skypark and Lakefront.

Residential Gross Profit (GP) margins of horizontal projects improved to 49% from 46% due to the contribution of ALP's The Courtyards Phase 3 in Vermosa and Alveo's The Residences at Evo City, Aveia in Santa Rosa, Laguna and Mondia in Nuvali. GP margins of vertical developments improved to 35% from 33% due to the contribution of ALP's Park Central North Tower in Makati CBD and Alveo's High Park Tower 2 in Vertis North.

Office for Sale. Revenues from the sale of office spaces reached P1.37 billion, 9% lower than P1.50 billion as a result of lower take up due to limited inventory. Gross profit margins of offices for sale declined to 35% from 41% as higher project costs were recognized in Alveo's Park Triangle Tower and Park Triangle Corporate Plaza in BGC.

Commercial and Industrial Lots. Revenues from the sale of commercial and industrial lots reached P2.00 billion, 22% higher than P1.64 billion last year from higher lot prices in Arca South and more industrial lot sales in Alviera. Gross profit margins of commercial and industrial lots increased to 43% from 30% mainly from the contribution of higher margin commercial lots in Arca South and Lio and industrial lots in Alviera.

Sales reservations reached a total of P31.51 billion, 16% higher than P27.27 billion, equivalent to an average monthly sales take-up of P10.5 billion while net booked sales registered at P24.16 billion, 20% higher than P20.20 billion last year.

Commercial Leasing. This involves the operation of shopping centers, office buildings and hotels and resorts.

Total revenues from commercial leasing amounted to P8.16 billion, 11% higher than P7.35 billion last year.

Shopping Centers. Revenues from shopping centers reached P4.21 billion, 10% higher than P3.84 billion last year due to the higher contribution of newly opened Ayala Malls Vertis North, Cloverleaf and The 30th and the improved performance of Tutuban Center and UP Town Center. EBITDA margin registered slightly lower at 66% from 67%.

The average monthly mall lease rate registered at P1,059 per square meter while same mall rental growth is at 5%. The average occupancy rate of all malls is 89% while the occupancy rate of stable malls is 97%. Total gross leasable area (GLA) of shopping centers registered at 1.80 million square meters as of March 2018.

Offices. Revenues from offices reached P2.01 billion, 13% higher than P1.78 billion last year due to the contribution of newly opened offices such as Vertis North Corporate Center 1, The 30th Corporate Center, Circuit BPO Towers 1 and 2 and improved occupancy in Ayala Center Cebu Tower. EBITDA margin registered slightly lower at 90% from 91%.

The average monthly lease rates of offices registered at P752 per square meter. The average occupancy rate of all offices is 88% while the average occupancy rate of stable offices is 96%. Total GLA of office leasing registered at 1.02 million square meters as of March 2018.

Hotels and Resorts. Revenues from hotels and resorts reached P1.94 billion, 12% higher than P1.74 billion last year due to the contribution of newly opened properties such as Seda Vertis North, Seda Capitol Central, and Lio B&Bs. Overall revenue-per-available-room (REVPAR) of hotels decreased 10% to P3,535 per night; stable hotels REVPAR increased 5% to P4,368 per night. Overall REVPAR of resorts decreased 9% to P9,557 per night; stable resorts REVPAR increased 9% to P12,285 per night. EBITDA margin registered slightly lower at 30% from 31%.

The average room rate of hotels was at P5,128 per night while the average room rate of resorts was at P13,349 per night. The average occupancy rate of hotels registered at 69% while resorts registered at 72%.

Hotels and Resorts currently operates 660 hotel rooms from its internationally branded segment, namely, Fairmont Hotel and Raffles Residences Makati (312) and Holiday Inn & Suites (348) Makati. Seda Hotels operates 1,360 rooms located in Atria in Iloilo (152), BGC in Taguig (179), Centrio in Cagayan de Oro (150), Abreeza in Davao (186), Nuvali in Santa Rosa Laguna (150), Vertis North in Quezon City (438) and Capitol Central in Bacolod (105). Meanwhile, El Nido Resorts operates 193 rooms from its four island resorts, Pangulasian, Lagen, Miniloc and Apulit, while Lio Tourism Estate operates 102 rooms, both in Palawan and Sicogon Tourism Estate in Iloilo operates 26 rooms. Cebu Marriott (301) is undergoing redevelopment and will be branded as Seda Ayala Center Cebu once completed. As a result, the total number of rooms in operation registered at 2,341 as of March 2018.

Services. This is composed mainly of construction represented by Makati Development Corporation (MDC) and property management, represented by Ayala Property Management Corporation (APMC), and power services companies such as Direct Power Services, Inc., Ecozone Power Management, Inc. and Philippine Integrated Energy Solutions, Inc.

Total revenues from the services business amounted to P18.60 billion, 16% higher than P16.10 billion last year.

Construction. MDC generated revenues of P17.43 billion, 16% higher than 14.97 billion, due to the increased order book of projects from Ayala Land Group.

Property Management. APMC and power services companies registered revenues of P1.17 billion, 3% higher than P1.14 billion due to more managed properties from completed projects.

Blended EBITDA margins of the services businesses registered at 8%, lower than 10% last year.

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

Equity in net earnings of associates and JVs registered at P166.54 million, 21% higher than P137.77 million last year given the higher net income contribution of non-consolidated subsidiaries while interest, investment and other income reached P1.54 billion, 15% lower than, P1.82 billion, mainly due to lower interest income from accretion on installment sales.

Expenses

Total expenses registered at P26.64 billion, 15% higher P23.13 billion last year, mainly due to higher real estate expenses which grew 15% to P22.08 billion from P19.22 billion last year.

GAE reached P1.97 billion, 9% higher than P1.80 billion last year. This resulted in a further improvement of the GAE ratio to 5.3% from 5.7%.

Interest expense, financing and other charges meanwhile registered at P2.60 billion, 23% higher than P2.11 billion as a result of higher interest expense and financing charges.

Project and Capital Expenditures

Ayala Land spent a total of P26.7 billion in capital expenditures in the first three months of 2018. 41% was spent on residential projects, 23% for its equity investments such as MCT Bhd and Prime Orion Philippines, Inc., 22% on commercial leasing projects, 9% for land acquisition and 5% for the development of the estates.

Financial Condition

The Company's balance sheet continues to be solidly positioned to support its growth plans.

Cash and cash equivalents, including short-term investments and UITF investments classified as FVPL, stood at P28.49 billion resulting in a current ratio of 1.15:1.

Total borrowings registered at P180.60 billion which translated to a debt-to-equity ratio of 0.93:1 and a net debt-to-equity ratio of 0.78:1.

Return on Equity was at 16.1% as of March 31, 2018.

	End-March 2018	*End-December 2017*
Current ratio [1]	1.15:1	1.18:1
Debt-to-equity ratio [2]	0.93:1	0.91:1
Net debt-to-equity ratio [3]	0.78:1	0.77:1
Profitability Ratios:		
Return on assets [4]	5.20%	5.07%
Return on equity [5]	16.13%	16.09%
Asset to Equity ratio [6]	3.06:1	2.99:1
Interest Rate Coverage Ratio [7]	5.9	6.0

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity (Total debt includes short-term debt, long-term debt including 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 Annualized total net income / average total assets
5 Annualized 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 2018.

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

Income Statement items **– March 2018 versus March 2017**

Real estate revenues increased by 19% mainly due to higher sales bookings, new launched projects and incremental completion of residential projects and better performance of leasing businesses.

Interest and investment income decreased by 20% due lower interest income from installment sales and lower interest income from accretion.

Equity in net earnings of associates and joint ventures improved by 21% primarily due to higher contributions from Alveo-Federal Land Communities, Inc.

Real estate costs increased by 15% due to higher real estate expenses and the consolidation of MCT Bhd. in the first quarter of 2018.

General and administrative expenses higher by 9% primarily due to the consolidation of MCT Bhd in the first quarter of 2018.

Interest and other financing charges and other charges grew by 23% mainly due to higher interest rate and financing cost.

Provision for income tax increased by 32% due to higher taxable income.

Non-controlling interests higher by 22% primarily due to increase in NCI share on Ayala Hotels Inc. and consolidation of MCT Bhd.

Balance Sheet items – March 2018 versus December 2017

Cash and cash equivalents up by 8% largely due inclusion of MCT Bhd. in consolidation.

Short term investments higher by 23% primarily due to additional money market placements of BG West Properties, Inc., Ayala Hotels Inc. and contribution from MCT Bhd in the first quarter of 2018.

Financial assets at fair value through profit or loss lower by 5% largely due to maturity of Amaia Land Corporation and First Longfield's UITF investment placements.

Accounts and notes receivable increased by 5% due to higher sales from residential projects and consolidation of MCT Bhd.

Available-for-sale financial assets declined by 18% mainly due to decrease in investment in AFS from Cebu Holdings, Inc.

Investments in associates and joint ventures lower by 27% mainly due to consolidation of MCT Bhd in the first quarter of 2018.

Investment properties grew by 10% primarily due to the additional project costs on new and existing malls and office buildings for lease.

Property and equipment up by 5% mainly coming from inclusion of MCT Bhd. in consolidation.

Deferred tax assets higher by 14% due to leasing group's PAS Straight-line recognition of revenue (Accounting Standard vs BIR).

Other noncurrent assets grew by 18% due to increase in recognition of deferred charges.

Short-term debt grew by 10% largely due to Ayala Land Inc. and Avida Land Corporation's increase of short-term unsecured peso denominated bank loan availments.

Account and other payables up by 5% mostly due to consolidation of MCT Bhd.

Income tax payable higher by 81% mainly due to higher taxable income from real estate.

Current portion of long-term debt increased by 56% due to incremental debt of Ayala Land Inc., Alveo Land Corporation, Avida Land Corporation and consolidation of MCT Bhd. in the first quarter of 2018.

Deposit and other current liabilities declined by 15% due to the decrease in customers' deposits from real estate customers who reached the 10% threshold for sales bookings.

Deposits and other noncurrent liabilities increased by 13% due to deposits from real estate customers and contribution from leasing and mall group's advance rental and security deposits.

Cumulative Translation Adjustment grew 35% due to foreign exchange adjustment on Regent Wise Investment Limited.

Equity reserves increased by 218% mainly due to inclusion of MCT equity reserve and additional Prime Orion Philippines, Inc. acquisition.

Non-controlling interests up by 46% largely due to NIAT share from MCT Bhd.

PART II - OTHER INFORMATION

Item 3. Developments as of March 31, 2018

A. New project or investments in another line of business or corporation	None	
B. Composition of Board of Directors (as of March 31, 2018)	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
	Jaime C. Laya	Lead Independent Director
	Rizalina G. Mantaring	Independent Director
	Ma. Angela E. Ignacio*	Independent Director
	Cesar V. Purisima*	Independent Director

**Elected as independent director last April 18, 2018, replaced Ma. Angela E. Ignacio*

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

P0.252 cash dividend per outstanding common share
Declaration date: February 20, 2018
Record date: March 12, 2018
Payment date: April 3, 2018

P0.00474786 cash dividend per unlisted preferred share
Declaration date: February 20, 2018
Record date: June 15, 2018
Payment date: June 29, 2018

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements

Please refer to the discussion in the changes in group structure in 2018.

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, 2018, stock options outstanding* are as follows:

ESOP	None
ESOWN	116,615,391 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 2018 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 April 4, 2018, Ayala Land, Inc. (ALI) signed a Deed of Absolute Sale with Central Azucarera de Tarlac, Inc. for the acquisition of several parcels of land with an aggregate area of approximately 290 hectares located in Barangay Central, City of Tarlac, Province of Tarlac. On April 27, 2018, the company issued and listed on the Philippine Dealing & Exchange Corp. a P10,000.0 million bond due April 2028 with a coupon rate of 5.9203% p.a. for the initial five-year period of the ten-year term of the bond. The coupon rate will reprice on April 27, 2023, the fifth anniversary of the Issue Date, at the higher of (a) 5.9203% or (b) the prevailing 5-year benchmark plus 75 bps which shall apply to all interest payments thereafter. The Bond was assigned an issue credit rating of PRS AAA, with a Stable Outlook, by Philratings, the highest investment grade indicating minimal credit risk. The issuance is the fifth tranche of the Fixed Rate Bond series of the Company's P50,000.0 million Debt Securities Program as approved by the Securities and Exchange Commission (SEC) in March 2016. .

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None
O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None
P. Other material events or transactions during the interim period	MCT Bhd.

On January 2, 2018, Ayala Land, Inc., (ALI) through its wholly-owned subsidiary, Regent Wise Investments Limited (RWIL), signed a share purchase agreement to acquire an additional 17.24% share in MCT Bhd (MCT), subject to completion of certain conditions.

On January 5, 2018, the transfer of shares was completed, increasing ALI's shareholding in MCT to 50.19% from 32.95%. RWIL also issued a notice of an unconditional mandatory take-over offer to the Board of Directors of MCT, to acquire all remaining shares of the company that are not already held by RWIL, following the completion of certain conditions to the share purchase agreement.

The mandatory take-over offer made in connection to the acquisition of additional shares in MCT closed as of 5:00 p.m. (Malaysian time) 19 February 2018. 295,277,682 shares accepted the offer, equivalent to 22.12% of MCT's total outstanding shares. As a result of the offer, ALI's shareholdings in MCT increased from 50.19% to 72.31%.

On March 23, 2018, the Irredeemable Convertible Unsecured Loan Stock of Dato Sri Tong and Tan Sri Barry Go, founders of MCT, were converted into 122,218,357 MCT shares. This resulted in a 6.07% dilution of ALI's stake in MCT as of date of share issuance. As such, current ownership stake of ALI in MCT is 66.25%.

Others

On January 11, 2018, SIAL CVS Retailers, Inc., FamilyMart Co., Ltd., and ITOCHU Corporation concluded the transaction to sell 100% of the outstanding shares of Philippine FamilyMart CVS, Inc. (PFM) to P-H-O-E-N-I-X Petroleum Philippines, Inc. (PNX), further to a Memorandum of Agreement (MOA) entered into by the parties last October 30, 2017.

On February 20, 2017, the Board of Directors of Ayala Land, Inc. at its regular meeting approved the following:

1. The declaration of cash dividends of P0.252 per outstanding common share. This first half regular cash dividends reflect a 5% increase from last year's first half dividend per share of P0.24. The cash dividend will be payable on April 3, 2018 to stockholders of common shares as of record date March 12, 2018.

2. 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, 2018 to stockholders of said preferred shares on record as of June 15, 2018.

3. The raising of up to P20B through (a) retail bonds listed in the Philippine Dealing and Exchange Corporation and (b) bilateral term loan/s to partially finance general corporate requirements. The retail bonds will be issued under the Corporation's P50B Debt Securities Program as approved by the Securities and Exchange Commission in March 2016.

4. The raising of up to P5B through the issuance of Qualified Buyer Notes with a tenor of up to 5 years to refinance the Corporation's short-term loans.

5. The grant to our qualified executives, pursuant to our Employee Stock Ownership Plan (the "Plan"), of stock options covering up to 13,677,052 common shares at a subscription price of Php45.07 per share equivalent to the average closing price of our common shares at the Philippine Stock Exchange for 30 consecutive trading days ending February 5, 2018. The grant of stock options was recommended by our Personnel and Compensation Committee pursuant to the Plan.

On March 23, 2018, the Executive Committee of Ayala Land, Inc. (ALI) has approved the exchange of ALI's 75% equity interest in Laguna Technopark, Inc. (LTI) into additional shares of stock in Prime Orion Philippines, Inc. (POPI). The value of the transaction is P3.0B where POPI will issue 1,225,370,620 common shares to ALI in exchange for 30,186 LTI common shares and bring ALI's direct ownership in POPI to 63.90% from 54.91%.

Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general purpose and expected sources of funds	For the year 2018, Ayala Land's consolidated budget for project and capital expenditures amount to P110.8 billion of which P26.7 billion has been disbursed as of March 31, 2018. The Company will use the capital expenditure for land acquisition as well as the construction completion of investment properties and launched residential projects.
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had material effect on the financial condition or results of operations	ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year, with higher sales experienced in the fourth quarter from shopping centers due to holiday spending. The Company's development operations do not show any seasonality. Projects are launched anytime of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

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

	End-March 2018	End-December 2017
Current ratio [1]	1.15:1	1.18:1
Debt-to-equity ratio [2]	0.93:1	0.91:1
Net debt-to-equity ratio [3]	0.78:1	0.77:1
Profitability Ratios:		
Return on assets [4]	5.20%	5.07%
Return on equity [5]	16.13%	16.09%
Asset to Equity ratio [6]	3.06:1	2.99:1
Interest Rate Coverage Ratio [7]	5.92	5.99

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 Annualized Total Net income / average total assets
5 Annualized 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
Senior Vice-President
CFO, Treasurer and Chief Compliance Officer

Date: May 11, 2018