SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

30F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

September 30, 2014

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2014**

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:
   30/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226

8. Issuer's telephone number, including area code: **(632) 750-6974**

9. Former name, former address, former fiscal year: **not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of September 30, 2014

Title of each class	Number of shares issued and outstanding
Common shares	**14,190,488,638**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
P51,978,210,000

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)

	September 2014 Unaudited	December 2013 Audited (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱29,741**	₱27,966
Short-term investments	**26**	17
Financial assets at fair value through profit or loss	**6,639**	13,404
Accounts and notes receivable	**61,024**	42,709
Inventories	**45,103**	43,572
Other current assets	**21,108**	19,319
Total Current Assets	**163,639**	146,987
Non Current Assets		
Noncurrent accounts and notes receivable	**18,376**	17,648
Available-for-sale financial assets	**306**	336
Land and improvements	**72,785**	62,723
Investments in associates and joint ventures	**9,234**	9,319
Investment properties	**66,995**	59,183
Property and equipment	**18,165**	17,695
Deferred tax assets - net	**5,867**	5,161
Other noncurrent assets	**10,590**	6,422
Total Non Current Assets	**202,319**	178,487
Total Assets	**₱365,958**	₱325,474
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱96,418**	₱79,478
Short-term debt	**4,765**	12,407
Income tax payable	**498**	1,057
Current portion of long-term debt	**3,598**	3,542
Deposits and other current liabilities	**6,744**	5,139
Total Current Liabilities	**112,023**	101,623
Non Current Liabilities		
Long-term debt - net of current portion	**104,893**	85,953
Pension liabilities	**1,004**	1,147
Deferred tax liabilities - net	**787**	1,307
Deposits and other non current liabilities	**26,211**	23,346
Total Noncurrent Liabilities	**132,895**	111,753
Total Liabilities	**244,918**	213,376

	September 2014 Unaudited	December 2013 Audited (As restated)
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**44,759**	44,455
Retained earnings	**62,472**	57,609
Stock options outstanding	**185**	199
Actuarial loss on pension liabilities	**(503)**	(525)
Net unrealized gain on available-for-sale financial assets	**17**	32
Equity reserves	**(3,309)**	(3,300)
Treasury shares	**-**	-
	103,622	98,470
Non-controlling interests	**17,418**	13,628
Total Equity	**121,040**	112,098
Total Liabilities and Equity	**₱365,958**	₱325,474

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2014 Unaudited		2013 Unaudited	
	July 1 to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
REVENUE				
Real estate	**₱20,853**	**₱63,818**	₱19,070	₱54,881
Interest income	**1,232**	**3,461**	575	1,135
Equity in net earnings of associates and joint ventures	**(30)**	**599**	284	412
Other income	**63**	**438**	288	424
	22,118	**68,316**	20,217	56,852
COSTS AND EXPENSES				
Real estate	**13,211**	**42,112**	12,627	35,708
General and administrative expenses	**1,426**	**4,436**	1,558	4,087
Interest and other financing charges	**1,471**	**3,821**	973	2,623
Other charges	**(211)**	**473**	224	479
	15,897	**50,842**	15,382	42,896
INCOME BEFORE INCOME TAX	**6,221**	**17,474**	4,835	13,955
PROVISION FOR INCOME TAX				
Current	**1,587**	**4,549**	1,452	4,229
Deferred	**120**	**(206)**	(337)	(609)
NET INCOME	**₱4,514**	**₱13,131**	₱3,720	₱10,335
Net income attributable to:				
Equity holders of Ayala Land, Inc.	**₱3,734**	**₱10,788**	₱2,979	₱8,602
Non-controlling interests	**780**	**2,342**	741	1,732
	₱4,514	**₱13,131**	₱3,720	₱10,335
Earnings Per Share				
Basic	**₱0.26**	**₱0.76**	₱0.21	₱0.62
Diluted	**0.26**	**0.76**	0.21	0.62

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

	2014 Unaudited		2013 Unaudited	
	July 1 to September 30	**January 1 to September 30**	July 1 to September 30	January 1 to September 30
NET INCOME	**₱4,514**	**₱13,131**	₱3,720	₱10,335
Other comprehensive income/loss				
Net unrealized gain (loss) on available-for-sale financial assets	**27**	**7**	(2)	(2)
Actuarial losses on pension liabilities	**-**	**-**	-	155
Total comprehensive income for the period	**₱4,541**	**₱13,138**	₱3,718	₱10,488
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	**₱3,761**	**₱10,796**	₱2,977	₱8,755
Non-controlling interests	**780**	**2,342**	741	1,733
	₱4,541	**₱13,138**	₱3,718	₱10,488

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Millions)

	September 2014 Unaudited	September 2013 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
COMMON SHARES - ₱1.00 par value		
Issued:		
Balance at beginning of year	**₱14,064**	₱13,729
Issuance of shares	**10**	334
Balance at end of year	**14,074**	14,063
Subscribed:		
Balance at beginning of year	**109**	102
Issuance of shares	**(10)**	(334)
Stock options exercised	**17**	342
Balance at end of year	**116**	110
PREFERRED SHARES - ₱0.10 par value		
Issuance of shares	**1,307**	1,307
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	**29,712**	18,216
Stock options exercised	**432**	513
Equity issuance cost charged to APIC	**-**	(162)
Issuance of common stock	**-**	11,042
Balance at end of year	**30,144**	29,608
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	**(737)**	(539)
Subscriptions	**(291)**	(381)
Collections	**146**	163
Balance at end of year	**(882)**	(757)
TOTAL PAID-UP CAPITAL	**44,759**	44,331
STOCK OPTIONS		
Balance at beginning of year	**198**	214
Stock options exercised	**(13)**	(17)
Balance at end of year	**185**	197
Treasury Stock	**-**	-
RETAINED EARNINGS		
Appropriated for future expansion	**6,000**	6,000
Unappropriated:		
Balance at beginning of year	**51,616**	44,062
Prior years adjustments (PAS 19)	**-**	(145)
Cash dividends	**(5,933)**	(4,129)
Net income	**10,789**	8,602
Balance at end of year	**62,472**	54,390
Other reserves	**(3,309)**	(2,714)
	59,163	51,676
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**17**	37
ACTUARIAL LOSS ON PENSION OBLIGATION	**(502)**	(155)
NON-CONTROLLING INTERESTS		
Balance at beginning of year	**13,628**	9,230
Net income (loss)	**2,342**	1,732
Increase (decrease) in non-controlling interests	**1,682**	3,448
Dividends paid to minority interest	**(234)**	(346)
Balance at end of quarter	**17,418**	14,065
	₱121,040	₱110,151

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

	September 2014 Unaudited	September 2013 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**17,474**	13,955
Adjustments for:		
Depreciation and amortization	**3,076**	2,727
Interest and other charges - net of amount capitalized	**3,821**	3,134
Equity in net earnings of investees	**(599)**	(412)
Interest and other income	**(3,423)**	(1,306)
Unrealized gain on financial assets	**(15)**	(158)
Provision for doubtful accounts	**47**	7
Operating income before changes in working capital	**20,381**	17,946
Decrease (increase) in :		
Accounts and notes receivable - trade	**(16,465)**	(1,814)
Real estate inventories	**(1,531)**	(3,105)
Other current assets	**736**	(2,169)
Increase (decrease) in :		
Accounts and other payables	**17,092**	11,255
Pension liabilities	**(121)**	291
Other current liabilities	**1,604**	626
Cash generated from operations	**21,696**	23,031
Interest received	**3,578**	1,123
Income tax paid	**(5,030)**	(4,402)
Interest paid - net of amount capitalized	**(3,844)**	(3,880)
Net cash provided by (used in) operating activities	**16,400**	15,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	**(10,063)**	(9,832)
Investments	**(8,973)**	(11,154)
Property and equipment	**(1,679)**	(696)
Short term investments	**6,756**	(10,089)
Decrease (increase) in:		
Non-current accounts and notes receivable - non trade	**(2,984)**	(2,694)
Other assets	**(7,188)**	(3,448)
Net cash provided by (used in) investing activities	**(24,131)**	(37,913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**18,300**	22,906
Payments of short-term / long-term loans	**(6,945)**	(15,053)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	**2,345**	3,158
Minority interest in consolidated subsidiaries	**1,682**	(1,298)
Proceeds from capital stock subscriptions	**291**	10,196
Purchase of treasury shares	**-**	2,127
Dividends paid to minority	**(234)**	(346)
Dividends paid to equity holders of Ayala Land, Inc.	**(5,933)**	(4,129)
Net cash provided by (used in) financing activities	**9,506**	17,562
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,775**	(4,479)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**27,966**	33,613
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**29,741**	29,133

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

1. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2013 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, 2013.

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

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

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

On November 7, 2014, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

2. Summary of Significant Accounting Policies

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2013, except for the adoption of new Standards and Interpretations enumerated below.

Effective 2014

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment

would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

Philippine Interpretation 21, *Levies*
The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that the interpretation will have material financial impact in future financial statements.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group does not have outstanding derivatives as of December 31, 2013. However, these amendments would be considered for future novations of derivatives, as applicable.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective 2015

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014.The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*
The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

Effective 2016

IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles on business combination accounting in IFRS 3 Business Combinations, and other IFRSs, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations. The amendments are applied prospectively. Early application is permitted and must be disclosed.

IFRS 14, *Regulatory Deferral Accounts*
IFRS 14 allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Existing IFRS preparers are prohibited from applying the standard. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first-time

application of IFRS.IFRS 14 is applied retrospectively. Early application is permitted and must be disclosed.

IAS 16 and IAS, 38 *Clarifications of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively. Early application is permitted and must be disclosed.

IAS 16 and IAS 41, *Agriculture: Bearer Plants (Amendments)*
The amendments to IAS 16 and IAS 41 Agriculture change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16 including the choice between the cost model and revaluation model. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may choose to measure a bearer plant at its fair value at the beginning of the earliest period presented. Any difference between the fair value used as deemed cost at that date and the previous carrying amount will be recognized in retained earnings. Earlier application is permitted and must be disclosed.

IAS 27, *Equity Method in Separate Financial Statements (Amendments)*
When IAS 27 and IAS 28 were revised in 2003, the equity method was removed as an option to account for investments in subsidiaries and associates in an entity's separate financial statements. In some jurisdictions, local regulations require an entity to use the equity method for this purpose, therefore creating a difference between separate financial statements prepared in accordance with local GAAP and those prepared in accordance with IFRS. The objective of these amendments is to restore the option to use the equity method. Therefore, an entity must account for these investments either: At cost, IFRS 9 (or IAS 39), or using the equity method. The amendments must be applied retrospectively. Early application is permitted and must be disclosed.

Effective 2017

IFRS 15, *Revenue from Contracts with Customers*
The core principle of this standard is for the companies to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expect to be entitled in exchange of those goods or services. The companies may recognize revenue when (or as) performance obligations are satisfied by transferring the good or service to a customer or when the customer obtains control. The standard was issued on May 28, 2014 superseding IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. This standard is effective for annual periods beginning on or after January 1, 2017.

The adoption of this interpretation may significantly affect the determination of the Group's revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

Effective 2018

PFRS 9, *Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

An entity may elect to apply earlier versions of IFRS 9 if, and only if, the entity's relevant date of initial application is before 1 February 2015. Otherwise, early application is only permitted if the complete version of IFRS 9 is adopted in its entirety for reporting periods beginning after 24 July 2014.The transition to IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to apply IFRS 9 in its entirety, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at FVTPL without applying the other requirements in the standard. An entity that elects to do so is required to disclose that fact and provide the related disclosures set out in paragraphs 10-11 of IFRS 7 Financial Instruments: Disclosures.

Deferred Effectivity

Philippine Interpretation 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*

or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this interpretation may significantly affect the determination of the Group's revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

3. Principles of Consolidation

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

Ayala Land, Inc. Subsidiaries (As of September 30, 2014)	**Effective Ownership**
Real Estate:	(%)
Alveo Land Corporation (Alveo)	**100**
Serendra, Inc.	**39**
Solinea, Inc. (Solinea) (formerly Bigfoot Palms, Inc.)	**65**
BGSouth Properties, Inc. (BGS)	**50**
Portico Land Corp. (Portico)	**60**
Serendra, Inc.	**28**
Amorsedia Development Corporation	**100**
OLC Development Corporation and Subsidiary	**100**
HLC Development Corporation	**100**
Allysonia International Ltd.	**100**
Avida Land Corporation (Avida)	**100**
Buklod Bahayan Realty and Development Corp.	**100**
Avida Sales Corp. and Subsidiaries	**100**
Amicassa Process Solutions, Inc.	**100**
Avencosouth Corp. (Avencosouth)	**70**
BGNorth Properties, Inc. (BGN)	**50**
Amaia Land Co. (Amaia)	**100**
Amaia Southern Properties, Inc. (ASPI)	**65**
Ayala Land International Sales, Inc. (ALISI)	**100**
Ayalaland International Marketing, Inc. (AIMI)	**100**
Ayala Land International (Singapore) Pte. Ltd.	**100**
Ayalaland International Marketing (Hong Kong) Limited	**100**
Ayala Land International Marketing , SRL	**100**
Ayala Land Sales, Inc.	**100**
Buendia Landholdings, Inc.	**100**
Crans Montana Holdings, Inc.	**100**
Crimson Field Enterprises, Inc.	**100**
Ecoholdings Company, Inc. (ECI)	**100**
NorthBeacon Commercial Corporation NBCC)	**100**
Red Creek Properties, Inc.	**100**
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**
Asterion Technopod, Incorporated (ATI)	**100**
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**
Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	**100**
Hillsford Property Corporation (HPC)	**100**
Primavera Towncentre, Inc. (PTI)	**100**
Summerhill E-Office Corporation (Summerhill)	**100**

Sunnyfield E-Office Corporation (Sunnyfield)	**100**
Subic Bay Town Centre, Inc.	**100**
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	**100**
AyalaLand Real Estate Investments Inc.	**100**
AyalaLand Advisory Broadway Inc.	**100**
AyalaLand Development (Canada) Inc.	**100**
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**
Arvo Commercial Corporation (Arvo)	**100**
BellaVita Land Corporation (BellaVita)	**100**
Nuevo Centro, Inc. (Nuevo Centro)	**100**
Cavite Commercial Town Center, Inc.	**100**
ALI Property Partners Corp. (APPCo)	**100**
One Dela Rosa Property Development, Inc.	**100**
First Gateway Real Estate Corp.	**100**
Glensworth Development, Inc. (Glensworth)	**100**
UP North Property Holdings, Inc.	**100**
Laguna Technopark, Inc. (LTI)	**75**
Ecozone Power Management, Inc.	**75**
Aurora Properties Incorporated	**78**
Vesta Property Holdings, Inc.	**70**
Station Square East Commercial Corporation (SSECC)	**69**
Accendo Commercial Corp. (Accendo)	**67**
Avencosouth Corp.	**20**
Aviana Development Corporation	**7**
Aviana Development Corporation	**50**
Cagayan de Oro Gateway Corp. (CDOGC)	**70**
Ceci Realty, Inc. (Ceci)	**60**
Soltea Commercial Corp.	**24**
Soltea Commercial Corp.	**60**
CMPI Holdings, Inc.	**60**
CMPI Land, Inc.	**36**
ALI-CII Development Corporation (ALI-CII)	**50**
Roxas Land Corporation (RLC)	**50**
Adauge Commercial Corporation (Adauge)	**72**
Southgateway Development Corp. (SDC)	**100**
Ayalaland MetroNorth, Inc. (AMNI)	**100**
North Triangle Depot Commercial Corporation (NTDCC)	**49**
BGWest Properties, Inc. (BGW)	**50**
Cebu District Property Enterprise, Inc.	**35**
Lagdigan Land Corporation	**60**
Cebu Holdings, Inc. (CHI)	**50**
Cebu District Property Enterprise, Inc.	**5**
Cebu Property Ventures Development Corp and Subsidiary	**38**
Cebu Leisure Company, Inc.	**50**
CBP Theatre Management Inc.	**50**
Taft Punta Engaño Property Inc. (TPEPI)	**28**
Cebu Insular Hotel Company, Inc. (CIHCI)	**19**
Solinea, Inc.	**18**
Amaia Southern Properties, Inc. (ASPI)	**18**
Alabang Commercial Corporation (ACC)	**50**
South Innovative Theater Management (SITMI)	**50**

Construction:	
Makati Development Corporation (MDC)	**100**
MDC Subic, Inc.	**100**
MDC Build Plus, Inc.	**100**
MDC Conqrete, Inc. (MCI)	**100**
MDC Equipment Solutions, Inc. (MESI)	**100**
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	**50**
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**80**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**80**
Asian Conservation Company Limited and Subsidiary	**100**
Enjay Hotels, Inc. (Enjay)	**100**
Greenhaven Property Venture, Inc. (GPVI)	**100**
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**
Bonifacio Hotel Ventures, Inc.	**100**
Southcrest Hotel Ventures, Inc.	**67**
Northgate Hotel Ventures, Inc.	**70**
North Triangle Hotel Ventures, Inc.	**100**
Ecosouth Hotel Ventures, Inc.	**100**
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	**20**
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	**20**
Ten Knots Phils., Inc. (TKPI)	**60**
Bacuit Bay Development Corporation	**60**
Ten Knots Development, Corp. (TKDC)	**60**
Chirica Resorts Corp.	**60**
Kingfisher Capital Resources Corp.	**60**
Property Management:	
Ayala Property Management Corporation (APMC)	**100**
Entertainment:	
Five Star Cinema, Inc.	**100**
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**
Others:	
Ayala Theatres Management, Inc. and Subsidiaries	**100**
DirectPower Services, Inc. (DirectPower)	**100**
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**
ALInet.com, Inc. (ALInet)	**100**
First Longfield Investments Limited (First Longfield) (Hongkong company)	**100**
Green Horizons Holdings Limited	**100**
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**
AyalaLand Club Management, Inc.	**100**
Varejo Corp. (Varejo)	**100**
SIAL Specialty Retailers, Inc	**50**
AyaGold Retailers, Inc.	**50**
SIAL CVS Retailers, Inc.	**50**
Philippine FamilyMart CVS, Inc.	**30**
Solerte, Inc.	**100**
Verde Golf Development Corporation	**100**
Whiteknight Holdings, Inc. (WHI)	**100**
Mercado General Hospital, Inc.	**33**

4. Receivables/Payables

AGING OF RECEIVABLES

As of September 30, 2014 (Amount in Millions)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱34,371	₱9,958	₱16,436	₱2,862	₱63,629
Non-Trade Receivables	9,301	4,324	1,940	207	15,771
Total	₱43,672	₱14,282	₱18,376	₱3,069	₱79,400

AGING OF PAYABLES

As of September 30, 2014 (Amount in Millions)	Up to 6 months	Over 6 months to One Year	Over One Year	Past Due	Total
Trade Receivables	₱32,205	₱14,394	₱17,553	-	₱64,152
Non-Trade Receivables	51,050	6,011	10,449	-	67,510
Total	₱83,255	₱20,405	₱28,002	-	₱131,662

5. Inventories

This account consists of:

(in million pesos)	**September 2014 (Unaudited)**	December 2013 (Restated)
Real estate inventories	**₱43,105**	₱41,886
Club shares	**1,998**	1,686
	₱45,103	₱43,572

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

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

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

Cebu Holdings, Inc.	**As of September 30, 2014 (in million pesos)**
Current assets	5,865
Non-current assets	10,572
Current liabilities	3,557
Non-current liabilities	6,555
Revenue	1,556
Net income	374
Other comprehensive income	-
Total comprehensive income	374

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

Bonifacio Land	As of September 30, 2014 (in million pesos)
Current assets	699
Non-current assets	20,827
Current liabilities	1
Non-current liabilities	3,636
Revenue	2,204
Profit or loss from continuing operation	2,203
Accounting method used	Equity Method

7. Short-Term and Long-Term Debt

Short-Term Debt Borrower	As of September 30, 2014 (in million pesos)
ALI	1,703.2
Alabang	250.0
Alveo	300.0
Avida	997.0
LAIP	140.0
SSECC	149.8
TKDC	700.0
Vesta	525.0
Total	**4,765.0**

Long-Term Debt (in millions)	Current		Non-Current		Total	
Borrower	Peso	US$	Peso	US$	Peso	US$
ALI	88	-	64,298	53	64,386	53
Accendo Commercial Corp	109	-	2,341	-	2,450	-
Adauge Commercial Corporation	-	-	200	-	200	-
AyalaLand Hotels and Resorts Corporation	464	9	6,129	99	6,593	108
ALI Property Partners Corp.	189	-	3,289	-	3,478	-
Alveo Land Corp.	-	-	3,000	-	3,000	-
Amaia Land Corp.	-	-	1,500	-	1,500	-
Arvo Commercial Corporation	9	-	167	-	176	-
Avida Land Corp.	38	-	4,962	-	5,000	-
Cagayan de Oro Gateway Corp	60	-	2,290	-	2,350	-
Cavite Commercial Towncenter, Inc.	-	-	412	-	412	-
Cebu Holdings	75	-	6,660	-	6,735	-
Fairview East Commercial Corp.	30	-	2,370		2,400	
Hillsford Property Corp.	12	-	69	-	81	-
HLC Development Corp.	179	-	1,435	-	1,615	-
NorthBeacon Commercial Corp	10	-	910	-	920	-
North Triangle Depot Commercial Corporation	823	-	1,965	-	2,788	-
PhilEnergy	23	-	1,608	-	1,630	-
Station Square East Commercial Corp	1,406	-	-	-	1,406	-
Subic Bay Town Center, Inc	44	-	804	-	848	-
Sunnyfield E-Office Corporation	18	-	103	-	121	-
Westview Commercial Ventures Corp.	21	-	381	-	402	-
Total	**3,598**	**9**	**104,893**	**152**	**108,491**	**161**

Loan agreements pertaining to the foregoing long-term debt 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, 2014 and December 31, 2013.

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuance of Debt and Equity Securities/New Financing Through Loans

Borrower	As of September 30,2014 (in million pesos)	Nature
ALI	18,813	availment of short-term loans and issuance of bonds
Accendo	1,000	availment of long-term loans
Adauge	200	availment of long-term loans
AHRC	220	availment of long-term loans
Alveo	4,100	availment of short-term and long-term loans
Amaia	1,800	availment of short-term and long-term loans
APPCO	1,000	availment of long term loan
Avida	4,550	availment of short-term and long-term loans
Cavite	412	availment of long-term loan
CHI	5,000	issuance of bond
Fairview	400	availment of long-term loan
HLC	295	availment of long-term loan
NBCC	1,000	availment of long-term loan
PhilEnergy	556	availment of long-term loans
TKDC	700	availment of short-term loan
Total	**40,046**	

Repayment of Debt and Equity Securities

Borrower	As of September 30,2014 (in million pesos)	Nature
ALI	14,035	repayment of short term and amortization on long-term loans
ACC	83	payment of matured short-term loans
Accendo	1,027	amortization on long-term loan
AHRC	200	amortization on long-term loans
Alveo	3,070	payment of matured short-term loans
Amaia	2,900	payment of matured short-term loans
APPCO	1,654	payment of matured short-term loans and amortization on long-term loans
Arvo	2	amortization on long-term loan
Avida	1,300	payment of matured short-term loans
CHI	2,604	amortization on long-term loans
DirectPower	130	payment of matured short-term loan
Hillsford	9	amortization on long-term loan
HLC	82	amortization on long-term loan
LAIP	30	payment of matured short-term loans
NBCC	1,048	payment of matured short-term loan and amortization on long-term loan
NTDCC	176	repayment of long-term loans
SSECC	302	payment of matured short-term loans and amortization on long-term loans
Sunnyfield	14	amortization on long-term loans
SBTCI	33	amortization on long-term loans
Westview	6	amortization on long-term loans
Total	**28,705**	

P5.0 Billion Fixed Rate Bonds due 2021

(In pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**5,000,000,000.00**	**5,000,000,000.00**
Expenses		
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration	1,812,500.00	1,812,500.00
Legal Research Fee	18,125.00	18,125.00
Upfront Fees	-	-
Underwriting Fee	18,750,000.00	18,750,000.00
Professional Expenses and Agency Fees	3,828,500.00	3,816,325.60
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	196,255.01
Total Expenses	**52.051.125.00**	**49,4593,205.61**
Net Proceeds	**4,947,978,875.00**	**4,950,406,794.39**

Balance of Proceeds as of 6.30.2014 P3.5B

Cebu Holdings, Inc. raised from the Bonds gross proceeds of P5.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P4.95 billion. Net proceeds were used to partially finance various projects including, but not limited to, 1016 Residences (P130 million), Parkpoint Residences (P519 million), Amara (P422 million), Sedona Parc (P30 million), construction of ACC Corporate Center (P1.094 billion), Land Acquisition (P1.175 billion) and Investment to CITP Redevelopment (P1.58 billion).

P8 Billion Fixed Rate Callable Bonds due 2025

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

Balance of Proceeds as of 6.30.2014 NIL

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, the construction of various leasing assets including the Vertis Mall, BPO and Hotel (P5.3 billion), Circuit Mall, Retail Strip and Hotel (P4.4 billion) and Southpark Mall and BPO (P5.2 billion).

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

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

Balance of Proceeds as of 12.31.2013 NIL

Ayala Land raised from the Bonds gross proceeds of P6.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P5.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the construction of various leasing assets including an additional BPO building in Cebu IT Park and the construction of Fairview Terraces Mall (P0.9 billion), (ii) infusion to Avida Land Corp. (a subsidiary) to fund various residential development projects and acquisitions (P1.0 billion) and (iii) the acquisition of several properties in strategic areas around the country (P4.0 billion).

P15.0 Billion Fixed Rate Bonds due 2024

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

Balance of Proceeds as of 12.31.2013 NIL

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the pump-priming development activities for new townships like Vertis North in Quezon City, Arca South, formerly FTI, in Taguig, Alviera in Pampanga, and Altaraza in Bulacan (P4.0 billion), (ii) development of various residential projects such as Park Terraces, Garden Towers and subdivision projects in Nuvali (e.g. Santierra, Elaro and Luscara) (P4.0 billion), (iii) the construction of various leasing assets including an additional BPO buildings in UP – Ayalaland Technohub, the construction of the UP Town Center, expansion of Ayala Center Cebu and Abreeza (P1.2 billion), (iii) new Seda Hotel in Nuvali (P0.3 billion) and (iv) the acquisition of several properties in strategic areas around the country (P5.4 billion).

P9.35 Billion Fixed Rate Callable Bonds due 2019 and ₱5.65 Billion Fixed Rate Callable Bonds due 2022

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

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the development of various residential projects such as Park Terraces and Garden Towers (P1.2billion), (ii) the construction of various leasing assets including the redevelopment of Glorietta I and II malls, Glorietta BPO and the Holiday Inn hotel at Ayala Center (P1.5 billion) and the (iii) the acquisition of 74 hectares located in the FTI complex, Taguig City (P12.2billion).

HOMESTARTER BONDS 6

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

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P2.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P1.97 billion. Net proceeds were used to partially finance its various projects such as, but not limited to, Park Terraces, Garden Towers, ParkPoint Residences, Ayala Westgrove Heights, Luscara, Elaro, Santierra and the redevelopment of Ayala Center (P540 million); and the balance of the purchase price to acquire Global Technologies International Limited's 32% stake in ALI Property Partners Corp. and additional capital infusion to a subsidiary (P650 million). Remaining net proceeds from the Bonds will be deployed to various projects in the succeeding months.

HOMESTARTER BONDS 5

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

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P1.0Bn. After issue-related expenses, actual net proceeds amounted to P982.5 million. Net proceeds were used to partially finance costs related to the acquisition of 74 hectares located in the FTI Complex, Taguig City.

8. Commercial Paper Issuances and Outstanding Balance (for the quarter ended September 30, 2014)

None.

9. Accounts and Other Payables

The accounts and other payables as of September 30, 2014 is broken down as follows:

Accounts and other payables	**As of September 30, 2014 (In million pesos)**
Accounts Payable	P 55,497
Accrued Expenses	2,804
Taxes payable	9,373
Accrued project cost	17,562
Dividend payable	70
Accrued salaries & employee benefits	1,782
Accrued rentals	865
Accrued - Repairs & maintenance	1,484
Accrued - Advertising & Promo	702
Accrued - Professional & Management Fees	2,050
Accrued - Light & Water	2,155
Accrued - Insurance	224
Accrued -Supplies	56
Accrued - Postal & Comm	45
Accrued - Representation	108
Accrued - Donations & Contribution	24
Accrued - Transportation & Travel	114
Interest payable	1,411
Retention payable	92
Total	P 96,418

10. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

The following provide the total amount of transactions that have been entered into with a significant related party for the relevant financial year (in thousands):

a. Transactions with BPI, an associate of AC

As of September 30, 2014 and December 31, 2013, the Group maintains current and savings account, money market placements and Long-term debt payable with BPI broken down as follows:

(In million pesos)	September 30, 2014	(Restated) December 31, 2013
Cash in bank	**P11,144**	P6,737
Cash equivalents	**6,763**	10,788
Financial asset at FVPL	**5,965**	12,795
Short-term debt	**-**	1,500
Long-term debt	**26,942**	16,869

11. Segment information

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

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

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

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

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

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

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

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

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

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

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

YTD September 2014	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	7,930	3,270	37,298	6,922	3,650	4,022	726	0	0	63,818
Intersegment sales	459	0	295	4,052	16,143	0	748	0	(21,697)	0
Equity in net earnings of Investees	(149)	0	0	824	0	0	0	(76)	0	599
Total Revenues	**8,240**	**3,270**	**37,593**	**11,798**	**19,793**	**4,022**	**1,474**	**(76)**	**0**	**64,417**
Operating Expenses	4,865	1,664	29,184	7,680	17,733	3,144	1,265	1,306	(20,247)	46,594
Operating Profit	**3,375**	**1,606**	**8,409**	**4,118**	**2,060**	**878**	**209**	**(1,382)**	**20,247**	**17,823**
Interest income										3,461
Interest expense										(3,821)
Other income (expense)										11
Provision for income tax										(4,343)
Net Income										13,131
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										10,789
Minority interests										2,342
										13,131
Other information										
Segment assets	68,830	41,436	227,333	93,446	36,194	24,929	5,810	10,120	(157,240)	350,858
Investment in associates and jointly controlled entities	533	0	0	7,152	0	75	0	1,473	0	9,233
Deferred tax assets	253	81	1,357	269	0	113	30	2,083	1,681	5,867
Total assets	**69,616**	**41,517**	**228,690**	**100,867**	**36,194**	**25,117**	**5,840**	**13,676**	**(155,559)**	**365,958**
Segment liabilities	19,906	13,674	122,031	44,106	33,617	10,925	3,608	63,012	(66,748)	244,131
Deferred tax liabilities	18	83	228	149	0	440	0	0	(131)	787
Total liabilities	**19,924**	**13,757**	**122,259**	**44,255**	**33,617**	**11,365**	**3,608**	**63,012**	**(66,879)**	**244,918**
Segment additions to										
Property & Equipment	144	57	328	27	503	386	337	101	0	1,883
Investment properties	2,960	2,396	429	2,093	0	217	0	0	0	8,095
Depreciation and amortization	1,094	496	122	471	365	353	73	101	0	3,075

YTD September 2013	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	7,605	2,772	27,892	8,844	4,370	2,932	1,362	0	0	55,777
Intersegment sales	339	(90)	81	1	11,477	0	674	0	(12,482)	0
Equity in net earnings of Investees	(7)	0	0	441	0	0	0	(22)	0	412
Total Revenues	**7,937**	**2,682**	**27,973**	**9,286**	**15,847**	**2,932**	**2,036**	**(22)**	**(12,482)**	**56,189**
Operating Expenses	4,616	1,343	20,348	6,326	14,570	2,785	2,014	1,107	(12,449)	40,660
Operating Profit	**3,321**	**1,339**	**7,625**	**2,960**	**1,277**	**147**	**22**	**(1,129)**	**(33)**	**15,529**
Interest income										1,135
Interest expense										(2,623)
Other income (expense)										(86)
Provision for income tax										(3,620)
Net Income										**10,335**
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										8,603
Minority interests										1,732
										10,335
Other information										
Segment assets	85,891	11,491	168,956	60,428	23,532	17,231	3,471	11,491	(111,233)	291,689
Investment in associates and jointly controlled entities	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	246	4	720	313	14	52	13	4	1,094	2,480
Total assets	**86,137**	**11,495**	**169,676**	**60,741**	**23,546**	**17,283**	**3,484**	**11,495**	**(110,139)**	**294,169**
Segment liabilities	31,640	36,883	31,640	23,806	20,794	9,868	36,883	36,883	(37,844)	182,969
Deferred tax liabilities	60	0	60	4	0	480	0	0	190	1,049
Total liabilities	**31,700**	**36,883**	**31,700**	**23,810**	**20,794**	**10,348**	**36,883**	**36,883**	**0**	**184,018**
Segment additions to										
Property & Equipment	169	63	240	7	450	3,827	481	115	0	5,352
Investment properties	2,494	1,368	0	1,008	0	0	0	0	0	4,870
Depreciation and amortization	1,371	380	130	131	267	309	65	74	0	2,727

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

Results of Operations for the Nine Months Ended September 30, 2014

Ayala Land, Inc. (ALI or "the Company") continued to deliver steady growth in the first nine months of 2014 as net income grew by 25% to P10.79 billion from the P8.60 billion posted in the same period last year. Consolidated revenues for the first nine months reached P68.32 billion, 20% higher than the P56.85 billion registered in the same period in 2013. Revenues from Real Estate increased by 16% to P63.82 billion, driven by the strong performance across the property development, commercial leasing and services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 6.5% from 7.2% year-on-year. Earnings before interest and taxes (EBIT) margin improved at 28% for the first nine months of 2014.

Business Segments

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

Property Development. Property Development, which includes the sale of residential lots and units, office spaces, as well as Commercial and Industrial Lots, reported revenues of P46.99 billion in the first nine months of 2014, 26% higher than the P37.38 billion reported during the same period in 2013.

Revenues from the Residential Segment reached P40.05 billion in the first nine months, 40% higher than the same period last year, driven by strong bookings and project completion across all residential brands. Ayala Land Premier (ALP) registered a revenue growth of 63% year-on-year to P18.49 billion, driven by significant bookings from residential lots in Soliento in Nuvali, The Courtyards in Imus and Dasmarinas, Cavite, Ayala Westgrove Heights in Silang, Cavite and Ayala Greenfield Estates in Calamba, Laguna and high-value condominium units such as East Gallery Place in Bonifacio Global City, Two Roxas Triangle and Garden Towers in Makati and Arbor Lanes in Arca South. Alveo meanwhile posted P7.18 billion in revenues, 11% higher compared to the first nine months of 2013, owing to the higher sales and completion of its new and existing projects such as High Park in Vertis North, Verve Residences and Sequoia in Bonifacio Global City, Solstice in Circuit and Kroma and Escala in Makati. Avida and Amaia likewise recorded revenue growth of 11% and 65% to P9.21 billion and P2.41 billion, respectively. Avida's performance was anchored on the higher contributions from Avida Towers Vita in Vertis North, Avida Towers BGC 34th Street and Avida Towers Verte in Bonifacio Global City and Avida Towers Riala in Cebu. Amaia revenues was primarily driven by the strong sales of Amaia Steps Nuvali. BellaVita revenues more than doubled to P75.83 million, mainly due to solid bookings generated by its projects in General Trias and Alaminos.

Sales take-up value for the first nine months of the year increased 18%, reaching a total of P79.73 billion, an all-time high, equivalent to an average monthly sales take-up of P8.86 billion. Residential Gross Profit (GP) margins of horizontal projects declined to 42% from 43% owing to lower margins from recently acquired parcels at Ayala Greenfield Estates and Nuvali projects, while GP margins of vertical developments were maintained at 35%. The Company's five residential brands launched a total of 11,166 units in the first nine months of 2014, with a total sales value of P60.30 billion.

In addition, revenue from the sale of office spaces by Alveo and Avida aggregated at P2.57 billion representing more than a four-fold increase from the same period in 2013 driven mainly by additional bookings and project completion of High Street South Corporate Plaza Towers and One Park Drive in Bonifacio Global City and BPI Corporate Center in Cebu. GP margins of offices for sale remained steady at 40% in the first nine months of 2014 and 2013.

Revenues from the sale of Commercial and Industrial Lots decreased by 47% year-on-year in the first nine months of 2014 to P4.37 billion, mainly due to the sale of commercial lots in Arca South in 2013. GP margins of Commercial and Industrial lots however improved to 53% from 35% due to higher margins on commercial lots sold in Arca South, Altaraza and Nuvali.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues from Commercial Leasing amounted to P15.38 billion during the first nine months of 2014, 17% higher than the P13.13 billion recorded in the same period last year.

Revenues from Shopping Centers grew by 9% to P8.26 billion during the first nine months of 2014 from P7.61 billion in the first nine months of 2013. The first nine months of 2014 saw a steady increase in monthly average lease rates to P1,134 per square meter from P1,108 per square meter in the first nine months of 2013, with the opening of new malls and steady rental escalations. Total gross leasable area (GLA) was up 9% year-on-year while occupied gross leasable area (GLA) was up by 6% year-on-year. Same mall rental growth increased by 9%. Shopping Centers EBITDA margin slightly improved to 63% from 62% due to the higher contribution from new malls from higher occupancy and average rental rates.

Revenues from Office Leasing operations increased by 19% to P3.10 billion for the first nine months of the year, from P2.60 billion in the same period last year due to the full year contribution of new offices from higher occupancy and average rental rates. Total GLA expanded to 579,755 square meters while total occupied office GLA expanded to 536,589 square meters as of the end of September 2014. Average BPO lease rates increased 3% year-on-year to P645 per square meter due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 85% from 84%.

Hotels and Resorts currently operates 1,294 hotel rooms from its internationally branded segment; Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 203 island resort rooms from El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 665 rooms from its Seda Hotels located in Bonifacio Global City, Centrio Cagayan de Oro, Abreeza Davao which all opened in 2013, and the Seda Nuvali Hotel which opened in March 2014. Revenues of the Hotels and Resorts business grew by 37% to P4.02 billion in the first nine months of 2014 from P2.93 billion in the same period last year, primarily driven by improved performance of new hotels and resorts. Revenue per Available Room (REVPAR) for hotels was at P3,773, substantially higher by 40% versus 2013 levels due to improved occupancy and room rates at Holiday Inn, Fairmont Hotel and Raffles Residences and the Seda Hotels. REVPAR for resorts improved by 22% year-on-year, owing to improved occupancy across all resorts and better room rates in El Nido. EBITDA margins for Hotels and Resorts increased to 28% from 17%.

Services. Services which include the Company's wholly-owned Construction and Property Management companies, generated combined revenues of P20.60 billion during the first nine months of the year, 26% higher than the P16.31 billion posted in the same period last year. Construction revenues grew by 25% to P19.87 billion with the steady completion of ALI Group projects. Property Management revenues increased by 56% to P727 million in the first nine months of 2014, due to the increased revenue contribution of Ayala Property Management Corporation. Blended EBITDA margins for Services increased to 10% from 9% in the first nine months of 2014.

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

Equity in Net Earnings from Investees grew by 45% to P599 million in the first nine months of 2014, from P412 million in the same period last year. The increase is mainly attributed to higher sales of commercial lots by Fort Bonifacio Development Corporation (FBDC). Meanwhile, Interest, Investment and Other income reached P3.90 billion, due to higher interest income on accretion and installment sales.

Expenses

Total expenses for January to September 2014 amounted to P50.84 billion, 16% more than the P43.76 billion incurred as of September 2013. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 15% year-on-year amounting to P42.11 billion. General and Administrative

Expenses (GAE) grew by only 9%to P4.44 billion primarily due to payroll and compensation-related expenses, with the GAE-to-revenue ratio declining to 6.5% from 7.2% last year. Interest Expense, Financing and Other Charges meanwhile increased by 38% year-on year to P4.29 billion, mainly attributed to new bond issuances to finance the Company's expansion plans.

Project and Capital Expenditure

The Company spent a total of P58.98 billion for project and capital expenditures in the first nine months of 2014, 61% more than the P36.65 billion spent during the same period in 2013. The bulk of capital expenditures in the first nine months of 2014 was spent on project completion (65% of the total) with the remaining balance spent for land acquisition (35%). The P58.98 billion spent in the first nine months represents 84% of the programmed spending for the year. The Company expects to disburse close to its target capex spend of about P70 billion by year-end to finance the continued rollout of its aggressive growth plans.

Financial Condition

The Company's balance sheet continues to be solid, with adequate capacity to support its growth plans for 2014 and beyond. Cash and Cash Equivalents stood at P35.71 billion, resulting in a Current Ratio of 1.46: 1. Total Borrowings stood at P113.26 billion from Php101.90 billion as of December last year, translating to a Debt-to-Equity Ratio of 1.09:1 and a Net Debt-to-Equity Ratio of 0.74:1. Return on Equity was at 14% as of September 2014.

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 in 2013.

Liquidity risk

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

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

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

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

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

Credit risk

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

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

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

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

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

<u>Income Statement items</u> – 9M 2014 versus 9M 2013

21% increase in real estate and hotel revenues
Mainly due to higher sales bookings and incremental completion of residential projects and improved performance of the leasing business

45% increase in equity in net earnings of investees
Primarily due to the sale of eight FBDC commercial lots.

56% increase in interest, fees and investment income
Mainly due to higher interest income on installment sales.

15% increase in real estate and hotel costs
Largely due to higher real estate and hotel costs.

9% increase in general and administrative expenses
Primarily due to compensation and benefits related expenses.

38% increase in interest expense, financing and other charges
Largely due to increased borrowings for various capital expenditures.

35% increase in net income attributable to non-controlling interests
Primarily due to the increased contribution from CHI, BG South, BG North and the Nuvali companies.

Balance Sheet items – September 30, 2014 versus end December 2013

12% increase in cash and cash equivalents
Mainly due to proceeds of new loan availments, higher collection of receivables and release of escrow accounts.

50% decrease in financials assets at fair value through profit or loss
Largely due to lower investments in Arch Capital.

65% decrease in other current assets
Mainly due to release of escrow accounts.

16% increase in land and improvements
Mainly due to additional land acquisitions.

13% increase in investment properties
Mainly due to additional costs on malls/buildings for lease.

14% increase in deferred tax assets
Primarily due to higher deferred tax assets on temporary differences from revenue recognition for increased residential projects.

65% increase in other non-current assets
Largely due to increase in advances and deposits for construction.

21% increase in account and other payables
Mainly due to higher payable to suppliers and taxes payable.

62% decrease in short-term debt
Mainly due to bank loan repayments of ALI parent.

53% decrease in income tax payable
Mainly due to lower taxable income.

22% increase in long-term debt
Largely attributable to increase in loan availments of ALI parent and subsidiaries.

40% decrease in deferred tax liabilities
Mainly due to amortization of capitalized DST.

PART II - OTHER INFORMATION

Item 3. 3Q 2014 Developments

A. New project or investments in another line of business or corporation	None.	
B. Composition of Board of Directors (as of September 30, 2014)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala II	Vice Chairman
	Bernard Vincent O. Dy	President & CEO
	Antonino T. Aquino	Director
	Francis G. Estrada	Director
	Jaime C. Laya	Director
	Delfin L. Lazaro	Director
	Rizalina G. Mantaring	Director
	Vincent Y. Tan	Director

C. Performance of the corporation or result/progress of operations

Please see unaudited consolidated financial statements and management's discussion on results of operations.

D. Declaration of dividends

P0.20687187 cash dividend
Declaration date: August 28, 2014
Record date: September 11, 2014
Payment date: September 26, 2014

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

None.

F. Offering of rights, granting of Stock Options and corresponding plans therefore

ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock.

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

As of September 30, 2014, stock options outstanding* are as follows:

ESOP	2,858,360 shares
ESOWN	103,546,794 shares
	106,405,154 shares

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

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

Item 4. Other Notes to 3Q 2014 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements (Item #7).
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (Item #5).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	On November 7, 2014 Ayala Land, Inc. (ALI), SM Prime Holdings, Inc. (SMPH), the Francisco Ortigas Group (FOG) and the Rafael Ortigas Group (ROG), signed an agreement to cause the termination of all cases relating to the ownership and management of OCLP Holdings, Inc. (OHI), which owns Ortigas and Company Limited Partnership (OCLP). The agreement establishes a partnership that will further enhance the properties in the Ortigas area, and create maximum value for their various stakeholders.
N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.

P. Other material events or transactions during the interim period	On August 22, the SEC approved the following amendments on the Articles of Incorporation: 1. 3rd article stating the specific principal office address. 2. 7th article exempting from pre-emptive rights: (a) issuance of one billion common shares for acquisitions or debt payments and (b) issuance of common shares covered by stock options granted to members of Management Committees of subsidiaries or affiliates. 3. Allowing stockholders to hold a meeting in a place in Metro Manila other than the principal office and as designated by the Board. On August 28, the board approved the following matters: 1. Declaration of cash dividends of P0.20687187 per outstanding common share 2. Appointment of members of the Risk Committee: Rizalina G. Mantaring (Chairman) Jaime C. Laya (Member) Antonino T. Aquino (Member)
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 2014, Ayala Land's consolidated budget for project and capital expenditures amount to P70.0 billion. This will be financed through a combination of internally-generated funds, borrowings and pre-selling. The Company spent a total of P58.98 billion for project and capital expenditures in the first nine months of 2014, 61% more than the P36.65 billion spent during the same period in 2013. The bulk of capital expenditures in the first nine months of 2014 was spent on project completion (65% of the total) with the remaining balance spent for land acquisition (35%). The P58.98 billion spent in the first nine months represents 84% of the programmed spending for the year. The Company expects to disburse close to its target capex spend of about P70 billion by year-end to finance the continued rollout of its aggressive growth plans.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations

Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.

U. Significant elements of income or loss that did not arise from continuing operations

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements

Please see Notes to Financial Statements (Item #7).

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

ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year, with higher sales experienced in the fourth quarter from shopping centers due to holiday spending.

The Company's development operations do not show any seasonality. Projects are launched anytime of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.

X. Disclosures not made under SEC Form 17-C

None.

Item 5. Performance Indicators

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

	End September 2014	***End December 2013***
Current ratio [1]	*1.46:1*	*1.45:1*
Debt-to-equity ratio [2]	*1.09:1*	*1.04:1*
Net debt(cash)-to-equity ratio [3]	*0.74:1*	*0.61:1*
Profitability Ratios:		
Return on assets [4]	*5%*	*5%*
Return on equity [5]	*14%*	*13%*
Asset to Equity Ratio[6]	*3.02:1*	*2.90:1*
Interest Rate Coverage Ratio[7]	*5.6*	*6.5*

**Restated per PFRS 10*

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

SIGNATURE

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

Issuer: **AYALA LAND, INC.**

By:

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: November 13, 2014