

YTD-March 2014
(in million pesos)

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenues										
Sales to external customers	2,825	1,033	10,113	3,370	2,003	1,369	264	-	-	20,977
Intersegment sales	113	-	126	2,916	5,272	-	530	-	-	-
Equity in net earnings of investees	(12)	-	-	489	-	-	0	2	-	479
Total revenue	2,926	1,033	10,239	6,775	7,275	1,369	794	2	(8,957)	21,456
Operating expenses	1,738	455	8,117	4,680	6,599	1,041	839	526	(8,167)	15,828
Operating profit	1,188	578	2,122	2,095	676	328	(45)	(524)	(790)	5,628
Interest income										1,132
Interest expense										(1,142)
Other income(expense)										(105)
Provision for income tax										(1,319)
Net income										4,194
Net income attributable to:										
Equity holders of Ayala Land, Inc.										3,464
Minority interests										731
										4,194

Other information

Segment assets	67,855	31,722	202,930	78,282	33,939	26,263	5,754	19,661	(134,904)	331,502
Investment in associates and jointly controlled entities	595	-	2	7,825	-	-	-	1,536	9,958	9,958
Deferred tax assets	236	83	1,365	292	-	151	31	2,064	1,219	5,441
Total assets	68,686	31,805	204,297	86,399	33,939	26,414	5,785	23,261	(133,685)	346,901
Segment liabilities	23,690	16,707	98,249	79,232	30,619	11,882	3,387	21,079	(52,952)	231,893
Deferred tax liabilities	19	114	214	205	-	575	1	-	(83)	1,045
Total liabilities	23,709	16,821	98,463	79,437	30,619	12,457	3,388	21,079	(53,035)	232,938
Segment additions to property and equipment and investment properties	548	975	112	436	165	151	1,694	13	-	4,094
Depreciation and amortization	374	142	35	156	112	118	23	39	-	999

YTD-March 2013
(in million pesos)

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenues										
Sales to external customers	2,198	649	7,776	4,476	1,253	1,211	306	-	-	17,869
Intersegment sales	137	-	61	16	3,084	(33)	134	132	(3,473)	58
Equity in net earnings of investees	(1)	-	-	67	-	-	-	3	-	69
Total revenue	2,334	649	7,837	4,559	4,337	1,178	440	135	(3,473)	17,996
Operating expenses	1,543	245	8,112	707	4,031	984	351	204	(3,151)	13,026
Operating profit	791	404	(275)	3,852	306	194	89	(69)	(322)	4,970
Interest income										418
Interest expense										(982)
Other income(expense)										53
Provision for income tax										(1,272)
Net income										3,187
Net income attributable to:										
Equity holders of Ayala Land, Inc.										2,763
Minority interests										424
										3,187

Other information

Segment assets	76,041	26,612	159,899	42,233	30,013	17,400	2,131	8,486	(84,495)	278,320
Investment in associates and jointly controlled entities	192	-	105	7,010	-	-	-	964	8,271	9,958
Deferred tax assets	231	66	592	224	15	53	11	1,454	(905)	1,741
Total assets	76,464	26,678	160,596	49,467	30,028	17,453	-	10,904	(55,200)	288,332
Segment liabilities	18,232	9,559	56,900	7,352	27,525	9,898	1,325	71,425	(21,212)	181,004
Deferred tax liabilities	21	42	365	40	-	477	-	0	165	1,110
Total liabilities	18,253	9,601	57,265	7,392	27,525	10,375	-	71,425	(12,448)	182,114
Segment additions to property and equipment and investment properties	1,417	795	7	627	22	1,705	209	12	-	4,794
Depreciation and amortization	399	147	63	43	6	75	21	55	-	809

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

Results of Operations for the Three Months Ended March 31, 2014

Ayala Land, Inc. (ALI or "the Company") sustained its robust growth trajectory in the first three months of 2014 as net income grew by 25% to P3.46 billion from the P2.76 billion posted in the same period last year. Consolidated revenues for the first three months reached P22.75 billion, 23% higher than the P18.52 billion registered in the same period in 2013. Revenues from Real Estate increased by 19% to P20.98 billion, comprising the bulk of consolidated revenues, driven by the strong performance across the property development, commercial leasing and services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues declined further to 6.8% from 7.1% in first quarter 2013. Earnings before interest and taxes (EBIT) margin stood at 27% for the first three 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 P13.47 billion in the first three months of 2014, 12% higher than the P12.06 billion reported during the same period in 2013.

Revenues from the Residential Segment reached P11.02 billion in the first three months, 36% higher than the same period last year, driven by strong bookings across all residential brands. Ayala Land Premier (ALP) posted a revenue growth of 32% year-on-year to P3.95 billion, owing to higher sales and bookings from residential lots in Luscara and Elaro in Nuvali and Ayala Westgrove Heights in Cavite coupled with premium condominium units such as Garden Towers in Makati, The Suites Bonifacio Global City and Park Point residences in Cebu. Alveo meanwhile generated P2.41 billion in revenues, 29% higher compared to the first three months of 2013, driven by strong contributions from existing and new projects such as Solstice Tower 1 in Circuit Makati, Lerato Tower 3 in Makati and Verve Residences Tower 1 in Bonifacio Global City. Avida and Amaia likewise recorded revenue growth of 10% and 64% to P2.79 billion and P618 million, respectively. Avida's performance was attributed to increased sales and project completion from existing and new projects namely Avida Towers Centera Tower 3 and 4 in Mandaluyong, Avida Towers 34th Street Tower 2 in Bonifacio Global City, Avida Cityflex Tower 2 in Bonifacio Global City, Avida Towers Riala Tower 1 and 2 in Cebu, as well as Avida Woodhill Settings in Nuvali. Amaia revenues was primarily boosted by sales from the success of recently launched Amaia Steps Nuvali. BellaVita saw revenues increase by 24% to P14.59 million, mainly due to solid bookings generated from its projects in General Trias and Alaminos.

Sales take-up value for the first three months of the year reached P21.29 billion, equivalent to an average monthly sales take-up of P7.10 billion, 9% higher than the P6.54 billion average in the same period last year. Residential Gross Profit (GP) margins of horizontal projects declined to 40% from 43% owing to lower margins from recently acquired lots at Ayala Greenfield Estates and Nuvali projects, while GP margins of vertical developments were maintained at 34%. The Company's five residential brands launched a total of 2,074 units in the first three months of 2014, with a total sales value of P12.17 billion.

In addition, Alveo and Avida posted a total of P216.83 million in revenues from the sale of office spaces, particularly in HSS Corporate Plaza Towers and One Park Drive in Bonifacio Global City. GP margins of offices for sale expanded to 38% from 35% in the first three months of 2013.

Revenues from the sale of Commercial and Industrial Lots decreased by 42% in the first three months to P2.24 billion, mainly due to the sale of bulk of the Arca South commercial lots in 2013. GP margins however improved to 40% from 35% due to higher margins on commercial lots sold in Nuvali and newly-acquired Altaraza in Bulacan.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues for Commercial Leasing amounted to P5.28 billion during the first three months of 2014, 29% higher than the P4.09 billion recorded in the same period last year.

Revenues from Shopping Centers rose by 16% to P2.84 billion during the first three months of 2014 from P2.45 billion in the first three months of 2013. The first three months of 2014 saw a steady increase in monthly average lease rates to P1,163 per square meter from P1,108 per square meter in first quarter 2013, with the opening of new malls and steady rental escalations. Occupied gross leasable area (GLA) was up by 11% year-on-year, while same-store rentals increased by 7%. Shopping Centers EBITDA margins was maintained at 62%.

Revenues from Office Leasing operations increased by 49% to P1.06 billion for the first three months of the year, from P711 million in the same period last year. The revenue growth was generated by higher lease rates and occupied BPO GLA, which increased by 14% year-on-year. Total occupied BPO GLA expanded to 424,529 square meters as of the end of March 2014. Average BPO lease rates increased by 3% year-on-year due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 82% from 79%.

Hotels and Resorts currently operates 1,294 internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 192 island resort rooms in Lagen, Miniloc, Apulit and Pangalusian Islands in the province of Palawan and 665 Seda Hotel rooms between Bonifacio Global City, Centrio Cagayan de Oro, Abreeza Davao and Nuvali. Revenues of the Hotels and Resorts business grew by 47% to P1.37 billion in the first three months of 2014 from P931 million 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 P3,906, substantially higher by 51% versus 2013 levels due to improved occupancy and room rates at Holiday Inn, Fairmont Hotel and Raffles Residences and Seda Bonifacio Global City. REVPAR for resorts improved by 15% year-on-year, owing to better room rates at newly-opened Pangalusian resort in El Nido. EBITDA margins for Hotels and Resorts increased to 30% from 24%.

Services. Services, which includes the Company's wholly-owned Construction and Property Management companies, generated combined revenues of P7.54 billion during the first three months of the year, 62% higher than the P4.64 billion posted in the same period last year. Construction revenues grew by 68% to P7.28 billion with the steady completion of ALI Group projects. Property Management revenues decreased by 14% to 263 million in the first three months of 2014, due to the sale of Laguna Technopark's waterworks business. Blended EBITDA margins for Services expanded to 10% from 7% in the first three months of 2014.

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

Equity in Net Earnings from Investees rose by 593% to P479 million for the first three months of 2014, from P69 million in the same period last year. The increase is mainly attributed to the sale of seven commercial lots in Fort Bonifacio Development Corporation (FBDC). Meanwhile, Interest, Investment and Other income went up by 67% to P1.29 billion, due to higher interest income on installment sales.

Expenses

Total expenses for January to March 2014 amounted to P17.24 billion, 23% more than the P14.06 billion incurred as of end-March 2013. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 22% year-on-year amounting to P14.29 billion. GAE grew by only 18% to P1.54 billion primarily due to payroll and compensation-related expenses, which allowed GAE-to-revenue ratio to decline to 6.8% from 7.1% last year. Interest Expense, Financing and Other Charges meanwhile increased by 36% year-on year to P1.41 billion, mainly attributed to new bond issuances to finance the Company's expansion plans. The average cost of the Company's consolidated debt, however, decreased to 4.4% in the first three months of this year from 5.4% in the same period last year.

Project and Capital Expenditure

The Company spent a total of P16.44 billion for project and capital expenditures in the first three months of 2014, 60% more than the P10.29 billion spent during the same period in 2013. The bulk of capital expenditures in the first three months of 2014 were spent on residential developments (54% of total), land acquisition (29%), shopping centers (12%), offices (2%), hotels and resorts (1%), with the balance spent on support businesses. The P16.44 billion spent in the first three months represents 23% 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 P43.45 billion, resulting in a Current Ratio of 1.28: 1. Total Borrowings stood at P108.98 billion from P101.90 billion as of December last year, translating to a Debt-to-Equity Ratio of 1.10: 1 and a Net Debt-to-Equity Ratio of 0.66:1. Return on Equity was at 14% as of end-March 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 post dated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

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

Income Statement items – 1Q 2014 versus 1Q 2013

19% increase in real estate and hotel revenues

Mainly due to higher sales bookings, new product launches and incremental completion of residential projects.

593% increase in equity in net earnings of investees

Primarily due to the sale of seven FBDC commercial lots.

68% increase in interest, fees and investment income

Mainly due to higher interest income on installment sales.

59% increase in other income

Primarily due to Arch fund net asset value gain.

22% increase in real estate and hotel costs

Largely due to higher real estate revenues.

18% increase in general and administrative expenses

Primarily due to compensation and benefits related expenses.

36% increase in interest expense, financing and other charges

Largely due to increased borrowings for various capital expenditures.

72% increase in net income attributable to non-controlling interests

Primarily due to more lots sold by VPHI and API.

Balance Sheet items – March 31, 2014 versus End-2013

19% increase in cash and cash equivalents

Mainly due to proceeds of new loan availments and higher collection of receivables.

19% decrease in financials assets at fair value through profit or loss
Largely due to lower investments in Arch Capital.

9% increase in accounts and notes receivables (net)
Largely due to additional bookings from residential projects.

9% increase in other current assets
Mainly due to higher creditable withholding tax prepayments and deposits in escrow.

8% increase in land and improvements
Mainly due to additional land acquisitions.

7% increase in investments in associates and jointly controlled entities
Primarily due to increase in equity net earnings from FBDC group.

9% decrease in available-for-sale financial assets
Primarily due to the sale of AHRC shares in Manila Golf & Country Club to Ayala Corporation.

5% increase in deferred tax assets
Primarily due to MDC's higher deferred tax assets on increased residential projects and PAS 19 adjustment on retirement benefit.

68% increase in other non-current assets
Largely due to higher security deposits, construction bond, advance payments and project costs of residential projects.

19% increase in account and other payables
Mainly due to higher payable to suppliers and taxes payable.

32% increase in short-term debt
Mainly due to bank loan availments of ALI parent.

38% increase in income tax payable
Mainly due to higher taxable income.

81% decrease in pension liabilities
Mainly due to account reclassification.

20% decrease in deferred tax liabilities
Mainly due to amortization of capitalized documentary stamp tax and other incidental expenses.

12% decrease in deposits and other non-current liabilities
Largely due to ALI parent deposits for construction of golf course.

46% decrease in unrealized gain (loss) on available-for-sale financial assets
Mainly due to increase in market value of Ayala Corporation preferred shares and sale of fixed income securities.

6% decrease in actuarial loss on pension obligation
Primarily due to additional impact of revised PAS19 related to employee benefits.

PART II - OTHER INFORMATION

Item 3. 1Q 2014 Developments

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|--|---|-------------------------|------------------|---------------------------------|---------------------------|--------------------|--------------------|--------------------|----------|------------------|----------|---------------|----------|--------------------------|----------|--------------------|----------|----------------|----------|
| A. New project or investments in another line of business or corporation | None. | | | | | | | | | | | | | | | | | | |
| B. Composition of Board of Directors (as of March 31, 2014) | <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Fernando Zobel de Ayala</td> <td>Chairman</td> </tr> <tr> <td>Jaime Augusto Zobel de Ayala II</td> <td>Vice Chairman</td> </tr> <tr> <td>Antonino T. Aquino</td> <td>President & CEO</td> </tr> <tr> <td>Francis G. Estrada</td> <td>Director</td> </tr> <tr> <td>Delfin L. Lazaro</td> <td>Director</td> </tr> <tr> <td>Jaime C. Laya</td> <td>Director</td> </tr> <tr> <td>Aurelio R. Montinola III</td> <td>Director</td> </tr> <tr> <td>Mercedita S. Nollo</td> <td>Director</td> </tr> <tr> <td>Oscar S. Reyes</td> <td>Director</td> </tr> </table> | Fernando Zobel de Ayala | Chairman | Jaime Augusto Zobel de Ayala II | Vice Chairman | Antonino T. Aquino | President & CEO | Francis G. Estrada | Director | Delfin L. Lazaro | Director | Jaime C. Laya | Director | Aurelio R. Montinola III | Director | Mercedita S. Nollo | Director | Oscar S. Reyes | Director |
| Fernando Zobel de Ayala | Chairman | | | | | | | | | | | | | | | | | | |
| Jaime Augusto Zobel de Ayala II | Vice Chairman | | | | | | | | | | | | | | | | | | |
| Antonino T. Aquino | President & CEO | | | | | | | | | | | | | | | | | | |
| Francis G. Estrada | Director | | | | | | | | | | | | | | | | | | |
| Delfin L. Lazaro | Director | | | | | | | | | | | | | | | | | | |
| Jaime C. Laya | Director | | | | | | | | | | | | | | | | | | |
| Aurelio R. Montinola III | Director | | | | | | | | | | | | | | | | | | |
| Mercedita S. Nollo | Director | | | | | | | | | | | | | | | | | | |
| Oscar S. Reyes | Director | | | | | | | | | | | | | | | | | | |
| C. Performance of the corporation or result/progress of operations | Please see unaudited consolidated financial statements and management's discussion on results of operations. | | | | | | | | | | | | | | | | | | |
| D. Declaration of dividends | <u>P0.20711082 cash dividend</u>
Declaration date: February 21, 2014
Record date: March 7, 2014
Payment date: March 21, 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 | <p>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.</p> <p>In 2005, the company introduced a revised ESOWN granted to qualified officers.</p> <p>As of March 31, 2014, stock options outstanding* are as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">ESOP</td> <td>8,165,350 shares</td> </tr> <tr> <td>ESOWN</td> <td><u>100,785,011</u> shares</td> </tr> <tr> <td></td> <td>108,950,361 shares</td> </tr> </table> <p><small>* outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued</small></p> | ESOP | 8,165,350 shares | ESOWN | <u>100,785,011</u> shares | | 108,950,361 shares | | | | | | | | | | | | |
| ESOP | 8,165,350 shares | | | | | | | | | | | | | | | | | | |
| ESOWN | <u>100,785,011</u> shares | | | | | | | | | | | | | | | | | | |
| | 108,950,361 shares | | | | | | | | | | | | | | | | | | |

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

Item 4. Other Notes to 1Q 2014 Operations and Financials

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|--|--|
| 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 #9). |
| 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 #7). |
| M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period | <ol style="list-style-type: none"> 1. Stockholders' approval of the following: <ol style="list-style-type: none"> (a) Amendment of Article Seventh of the Company's Articles of Incorporation exempting from pre-emptive rights the issuance of one billion common shares for acquisitions and debt payments and the issuance of common shares covered by stock options granted to members of Management Committees of subsidiaries or affiliates (b) Amendment of the stock option plan to include members of Management Committees of subsidiaries or affiliates as eligible grantees of stock options. 2. Appointment of Bernard Vincent O. Dy as new President and CEO of Ayala Land, Inc. 3. Issuance of P8 billion bonds (first tranche) due 2025 will carry a coupon rate of 5.625%. 4. Ayala Land releases 1st quarter 2014 unaudited financial results. |

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

1. Board approval of the following:

- (a) Amendment of Article Seventh of the Company's Articles of Incorporation to exclude the issuance of one billion common shares from the pre-emptive rights of the stockholders, at a price and under such terms and conditions as may be determined by the Board at the time of issuance.
- (b) Further amendment to the Article Seventh of the Company's Articles of Incorporation to qualify members of the management committees of the Company's subsidiaries as grantees under the employee stock option or ownership plan.
- (c) The issuance of bonds of in the amount of up to P15 billion, which are to be registered with the Securities and Exchange Commission and listed in the Philippine Dealing & Exchange Corporation, will carry a tenor of up to 11 years.

5. Declaration of cash dividends of P0.20711082 per share to all shareholders as of record date March 7, 2014, payable on March 21, 2014.

6. Ayala Land signs 50%-50% joint venture agreement with AboitizLand, Inc. for the development of a 15-hectare mixed-use community in Mandaue City, Cebu.

7. Ayala Land assigns to Cebu Holdings, Inc. and Cebu Property Ventures & Development Corporation rights to subscribe to 10% and 5% of the authorized capital stock of the joint venture company with AboitizLand, Inc.

8. Ayala Land releases full year 2013 unaudited financial results.

9. Ayala Land acquires Mitsubishi Corporation's 40% stake in Philippine Integrated Energy Solutions, Inc.

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. For the first three months of 2014, consolidated project and capital expenditures amounted to P16.4 billion, about 23% of the projected P70.0 billion budget for the whole year. About 54% was spent for residential projects, 29% for land acquisition, 12% for shopping centers, 2% for offices, 1% for hotels and resorts, with the balance spent on support businesses. For the reporting period, capital spending was approved for the development of High Street South Corporate Center in Bonifacio Global City and Elaro in Nuvali.
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 #9).

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:

	<i>End March 2014</i>	<i>End December 2013</i>
Current ratio ¹	<i>1.28:1</i>	<i>1.45:1</i>
Debt-to-equity ratio ²	<i>1.10:1</i>	<i>1.04:1</i>
Net debt(cash)-to-equity ratio ³	<i>0.66:1</i>	<i>0.61:1</i>
Profitability Ratios:		
Return on assets ⁴	<i>5%</i>	<i>5%</i>
Return on equity ⁵	<i>14%</i>	<i>13%</i>
Asset to Equity Ratio ⁶	<i>3.04:1</i>	<i>2.90:1</i>
Interest Rate Coverage Ratio ⁷	<i>5.9</i>	<i>6.5</i>

**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:

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

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: May 13, 2014