

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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I	N	C	O	R	P	O	R	A	T	E	D																									

## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

3	/	F		C	I	T	Y	L	A	N	D		C	O	N	D	O	M	I	N	I	U	M		1	0										
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Form Type

1	7	-	A	
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

N	/	A		
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## COMPANY INFORMATION

Company's Email Address

**fmsd@cityland.net**

Company's Telephone Number

**893-6060**

Mobile Number

**N/A**

No. of Stockholders

**785**

Annual Meeting (Month / Day)

**2<sup>nd</sup> Tuesday of June**

Fiscal Year (Month / Day)

**December 31**

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

**Rudy Go**

Email Address

**cdc\_rg@cityland.net**

Telephone Number/s

**893-6060**

Mobile Number

**N/A**

## CONTACT PERSON'S ADDRESS

**3/F Cityland Condominium 10 Tower II, 154 H. V. Dela Costa Street, Makati City**

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2015**
2. SEC Identification Number: **152661**
3. BIR Tax Identification No.: **000-444-840**
4. Exact name of issuer as specified in its charter: **CITY & LAND DEVELOPERS, INCORPORATED**
5. **Makati City, Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6. 

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 (SEC Use Only)  
Industry Classification Code:
7. **3/F Cityland Condominium 10 Tower 1,  
156 H.V. Dela Costa Street, Makati City**  
Address of Principal Office
8. **632-893-6060**  
Issuer's Telephone Number, including area code
9. Former Name, Former Address and Former Fiscal Year, if changed since last report **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

**1226**  
Postal Code

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Unclassified Common Shares</b>	1,177,934,550

11. Are any or all of these securities listed on a Stock Exchange?

Yes [  ]      No [  ]

If Yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange	Title of Each Class
<b>Philippine Stock Exchange</b>	<b>Unclassified Common Shares</b>

12. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports)?

Yes [  ]      No [  ]

(b) Has been subject to such filing requirements for the past 90 days?

Yes [ **X** ]      No [   ]

13. Aggregate market value of the voting shares held by non-affiliates:

Number of Shares		Price *		Aggregate Market Value
<b>227,901,725</b>	<b>x</b>	<b>Php 1.01</b>	<b>=</b>	<b>Php 230,180,742</b>

\* Closing price on April 8, 2016

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## PART I – BUSINESS AND GENERAL INFORMATION

### Item I. Business

#### A. Background Information

##### 1. Brief Company History

City & Land Developers, Incorporated (the Company or CLDI) is a domestic public corporation registered with the Securities and Exchange Commission on June 28, 1988 and started commercial operations on August 1, 1992.

The Company is 49.73% owned by Cityland Development Corporation while the remaining 50.27% is owned by 784 various stockholders. CLDI is a member of Cityland Group (the Group), a trusted name in real estate industry with a track record of developing prestigious condominiums in cities of Makati, Mandaluyong, Pasig, Manila and Tagaytay; affordable houses in Pasig City, Tagaytay City and Parañaque City; and residential subdivisions and farmlots in Bulacan, Cavite and Tagaytay City. The Group has been in property development business for more than thirty (30) years.

On December 13, 1999, the issued and outstanding capital stock of the Company was listed in the Philippine Stock Exchange after the initial public offering on November 29, 1999.

##### 2. Nature of Operations

The Company's primary purpose is to establish an effective institutional medium for acquiring and developing suitable land sites for residential, office, commercial, institutional and industrial uses primarily, but not exclusively, in accordance with the subdivision, condominium, and cooperative concepts of land-utilization and land-ownership.

#### B. Development of Business for the past three (3) years (2013-2015)

We present herewith the status of sales and construction of our projects as of the end of the following years:

	Percentage Sold			
	2015	2014	2013	
North Residences	19.43	11.57*	–	Launched in 2014
Manila Residences Bocobo	96.94	95.18	96.46	Launched in 2009
Grand Emerald Tower	99.24	99.98	98.85	Launched in 2006
Pacific Regency	99.89	99.80	99.89	Launched in 2004

*\*Cash proceeds were recorded as part of "Accounts payable and accrued expenses" in the 2014 balance sheet pending the issuance of license to sell and certificate of registration by HLURB.*

	Percentage of Completion			
	2015	2014	2013	
North Residences	37.73	1.01	–	Launched in 2014
Manila Residences Bocobo	100.00	100.00	100.00	Launched in 2009
Grand Emerald Tower	100.00	100.00	100.00	Launched in 2006
Pacific Regency	100.00	100.00	100.00	Launched in 2004

## 1. Project Description

### *North Residences*

The 29-storey commercial and residential condominium is located at EDSA (beside WalterMart) corner Lanutan, Brgy. Veterans Village, Quezon City. It is conceptualized for the practical modern families to enjoy suburban cityliving that is friendly on the budget.

Estimated Date of Completion: September 2018

### *Manila Residences Bocobo*

Manila Residences Bocobo, a 34-storey commercial, office and residential condominium located along Jorge Bocobo St., Ermita, Manila City. Its amenities and facilities include swimming pool, children's play area, gym, multi-purpose deck, function room and 24-hour association security. It is proximate to schools, malls, banks, hospitals, restaurants, churches, government offices and other leisure establishments.

### *Grand Emerald Tower*

Grand Emerald Tower, a 39-storey commercial, office and residential condominium located along Emerald Avenue corner Ruby and Garnet Streets, Ortigas Center, Pasig City. Its amenities and facilities include swimming pool, gymnasium, viewing deck, sauna, children's playground, multi-purpose function room and 24-hour association security. It is proximate to schools, hospitals, shopping malls, banks, restaurants, hotels, churches and other leisure and business establishments.

### *Pacific Regency*

Pacific Regency is a 38-storey commercial, office, and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila. Amenities and facilities include swimming pool, gymnasium, separate sauna for male and female, function room, children's playground, 24-hour association security, viewing area and jogging areas at the roof deck.

## 2. Any Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets

There are no material reclassification, merger, consolidation, purchase, or sale of a significant amount of asset not in the ordinary course of business.

## 3. Marketing

All projects are sold by direct company salesmen and independent brokers.

## 4. Revenue Contribution of Projects to Total Revenues on Sales of Real Estate

	Percentage		
	2015	2014	2013
North Residences	54.23	–	–
Manila Residences Bocobo	25.67	17.47	59.42
Grand Emerald Tower	18.54	26.38	39.05
Pacific Regency	1.56	–	1.04
Samar Property	–	56.15	–
City & Land Mega Plaza	–	–	0.04
Others	–	–	0.45
	100.00	100.00	100.00

## 5. Domestic and Foreign Sales Contribution to Total Sales

	Percentage		
	2015	2014	2013
Sales of real estate properties			
Filipino Citizens	92.94%	90.18%	74.96%
Foreign Citizens	7.06	9.82	25.04
	100.00%	100.00%	100.00%

## 6. Competition

In the property development industry, the principal methods of competition among the developers are as follows: price; product or the type of development (i.e., high, middle, and low-end); location; and service or property management after the project is turned over to the buyers.

The Company sells its products, which consist of condominium projects, to both end-users and investors. The Company's projects are offered at affordable prices. The Company foresees that the demand for real estate products such as residential units will remain underserved due to: i) continued shift from rural to urban areas; ii) continued increase in number of Overseas Filipino Workers (OFW) who have shown growing propensity for home purchase; and iii) population growth.

The condominium project that is quite similar with North Residences in terms of price, type of development, market and location is Zinnia Residences, a project of DMCI, which is located at 1211 North EDSA, Muñoz, Quezon City.

The condominium project that is quite similar with Grand Emerald Tower in terms of price, type of development, market and location is Eton Emerald Lofts, a project of Eton Properties Philippines, Inc., which is located at Emerald, Sapphire & Garnet Streets, Ortigas Center.

The condominium project that is quite similar with Manila Residences Bocobo in terms of price, type of development, market and location is 8 Adriatico, a project of Eton Properties Philippines, Inc., which is located along Padre Faura corner Adriatico St., Malate, Manila City.

The Company believes that North Residences, Grand Emerald Tower and Manila Residences Bocobo are competitive projects because of their good location and affordable pricing.

## 7. Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

The following summarizes the registered trademarks of the Company:

TRADEMARK	REGISTRATION No.	Expiry Date
CLDI	4-2008-002313	July 14, 2018
City & Land Developers, Inc.	4-2008-000848	September 8, 2018

## 8. Customers

The Company has a broad market base and is not dependent upon a single or few customers. In 2014, the buyer of Samar property which is a nonstock and not-for-profit organization accounts for more than 20% of the Company's sales. Aside from this sale transaction, the Company has no other significant transaction with customers in terms of percentage to total sales.

## 9. Purchase of Raw Materials and Supplies

The Company has no major existing construction materials supply contracts for its projects. The major construction materials like steel bars, cement, etc. are sourced through canvassing and bidding from its list of accredited suppliers. The Company then purchases the construction materials from the lowest bidder.

## 10. Number of Employees

The Company has a total of 60 employees as of December 31, 2015 classified as follows:

Managerial	3	Administrative	21
Rank & file	57	Operations	39
<b>Total</b>	<b>60</b>	<b>Total</b>	<b>60</b>

The number of employees is expected to increase by 5% within the next 12 months. The Company maintains an organizational framework whereby important management functions as well as administrative tasks are shared within the Group. The Company compensates the Group for the actual costs of these services.

The Company gives bonuses to its employees. Also, employees are entitled to vacation and sick leaves and are covered by a retirement plan. All employees are not subject to collective bargaining agreement.

The Company's employees are not on strike or are threatening to strike nor have they been on strike in the past three (3) years.

## 11. Government Approval of Projects

Projects launched and completed during 2013-2015 are covered by the following permits:

- a. Housing and Land Use Regulatory Board (HLURB)
  - Certificate of Registration/License to Sell
- b. City/Municipal Building Official / Department of Public Works and Highways (DPWH)
  - Development Permit/Location
  - Building Permit
    - excavation
    - electrical
    - civil
    - sidewalk
    - mechanical
    - sanitary
    - fire
  - Occupancy Permit
    - electrical
    - fire
    - mechanical
    - civil
    - sanitary
- c. Department of Environmental and Natural Resources (DENR)
  - Environmental Compliance Certificate (ECC)
- d. Laguna Lake Development Authority (LLDA)
  - Permit to Construct
  - Permit to Operate

## 12. Effect of Existing Government Regulations on the Business

The Company has complied with all the appropriate government regulations prior to the development and marketing of North Residences, Grand Emerald Tower and Manila Residences Bocobo projects.

## 13. Amount Spent for Research/Development Activities

The Company did not spend significant amount for research and development activities.

## 14. Cost and Effect of Compliance with Environmental Laws

2015	No payment was made.
2014	Payment of ₱55,015.00 to LAQ Consulting for ECC procurement of North Residences.



- 2013 Payment of ₱94,772.15 to LLDA for ECC and LLDA Clearance of One Taft Residences.
- Reimbursement of ₱328,015.00 to Wet Consultancy, Inc. for ECC and LLDA Clearance of One Taft Residences.
- Reimbursement of ₱60,843.14 to Wet Consultancy, Inc. for LLDA Application Fee of Manila Residences Bocobo.

#### 15. Transactions with and/or Dependence on Related Parties

The Company, in the normal course of business, has transactions and account balances with related parties which were made on an arm's length basis.

Discussions of Transactions with and/or Dependence on Related Parties are thoroughly discussed in Item XII. *Certain Relationships and Related Transactions* of this report.

#### 16. Major Risks Involved in Each of the Businesses of the Company

The risks to which the Company is exposed include the internal risks such as refinancing risk, credit risk, interest rate risk, market risk and liquidity risk; business risks and operational risks; and external ones arising from the political and economic situation, real estate industry outlook, market competition and asset price bubble.

#### INTERNAL FACTORS

**Refinancing** The Company is primarily engaged in real estate development. Risk factor includes minimal risk debt level of the Company's borrowings. The short-term nature of these borrowings increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.

The Company manages such refinancing risks by having a current and acid-test ratio of 9.20:1 and 7.14:1 as of December 31, 2015 from 4.80:1 and 3.64:1 as of December 31, 2014, respectively.

**Credit Risk** This is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments which may be the subject of credit risk are the installment contracts receivables and other financial assets of the Company. The corresponding management strategies for the aforementioned risks are as follows:

- a. The credit risk on the installment contracts receivables may arise from the buyers who may default on the payment of their amortizations. The Company manages this risk by dealing only with recognized and credit worthy third parties. Moreover, it is the Company's policy to subject

customers who buy on financing to credit verification procedures. Also, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is insignificant.

- b. The credit risk on the financial assets of the Company such as cash and cash equivalents, short-term cash investments, and available-for-sale investments may arise from default of the counterparty. The Company manages such risks in accordance to its policy wherein the Company shall enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Company.

***Interest Rate Risk***

This is the risk arising from uncertain future interest rates.

The Company's financial instruments are:

- a. The Company's financial assets mainly consist of installment contracts receivables, cash and cash equivalents and short-term investments. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.
- b. For the financial liabilities in 2015 and 2014, the Company has short-term commercial papers (STCP) which bear fixed interest rates. In 2014, the Company has noninterest-bearing contracts payable.

***Market Risk***

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.

The available-for-sale financial assets are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure, however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.

***Liquidity Risk***

This is the current and prospective risk to earnings or capital from a company's inability to meet its obligations when they become due without incurring unacceptable losses. The Company's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:

- a. *Asset-Liability Management*: Funding sources pertain to short-term borrowings. Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.
- b. *Conservative/Liability Structure*: Funding is widely diversified. There is little reliance on wholesale funding services or other credit sensitive fund providers. The Company accesses funding across a diverse range of markets and counter parties.
- c. *Excess Liquidity*: The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.
- d. *Funding Flexibility*: The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of STCPs.

## COMPANY'S BUSINESS AND OPERATIONS

**Land Banking** The Company's land banking consists of parcels of land for future development of its condominium projects and lot/s intended for lease. Having enough and diversified land banking is important to support the sustainability of the Company's business. The Company may be exposed to risks because of the possible changes in the value of these lots due to market circumstances which may result in impairment or decline in rental rate levels.

The Company currently has three (3) prime lots for future development which are located in different areas of Metro Manila. The management also is in continuous study and research on the possible land acquisition which will depend on the needs of the Company and negotiations with prospective buyers. For the land value changes, the Company continues to be cautious in its property buying by conducting studies of appraisal reports and conditions of the property within the vicinity.

**Property development and construction** Construction of a condominium project starts from the planning and securing of permits, to the development or construction of the project and to the delivery or turnover of the units to the buyers. The construction of a project involves an average period of three to four years to complete the building. During this period, the Company may be exposed to the following risks:

- delays or longer than expected time of securing necessary licenses, permits and approvals from different government agencies or neighborhood;
- possible increase in cost of materials and labor which will impact pricing and costing;
- labor disputes among and with the contractors and sub-contractors; and
- delay in the delivery of the project.

These risks are managed by the Company as follows:

- well-planned and carefully-phased project development with a reasonable timetable;
- concrete sources of financing of the project;
- accreditation and careful selection of general contractors and sub-contractors to ensure fulfillment and quality of work; and
- continuous and meticulous management of the Company's project development team to ensure that the project is progressing and being accomplished according to plan.

## ECONOMIC FACTORS

**Economic** The Company's business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company's operations and eventually its financial performance.

**Political** The Company's business like all other businesses may be influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Company's business.

**Industry** The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The industry is still in the boom stage.

**Competition** The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.

**Asset Price  
Bubble**

Asset price bubble in real estate occurs when there is an identified rapid increases in valuations of real estate property until they reach unsustainable levels and then decline. Real estate bubbles had existed in the recent past and is still widely believed to exist in many countries such as in United States which resulted in the recent subprime mortgage crisis.

In the Philippines, records of low interest rates have raised concerns over potential asset price bubble. However, the government, through the Finance Secretary, said that this risk is under control ([www.cnn.com](http://www.cnn.com)). Increased scrutiny and monitoring of this risk in the country comes after Hong Kong and Singapore adopted measures to cool property prices ([www.bloomberg.com](http://www.bloomberg.com)). This asset price bubble risk is intensely monitored by the government agencies, Department of Finance and the Philippine Central Bank which are set to introduce a residential property-price index. This risk will be continuously mitigated by the appropriate actions and policies of regulators as well as the banking sector. Also, since the Philippine economy showed a healthy and sustainable growth, this reduces the risk of asset price bubble.

The Bangko Sentral ng Pilipinas (BSP) has reiterated that there are no macro-prudential risks from the real estate market as growth in the property sector remains demand driven. Mr. Amando Maglalatang Tetangco, Jr., the incumbent Governor of BSP, said the BSP closely monitors the lending of banks to the property sector through a quarterly stress test. *“For real estate, we do the stress test quarterly because of the special nature of the property sector. Historically that is a source of problem. Not that we have that problem now but what we want is try to avert a potential problem in the property sector,”* he said. *“Right now we believe there is no asset bubble in the property sector. Basically the increase in property prices and the growth in the property sector has essentially been demand driven,”* Tetangco added. Unlike before, Tetangco said property developers are more conservative in their construction activities. (Source: <http://www.msn.com/en-ph/money/topstories/no-asset-bubble-in-real-estate-bsp-reiterates/ar-BBminOS>)

Demand for residential properties is mainly driven by the middle class, particularly overseas Filipinos and the young professionals from the business process outsourcing (BPO) sectors. The Company’s projects belong to the medium-cost category which cater to the middle income groups. This minimizes the Company’s exposure to asset price bubble risk as compared to the high-end players in the real estate industry.

The Company manages the above risks by conducting assessments of the economic and political situations of the country as well as new developments in the industry. The procedures involve the gathering of information of economic indicators and political events as well as being aware of the new developments in the industry through media, business conferences, economic briefings and other sources.

With this information, the Company is able to assess and manage the risks mentioned above.

**Item II. Properties**

Investments in real estate properties as of December 31, 2015 are as follows:

Type	Location	Area (sq.m.)	Description	Mortgagee / Limitation
1. Land	Roxas Boulevard. Cor. Seaside Drive, Brgy. Tambo, Parañaque City	3,154.00	Lot is located along Roxas Boulevard	–
2. Land	Malvar Cor. Pilar Hidalgo, Malate, City of Manila	1,797.30	Lot is located along Malvar Cor. Pilar Hidalgo, Malate	–
3. Land	Taft Ave., Malate, City of Manila	2,038.10	Lot is located along Taft Avenue	–

**Ownership**

The Company has complete ownership of the above-mentioned properties.

**Plan to Purchase**

The Company has intentions to acquire property(ies) within the next 12 months depending on the outcome of its negotiation with the prospective seller(s). The Company is also continuously receiving property offers and at the same time reviewing them but no definite property is identified yet.

**Lease Contracts**

Leased properties as of December 31, 2015 are as follows:

Projects	<u>Rental Income</u>
Grand Emerald Tower – Condominium Units	₱1,558,805
Manila Residences Bocobo – Condominium Units	1,017,525
Roxas Boulevard property – Lot	1,007,650
Others	211,326
Total	<u>₱3,795,306</u>

Terms of lease contracts range from 1 month to 1 year.

Renewal Options: Lease contracts are renewable upon written agreement of the parties.

**Item III. Legal Proceedings**

The material legal proceeding/s to which the Company is a party or of which any of its property is subject during the past five (5) years up to latest date are as follows:

- **COMPANY**

1. **Sta. Ana Village Homeowners' Assoc. Inc. (SAVHA) vs. City & Land Developers, Inc.**

Civil Case No. 12-009

Parañaque Regional Trial Court – Branch 274

Date Instituted: January 16, 2012

SAVHA filed a complaint dated January 16, 2012 which was received by CLDI on March 3, 2012, to enjoin defendant and all persons allowed by said defendant CLDI from using Benedictine Street in Sta. Ana Village, Barangay Sun Valley, Parañaque City; and to order the defendant by way of a writ of mandatory injunction to open another outlet to the main road without cost or liability to plaintiff. CLDI stated in its answer that plaintiff has not proven its claim over Benedictine Street because the Deed of Donation used by the plaintiff is a falsified and/or spurious document. Furthermore, there is a Right-of-Way Agreement for Benedictine Street. Case was dismissed. However, SAVHA filed a Motion for Reconsideration which was granted. SAVHA's Judicial Affidavit of first witness was expunged from the records of the case. Trial of the case is ongoing.

2. **Republic of the Philippines represented by the Department of Public Works and Highways (DPWH), through the Bureau of Design – Right of Way Office (BOD-ROWO) versus City & Land Developers, Inc.**

Civil Case No. 13-0209

Parañaque Regional Trial Court – Branch 274

Date Instituted: July 16, 2013

DPWH filed a Complaint for Expropriation for certain portions of the properties owned by CLDI, including the improvements therein, located in Barangay Tambo, Parañaque City, which will be part of the NAIA Expressway Project Phase II. A Writ of Possession was issued by the court. Trial of the case is ongoing on the issue of just compensation.

- **PROPERTY**

Aside from the above mentioned cases, there were no other cases filed wherein any of the Company's property/ies are the subject.

There are no cases involving unpaid real estate taxes which are material in amount.

The Company does not expect that the outcome of the two material legal proceedings above involving the Company will have a material adverse effect on the financial condition of the Company.

During the past five years up to present, there is no bankruptcy petition filed by or against any business of which such person was a general partner or executive officer of the Company either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Company, any of its directors or executive officers, has no conviction by final judgment, domestic or foreign, or is not subject to a pending criminal proceeding, domestic or foreign.

During the past five years up to present, the Company, any of its directors or executive officers, is not subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

During the past five years up to present, the Company, any of its directors or executive officers, has not been found by a domestic or foreign court of competent jurisdiction (in civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

**Item IV. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fiscal year covered by this report.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

**Item V. Market for Registrant's Common Equity and Related Stockholders Matters**

**A. Cash Dividends Per Share**

2015	₱0.019
2014	₱0.07
2013	₱0.11

Cash dividends on common shares were deducted from retained earnings upon declaration by the Board of Directors (BOD). All cash dividends due during the year were paid.

**B. Stock Dividends**

The Company declared 10% stock dividends in 2015 and 2014, and 20% stock dividend in 2013. All stock dividends declared during the year were distributed.

Stock dividends on common shares are measured based on the total par value of declared stock dividends. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

C. Any Restrictions that may Limit Ability to Pay Dividends or that are likely to do so in the Future

Dividends declared on shares of stock are payable in cash or in additional shares of stock. Future dividend payments, if any, will depend on the earnings, cash flow and financial condition of the Company and other factors.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the BOD, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

D. Stock Prices

		<u>High</u>	<u>Low</u>
2015	First Quarter	1.17	1.00
	Second Quarter	1.47	1.09
	Third Quarter	1.19	0.81
	Fourth Quarter	1.01	0.90
2014	First Quarter	1.73	1.47
	Second Quarter	2.18	1.55
	Third Quarter	1.78	1.37
	Fourth Quarter	1.70	1.20

Note: Prices in 2015 took into account the 10% stock dividends declared to the stockholders of record as of July 06, 2015.

E. Trading Market

The Company's common equity is traded in the Philippine Stock Exchange.

The Company has no plans of acquisition, business combination, or other reorganization that will take effect in the near future that involves issuances of securities.

F. Price Information on the Latest Practicable Date

The Company's shares were last traded on April 8, 2016 at ₱1.01 per share.

G. Public Ownership

Total number of shares owned by the public is 181,532,408 shares which represent 15.41% of the total 1,177,934,550 shares issued.

H. Holders

The number of shareholders of record as of December 31, 2015 was 785.

Top 20 Stockholders of record as of December 31, 2015:

	<u>Name</u>	<u>No. of Direct Shares</u>	<u>%</u>
1.	Cityland Development Corporation	585,789,535	49.73
2.	Cityland, Inc.	347,936,095	29.54
3.	PCD Nominee Corporation - Filipino	65,541,048	5.56
4.	Chua, William T.	16,997,713	1.44
5.	Cityplans, Inc.	10,240,810	0.87
6.	Roxas, Stephen C.	10,056,158	0.85
7.	Shao, Henry	9,127,361	0.77
8.	Tan, Joyce Liuson or Tan, Philip Sim	8,968,804	0.76
9.	Liuson, Andrew I.	6,330,842	0.54
10.	Credit and Land Holdings, Incorporated	6,066,385	0.52

	<u>Name</u>	<u>No. of Direct Shares</u>	<u>%</u>
11.	Liuson, Grace C.	5,542,637	0.47
12.	Co, Stephen Vincent	4,711,762	0.40
13.	Co, Stephanie Vanessa	4,711,762	0.40
14.	Co, Sharon Valerie	4,711,762	0.40
15.	Roxas, Lincoln C.	3,498,089	0.30
16.	Lim, Josephine	3,365,544	0.29
17.	Ecclesiastes, Inc.	3,037,765	0.26
18.	Gohoc, Josef C.	2,398,951	0.20
19.	Gohoc, John	2,355,869	0.20
20.	Obadiah, Incorporated	2,064,387	0.18

I. Recent Sale of Unregistered Securities (including recent issuance of securities constituting an exempt transaction)

There was no sale of any unregistered securities.

The total number of shares issued and outstanding of the Company increased from 1,070,849,945 to 1,177,934,550 as a result of the 10% stock dividends distributed on August 4, 2015. Stock dividends are exempted from registration under SRC Rule 10.1-2 (Exempt Transaction Not Requiring Notice).

**Item VI. Management's Discussion and Analysis or Plan of Operation**

The Philippines emerged as one of Southeast Asia's fastest growing economies after posting a 5.8% GDP as of December 31, 2015. Growth proved to be fairly resilient to external headwinds such as the slowdown in China and other major economies. This was due to the country's strong household consumption sustained by remittances and growing business outsourcing sector. Other positive factors that contributed to growth are stable banking sector, decline in debt burden and benign inflation.

The country's economic gains have been beneficial to the real estate industry. The property market continued to grow robustly as increasing demand for residential properties became more evident driven by the middle class, particularly overseas Filipino workers and the growing population of the country's young professionals. In addition, the excellent performance of the BPO sector has translated a higher demand for office requirements, thereby increasing property developments across the country's central business districts. With the above positive developments, combined with stable and low interest and inflation rates, the Company believes that the property sector is headed to post further gains in 2016.

Financial Performance

The Company is currently selling North Residences, a 29-storey commercial and residential condominium located in EDSA (beside Waltermart) corner Lanutan, Barangay Veterans Village, Quezon City.

It is also currently selling the remaining units of Grand Emerald Tower and Manila Residences Bocobo.

At present, the Company has three prime lots located in Manila.

Internal sources of liquidity come from sales of condominium units and real estate properties, collection of installment contracts receivables, maturing short-term investments while external sources come from SEC-registered STCPs.

Plan of Operations

The Company will still continue to maintain a cautious stance in order to continuously achieve a healthy financial position. This will ensure that the development and construction of all its existing projects will be delivered on time or even ahead of its scheduled turnover. The Company will also continue to scout and develop quality projects suited for the middle and working class that will be situated at convenient locations with affordable and flexible payment terms. The Company's projects will be funded through cash generated from operations and issuance of SEC-registered STCPs. The Company plans to remain liquid in order to avail attractive investment opportunities that may arise to meet the demands of the present growing economy.

As for the future project, the Company plans to launch One Taft Residences, a 40-storey residential/commercial condominium along Taft Avenue, near LRT Quirino station.



### **Financial Condition/Changes in Financial Condition (2015 vs. 2014)**

The Company's balance sheet remained healthy as total assets reached ₱1.917B at the end of 2015, compared with the previous year's level of ₱2.003B. The 4.29% decrease in assets was primarily due to collection of installment contracts receivable. Funds generated from pre-selling the units were used for operations and condominium development, particularly the construction of North Residences. Other financing requirements were sourced from the issuance of STCPs with interest rates ranging from 1.06% to 1.25%. Excess funds were shifted to short-term cash investments to increase interest earnings. The Company is optimistic that the sale of North Residences will eventually generate additional funds and increase the Company's installment contracts receivable.

On the liabilities side, the healthy cash position allowed the reduction of contracts payable, accounts and accrued expenses and income tax payable. The decrease in total liabilities strengthened the Company's solvency position with debt-equity ratio improving to 0.05:1 as of December 2015 from the prior year's 0.09:1. Liquidity position likewise improved as acid and current ratio were registered at 7.14:1 and 9.20:1 from 3.64:1 and 4.80:1 as of December 31, 2015 and 2014, respectively.

Total equity stood at ₱1.771B as of December 31, 2015 from ₱1.722B as of December 31, 2014 due to comprehensive income of ₱70.07M less cash dividends declared amounting to ₱20.35M.

### **Financial Condition/Changes in Financial Condition (2014 vs. 2013)**

Total assets as of December 31, 2014 amounted to ₱2.003B, as compared to the previous year's ₱2.073B. Cash and cash equivalents increased to ₱465.01M from ₱244.33M due to net cash inflows from operating activities and the shift of placements to shorter term investments. Real estate properties for sale on the other hand, increased due to the new project, North Residences. Although the Company has purchased a property this year, it has also sold a prime lot resulting in a net decrease of ₱7.11M in real estate properties for future development. Collections of installment contracts receivable on the other hand, decreased installment contracts receivable. The Company is optimistic that the new project will eventually increase the Company's installment contracts receivable.

On the liabilities side, payment of notes and contracts payable and income tax payable decreased the account by 27.29% and 66.20%, respectively.

Total stockholders' equity stood at ₱1.722B as of December 31, 2014 from ₱1.699B due to total comprehensive income of ₱91.25M less cash dividends declared and paid amounting to ₱68.15M.

The decrease in total liabilities of 24.81% strengthened the Company's solvency position with debt-equity ratio improving from 0.12:1 as of December 31, 2013 to 0.09:1 as of December 31, 2014. Liquidity position likewise improved acid and current ratio from 3.07:1 and 3.34:1 to 3.64:1 and 4.80:1 as of December 31, 2013 and 2014, respectively.

### **Financial Condition/Changes in Financial Condition (2013 vs. 2012)**

The Company's balance sheet remained solid with total assets of ₱2.073B in 2013 as compared to the previous level of ₱2.185B. Sales decreased real estate properties for sale by 39.13%, while collections decreased receivables by 33.97%. On the other hand, short-term cash investments increased due to collections and the shift of funds from cash and cash equivalents. It is worthy to note that the Company plans to launch a new project in the future to increase real estate properties for sale. On the liabilities side, the Company managed its development costs prudently which resulted in the decrease of 68.04% in accounts payable and accrued expenses account. In addition, the Company partially settled its notes and contracts payable account by 17.94% resulting to a decrease of total liabilities.

Total stockholders' equity stood at ₱1.699B, higher by 6.30% as compared to 2012 of ₱1.598B. The increase was due to total comprehensive income of ₱189.84M less cash dividends of ₱89.24M.

As a result of the foregoing, the Company significantly improved its liquidity position with current and acid-test ratio of 3.34:1 and 3.07:1, as compared with 2012 of 2.76:1 and 2.32:1, respectively. Asset-liability and debt-to-equity registered to 13.01:1 and 0.12:1, from the previous year of 3.72:1 and 0.16:1, respectively.

### **Results of Operation (2015 vs. 2014)**

Total sales of real estate properties reached ₱139.84M in 2015 from the prior year's ₱231.37M. Revenue from sales of on-going condominium project, North Residences, contributed a significant 54.23% to the total revenue from sales of real estate properties, while the remaining units of the completed condominium projects, Grand Emerald Tower, Manila Residences Bocobo and Pacific Regency, contributed an aggregate of 45.77%. North Residences is the only on-going project of the Company, achieving a high accomplishment rate of 37.73% as of December 31, 2015. Future revenues are expected to steadily increase as the construction of the project advances.

Other sources of income are financial income and rent income. Financial income, which is substantially composed of interest income from sale of real estate properties, contributed a high 31.14% of total revenues. Rent income represents earnings from leased condominium units, parking areas/lot and other storage areas. Decrease in rental was due to expiration of lease contracts of some lease properties. On the other hand, other income was substantially derived from penalties, income from increase in market value of repossessed properties and other miscellaneous income. Revenue contribution of other income accounted for 5.28% and 3.89% of total revenues in 2015 and 2014, respectively.

On the cost side, cost of real estate sales, operating expenses and provision for income tax decreased as these accounts move in tandem with revenue on sales. On the other hand, financial expenses increased due to increase in level of notes payable.

The Company ended 2015 with net income of ₱70.93M which translated to earnings per share and return on equity of ₱0.06 and 4.00 % as compared to the previous year of ₱.08 and 5.44%, respectively.

### **Results of Operation (2014 vs. 2013)**

Sales of real estate properties reached ₱231.37M in 2014 as compared to the previous year's ₱180.01M. The Company sold a prime lot which accounted for 56.15% of total revenues, while the remaining units of Grand Emerald Tower and Manila Residences Bocobo, which were almost 100% sold, accounted for the remaining 43.85% of total revenues. With the launching of North Residences on the fourth quarter of 2014, sales are expected to increase in the succeeding months. Other sources of revenues are financial income, rent income and other income. Financial income which is substantially composed of interest income from real estate properties, decreased by 34.10% due to lower level of receivables.

On the cost side, higher sales increased cost of real estate sales, while operating expenses decreased due to lower sharing of common expenses. The Company partially settled 27.29% of its short-term notes and contracts payable resulting to the drop in financial expenses by 80.34%. On the other hand, other expenses increased by 62.76% due to expenses on forfeitures.

Altogether, net income stood at ₱93.62M and translated to earnings per share and return on equity of ₱0.08 and 5.44% as compared to the previous year of ₱0.16 and 11.26%, respectively.

### **Results of Operation (2013 vs. 2012)**

Revenue from sales of real estate properties reached ₱180.01M from the previous year's ₱508.38M. The decrease in sales was due to low inventory level in 2012. For 2013, the Company sold the remaining units of Grand Emerald Tower and Manila Residences Bocobo which resulted to a sell-out rate of 98.85% and 96.46%, respectively. Revenue on sales of Grand Emerald Tower contributed 65.97%, while sales of Manila Residences Bocobo accounted for 31.34% of sales. Although sales decreased, other income increased due to the adjustment of cost of a completed project. The Company plans to launch a new condominium project next year to increase future sales.

On the cost side, lower sales decreased cost of sales and operating expenses, while the low interest rates and partial settlement of notes and contracts payable decreased financial expenses by 53.21%.

Altogether, net income after tax stood at ₱191.27M from ₱256.05M and translated to earnings per share and return on equity of ₱0.18 and 11.26% as compared with last year's ₱0.24 and 16.02%.

Key Performance Indicators

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current ratio	<b>9.20</b>	4.80	3.34
Asset-to-equity ratio	<b>1.08</b>	1.16	1.22
Debt-to-equity ratio	<b>0.05</b>	0.09	0.12
Asset-to-liability	<b>13.16</b>	7.12	5.54
Solvency ratio	<b>0.49</b>	0.33	0.51
Interest rate coverage ratio	<b>74.45</b>	133.57	51.39
Acid - test ratio	<b>7.14</b>	3.64	3.07
Return on equity	<b>4.00%</b>	5.44%	11.26%
Earnings per share	<b>₱0.06</b>	₱0.08*	₱0.16*

\*After retroactive effect of 10% stock dividends in 2015.

*Manner of Calculation:*

Current ratio	=	Total current assets / Total current liabilities
Asset-to-equity ratio	=	$\frac{\text{Total assets}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\frac{\text{Notes and contracts payable}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Asset-to-liability ratio	=	Total assets / Total liabilities
Solvency ratio	=	$\frac{\text{Net income after tax} + \text{Depreciation expense}}{\text{Total liabilities}}$
Interest rate coverage ratio	=	$\frac{\text{Income before income tax} + \text{Depreciation expense} + \text{Interest expense}}{\text{Interest expense}}$
Acid-test ratio	=	$\frac{\text{Cash and cash equivalents} + \text{Short-term cash investments} + \text{Current portion of installment contracts receivable} + \text{Current portion of other receivables} + \text{Available-for-sale financial assets}}{\text{Total current liabilities}}$
Return on equity ratio	=	$\frac{\text{Net income after tax}}{\text{Total Equity}}$
Earnings per share	=	$\frac{\text{Net income after tax}}{\text{Outstanding number of shares}}$

## 1. Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There are no known trends, events, or uncertainties that have a material effect on liquidity.

## 2. Internal and External Sources of Liquidity

Internal sources come from sales of condominium and real estate projects, collection of installment receivables and maturing short-term investments. External sources come from STCPs.

3. Any Material Commitments for Capital Expenditures and Expected Sources of Funds of such Expenditures

There are no material commitments for capital expenditure.

4. Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income)

There are no known trends, events, or uncertainties that have a material effect on the net sales, revenues, or income.

5. Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations

There is no significant element of income or loss that did not arise from registrant's continuing operations.

6. Any Known Trends or Events or Uncertainties (Direct or Contingent Financial Obligation)

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

7. Any Known Trends or Events or Uncertainties (Material Off-balance Sheet Transactions, arrangements, Obligations and Other Relationships)

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

8. Causes for any Material Changes from Period to Period in One or More Lines of the Registrant's Financial Statements

**Financial Condition (2015 vs. 2014)**

- a. Decrease in Cash and Cash Equivalents was due to payment of liabilities and the shift of placements to short term investments.
- b. Increase in Short-term Cash Investments was due to collection of receivables and the shift of placements to short term investments.
- c. Decrease in Installment Contracts Receivable was due to collections.
- d. Decrease in Other Receivables was due to collection of advances to customers from payment of real estate tax and intercompany advances.
- e. Increase in Real Estate Properties for Sale was due to increase in construction and development cost.
- f. Decrease in Other Current Assets was due to release of escrow deposited in local bank.
- g. Decrease in Available for Sale Financial Assets was due to decrease in market value of shares of stock.
- h. Increase in Real Estate Properties for Future Development was due to capitalized cost.
- i. Increase in Investment Properties was due to additional development costs.
- j. Decrease in Accounts Payable and Accrued Expenses was due to release of escrow account.
- k. Decrease in Notes Payable and Contracts Payable was due to payment of contracts payable.
- l. Decrease in Income Tax Payable was due to payment and lower taxable income.
- m. Increase in Retirement Benefit Liability was due to retirement benefits cost and re-measurement loss recognized during the year.
- n. Decrease in Deferred Tax Liabilities was due to realized gain on sale of real estate transactions.
- o. Increase in Capital Stock was due to declaration and issuance of 10% stock dividends.
- p. Decrease in Net Changes in fair value of available-for-sale financial assets was due to decrease in value of shares of stock.
- q. Decrease in Retained Earnings was due to stock and cash dividends declared and distributed during the year.
- r. Decrease in Accumulated Re-measurement on Defined Benefit Plan was due to decrease in value of plan assets.

**Financial Condition (2014 vs. 2013)**

- a. Increase in Cash and Cash Equivalents was due to collection and shift of placements to shorter term investments.
- b. Decrease in Short-term Cash Investments was due to transfer of placements to shorter term investments and partial payment of notes and contracts payable.
- c. Decrease in Installment Contracts Receivable was due to collections.
- d. Decrease in Other Receivables was due to collection of advances from affiliates and payment of accrued interest receivable.
- e. Increase in Real Estate Properties for Sale was due to cost of land and additional construction costs incurred for the Company's new project, North Residences.
- f. Increase in Other Current Assets was due to collections on sale of North Residences deposited in escrow account and the increase in unused input VAT which arose from the lot purchased during the year.
- g. Increase in Available-for-Sale Financial Assets was due to increase in market value of shares of stock.
- h. Decrease in Real Estate Properties for Future Development was due to transfer to "Real Estate Properties for Sale" account for the construction of the new project, North Residences.
- i. Increase in Investment Properties was due to additional development costs.
- j. Increase in Accounts Payable and Accrued Expenses was due to increase in deposits that are in escrow account from the sale of North Residences.
- k. Decrease in Notes Payable and Contracts Payable was due to partial payment of notes payable.
- l. Decrease in Income Tax Payable was due to payment and lower taxable income.
- m. Increase in Retirement Benefit Liability was due to retirement benefits cost and re-measurement loss recognized during the year.
- n. Decrease in Deferred Tax Liabilities - net was due to higher deferred income tax as a result of the unrealized gross profit of North Residences. The decrease in this account was also due to the lower realized gain on real estate transactions.
- o. Increase in Capital Stock was due to declaration and issuance of 10% stock dividends.
- p. Increase in Net Changes in fair value of available-for-sale financial assets was due to increase in value of shares of stock.
- q. Decrease in Retained Earnings was due to stock and cash dividends declared and distributed during the year.
- r. Decrease in Accumulated Re-measurement on Defined Benefit Plan was due to decrease in value of plan assets.

**Financial Condition (2013 vs. 2012)**

- a. Decrease in Cash and Cash Equivalents was due to the shift of funds to short-term cash investments.
- b. Increase in Short-term Cash Investments was due to additional placements.
- c. Decrease in Available-for-sale Financial Assets was due to decrease in market value of shares of stock.
- d. Decrease in Installment Contracts Receivable was due to collection.
- e. Decrease in Other Receivables was due to collections.
- f. Decrease in Real Estate Properties for Sale-net was due to sales.
- g. Increase in Real Estate Properties Held for Future Development was due to development costs.
- h. Decrease in Other Assets was due to refund of Meralco meter deposits.
- i. Decrease in Accounts Payable and Accrued Expenses was due to payment.
- j. Decrease in Notes and Contracts Payable was due to payment.
- k. Increase in Income Tax Payable was due to higher taxable income.
- l. Decrease in Deferred Tax Liabilities was due to lower financial income as compared to taxable income.
- m. Increase in Capital Stock was due to 20% stock dividends.
- n. Decrease in Retained Earnings was due to cash and stock dividends.
- o. Decrease in Net Changes in Fair Values of Available-for-sale Financial Assets was due to decrease in value of shares of stock
- p. Decrease in Accumulated Re-measurement in Defined Benefit Plan was due to decrease in value of plan assets.

- q. Increase in Net Changes in Fair Values of Available-for-sale Financial Assets was due to increase in value of shares of stock.
- r. Increase in Accumulated Re-measurement in Defined Benefit Plan was due to increase in value of plan assets

#### **Results of Operations (2015 vs. 2014)**

- a. The Company uses the percentage of completion method wherein realization of revenue on sales of real estate properties is based on construction accomplishment. As of December 31, 2015, the construction of its new project is still at its early stage. As a consequence, the percentage of completion is still low, which is the reason of the decrease in sale of real estate properties compared with the same period last year. In addition, the Company also sold a prime lot in 2014 which substantially increased the prior year's revenue on sales of real estate properties.
- b. Decrease in Financial Income was due to lower level of installment contracts receivable.
- c. Decrease in Rent Income was due to expiration of lease contracts of some properties under lease.
- d. Decrease in Other Income was due to decrease in repossessed real estate properties for sale at fair market value.
- e. Decrease in Cost of Real Estate Sales was due to sale of lot in 2014 which increased the cost of real estate on the said year and low percentage of completion of the new project.
- f. Decrease in Operating Expenses was due to lower sales which resulted to lower sharing of common expenses. In addition, taxes and licenses, insurance and membership dues also decreased.
- g. Increase in Financial Expenses was due to higher interest in notes payable balance as compared to the prior year.
- h. Decrease in Other Expenses was due to lower forfeiture/cancellation of prior year's sales.
- i. Decrease in Provision for Income Tax was due to lower taxable income.
- j. Decrease in Net Income was due to lower revenues.

#### **Results of Operations (2014 vs. 2013)**

- a. Increase in Sales of Real Estate was due to sale of lot.
- b. Decrease in Financial Income was due to lower level of installment contracts receivable, lower short-term investments and interest rates on investments.
- c. Increase in Rent Income was due to increase in lease rates and units available for lease.
- d. Decrease in Other Income was due to minimal other income in 2014. In 2013, the Company reversed the excess of cost accrued in the previous years.
- e. Increase in Cost of Real Estate Sales was due to sale of lot.
- f. Decrease in Operating Expenses was due to lower sales which resulted to lower sharing of common expenses. In addition, taxes and licenses, insurance and membership dues also decreased.
- g. Decrease in Financial Expenses was due to decrease in notes payable and lower interest rates.
- h. Increase in Other Expenses was due to forfeiture/cancellation of prior year's sales.
- i. Decrease in Provision for Income Tax was due to lower taxable income.
- j. Decrease in Net Income was due to decrease in revenues and increase in cost of sales and other expenses.

#### **Results of Operations (2013 vs. 2012)**

- a. Decrease in Revenue on Sales of Real Estate Properties was due to decrease in inventory of real estate properties for sale.
- b. Decrease in Financial Income was due to lower interest income as a result of lower level of installment contracts receivable.
- c. Increase in Rent Income was due to increase in available units for lease.
- d. Increase in Other Revenues was due to reversal of excess cost accrual representing excess of estimated development cost over the actual cost of completed projects.
- e. Decrease in Cost of Sales was due to decrease in sales.
- f. Decrease in Operating Expenses was due to lower sales.
- g. Increase in Provision for Income Tax was due to higher taxable income.
- h. Decrease in Net Income was due to lower revenues.

## 2. Information on Independent Auditor

	<u>2015</u>	<u>2014</u>
Audit and audit-related Fees	P400,000	P340,000
Tax Fees	–	–
All other fees	–	–
Total	<u>P400,000</u>	<u>P340,000</u>

The Audit Committee's approval policies and procedures consist of:

- a. Discussion with the external auditors of the Audited Financial Statements.
- b. Recommendation to the BOD for the approval and release of the Audited Financial Statements.

**Item VII. Financial Statements**

Please refer to attached Audited Financial Statements.

**Item VIII. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes in and disagreements with accountants on accounting and financial disclosures.

**PART III – CONTROL AND COMPENSATION INFORMATION****Item IX. Directors and Executive Officers**

A. Identify Directors and Executive Officers:

Names	Citizenship	Position	Period of Service	Term of Office	Age	Family Relationship
Sabino R. Padilla, Jr.	Filipino	Chairman of the Board / Director	1990 to present	1	80	–
Stephen C. Roxas	Filipino	Chairman of Executive Committee / Director	07/01/97 to present	1	74	Husband of Helen Roxas, brother of Grace Liuson & Alice Gohoc
Andrew I. Liuson	Filipino	Vice Chairman of Board / Director	01/16/08 to present	1	71	Husband of Grace Liuson
Grace C. Liuson	Filipino	Deputy Vice Chairman of the Board / Director	02/01/11 to present	1	70	Wife of Andrew Liuson and sister of Stephen Roxas & Alice Gohoc
Peter S. Dee	Filipino	Independent Director	11/22/04 to present	1	74	–
Cesar E.A. Virata	Filipino	Independent Director	06/09/09 to present	1	85	–
Helen C. Roxas	Filipino	Director	1989 to present	1	66	Wife of Stephen Roxas
Alice C. Gohoc	Filipino	Director	1991 to present	1	73	Sister of Stephen Roxas and Grace Liuson; mother of Josef Gohoc
Josef C. Gohoc	Filipino	President / Director	02/01/11 to present	1	45	Nephew of Stephen Roxas and Grace Liuson; son of Alice Gohoc

<b>Names</b>	<b>Citizenship</b>	<b>Position</b>	<b>Period of Service</b>	<b>Term of Office</b>	<b>Age</b>	<b>Family Relationship</b>
Emma A. Choa	Filipino	Executive Vice President / Treasurer	02/01/11 to present	1	55	–
Rudy Go	Filipino	Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer	08/16/07 to present	1	56	–
Melita M. Revuelta	Filipino	Vice President, Assistant Corporate Secretary, alternate Compliance Officer & alternate Corporate Information Officer	01/16/08 to present	1	57	–
Romeo E. Ng	Filipino	Vice President	01/10/05 to present	1	54	–
Eden F. Go	Filipino	Vice President	01/16/08 to present	1	63	–
Melita L. Tan	Filipino	Vice President	02/16/04 to present	1	55	–
Emma G. Jularbal	Filipino	Vice President/ Corporate Secretary	01/01/13 to present	1	59	–
Jocelyn C. De Asis	Filipino	Assistant Corporate Secretary	07/01/2013 to present	1	46	–

## 1. Atty. Sabino R. Padilla, Jr.

<b>Name of Office</b>	<b>Position</b>	<b>Duration</b>
Present position in other private institutions:		
Padilla Law Office	Partner	Past 5 years up to present
Apostolic Nunciature to the Phils.	Legal Counsel	- do -
Catholic Bishops Conference of the Philippines (CBCP) and various archdiocese, dioceses, & prelatures	Legal Counsel	- do -
Assoc. of Major Religious Superiors of the Phil.	Legal Counsel	- do -
Philippine Association of Religious Treasurers	Legal Counsel	- do -
Grace Christian College	Legal Counsel	- do -
Various Catholic religious orders, societies, & congregations for men and women (Dominicans, Augustinian, Franciscan, Columbans, Religious of the Virgin Mary, Daughters of Charity, Carmelite Sisters)	Legal Counsel	- do -
Bank of the Philippine Islands and its subs.	Legal Counsel	- do -
Ayala Land, Inc	Legal Counsel	- do -
State Investment Trust, Inc	Legal Counsel	- do -
Stateland Investment, Inc	Chairman of the Board / Legal Counsel	- do -
Mother Seton Hospital	Legal Counsel	- do -
Our Lady of Lourdes Hospital	Legal Counsel	- do -
St. Paul Hospital, Cavite	Legal Counsel	- do -
Various Catholic universities, colleges, and schools	Legal Counsel	- do -
Various Catholic universities, colleges, schools and foundations	Trustee	- do -
Cityland Development Corporation	Director	- do -



## 2. Stephen C. Roxas

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director / Chairman of Excom	July 1997
Cityland, Inc.	Director / Chairman of the Board	July 1997
Cityplans, Inc	Director / President	October 1988

## 3. Andrew I. Liuson

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director / Vice Chairman of the Board	October 1979/ January 16, 2008
Cityland, Inc.	Director / Vice Chairman of the Board	January 16, 2008
Cityplans, Inc	Director / Chairman of the Board	September 2006
Past position in other private institutions:		
Cityland Development Corporation	Director / President	July 1997-Feb. 14, 2008
Cityland, Inc.	Director / President	July 1997-Feb. 14, 2008

## 4. Grace C. Liuson

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director / Deputy Vice Chairman of the Board	October 1979/ February 1, 2011
Cityland, Inc.	Director / Deputy Vice Chairman of the Board	February 1, 2011
Cityplans, Inc	Director / Exec. Vice President / Treasurer	September 2006
Past position in other private institutions:		
Cityland Development Corporation	President	Feb. 2008 – Jan. 2011
Cityland, Inc.	President	Feb. 2008 – Jan. 2011

## 5. Peter S. Dee

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Asean Finance Corporation, Ltd.	Director	1991 to present
Alpolac, Inc.	Director	1994 to present
China Banking Corp.	Director / President and CEO	1977 to present/ 1985 to August 2014
CBC Forex Corporation	Director / Chairman of the Board	1997 to present
CBC Insurance Brokers, Inc.	Chairman of the Board	1998 to present
CBC Properties & Computer Center, Inc.	Director / President	1984 to present
GDSK Development Corp.	Director	1990 to present
Hydee Mgt. & Resources Corp.	Director	1991 to present
Kemwerke, Inc.	Director	1994 to present
Makati Curbs Holdings Corporation	Director	2012 to present
Great Expectation Holdings, Inc.	Director / Chairman/ President	October 2012 to present

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
The Big D Holdings Corporation	Director / Chairman/ President	April 2013 to present
Commonwealth Foods, Inc.	Director	May 2013 to present
Cityplans, Incorporated	Independent Director	1991 to present
	Chairman – Compensation and Remuneration Committee	2002 to present
	Chairman – Audit Committee	-do-
	Member – Nomination Committee	-do-
Cityland Development Corporation	Independent Director/ Chairman – Audit Committee	1979 to present  2002 to present
Cityland, Inc.	Independent Director	2006 to present
	Chairman – Compensation & Remuneration Committee	-do-
	Chairman – Audit Committee	-do-
	Member – Nomination Committee	-do-

## 6. Cesar E.A. Virata

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
C. Virata & Associates, Inc.	Chairman / President	1986 – Present
Rizal Commercial Banking Corp.	Director / Corporate Vice Chairman	1995 – Present
Malayan Insurance Co., Inc.	Director	2004 – Present
RCBC Realty Corporation	Director	1998 – Present
RCBC Forex Broker Corp.	Chairman / Director	1999 – Present
Luisita Industrial Park	Vice Chairman / Director	1999 – Present
Business World Publishing Corp.	Vice Chairman / Independent Director	1989 – Present
Belle Corporation	Independent Director	1996 – Present
Mapua Institute of Technology	Director	1999 – Present
YGC Corporate Services, Inc.	Director	2001 – Present
Pacific Fund, Inc.	Chairman / Director	1999 – Present
RCBC Land, Inc.	Director / President	1999 – Present
RCBC Savings Bank	Director	1999 – Present
Bankard, Inc.	Chairman / Director	2011 – Present
AY Foundation, Inc	Director	1997 – Present
RCBC International Finance, Ltd. Hongkong	Director	2002 – Present
Cavitex Infrastructure Corp.	Director	2009 – Present
Niyog Property Holdings, Inc.	Director	2005 – Present
Lopez Holdings Corporation	Independent Director	2009 – Present
Great Life Financial Assurance	Director	1997 – Present

## 7. Helen C. Roxas

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director	1979
Cityland, Inc.	Director	1997
Cityplans, Inc	Director	October 1988

## 8. Alice C. Gohoc

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director	September 1996
Cityland, Inc.	Director	September 2001

## 9. Josef C. Gohoc

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Director / President	February 1, 2011
Cityland, Inc.	Director / President	February 1, 2011
Past position in other private institutions:		
Cityland Development Corporation	Senior Vice Pres. / Treasurer	Jan. 2008 – Jan. 2011 / Jun. 2008 – Jan. 2011
Cityland, Inc.	Senior Vice Pres. / Treasurer	Jan. 2008 – Jan. 2011 / Jun. 2008 – Jan. 2011

## 10. Emma A. Choa

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Executive Vice Pres. / Treasurer	January 2015/ February 2011
Cityland, Inc.	Executive Vice Pres. / Treasurer	January 2015/ February 2011

## 11. Rudy Go

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Senior Vice President	January 2015
Cityland, Inc.	Senior Vice President	January 2015

## 12. Melita M. Revuelta

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Vice President	January 2008
Cityland, Inc.	Vice President	January 2008

## 13. Romeo E. Ng

<b>Name of Office</b>	<b>Position</b>	<b>Date Assumed</b>
Present position in other private institutions:		
Cityland Development Corporation	Vice President	January 2005
Cityland, Inc.	Vice President	January 2005

## 14. Emma G. Jularbal

Name of Office	Position	Date Assumed
Present position in other private institutions:		
Cityland Development Corporation	Vice President – Legal Affairs / Corporate Secretary	July 2001 / July 1997
Cityland, Inc	Vice President – Legal Affairs / Corporate Secretary	July 2001 / July 1997

## 15. Jocelyn C. De Asis

Name of Office	Position	Date Assumed
Present position in other private institutions:		
Cityplans, Incorporated	Assistant Corporate Secretary	January 2013

## B. Identify Significant Employees

There is no identifiable significant employee because the Company expects each employee to do his/her share in achieving the corporation's set goal.

## C. Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers, during the past five years:

During the past five years, there is no involvement in certain legal proceedings of any of the directors and executive officers in any court or administrative agency of the government.

In addition, none of them has been:

- involved in any bankruptcy petition;
- convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign;
- subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, and commodities or banking activities; and
- found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

**Item X. Executive Compensation****Executive Compensation Summary Tables**

NAME	POSITION	2016 (estimate)
Josef C. Gohoc	President	x
Jocelyn F. Kwong	Senior Manager	x
Marlon V Oplindo	AVP- DDD	x
Winefreda R. Go	VP – Purchasing	x
Alrolnik M. Fernando	Senior Manager	x
Salaries		₱3,877,414
Bonus		982,779
Others		110,400
<b>Total (Top 5)</b>		<b>₱4,970,593</b>
(Forward)		

NAME	POSITION	2016 (estimate)
Salaries		₱5,239,348
Bonus		1,340,007
Others		228,000
<b>Total Other Officers &amp; Directors as a group unnamed</b>		<b>₱6,807,355</b>
<b>Grand Total</b>		<b>₱11,777,948</b>

NAME	POSITION	2015 (actual)
Josef C. Gohoc	President	X
Winefreda R. Go	VP – Purchasing	X
Marlon V. Olpindo	AVR- DDD	X
Alrolnik M. Fernando	Senior Manager	X
Ireneo F. Javalera	Manager	X
Salaries		₱3,212,466
Bonus		851,674
Others		4,792,979
<b>Total (Top 5)</b>		<b>₱8,857,119</b>
Salaries		5,304,325
Bonus		1,376,764
Others		1,372,290
<b>Total Other Officers &amp; Directors as a group unnamed</b>		<b>₱8,053,379</b>
<b>Grand Total</b>		<b>₱16,910,498</b>

NAME	POSITION	2014 (actual)
Josef C. Gohoc	President	X
Winefreda R. Go	AVP – Purchasing	X
Alrolnik M. Fernando	Manager	X
Jocelyn F. Kwong	Senior Manager	X
Marlon V. Olpindo	Manager	X
Salaries		₱2,870,325
Bonus		719,394
Others		5,204,976
<b>Total (Top 5)</b>		<b>₱8,794,695</b>
Salaries		5,059,566
Bonus		1,256,936
Others		1,533,222
<b>Total Other Officers &amp; Directors as a group unnamed</b>		<b>₱7,849,724</b>
<b>Grand Total</b>		<b>₱16,644,419</b>

The Company has no standard arrangement with regard to the remuneration of its directors. In 2015, 2014 and 2013, the Board of Directors received a total of ₱3.5M, ₱9.6M and ₱12.3M, respectively, including a ₱32,200.00 per annum for each director for the board meetings attended as part of the compensation under all officers and directors as a group unnamed. Moreover, the Company has no standard arrangement with regards to the remuneration of its existing officers aside from the compensation received nor any other arrangement with employment contracts, compensatory plan and stock warrants or options.

#### Item XI. Security Ownership of Certain Beneficial Owners and Management

- A. Security Ownership of Record and Beneficial Owners owning more than 5% of the outstanding capital stock of the Registrant as of December 31, 2015:

Title of Class	Name, Address & Relationship with Issuer	Citizenship	No. of shares held	Percentage
Unclassified common shares	Cityland Development Corporation 2 <sup>nd</sup> Floor Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City - principal stockholder -	Filipino	585,789,535	49.73%

Title of Class	Name, Address & Relationship with Issuer	Citizenship	No. of shares held	Percentage
Unclassified common shares	Cityland, Inc. 3 <sup>rd</sup> Floor Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City - principal stockholder -	Filipino	347,936,095	29.54%

1. The Board of Directors directs the voting or disposition of shares held by Cityland Development Corporation: (Beneficial Owners)

Name	Position
Washington SyCip	Chairman of the Board / Independent Director
Stephen C. Roxas	Chairman of the Executive Committee
Andrew I. Liuson	Director / Vice Chairman of the Board
Grace C. Liuson	Director / Deputy Vice Chairman of the Board
Josef C. Gohoc	Director / President
Peter S. Dee	Independent Director
Sabino R. Padilla, Jr.	Director
Alice C. Gohoc	Director
Helen C. Roxas	Director

2. The following directors direct the voting or disposition of the shares held by Cityland, Inc.: (Beneficial Owners)

Name	Position
Stephen C. Roxas	Chairman of the Board
Andrew I. Liuson	Vice Chairman of the Board
Grace C. Liuson	Deputy Vice Chairman of the Board
Josef C. Gohoc	President

B. No change of control in the corporation has occurred since the beginning of its last fiscal year.

C. Security Ownership of Management as of December 31, 2015:

Title of Class	Name	Amount	Nature of Ownership	Citizenship	Percentage
<b>Directors:</b>					
Unclassified common shares	Atty. Sabino R. Padilla, Jr. Director / Chairman of the Board	588,962	Direct	Filipino	0.05%
Unclassified common shares	Stephen C. Roxas Director / Chairman of Excom	16,296,951	Direct / Indirect	Filipino	1.38%
Unclassified common shares	Andrew I. Liuson Director / Vice Chairman of Board	14,895,839	Direct / Indirect	Filipino	1.26%
Unclassified common shares	Grace C. Liuson Director / Deputy Vice Chairman of the Board	5,542,637	Direct	Filipino	0.47%
Unclassified common shares	Josef C. Gohoc Director / President	2,797,451	Direct	Filipino	0.24%
Unclassified common shares	Peter S. Dee Independent Director	1,736,607	Direct	Filipino	0.15%
Unclassified common shares	Cesar E.A. Virata Independent Director	81,072	Direct	Filipino	0.01%
Unclassified common shares	Helen C. Roxas Director	117,785	Direct	Filipino	0.01%
Unclassified common shares	Alice C. Gohoc Director	2,719,238	Direct / Indirect	Filipino	0.23%
<b>Executive Officers:</b>					
Unclassified common shares	Emma A. Choa Executive Vice President / Treasurer	484,205	Direct / Indirect	Filipino	0.04%
Unclassified common shares	Eden F. Go Vice President	2,079	Direct	Filipino	-
Unclassified common shares	Rudy Go Senior Vice President, Chief Financial Officer, Compliance Officer & Corporate Information Officer	241,901	Direct	Filipino	0.02%

Title of Class	Name	Amount	Nature of Ownership	Citizenship	Percentage
Unclassified common shares	Melita M. Revuelta Vice President, Assistant Corporate Secretary, alternate Compliance Officer & alternate Corporate Information Officer	226,548	Direct / Indirect	Filipino	0.02%
Unclassified common shares	Romeo E. Ng Vice President	494,345	Direct / Indirect	Filipino	0.04%
Unclassified common shares	Melita L. Tan Vice President	53,455	Direct	Filipino	–
Unclassified common shares	Emma G. Jularbal Corporate Secretary	67,034	Direct	Filipino	0.01%
Unclassified common shares	Jocelyn C. De Asis Assistant Corporate Secretary	23,208	Direct	Filipino	–

Note: The above security ownership of management consists of unclassified common shares amounting to ₱46,369,317 which is equivalent to 3.93%.

- D. The Corporation knows no person holding more than 5% of common shares under a voting trust or similar agreement.

## Item XII. Certain Relationships and Related Transactions

- 1) Transactions of Registrants with Any Director, Executive Officer of the Registrant and Any Nominee for Election as a Director

There is no transaction (or series of similar transactions) with or involving the registrant with a director, executive officer, and a nominee for election as a director.

- 2) Related Party Transactions

The Company, in their regular conduct of business, have entered into transactions with associates and related parties which principally consists of advances, reimbursement of expenses, and purchase and sale of real estate properties. These transactions to and from related parties are made on an arm's length basis and at current market prices at the time of the transaction.

There were no transactions with promoters in the past five years.

The Company or its related parties have no relationship on parties that fall outside the definition of related parties that enables to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis. Moreover, the Company has no transactions with former senior management or persons that would result in negotiations of terms that are more or less favorable than those available on an arm's length basis from clearly independent parties that are material to the Company's financial position or financial performance.

Please refer to Note 21 – Related Parties Transactions of the Notes to Financial Statements of the 2015 Audited Financial Statements which is incorporated in the Index to Financial Statements and Supplementary Schedules.

- 3) Parent of the Registrant

Cityland Development Corporation (CDC) owns 49.73% of the outstanding capital stock of the Registrant. The ultimate parent is Cityland, Inc. (CI), which owns 29.54% of the outstanding capital stock of the Registrant

**PART IV – CORPORATE GOVERNANCE**

**Item XIII. Compliance with Leading Practices on Corporate Governance**

Please refer to attached Annual Corporate Governance Report.

**PART V – EXHIBITS AND SCHEDULES**

**Item XIV. Exhibits and Reports on SEC Form 17-A**

A. Exhibits – See accompanying Index to Exhibits

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

B. Reports on SEC Form 17-C

<u>Date Filed</u>	<u>Events Reported</u>
March 19, 2015	Meeting of Board of Directors on authorization for issuance of Audited Financial Statements 2014
April 24, 2015	Special meeting of BOD on approval for retirement of Ms. Josie T. Uy as Vice President who will be retained by the Company as Consultant.
April 27, 2015	Notice of Annual Stockholders' Meeting
May 05, 2015	Notice of Annual Stockholders' Meeting amending the cut-off date of submission of proxy form from June 4, 2013 to May 29, 2015
May 12, 2015	Declaration of 10% Stock Dividends
June 05, 2015	Declaration of Cash dividends
June 10, 2015	Annual Stockholders' Meeting
June 11, 2015	Organizational Meeting of Board of Directors
June 24, 2015	Certification of independent director – Cesar E. A. Virata
June 24, 2015	Certification of independent director – Peter Dee
July 16, 2015	Special meeting of Board of Directors on approval for renewal of Short Term Commercial Papers
September 24, 2015	SEC approval of registration of Php100 million worth of STCPs



SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 13 2016 MANILA

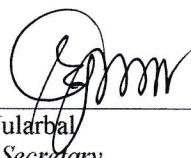
By:

  
\_\_\_\_\_  
Josef C. Gohoc  
President / Chief Executive Officer *UN*

Date: 04/13/16

  
\_\_\_\_\_  
Rudy Go *Y G*  
Senior Vice President / Chief Financial Officer / Comptroller /  
Principal Accounting Officer

Date: 04/13/16

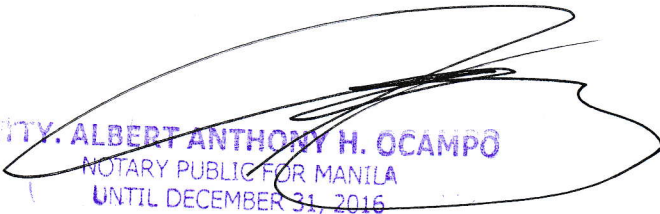
  
\_\_\_\_\_  
Emma G. Jularbal  
Corporate Secretary

Date: 04/13/16

SUBSCRIBED AND SWORN to before me this APR 13 2016 affiant(s) exhibiting to me their Social Security Numbers as follows and other competent evidence of identification:

Name	Social Security No.
Josef C. Gohoc	33-0942784-4
Rudy Go	03-4602228-9
Emma G. Jularbal	03-9243383-5

Doc. No. 297  
Page No. 61  
Book No. III  
Series of 2016

  
ATTY. ALBERT ANTHONY H. OCAMPO  
NOTARY PUBLIC FOR MANILA  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO. 57  
IBP ROLL NO. 44239  
IBP No., 07884/Lifetime/Laguna  
PTR No. 4981779/1-13-2016/Manila  
517-519 Quintin Paredes St., Binondo Manila

**INDEX TO EXHIBITS**

**FORM 17-A**

<u>No.</u>		<u>Page No.</u>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	*
(5)	Instrument Defining the Rights of Security Holders, Including Indentures	
	ARTICLE IV      Certificate of Stock	31
	ARTICLE V      Transfer of Shares of Stock	31
	ARTICLE VII     Stockholders Meeting	31
	ARTICLE VIII    Amendments	32
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letters re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

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\* These exhibits are either not applicable to the Company or require no answer.

#### **ARTICLE IV CERTIFICATE OF STOCK**

Each stockholder whose share of stock has been paid in full shall be entitled to a stock certificate or certificates for such shares of stock.

The certificate of stock shall be in such form and design as may be determined by the Board of Directors. Every certificate shall be signed by the President and countersigned by the Secretary and shall be sealed with the Corporate seal and shall state on its face its number, the date of issue, the number of shares for which it was issued, and the name of the person in whose favor it was issued.

Each share of stock will represent a pro-rate equity in the assets of the Corporation and the rights represented in each and every share of stock shall be identical in all respects and shall be stated herein.

The stockholders shall have no pre-emptive right to subscribe to any issue or disposition of shares of any class and all the stockholders, their transferees and/or assignees take the shares subject to this condition.

#### **ARTICLE V TRANSFER OF SHARES OF STOCK**

Shares of stock shall be transferred by delivery of the certificate endorsed by the owner or his attorney-in-fact or other person legally authorized to make the transfer, but no transfer shall be valid except as between the parties until the transfer is annotated in the books of the Corporation.

No surrendered certificate shall be cancelled by the Secretary before a new certificate in lieu thereof is issued, and the Secretary shall keep the cancelled certificate as a proof of substitution. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit of that fact and shall advertise the same in such manner as the Board may require, and shall give the Corporation a bond of indemnity, in the form and with the sureties satisfactory to the Board, in the sum at least double the par value of such certificate in lieu of the one alleged to be lost or destroyed, always subject to the approval of the Board, and provided further that the requirements of Republic Act No. 201 are first complied with.

#### **ARTICLE VII STOCKHOLDERS' MEETING**

1. Place – All meetings of the stockholders shall be held at the principal office of the Corporation, unless written notices of such meetings should fix another place within the City of Manila.
2. Proxy – Stockholders may vote at all meetings either in person or by proxy. All proxies, voting trusts, and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the corporation's head office not later than five (5) working days before the date of the meeting. Before the deadline such proxies, voting trusts and other voting arrangements may be accepted or rejected by a special committee of inspectors if they do not have the appearance of prima facie authenticity.
3. Quorum – No stockholders' meeting shall be competent to decide any matter or to transact any business unless a majority of the subscribed capital stock is present or represented thereat, except in those cases in which the Corporation law requires the affirmative vote of a greater proportion.
4. Vote – Voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capital.
5. Annual Meeting – The annual meeting of the stockholders shall be held on the first Tuesday of June of each calendar year, when the Board of Directors shall be elected by plurality of votes by ballot system or viva voce.

Written notice of the annual meeting of the Corporation shall be sent to each registered stockholder at least fifteen (15) working days prior to the date of such meeting. Waiver of such notice may only be made in writing.

Only stockholders of record at the close of business hours thirty (30) calendar days prior to the date of such meeting shall be entitled to receive the notice of said meeting and to vote and be voted thereat.

6. Special Meeting – Special meetings of the stockholders may be called by the President at his discretion, or on demand of stockholders holding the majority of the subscribed capital stock of the Corporation.

A written notice stating the day and place of the meeting and the general nature of the business to be transacted shall be sent to each stockholder at least fifteen (15) working days before the date of such special meeting; provided, that this requisite may be waived in writing by the stockholders.

Only stockholders of record at the close of business hours thirty (30) calendar days prior to the date of such meeting shall be entitled to receive the notice of said meeting and to vote and be voted thereat.

7. Minutes – Minutes of all meeting of the stockholders shall be kept and carefully preserved as a record of the business transacted at such meetings. The minutes shall contain such entries as may be required by law.

### **ARTICLE VIII AMENDMENTS**

The provisions of these By-Laws may be amended or repealed by a majority vote of the Board of Directors and the owners of at least a majority of the outstanding capital stock at a regular or special meeting called for the purpose.

The power to amend or repeal these By-Laws may be delegated to the Board of Directors in the manner provided by law.

# COVER SHEET

SEC Registration Number

1 5 2 6 6 1

**COMPANY NAME**C I T Y & L A N D D E V E L O P E R S  
I N C O R P O R A T E D**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)3 r d F l o o r , C i t y l a n d  
C o n d o m i n i u m 1 0 , T o w e r I  
1 5 6 H . V . d e l a C o s t a S t r e e t  
M a k a t i C i t y

Form Type

A C G R

Department requiring the report

C G F D

Secondary License Type, If Applicable

N / A

**COMPANY INFORMATION**

Company's Email Address

fmsd@cityland.net

Company's Telephone Number

893-6060

Mobile Number

n/a

No. of Stockholders

Annual Meeting (Month / Day)

2<sup>nd</sup> Tuesday of June

Fiscal Year (Month / Day)

December 31

**CONTACT PERSON INFORMATION**The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Rudy Go

Email Address

cdc\_rg@cityland.net

Telephone Number/s

893-6060

Mobile Number

n/a

**CONTACT PERSON'S ADDRESS**3<sup>rd</sup> Floor Cityland Condominium 10, Tower II, 154 H.V. dela Costa Street, Makati City

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM - ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT  
(with Consolidated Changes for the Year 2015)**

1. Report is filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **CITY & LAND DEVELOPERS, INCORPORATED**
3. **3/F Cityland Condominium 10, Tower I, 156 H.V.dela Costa Street, Makati City,** **1226**  
Address of principal office Postal Code
4. SEC Identification Number **152661**
5. \_\_\_\_\_ (SEC Use Only)  
Industry Classification
6. BIR Tax Identification No. **000-444-840-000**
7. **(02) 893-60-60**  
Registrant's telephone number, including area code
8. **N/A** .....  
Former name or former address, if changed since last report

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# CITY & LAND DEVELOPERS, INC.

## CITY & LAND DEVELOPERS, INCORPORATED

### CONSOLIDATED CHANGES IN THE ANNUAL CORPORATE GOVERNANCE REPORT (ACGR) FOR THE YEAR 2015 UPDATED AS OF APRIL 14, 2016

#### A. BOARD MATTERS

##### 1) a. Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID)	Elected when (Annual/ Special Meeting)	No. of years served as Director
Sabino R. Padilla, Jr.	NED	N.A.	Catherine Grace Wong	July 1990	June 9, 2015	Annual Meeting	24
Stephen C. Roxas	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual Meeting	27
Andrew I. Liuson	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual Meeting	27
Grace C. Liuson	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual Meeting	27
Josef C. Gohoc	ED	N.A.	Catherine Grace Wong	January 2011	June 9, 2015	Annual Meeting	4
Cesar E.A. Virata	ID	N.A.	Romeo. E. Ng (no relation)	June 2009	June 9, 2015	Annual Meeting	6
Peter S. Dee	ID	N.A.	Marianne M. Martin (no relation)	November 2004	June 9, 2015	Annual Meeting	10
Alice C. Gohoc	NED	N.A.	Catherine Grace Wong	July 1991	June 9, 2015	Annual Meeting	23
Helen C. Roxas	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual Meeting	27

#### References:

- a) Advisement Letter dated June 11, 2015 (Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>
- b) SEC Form 17-C. Results of Annual Stockholders' Meeting dated June 9, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/CDC%20%20Minutes%20of%20Annual%20Stockholders'%20Meeting\\_06.02.2015.pdf](http://www.citylandcondo.com/main/docs_pdf/CDC%20%20Minutes%20of%20Annual%20Stockholders'%20Meeting_06.02.2015.pdf)>
- c) Minutes of Annual Stockholders' Meeting for the Year 2015 (June 9, 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf)>

### 1.c. Shareholding in the Company

Name of Director	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock (Issued and Outstanding)
Sabino R. Padilla, Jr.	588,962	-	0.0500%
Stephen C. Roxas	10,056,158	6,240,793	1.3835
Andrew I. Liuson	6,330,842	8,564,997	1.2646
Grace C. Liuson	5,542,637	-	0.4705
Josef C. Gohoc	2,398,951	398,500	0.2375
Cesar E.A. Virata (ID)	81,072	-	0.0069
Peter S. Dee (ID)	1,736,607	-	0.1474
Alice C. Gohoc	363,369	2,355,869	0.2308
Helen C. Roxas	117,785	-	0.0100
<b>TOTAL</b>	<b>27,216,383</b>	<b>17,560,159</b>	<b>3.8012%</b>

#### References:

- a) Advisement Letter dated April 14, 2016  
<[http://www.citylandcondo.com/main/cg\\_acgr.html](http://www.citylandcondo.com/main/cg_acgr.html)>
- b) Advisement Letter dated August 7, 2015 (Stock Dividends for the year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/Advisement%20Letter%20on%20Updates%20and%20Changes\(ACGR\).pdf](http://www.citylandcondo.com/main/docs_pdf/Advisement%20Letter%20on%20Updates%20and%20Changes(ACGR).pdf)>
- c) SEC Form 23-B and Public Ownership Report as of December 31, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI-Public%20Ownership%20Report%201.06.2016.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI-Public%20Ownership%20Report%201.06.2016.pdf)>

### 5. Voting Results of the Last Annual General Meeting

Name of Director	Votes Received
Sabino R. Padilla, Jr.	901,090,877 votes representing 84.15% of the outstanding capital stock
Stephen C. Roxas	901,090,877 votes representing 84.15% of the outstanding capital stock
Andrew I. Liuson	901,090,877 votes representing 84.15% of the outstanding capital stock
Grace C. Liuson	901,090,877 votes representing 84.15% of the outstanding capital stock
Josef C. Gohoc	901,090,877 votes representing 84.15% of the outstanding capital stock
Cesar E.A. Virata (I)	901,090,877 votes representing 84.15% of the outstanding capital stock
Peter S. Dee (I)	901,090,877 votes representing 84.15% of the outstanding capital stock
Alice C. Gohoc	901,090,877 votes representing 84.15% of the outstanding capital stock
Helen C. Roxas	901,090,877 votes representing 84.15% of the outstanding capital stock

#### Reference:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20on%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20on%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>

### 6.b. Orientation and Education Program

- (b) State any in-house training and external courses attended by Directors and Senior Management:

The Company's Board of Directors and key officers completed a training course on Corporate Governance for the year 2015 as follows:

	Name of Director / Officer	Position	Name of CG Training Provider	Date of CG Training
1.	Atty. Sabino R. Padilla, Jr.	Director / Chairman of the Board	Center for Training and Development, Inc. (CTDI)	November 25, 2015

	<i>Name of Director / Officer</i>	<i>Position</i>	<i>Name of CG Training Provider</i>	<i>Date of CG Training</i>
2.	Mr. Stephen C. Roxas	Director / Chairman of the Executive Committee	Center for Training and Development, Inc. (CTDI)	November 25, 2015
3.	Dr. Andrew I. Liuson	Director / Vice Chairman of the Board	Center for Training and Development, Inc. (CTDI)	November 25, 2015
4.	Mrs. Grace C. Liuson	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
5.	Mr. Josef C. Gohoc	Director / President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
6.	Mr. Peter S. Dee	Independent Director / Chairman of the Audit Committee	Center for Training and Development, Inc. (CTDI)	November 25, 2015
7.	Mr. Cesar E.A. Virata	Independent Director	SyCip Gorres Velayo & Co.	September 5, 2015
8.	Mrs. Alice C. Gohoc	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
9.	Mrs. Helen C. Roxas	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
10.	Ms. Emma A. Choa	Executive Vice President / Treasurer	Center for Training and Development, Inc. (CTDI)	November 25, 2015
11.	Mr. Rudy Go	Senior Vice President / Compliance Officer	Center for Training and Development, Inc. (CTDI)	November 25, 2015
12.	Mr. Eden F. Go	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
13.	Mrs. Melita M. Revuelta	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
14.	Mr. Romeo E. Ng	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
15.	Mrs. Melita L. Tan	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
16.	Atty. Emma G. Jularbal	Vice President – Legal Department / Corporate Secretary	Center for Training and Development, Inc. (CTDI)	November 25, 2015
17.	Mrs. Jocelyn C. De Asis	Assistant Corporate Secretary	Center for Training and Development, Inc. (CTDI)	November 25, 2015
18.	Ms. Dorothy U. So	Internal Audit Head	Center for Training and Development, Inc. (CTDI)	November 25, 2015

***Reference:***

a) Advisement Letter dated December 2, 2015

(Corporate Governance Seminar for the year 2015)

<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI%20ADVISEMENTLETTER%20\(CG%20Seminar%202015\)12.02.15.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI%20ADVISEMENTLETTER%20(CG%20Seminar%202015)12.02.15.pdf)>

**C. BOARD MEETINGS AND ATTENDANCE**

**2. Attendance of Directors**

Position	Name	Date of Election	Number of Meetings Held during the Year (2015)	Number of Meetings Attended	%
Chairman	Sabino R. Padilla, Jr.	June 9, 2015	14	14	100%
Member	Stephen C. Roxas	June 9, 2015	14	14	100%
Member	Andrew I. Liuson	June 9, 2015	14	14	100%
Member	Grace C. Liuson	June 9, 2015	14	14	100%

Position	Name	Date of Election	Number of Meetings Held during the Year (2015)	Number of Meetings Attended	%
Member	Josef C. Gohoc	June 9, 2015	14	14	100%
Independent Director	Cesar E.A. Virata	June 9, 2015	14	12	86%
Independent Director	Peter S. Dee	June 9, 2015	14	11	79%
Member	Alice C. Gohoc	June 9, 2015	14	14	100%
Member	Helen C. Roxas	June 9, 2015	14	14	100%

Reference:

- a) Advisement Letter dated January 4, 2016  
(Attendance of Directors on Board Meetings for the year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDIAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDIAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf)>

## D. REMUNERATION MATTERS

### 3. Aggregate Remuneration

Remuneration Item	Executive Directors	Non – Executive Directors (other than Independent Directors)	Independent Directors
(a) Fixed and variable remuneration and Bonus	P4,176,005.55		
(b) Per diem allowance	314,800		
(c) Stock Options and other financial instruments	N.A.		
(d) Others (specify)	N.A.		
<b>Total</b>	<b>P4,490,806</b>		

Reference:

- a) Advisement Letter dated April 14, 2016  
<[http://www.citylandcondo.com/main/cg\\_acgr.html](http://www.citylandcondo.com/main/cg_acgr.html)>

### 5. Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer	Position	Total Remuneration (For the Year 2015)
Winefreda R. Go	Vice President – Purchasing Department	<b>P9,834,021</b>
Marlon V. Olpindo	Assistant Vice President – Design & Development Department	
Alrolnik M. Fernando	Senior Manager	
Ireneo F. Javalera	Manager	
Jocelyn F. Kwong	Senior Manager	

Reference:

- a) Advisement Letter dated April 14, 2016  
<[http://www.citylandcondo.com/main/cg\\_acgr.html](http://www.citylandcondo.com/main/cg_acgr.html)>

**E. BOARD COMMITTEES**

**2) Committee Members (Attendance and Number of Meetings Held)**

*(a) Executive Committee*

Office	Name	Date of Appointment	Number of Meetings Attended (2015)	%	Length of Service in the Committee
Chairman (NED)	Stephen C. Roxas	June 1988	140 / 140	100%	27 years
Member (NED)	Andrew I Liuson	June 1988	140 / 140	100%	27 years
Member (NED)	Grace C. Liuson	June 1988	140 / 140	100%	27 years
Member (ED)	Josef C. Gohoc	January 2011	140 / 140	100%	4 years

*(b) Audit Committee*

Office	Name	Date of Appointment	Number of Meetings Attended(2015)	%	Length of Service in the Committee
Chairman (ID)	Peter S. Dee	December 2, 2004	4 / 4	100%	11 years
Member (NED)	Grace C. Liuson	December 2, 2004	4 / 4	100%	11 years
Member (NED)	Alice C. Gohoc	December 2, 2004	4 / 4	100%	11 years

*(c) Nomination Committee*

Office	Name	Date of Appointment	Number of Meetings Attended(2015)	%	Length of Service in the Committee
Chairman	Jesus Go	December 2, 2004	2 / 2	100%	11 years
Member (NED)	Stephen C. Roxas	December 2, 2004	2 / 2	100%	11 years
Member (NED)	Andrew I. Liuson	December 2, 2004	2 / 2	100%	11 years
Member (ID)	Peter S. Dee	December 2, 2004	2 / 2	100%	11 years

*(d) Compensation and Remuneration Committee*

Office	Name	Date of Appointment	Number of Meetings Attended(2015)	%	Length of Service in the Committee
Chairman (ID)	Peter S. Dee	December 2, 2004	2 / 2	100%	11 years
Member (NED)	Stephen C. Roxas	December 2, 2004	2 / 2	100%	11 years
Member (NED)	Andrew I. Liuson	December 2, 2004	2 / 2	100%	11 years

Reference:

a) Advisement Letter dated January 4, 2016

(Attendance of Directors on Board Meetings for the year 2015)

<[http://www.citylandcondo.com/main/docs\\_pdf/CLDIAAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDIAAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf)>

## H. ROLE OF STAKEHOLDERS

### 3) (c) *Employees Training and Development Programs*

The Company provides training and development programs to its employees for their continuing professional development and to improve their productivity.

The following are the Company's employee training and development programs for the year 2015, among others:

- Technical Group (Engineering Department); and
- Financial Management Services Department

#### Reference:

- a) Advisement Letter dated January 4, 2016  
(Attendance of Directors on Board Meetings for the year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDIAAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDIAAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf)>

## I. DISCLOSURE AND TRANSPARENCY

### 1. *Ownership Structure*

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percentage (%)	Beneficial Owner
Cityland Development Corporation	585,789,535	49.73	N.A.
Cityland, Inc.	347,936,095	29.54	N.A.

#### References:

- a) Advisement Letter dated August 7, 2015  
(Stock Dividends for the year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/Advisement%20Letter%20on%20Updates%20and%20Changes\(ACGR\).pdf](http://www.citylandcondo.com/main/docs_pdf/Advisement%20Letter%20on%20Updates%20and%20Changes(ACGR).pdf)>
- b) Public Ownership Report as of December 31, 2015  
[http://www.citylandcondo.com/main/docs\\_pdf/CLDI-Public%20Ownership%20Report%201.06.2016.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI-Public%20Ownership%20Report%201.06.2016.pdf)
- c) List of Top 100 Stockholders as of December 31, 2015  
[http://www.citylandcondo.com/main/docs\\_pdf/CLDITOP100.12.31.2015\\_Amended.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDITOP100.12.31.2015_Amended.pdf)

### 3. *External Auditor's Fee*

Name of Auditor	Audit Fee	Non – Audit Fee
Sycip, Gorres, Velayo & Co.	₱400,000.00	N.A.

\*2015 Audit of Financial Statements

#### Reference:

- Advisement Letter dated April 14, 2016  
<[http://www.citylandcondo.com/main/cg\\_acgr.html](http://www.citylandcondo.com/main/cg_acgr.html)>

## 7. Disclosure of Related Party Transactions (RPT)

RPT	Relationship	Nature	Value
2015 Audited Financial Statements: Note 21, Related Party Transactions			
a) Sharing of expenses charged to the Company	a) Ultimate parent company, parent company and affiliates	a) Transactions and account balances entered into in the normal course of business	a) Outstanding amounts in:  <u>2015</u> Receivables= ₱1,571,529 Payables= ₱71,392  <u>2014</u> Receivables= ₱2,413,470 Payables= ₱336,010
b) Shares of stock held by members of the Board of Directors (BOD)	b) Board of Directors (BOD)	b) Shares of stock held by members of the BOD	b) Amount of shares  2015= ₱44.78 million 2014= ₱44.88 million
c) Retirement Plan of Employees	c) Affiliated companies	c) The Group has a funded, noncontributory defined benefit plan, administered by trustee covering all of its permanent employees. The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan.	c) Company's share on the fair value of plan assets:  2015= ₱5.97 million 2014= ₱4.45 million
d) Compensation of key management personnel	d) Board of Directors and Senior Management	d) Compensation of key management personnel	d) Amounts of compensation:  2015= ₱2,220,479 2014= ₱3,745,845

### Reference:

Advisement Letter dated April 14, 2016  
[http://www.citylandcondo.com/main/cg\\_acgr.html](http://www.citylandcondo.com/main/cg_acgr.html)

## J. RIGHTS OF STOCKHOLDERS

### I.c. Stockholders' Rights, Dividends

	Declaration Date	Record Date	Payment Date
<b>2015</b>			
Cash Dividends of Php0.019/ share	June 4, 2015	July 3, 2015	July 29, 2015
10% Stock Dividends	May 11, 2015	July 9, 2015	August 4, 2015
<b>2014</b>			
Cash Dividends of Php0.03/ share	May 30, 2014	June 24, 2014	July 18, 2014
5% Stock Dividends	April 21, 2014	July 3, 2014	July 29, 2014
<b>2013</b>			
Cash Dividends of Php0.03/ share	June 4, 2013	June 19, 2013	July 15, 2013
5% Stock Dividends	April 25, 2013	July 4, 2013	July 30, 2013

References:

- a) SEC Form 17-C. Declaration of 10% Stock Dividends dated May 11, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI%20%2017C%20Stock%20Dividends%202015.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI%20%2017C%20Stock%20Dividends%202015.pdf)>
- b) SEC Form 17-C. Declaration of Cash Dividends dated June 4, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/17C%20CLDI%20Cash%20Dividends%20declared%2006%2004%202015.pdf](http://www.citylandcondo.com/main/docs_pdf/17C%20CLDI%20Cash%20Dividends%20declared%2006%2004%202015.pdf)>

**1.d. Stockholders' Participation**

1-7. State, if any, the measures adopted to promote stockholder participation in the Annual / Special Stockholders' meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measure Adopted	Communication Procedure
	As part of the Other Matter in the Agenda and after discussion of the items in the Agenda, the Chairman normally asks the stockholders present if there are other matter or business which they would like to present in the meeting. If necessary, the raised matter is normally discussed and / or answered to the satisfaction of the concerned stockholder.

Reference:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>

**9.a.&b. Does the company observe a minimum of 21 business days for giving out notices to the AGM where items to be resolved by shareholders are taken up?**

Yes.

a. Date of sending out notices:

		Number of Days
For 2015 Annual Stockholders' Meeting:	<u>April 24, 2015</u>	<u>31</u>
For 2014 Annual Stockholders' Meeting:	<u>April 25, 2014</u>	<u>31</u>
For 2013 Annual Stockholders' Meeting:	<u>April 26, 2013</u>	<u>31</u>

b. Date of Annual / Special Stockholders' Meeting:

2015 Annual Stockholders' Meeting:	<u>June 9, 2015</u>
2014 Annual Stockholders' Meeting:	<u>June 10, 2014</u>
2013 Annual Stockholders' Meeting:	<u>June 11, 2013</u>

References:

- a) SEC Form 17C. Notice of Annual Stockholders' Meeting dated June 9, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Notice%20of%20Stockholders'%20Meeting.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Notice%20of%20Stockholders'%20Meeting.pdf)>
- b) SEC Form 20-IS. Preliminary and Definitive Information Statements  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_DEFINITIVE\\_INFORMATION\\_STATEMENT.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_DEFINITIVE_INFORMATION_STATEMENT.pdf)>



**10. State, if any, questions and answers during the Annual / Special Stockholders' Meeting.**

There were no questions raised during the Annual Stockholders' Meeting.

**References:**

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>
- b) Minutes of Annual Stockholders' Meeting for the Year 2015 (June 9, 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf)>

**11. - 23. Result of Annual / Special Stockholders' Meeting's Resolutions**

<b>Resolution</b>	<b>Approving</b>	<b>Dissenting</b>	<b>Abstaining</b>
Approval and / or ratification of the following by the stockholders:			
• Minutes of previous meeting	• 901,090,877 votes representing 84.15% of the outstanding capital stock	• -0-	• -0-
• President's Report	• 901,090,877 votes representing 84.15% of the outstanding capital stock	• -0-	• -0-
• Election of Directors (including Independent Directors)	• 901,090,877 votes per nominated director / independent director representing 84.15% of the outstanding capital stock	• -0-	• -0-
• Appointment of external auditor: SyCip Gorres Velayo & Co. (SGV & Co.)	• 901,090,877 votes representing 84.15% of the outstanding capital stock	• -0-	• -0-
• Approval of the Board Resolution dated May 11, 2015 regarding the declaration of 10% stock dividends	• 901,090,877 votes representing 84.15% of the outstanding capital stock	• -0-	• -0-
• Confirmation of all acts of the Board of Directors for the period covering January 1, 2014 through December 31, 2014 adopted in the ordinary course of business.	• 901,090,877 votes representing 84.15% of the outstanding capital stock	• -0-	• -0-

**24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**

For June 9, 2015 Annual Stockholders' Meeting, the result of the meeting was disclosed in the Philippine Stock Exchange on June 10, 2015.

This was also uploaded in the Company Website under Corporate Governance Section, Latest Disclosures.

References:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>
- b) SEC Form 17-C. Results of Annual Stockholders' Meeting dated June 9, 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/SEC17C\\_CLDI\\_Annual%20stockholders%20meeting\\_06092015.pdf](http://www.citylandcondo.com/main/docs_pdf/SEC17C_CLDI_Annual%20stockholders%20meeting_06092015.pdf)>
- c) Minutes of Annual Stockholders' Meeting for the Year 2015 (June 9, 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf)>

*f) Stockholders' Attendance*

*(i) Details of the Attendance in the Annual / Special Stockholders' Meeting Held:*

At the Annual Stockholders' Meeting held on June 9, 2015, approximately over **901,090,877** or **84.15%** of the total issued and outstanding 1,070,849,945 were represented in person and by proxy.

	Number of Shares
With Proxy	870,389,402
In Person	30,701,475
Total	901,090,877

Reference:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>

*(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSSMs?*

Yes. Professional Stock Transfer, Inc., a registered stock transfer agent of Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) counted and validated the above attendance during the Annual Stockholders' Meeting held on June 9, 2015. The Company's external auditors, SGV & Co., validated the votes at the Annual Stockholders' Meeting.

Reference:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)>

i) **Definitive Information Statements and Management Report**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	784 stockholders	789 stockholders	805 stockholders
<b>Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by market participants/certain beneficial owners</b>	May 19, 2015	May 20, 2014	May 21, 2013
<b>Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by stockholders</b>	May 19, 2015	May 20, 2014	May 21, 2013
<b>State whether CD format or hard copies were distributed</b>	CD format	CD format	CD format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes. Upon written request, requesting stockholders were provided hard copies.	Yes. Upon written request, requesting stockholders were provided hard copies.	Yes. Upon written request, requesting stockholders were provided hard copies.

References:

- a) Advisement Letter dated June 11, 2015  
(Annual Stockholders' Meeting for the Year 2015)  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders%20Meeting).pdf)>
- b) SEC Form 20-IS. Definitive Information Statement for the Year 2015  
<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_DEFINITIVE\\_INFORMATION\\_STATEMENT.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_DEFINITIVE_INFORMATION_STATEMENT.pdf)>

Certified correct by:



**RUDY GO**  
CITY & LAND DEVELOPERS, INCORPORATED  
Senior Vice President / Compliance Officer

Date: April 14, 2016



**SECRETARY'S CERTIFICATE**

I, **EMMA G. JULARBAL**, subscribing under oath, hereby depose and state that:

1. I am the Corporate Secretary of **CITY & LAND DEVELOPERS, INCORPORATED**, a corporation duly organized and existing under Philippine laws with principal office address at 3F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City.
2. At the special meeting of the Board of Directors held on December 14, 2015, at the address aforesated, the following resolution, among others, was passed and unanimously approved.

**RESOLUTION NO. SM-29**

“WHEREAS, under the Securities and Exchange Commission (SEC) Memorandum Circular No. 12, Series of 2014, publicly-listed companies are required to post in their website the Consolidated Changes in their Annual Corporate Governance Report (ACGR) containing all the updates and changes made in their ACGR for the whole year, within ten (10) days from the end of the second (2<sup>nd</sup>) to the fourth (4<sup>th</sup>) year after the initial submission of their ACGR;

RESOLVED, that after review and discussion, the Board of Directors hereby approves the Company's Consolidated Changes in the ACGR for the year 2015 covering updates and changes made from January 1 to December 31, 2015;

FURTHER RESOLVED, that the Compliance Officer and / or Alternate Compliance Officer, be, and as they are hereby authorized, to sign and execute any and all documents relative to the above;

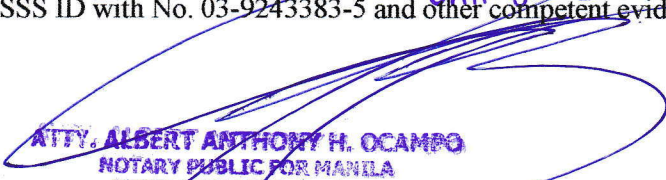
RESOLVED FINALLY, as submission and compliance to the said requirements of SEC, the Board of Directors hereby authorizes the posting on the Company's website of the approved Consolidated Changes in ACGR for the year 2015, and to update the same if necessary, hereby confirming and ratifying whatever acts were done or to be done under the premises.”

Done this day of JAN 05 2016 at MANILA.

  
**EMMA G. JULARBAL**  
Corporate Secretary *for* 

SUBSCRIBED AND SWORN to before me in MANILA City on JAN 05 2016, affiant personally appeared and exhibited her SSS ID with No. 03-9243383-5 and other competent evidence of identification.

Doc. No. 379;  
Page No. 77;  
Book No. II;  
Series of 2016.

  
**ATTY. ALBERT ANTHONY H. OCAMPO**  
NOTARY PUBLIC FOR MANILA  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO.: 57  
IBP ROLL NO.: 84290  
PTR No.: 3849503/1-12-2015/Manila  
IBP No.: 97984/LPalima/Laguna  
817-B19 Quictin Paredes St., Binondo Manila

## A. BOARD MATTERS

### 1) Board of Directors

<b>Number of Directors per Articles of Incorporation</b>	<b>Nine (9)</b>
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<b>Actual number of Directors for the year</b>	<b>Nine (9)</b>
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of years served as Director
Sabino R. Padilla, Jr.	NED	N.A.	Catherine Grace Wong	July 1990	June 9, 2015	Annual meeting	24
Stephen C. Roxas	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual meeting	27
Andrew I. Liuson	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual meeting	27
Grace C. Liuson	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual meeting	27
Josef C. Gohoc	ED	N.A.	Catherine Grace Wong	January 2011	June 9, 2015	Annual meeting	4
Cesar E.A. Virata	ID	N.A.	Romeo E. Ng (no relation)	June 2009	June 9, 2015	Annual meeting	6
Peter S. Dee	ID	N.A.	Marianne M. Martin (no relation)	November 2004	June 9, 2015	Annual meeting	10
Alice C. Gohoc	NED	N.A.	Catherine Grace Wong	July 1991	June 9, 2015	Annual meeting	23
Helen C. Roxas	NED	N.A.	Catherine Grace Wong	June 1988	June 9, 2015	Annual meeting	27

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties and board responsibilities.

#### Corporate Governance Policy Summary

The Corporate Governance policy of City & Land Developers, Incorporated (the Company) represents the rules, systems and processes that govern the performance of the Board of Directors (BOD) and Management of their respective duties and responsibilities. These rules as contained in the Revised Manual of Corporate Governance shall institutionalize the principles of good corporate governance in the entire organization.

The BOD and the Management of the Company believe that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

The BOD and the Management commit themselves to the principles and best practices of corporate governance as contained in the Revised Manual of Corporate Governance and acknowledge that the same shall guide the attainment of corporate goals.

The Corporate Governance policies of the Company are summarized as follows:

### **Board of Directors**

The BOD is primarily responsible for the governance of the company. The Board sets the policies for the accomplishment of the corporate objectives and provides independent check on the Management. It is the Board's responsibility to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The BOD formulates the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

### **Stockholders' Right and Protection of Minority Stockholders' Interests**

All stockholders, including minority interests are treated equally and without discrimination.

The Board respects the rights of the stockholders as provided for in the Company Code:

- *Right to vote on all matters that require their consent or approval;*
- *Pre-emptive right to all stock issuances of the Company;*
- *Right to inspect corporate book and records;*
- *Right to information;*
- *Right to dividends; and*
- *Appraisal right.*

### **Other Stakeholders' Relations**

The Company acknowledges the roles of different stakeholders in the attainment of its objectives and recognizes its obligations over them, as well.

The Company's customers, business partners, employees, creditors, government, communities, non-government organizations, media and the general public are valued and recognized by the Company as its success rests on the relationship with these stakeholders through their support and contribution to the Company.

### **Financial Reporting, Disclosures and Transparency**

As a commitment to the standards of full disclosure and transparency, the Company consistently provides the stakeholders and general public of the substantial and material financial and operating information through timely and adequate disclosure filings to the respective regulatory agencies. Such information include among others, earning results and other financial reports, related party transactions, ownership structure, other operating information and material management actions which are fully disclosed in a timely manner as compliance to disclosure requirements under existing laws and regulations.

*How often does the Board review and approve the vision and mission?*

The vision and mission of the Company is being reviewed by the Board from time to time and as the need arises to affirm that these are still consistent with the corporate goals.

*(b) Directorship in Other Companies*

*(i) Directorship in the Company's Group<sup>[2]</sup>*

*Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:*

<b>Director's Name</b>	<b>Corporate Name of the Group Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
Sabino R. Padilla, Jr.	Cityland Development Company	Non-Executive Director
Stephen C. Roxas	Cityland, Inc. Cityland Development Company Cityplans, Incorporated Cityads Incorporated Credit and Land Holdings, Inc.	Non-Executive Director / Chairman Non-Executive Director Non-Executive Director Non-Executive Director / Chairman Non-Executive Director / Chairman
Andrew I. Liuson	Cityland, Inc. Cityland Development Company Cityplans, Incorporated Cityads Incorporated Credit and Land Holdings, Inc.	Non-Executive Director Non-Executive Director Non-Executive Director / Chairman Non-Executive Director Non-Executive Director
Grace C. Liuson	Cityland, Inc. Cityland Development Company Cityplans, Incorporated Cityads Incorporated Credit and Land Holdings, Inc.	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Josef C. Gohoc	Cityland, Inc. Cityland Development Company Cityads Incorporated	Executive Director Executive Director Executive Director
Peter S. Dee	Cityland, Inc. Cityland Development Company Cityplans, Incorporated	Independent Director Independent Director Independent Director
Alice C. Gohoc	Cityland, Inc. Cityland Development Company Cityads Incorporated Credit and Land Holdings Inc.	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Helen C. Roxas	Cityland, Inc. Cityland Development Company Cityplans, Incorporated Cityads Incorporated Credit and Land Holdings, Inc.	Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director

<sup>2</sup> The Group is composed of the Ultimate Parent Company, Parent Company and affiliates.

(ii) *Directorship in Other Listed Companies*

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

<b>Director's Name</b>	<b>Name of Listed Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
Cesar E.A. Virata	Rizal Commercial Banking Corp.	Non- Executive Director
	Belle Company	Independent Director
	Lopez Holdings Company	Independent Director
Peter S. Dee	China Banking Corp.	Non- Executive Director

(iii) *Relationship within the Company and its Group*

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its Group:

<b>Director's Name</b>	<b>Name of the Significant Shareholder</b>	<b>Description of the Relationship</b>
Sabino R. Padilla Jr.	Cityland Development Company	Stockholder and Director
Stephen C. Roxas	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director
Andrew I. Liuson	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director
Grace C. Liuson	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director
Josef C. Gohoc	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director
Peter S. Dee	Cityland Development Company Cityland, Inc.	Stockholder and Director Director
Alice C. Gohoc	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director
Helen C. Roxas	Cityland Development Company Cityland, Inc.	Stockholder and Director Stockholder and Director



- (iv) *Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly-listed companies imposed and observed? If yes, briefly describe other guidelines:*

	<b>Guidelines</b>	<b>Maximum Number of Directorship in Other Companies</b>
Executive Director	<p><i>(Revised Manual of Corporate Governance: Article 3, Multiple Board Seats)</i></p> <p>The optimum number of directorship (executive and non-executive) should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.</p> <p>The Chief Executive Officer (“CEO”) and other executive directors are covered by a lower indicative limit for membership in other boards. A similar limit applies to independent or non-executive directors who, at the same time, serve as full-time executives in other Companies. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.</p>	
Non-Executive Director		
CEO		

(c) *Shareholding in the Company*

*Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:*

<b>Name of Director</b>	<b>Number of Direct Shares</b>	<b>Number of Indirect Shares / Through (name of record owner)</b>	<b>% of Capital Stock (Issued and outstanding)</b>
Sabino R. Padilla, Jr.	588,962	-	0.0500%
Stephen C. Roxas	10,056,158	6,240,793	1.3835
Andrew I. Liuson	6,330,842	8,564,997	1.2646
Grace C. Liuson	5,542,637	-	0.4705
Josef C. Gohoc	2,398,951	398,500	0.2375
Cesar E.A. Virata (ID)	81,072	-	0.0069
Peter S. Dee (ID)	1,736,607	-	0.1474
Alice C. Gohoc	363,369	2,355,869	0.2308
Helen C. Roxas	117,785	-	0.0100
<b>TOTAL</b>	<b>27,216,383</b>	<b>17,560,159</b>	<b>3.8012%</b>

2) *Chairman and CEO*

- (a) *Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.*

Yes

No

Identify the Chairman and CEO:

<b>Chairman of the Board</b>	Sabino R. Padilla, Jr.
<b>CEO/President</b>	Josef C. Gohoc

(b) *Roles, Accountabilities and Deliverables*

*Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.*

	<b>Chairman</b>	<b>Chief Executive Officer</b>
<b>Role</b>	The principal role of the Chairman is to manage and provide leadership to the Board in the performance of its duties and responsibilities.	The role of the Chief Executive Officer (CEO) is to provide leadership to the business of the Company and manage it within the authorities delegated by the Board.
<b>Accountabilities and Deliverables</b>	<p><i>Accountabilities and Deliverables of the Chairman of the Board:</i></p> <p><u>Accountabilities of the Chairman</u></p> <p>The Chairman shall be accountable for the proper leadership and management of the Board in its activities to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>He shall also provide management to the Board in the formulation of the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p><u>Deliverables and Duties and Functions of the Chairman</u></p> <p><u>Revised Manual of Corporate Governance: Article 3.C. The Chairman and the CEO</u></p> <p>The Chairman shall have the following duties and functions:</p> <p>He shall preside at all meetings of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors may, from time to time, fix or delegate.</p>	<p><i>Accountabilities and Deliverables of the Chief Executive Officer:</i></p> <p><u>Accountabilities, Deliverables and Duties and functions of the CEO</u></p> <p>The CEO shall be accountable with the over-all conduct of business of the Company.</p> <p>He shall be primarily responsible with the implementation of policies as authorized by the BOD in the conduct of the business of the Company.</p> <p>This includes managing credit, market, liquidity, operational, legal and other risks of the Company.</p> <p>He shall also have the following powers and responsibilities:</p> <p><u>(Company Amended By-Laws: Article 3.3. President)</u></p> <p>To preside at all meetings of the stockholders and of the BOD in the absence of the Chairman of the Board.</p> <p>To have direct and active management of the business and operations of the Company, conducting the same according to the orders, resolutions and instructions of the BOD and his own discretion whenever and wherever the same is not expressly limited by such orders, resolutions and instructions.</p> <p>To exercise general supervision over all other officers and employees of the Company, and appoint, and at his discretion remove or suspend, all employees, agents, and other</p>

	<b>Chairman</b>	<b>Chief Executive Officer</b>
	<p>Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;</p> <p>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;</p> <p>Maintain qualitative and timely lines of communication and information between the Board and Management.</p>	<p>subordinate personnel of the Company and prescribe their duties, and fix or change from time to time, their respective salaries and wages, and require guaranties or bonds in such amounts as he may determine to secure the faithful discharge by certain employees or agents of their official trust.</p> <p>To create, open and provide for the maintenance of such branches or agencies in the Philippines or in foreign countries and to appoint and vest authority in such officers and agents in said branches or agencies as the President deems expedient.</p> <p>To obtain loans overdrafts and credit facilities from any banking institution, company, partnership, or person in such amount and under conditions or stipulations as he deems convenient, and to secure its payment and its interests as well, the President is likewise authorized to hypothecate or pledge the real and personal properties of the Company.</p> <p>To execute in behalf of the Company all contracts and agreements which said Company may enter into.</p> <p>To sign, endorse, and deliver all checks, drafts bills of exchange, promissory notes and orders of payment of sums of money in the name and in behalf of the Company.</p> <p>To open bank accounts for the Company with any banking institution in the City of Manila or in other cities or towns in the Philippines or in foreign countries; and to sign checks, receipts and any other instruments for withdrawal from said accounts.</p> <p>To submit an annual report of the operations of the Company to the Board of Directors and at such other time as the latter may request, an annual report thereof to the stockholders at the annual meeting.</p> <p>To sign certificates of stock.</p> <p>To exercise such powers and perform such other duties as the Board of Directors may from time to time, fix or delegate.</p> <p>The President may delegate any of the above powers to any officer.</p>

(c) *Explain how the Board of Directors plan for the succession of the CEO/Managing Director/President and the top key management positions?*

The Board of Directors plan for the succession of top key management positions through implementation of an effective process which includes appointment and selection of competent, professional, honest and highly-motivated management officers.

Revised Manual of Corporate Governance: Article 3.H. Internal Control Responsibilities of the Board

As part of the internal control mechanisms adopted by the Board in the performance of its oversight responsibilities over the Management, the Board's responsibility includes:

- Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
- Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
- Evaluation of proposed senior management appointments;
- Selection and appointment of qualified and competent management officers; and
- Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and Management succession plan.

The Management succession plan is being reviewed by the Board of Directors with the assistance of the Management through its Human Resources Department by examining the Company's current goals and direction to properly reflect the qualifications of the future Management appointees which the Company will need.

3) *Other Executives, Non-Executive and Independent Directors*

*Does the company have a policy of ensuring diversity of experience and background of directors in the Board? Please explain.*

Revised Manual of Corporate Governance: Article 3.D Qualifications of Directors

In addition to the qualifications for membership in the Board as provided for in the Company Code, Securities Regulation Code and other relevant laws, The Board provides for additional qualifications which include, among others, the following:

- a) college education or equivalent academic degree;
- b) practical understanding of the business of the Company;
- c) membership in good standing in relevant industry, business or professional organizations; and
- d) previous business experience.

*Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.*

Yes. This is taken into account during the Nomination of the Directors through the Nomination Committee. Non-executive director/s of the Company has proven track record experience in the industry it belongs as evidenced by their business experience.

*Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:*

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	<p>The role of the Executive Director is to design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner.</p>	<p>The role of a non-executive director is to provide the Board of Directors objective criticism and advice in the matters of its activities.</p> <p>They provide an objective judgment to bear on issues of strategy, performance and resources including key appointments and standards of conduct.</p> <p>Non-executive directors provide general guidance and a different perspective on matters of concern.</p>	<p>The Company defines an independent director as a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.</p> <p>Independent directors protect the interests of all shareholders and ensure that any fraudulent and incompetent actions by the Management do not go unnoticed.</p> <p>Independent directors are expected to be independent from the Management and act as the trustees of shareholders. They are obligated to be fully aware of and question the conduct of organization on relevant issues.</p>
<b>Accountabilities and Deliverables</b>	<p><u>Accountabilities, Deliverables and Functions of the Executive Director</u></p> <p>The Executive Director is responsible for the day-to-day operation of the organization, including managing committees and staff and developing business plans in collaboration with the Board for the future of the organization.</p> <p>The Executive Director is accountable to the Chairman of the Board and reports to the board on a regular basis - quarterly, semiannually, or annually.</p>	<p><u>Accountabilities, Deliverables and Functions of the Non- Executive Director</u></p> <p>Non-executive directors are expected to focus on board matters and not be involved in executive directions or operations of the company.</p> <p>In so doing, they should provide an objective view of the company, distinct from its day-to-day operations.</p>	<p><u>Accountabilities, Deliverables and Functions of an Independent Director</u></p> <p>Independent Directors safeguard the interests of all shareholders.</p> <p>They also review the Management's performance and make sure that financial information provided to shareholders is accurate and complete.</p> <p>They also ensure that an effective risk management system is in place.</p> <p>Independent directors therefore are appointed to bring to the Board:</p>

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
	The Executive Director leads the organization and develops its organizational culture.		(a) independence (b) impartiality (c) wide experience (d) specialist knowledge.

*Provide the company's definition of "independence" and describe the company's compliance to the definition.*

As defined in the Revised Manual of Corporate Governance, independence is being free of any business or other relationship which could, or could reasonably be perceived to; materially interfere with the exercise of one's judgment in carrying out his responsibilities.

The Company complies with this definition by ensuring that the Board of Directors is composed of at least two (2) independent directors: (1) Mr. Cesar E.A. Virata; and (2) Mr. Peter Dee, as per SRC Rule 38 and SEC Memorandum Circular No. 6, Series of 2009, Revised Code of Corporate Governance.

*Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.*

In compliance with SEC Memorandum Circular No. 9, Series of 2011, the Company has implemented a term limit of five (5) consecutive years for independent directors. After the completion of the five (5) year service period, an ID can be elected for another period of five (5) consecutive years, after the "cooling-off" period of two (2) years, provided that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the company.

This term limit on independent directors is effective January 2, 2012.

#### 4) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

##### (a) Resignation/Death/Removal

*Indicate any changes in the composition of the Board of Directors that happened during the period:*

There has been no change/s that happened in the composition of the Board during the years 2015 and 2014.

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
N.A.	N.A.	N.A.	N.A.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

*Describe the procedures for the selection/ appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure.*

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors  (ii) Non – Executive Directors	<p>In the selection and appointment of Board of Directors: <u>executive, non-executive and independent</u>,</p> <p><i>(Amended Company By-Laws: Article II.1 Qualification and Election of Directors)</i></p> <p>The Board of Directors shall be elected annually by stockholders owning or representing at least majority of the subscribed and outstanding capital stock of the Company and have a term of one (1) year and shall serve until the election and qualification of successors.</p> <p><i>(Definitive Information Statement: SEC Form 20-IS: Control and Compensation Information, IV. Voting Securities and Principal Holders Thereof)</i></p> <p>In the election of directors, the number of votes to which each stockholder is entitled shall be equal to the number of shares he owns multiplied by the number of directors to be elected. All stockholders shall have cumulative voting rights. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.</p>	<p>Criteria for the selection and appointment of Board of Directors: <u>executive, non-executive and independent</u></p> <p><i>(Amended Company By-Laws: Article II.1, Qualification and Election of Board of Directors)</i></p> <p>All members of the Board of Directors were pre-screened by the Nomination Committee in accordance with the following qualifications:</p> <ul style="list-style-type: none"> <li>• holder of at least one (1) share of stock of the Company;</li> <li>• at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</li> <li>• at least 21 years old; and</li> <li>• proven to possess integrity and probity.</li> </ul> <p><i>(Revised Manual of Corporate Governance: Article 3.D. Qualification of Directors)</i></p> <p>In addition to the qualifications for membership in the Board provided for in the Company Code, Securities Regulation Code and other relevant laws, the Board provides for additional qualifications which include, among others, the following:</p>
(iii) Independent Directors	<p><i>(Amended Company By-Laws: Article II.7 Nomination and Election of Independent Directors)</i></p> <p><i>((Definitive Information Statement: SEC Form 20-IS: Control and Compensation Information, Procedures for Nomination and Election of Independent Directors)</i></p> <p>Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the</p>	<p>following:</p> <ul style="list-style-type: none"> <li>• College education or equivalent academic degree;</li> <li>• Practical understanding of the business of the Company;</li> <li>• Membership in good standing in relevant industry, business or professional organizations; and</li> </ul>

Procedure	Process Adopted	Criteria
	<p>acceptance and conformity by the would-be nominees.</p> <p>The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of “Annex C” of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent directors shall be identified in such report including any relationship with the nominee.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders’ meeting.</p> <p>Subject to pertinent existing laws, rule and regulations, the conduct of the election of the independent director shall be made in accordance with the standard election procedures of this By-laws.</p> <p>It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders’ meeting.</p> <p>Specific slot for the independent directors shall not be filled-up by unqualified nominee.</p> <p>In case of failure of election of independent director, the Chairman of the meeting call a separate election during the same meeting to fill up the vacancy.</p>	<ul style="list-style-type: none"> <li>• Previous business experience.</li> </ul> <p><i>Independent Directors</i></p> <p>In addition to the above criteria and qualifications to be elected as a director, an independent director to be nominated and elected should possess all qualifications to serve as an independent director of the Company, as provided for in Section 38 of SRC Code and its implementing rules.</p> <p><i>(Definitive Information Statement: SEC Form 20-IS, Control and Compensation Information, Nominees for Election as Members of the Board of Directors for the ensuing term/year)</i></p>



Procedure	Process Adopted	Criteria
<b>b. Re-appointment</b>		
(i) Executive Directors; (ii) Non – Executive Directors; and (iii) Independent Directors	<p>Members of the Board of Directors are elected annually during the stockholders' meeting.</p> <p>The members of the Board may be elected and nominated for re-election for another term of one (1) year provided that he/ she is still qualified under the qualifications of the Amended By-Laws, Revised Manual of Corporate Governance and existing laws, rules and regulations.</p> <p><i>Independent Directors:</i></p> <p>The above is applicable for independent directors, however, a term limit of five (5) years has been set for the re-election and appointment of independent directors in compliance with SEC Memorandum Circular No. 9, Series of 2011, effective January 2, 2012. An independent director who had served for five (5) consecutive years may be re-elected for another five (5) years, provided that he/ she had undergone the two (2) year “cooling off” period.</p>	<p>The same qualifications/ criteria in <i>letter a. Selection and Appointment</i> apply for the re-appointment or re-election of directors: executive, non-executive and independent.</p> <p>An additional criteria for the independent director who will be re-elected for another five (5) years after undergoing a 2-year “cooling off” period:</p> <ul style="list-style-type: none"> <li>The independent director concerned should have not engaged in any activity during the two (2)- year “cooling off” period that under existing rules disqualifies a person from being elected as ID in the company.</li> </ul>
<b>c. Permanent Disqualification</b>		
(i) Executive Directors; (ii) Non – Executive Directors; and (iii) Independent Directors	<p>The Board of Directors shall be the body to review, evaluate and assess a director's continuing qualification as a member of the Board.</p> <p>The Board had laid down the grounds as enumerated in the next column for the disqualification of directors as member of the Board.</p> <p>A director, upon proof of the misconduct and with any final judgment or conviction of the grounds for disqualification, shall immediately be disqualified as a member of the Board.</p>	<p><u><i>(Revised Manual of Corporate Governance: Article 3.E Disqualification of Directors)</i></u></p> <p>The following shall be grounds for the permanent disqualification of a director (<u>executive/non-executive/ independent</u>):</p> <p>(i) Conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code;(b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p>

Procedure	Process Adopted	Criteria
		<p>(ii) By reason of misconduct, after hearing, permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>Disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Company Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p>

Procedure	Process Adopted	Criteria
		<ul style="list-style-type: none"> <li data-bbox="1090 237 1482 568">(iii) Conviction by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</li> <li data-bbox="1090 591 1482 1010">(iv) Adjudged by final judgment or order of Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Company Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any its rule, regulation or order;</li> <li data-bbox="1090 1032 1482 1178">(v) Elected earlier as an independent director who becomes an officer, employee or consultant of the same Company;</li> <li data-bbox="1090 1200 1482 1256">(vi) Being judicially declared as insolvent;</li> <li data-bbox="1090 1279 1482 1547">(vii) Guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</li> <li data-bbox="1090 1570 1482 1805">(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Company Code committed within five (5) years prior to the date of his election or appointment.</li> </ul>

Procedure	Process Adopted	Criteria
<b>d. Temporary Disqualification</b>		
<p>(i) Executive Directors;  (ii) Non – Executive Directors; and  (iii) Independent Directors</p>	<p>The Board of Directors shall be the body to review, evaluate and assess a director's continuing qualification as member of the Board.</p> <p>The Board had laid down the grounds as enumerated in the next column for the disqualification of directors as member of the Board.</p> <p>A director, upon proof of the misconduct and with any final judgment or conviction of the grounds for disqualification, shall immediately be disqualified as a member of the Board.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p><u><i>(Revised Manual of Corporate Governance: Article 3.E Disqualification of Directors)</i></u></p> <p>The following shall be grounds for temporary disqualification of a director <u>(executive/non-executive/independent)</u>:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p> <p>(iii) Dismissal or termination for cause as director of City &amp; Land Developers, Inc. covered by the Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(iv) If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>

Procedure	Process Adopted	Criteria
<b>e. Removal</b>		
(i) Executive Directors; (ii) Non – Executive Directors; and (iii) Independent Directors	A member of the Board of Director may be removed upon the recommendation of the Nomination Committee based on the following criteria as enumerated in the following column.	The following are the criteria or grounds for a removal of a director as a member of the Board_ <u>(executive, non-executive, independent)</u> : <ul style="list-style-type: none"> <li>• He was finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;</li> <li>• He was finally found by SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counselled, induced or procured the violation of the Securities Regulation Code, the Company Code, or any other law administered by SEC or BSP, or any rule, regulation or order of the SEC or BSP.</li> <li>• He was judicially declared to be insolvent;</li> <li>• He was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Company Code, committed within five (5) years prior to the date of his election or appointment; and</li> <li>• For independent director, if he becomes an officer or employee of the Company.</li> </ul>
<b>f. Re-instatement</b>		
(i) Executive Directors; (ii) Non – Executive Directors; and (iii) Independent Directors	A temporarily disqualified or suspended director may be re-instated as a member of the Board, provided that, within sixty (60) business days from such disqualification or suspension, the director concerned takes the appropriate action to remedy or correct the disqualification or suspension. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent and may or may not be re-instated or eligible to be a director again.	A director <u>(executive, non-executive, independent)</u> may be re-instated as a member of the Board of Directors if and when: <ul style="list-style-type: none"> <li>• He had taken appropriate action to remedy or correct his suspension or disqualification and has cleared himself of any involvement in the alleged irregularity.</li> </ul>

Procedure	Process Adopted	Criteria
		<ul style="list-style-type: none"> <li>• He still possesses the qualifications of a director set forth in the Company By-Laws, Revised Manual of Corporate Governance and other existing laws, rules and regulations.</li> <li>• He agreed to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.</li> </ul>
<b>g. Suspension</b>		
(i) Executive Directors; (ii) Non – Executive Directors; and (iii) Independent Directors	The rules and procedures of a suspension of a director are embodied in the Revised Manual of Corporate Governance under Disqualification of Directors and are also discussed in <i>letter c. Permanent disqualification and letter d. Temporary disqualification</i> above.	In addition to the criteria or grounds for suspension of a director as embodied in the Revised Manual of Corporate Governance under Disqualification of Directors, a member of the Board of Directors upon recommendation of the Nomination Committee may be suspended based on the following: <ul style="list-style-type: none"> <li>• He refused to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.</li> <li>• Absence or no-participation for whatever reason/s for more than 50% of all meetings, both regular or special, of the Board of Directors during his incumbency, or any 12 month period during said incumbency.</li> <li>• Dismissal/ termination from directorship in another listed Company for a cause.</li> <li>• Conviction that has yet become final.</li> </ul>

5) *Voting Result of the last Annual General Meeting (June 9, 2015)*

<b>Name of Director</b>	<b>Votes Received</b>
Sabino R. Padilla, Jr.	901,090,877 votes representing 84.15% of the outstanding capital stock
Stephen C. Roxas	901,090,877 votes representing 84.15% of the outstanding capital stock
Andrew I. Liuson	901,090,877 votes representing 84.15% of the outstanding capital stock
Grace C. Liuson	901,090,877 votes representing 84.15% of the outstanding capital stock
Josef C. Gohoc	901,090,877 votes representing 84.15% of the outstanding capital stock
Cesar E.A. Virata (ID)	901,090,877 votes representing 84.15% of the outstanding capital stock
Peter S. Dee (ID)	901,090,877 votes representing 84.15% of the outstanding capital stock
Alice C. Gohoc	901,090,877 votes representing 84.15% of the outstanding capital stock
Helen C. Roxas	901,090,877 votes representing 84.15% of the outstanding capital stock

6) Orientation and Education Program

*(a) Disclose details of the company's orientation program for new directors, if any.*

New directors are oriented of the Company's background, corporate goals, organizational structure and business operations through the following:

- a) Orientation and induction meeting by the Board of Directors as soon as the new director is elected; and
- b) Briefing and presentation of written materials such as the Company's Corporate Governance Manual, previous minutes of meeting of the Board of Directors, most recent strategic and operating plan, annual report and corporate videos;

For the years 2015 and 2014, there is no new director which would entail an orientation program.

(b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years:<sup>3]</sup>

The Company's Board of Directors and key officers completed a training course on Corporate Governance for the year 2015 as follows:

	<i>Name of Director/ Officer</i>	<i>Position</i>	<i>Name of CG Training Provider</i>	<i>Date of CG Training</i>
1.	Atty. Sabino R. Padilla, Jr.	Director / Chairman of the Board	Center for Training and Development, Inc. (CTDI)	November 25, 2015
2.	Mr. Stephen C. Roxas	Director / Chairman of the Executive Committee	Center for Training and Development, Inc. (CTDI)	November 25, 2015
3.	Dr. Andrew I. Liuson	Director / Vice Chairman of the Board	Center for Training and Development, Inc. (CTDI)	November 25, 2015
4.	Mrs. Grace C. Liuson	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
5.	Mr. Josef C. Gohoc	Director/ President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
6.	Mr. Peter S. Dee	Independent Director/ Chairman of the Audit Committee	Center for Training and Development, Inc. (CTDI)	November 25, 2015
7.	Mr. Cesar E.A. Virata	Independent Director	SyCip Gorres Velayo & Co.	September 5, 2015
8.	Mrs. Alice C. Gohoc	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
9.	Mrs. Helen C. Roxas	Director	Center for Training and Development, Inc. (CTDI)	November 25, 2015
10.	Ms. Emma A. Choa	Executive Vice President/ Treasurer	Center for Training and Development, Inc. (CTDI)	November 25, 2015
11.	Mr. Rudy Go	Senior Vice President/ Compliance Officer	Center for Training and Development, Inc. (CTDI)	November 25, 2015
12.	Mr. Eden F. Go	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
13.	Ms. Melita M. Revuelta	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
14.	Mr. Romeo E. Ng	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
15.	Ms. Melita L. Tan	Vice President	Center for Training and Development, Inc. (CTDI)	November 25, 2015
16.	Atty. Emma G. Jularbal	Corporate Secretary	Center for Training and Development, Inc. (CTDI)	November 25, 2015
17.	Ms. Jocelyn C. De Asis	Assistant Corporate Secretary	Center for Training and Development, Inc. (CTDI)	November 25, 2015
18.	Ms. Dorothy U. So	Internal Audit Head	Center for Training and Development, Inc. (CTDI)	November 25, 2015

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.



(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director / Officer	Date of Training	Program	Name of Training Institution
Please refer to No.6.b. <i>Orientation and Education Program</i> above for the in-house training and external courses of the directors and senior management.			

## B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p><u><i>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</i></u></p> <p><b>Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</b></p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality.</p> <p>If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p>	<p><u><i>Company Personnel Manual</i></u></p> <p>An employee, as a condition of employment, accepts the responsibility of conducting himself at all times with complete honesty and in a manner which will not be in conflict with the best interests of the Company.</p> <p>The Company Personnel Manual enumerated the non-exclusive examples or conditions which are conflicts of interest.</p> <p>It will be the responsibility of the employee to:</p> <ol style="list-style-type: none"> <li>1. Not participate in conflicts of interest.</li> <li>2. Make full disclosure to the Company Management if such conflicts do exist.</li> <li>3. Review with his supervisor activities which could result in conflicts, and before participating in any such activities, obtain written approval from the Executive Vice President/ President which will be based upon a report made to him by the supervisor of the employee.</li> <li>4. Correct any existing conflicts within a period of time prescribed by the Management.</li> </ol> <p>It will be the responsibility of the Company Management in any review of a possible conflict of interest, to make decision which will protect the interests of the Company, and in so far as compatible with the Company's interests, to be fair and just to the employee.</p> <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
(b) Conduct of Business and Fair Dealings	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <ul style="list-style-type: none"> <li>• <b>Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</b></li> </ul> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <ul style="list-style-type: none"> <li>• <b>Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</b></li> </ul> <p>A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in the Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <ul style="list-style-type: none"> <li>• <b>Act judiciously.</b></li> </ul> <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p>	<p><u>Company Personnel Manual</u></p> <p>An employee, as a condition of employment, accepts the responsibility of conducting himself at all times with complete honesty and in a manner which will not be in conflict with the best interests of the Company.</p> <p>The Company Personnel Manual enumerated the non-exclusive examples or conditions which are conflicts of interest prohibited by the Company in the proper performance and conduct of business and fair dealings of the senior management and all employees.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<ul style="list-style-type: none"> <li>• <b>Exercise independent judgment.</b></li> </ul> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Company.</p>		
(c) Receipt of gifts from third parties	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p><b>Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</b></p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p>	<p><u>Company Personnel Manual</u></p> <p><i>Accepting money or substantial gifts or favors from an outside person, firm, agency or organization which has dealings or seeks to have dealings with the Company.</i></p> <p>All Company officers and employees are prohibited from accepting gifts, fees, and commissions from clients in the course of duty. Gifts from clients have to be politely declined.</p>	
(d) Compliance with Laws & Regulations	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p><b>Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of in Company and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</b></p> <p>A director should keep abreast with industry developments and business trends in order to promote the Company's competitiveness.</p>	<p><u>Company Personnel Manual</u></p> <p>The rules and regulations of the Company are incorporated in the provisions of the Personnel Manual as well as in such memoranda or circulars that may be issued by the Management or the Board of Directors from time to time.</p> <p>The executive officers, department heads and all employees have thoroughly familiarized themselves with the provisions of the Company's rules and regulations. Each employee has to be well informed of the contents of memoranda, circulars and other orders of the Company, especially those pertaining to his own department. The</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
		department head is given the responsibility to keep his subordinates well-acquainted with and compliant to the Company rules and regulations and any changes thereof.	
(e) Respect for Trade Secrets/Use of Non-Public Information	<p><u>Revised Manual on Corporate Governance: Article 3.G. Specific Duties and Responsibilities of a Director</u></p> <p><b>Observe confidentiality.</b></p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p><u>Company Personnel Manual</u></p> <p><i>Divulging information about the Company, its plans or forecasts which is not public and before such information is released to the public.</i></p> <p>No officer or employee is authorized to issue press release without prior written approval of the Management.</p>	
(f) Use of Company Funds, Assets and Information	<p><u>Revised Manual on Corporate Governance: Article 3.G. Specific Duties and Responsibilities of a Director</u></p> <p><b>Observe confidentiality.</b></p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p><u>Company Personnel Manual</u></p> <p>Official business matters and affairs should be kept in strict confidence and should not be divulged much less discussed with outsiders. Inquiries or requests for information should be referred to the Department Head for reply.</p> <p>Employees are strictly prohibited from bringing outside the Company's premises records, books, letters, forms and other Company property without the permission of the President/ Executive Vice President.</p>	
(g) Employment & Labor Laws & Policies	<p>The Board of Directors in the performance of its duties is to ensure the Company's faithful compliance with all applicable laws, regulations and best business practices, including employment and labor laws, practices and policies.</p>	<p>The Company continues to abide and comply with the existing labor laws and regulation, i.e. Minimum Wage Law and others rules with regards the employment, remuneration and mandatory benefits of its officers and employees.</p> <p>The company policies affecting the employment of senior management and employees are embodied in the Company Personnel Manual.</p> <p>This includes, among others, the policies on recruitment, selection of new employees, orientation of new employees, employment, promotion, resignation, work schedule and other office procedures.</p>	
(h) Disciplinary action	<p>The Company's policies and grounds for disciplinary actions affecting the Board of Directors are laid down in the <u>Revised Manual of Corporate Governance, Article 3.E. Disqualification of Directors.</u></p>	<p><u>Company Personnel Manual</u></p> <p>The Management may suspend, remove or dismiss any Officer or employee for a just cause as provided for in this Manual or when authorized by existing laws upon proper application for clearance with the Department of Labor and Employment.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Members of the Board should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p> <p>A director should follow the norms of conduct as enumerated in the Revised Manual of Corporate Governance.</p>	<p>Causes or offenses enumerated in the Company Personnel Manual will merit termination of the services of the employee found guilty besides the imposition of other penalties as may be determined by the Management.</p> <p><u>Company Personnel Manual</u></p> <p>The Officer or employee shall correct any existing conflicts of interest within a period of time prescribed by the Management.</p> <p>It will be the responsibility of the Company Management in any review of a possible conflict of interest, to make decision which will protect the interests of the Company, and in so far as compatible with the Company's interests, to be fair and just to the employee.</p> <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	
(i) Whistle Blower	<p>The Board of Directors shall ensure the protection of any reporting member of the board, officer or employee of any violations of any company rules and regulation and governmental laws. This is done through implementation of whistle blower policies wherein members of the Board, officer or employee are encouraged to speak up any problems within the Company without fear of retaliation.</p>	<p><u>Company Personnel Manual</u></p> <p>Any employee having proof of the dishonesty, negligence or disloyalty on the part of the Company's personnel should promptly report the matter, either verbally or in writing to his immediate supervisor or to any higher officer of the Company.</p>	
(j) Conflict Resolution	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the</p>	<p><u>Company Personnel Manual</u></p> <p>The following are the procedures and responsibilities of the employee and the Management for conflict resolution:</p> <p>The senior management or employee should:</p> <ol style="list-style-type: none"> <li>1. Not participate in conflicts of interest.</li> <li>2. Make full disclosure to the Company Management if such conflicts do exist.</li> <li>3. Review with his supervisor activities which could result in conflicts, and before participating in any such activities, obtain written approval from the EVP/ President which will be based upon a report made to him by the supervisor of the employee.</li> </ol>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	Company.	<p>4. Correct any existing conflicts within a period of time prescribed by the Management.</p> <p>It will be the responsibility of the Company Management in any review of a possible conflict of interest, to make decision which will protect the interests of the Company, and in so far as compatible with the Company's interests, to be fair and just to the employee.</p> <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	

- 2) *Has the code of ethics or conduct been disseminated to all directors, senior management and employees?*

Yes. The rules under the Personnel Manual are implemented through proper information to the Company personnel in the form of memoranda, circulars and other orders of the Company.

- 3) *Discuss how the company implements and monitors compliance with the code of ethics or conduct.*

Company Personnel Manual

The rules and regulations of the Company are incorporated in the following provisions of the Company Personnel Manual as well as in such memoranda or circulars that may be issued by the Management or the Board of Directors from time to time.

The executive officers, department heads and all employees have thoroughly familiarized themselves with the provisions of the Company's rules and regulations. Each employee has to be well informed of the contents of memoranda, circulars and other orders of the Company, especially those pertaining to his own department. The department head is given the responsibility to keep his subordinates well-acquainted with and compliant to the Company rules and regulations and any changes thereof.

- 4) *Related Party Transactions*

- (a) Policies and Procedures

*Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.*

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p><i>(2015 Audited Financial Statements: Note 21. Related Party Transactions)</i></p> <p>Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.</p> <p><i>(Revised Manual of Corporate Governance: Article 3.F.2H. Duties and Responsibilities of the Board)</i></p> <p>The Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/ children/ siblings/ parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/ Officers and 5% or more Shareholders

*Identify any actual or probable conflict of interest to which directors/ officers /5% or more shareholders may be involved.*

Not applicable. The Company is not aware of any conflict of interest to which directors/ officers or 5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N.A.
Name of Officer/s	N.A.
Name of Significant Shareholders	N.A.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	<u>Revised Manual of Corporate Governance: Article 3.H. Internal Control Responsibilities of the Board</u>  The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.
Group	  The Company also has an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with, and to detect, determine and resolve any possible conflict of interest. The Board appoints an Internal Auditor to perform the audit function, and require him to report to the Audit Committee that allows the internal audit activity to fulfill its mandate.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family, commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:<sup>4</sup>

Not Applicable.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N.A.	N.A.	N.A.

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N.A.	N.A.	N.A.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

There are no shareholder agreements that may impact on the control, ownership and strategic direction of the Company.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N.A.	N.A.	N.A.

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.



6) *Alternative Dispute Resolution*

*Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities.*

For the past three (3) years, there have been no conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities.

	<b>Alternative Dispute Resolution System</b>
Company & Stockholders	N.A.
Company and Third Parties	N.A.
Company & Regulatory Authorities	N.A.

**C. BOARD MEETINGS & ATTENDANCE**

1) *Are Board of Directors' meetings scheduled before or at the beginning of the year?*

Board meetings are scheduled and disseminated to the members of the Board at the beginning of the year.

*Cityland Website: Corporate Governance Section, Board of Directors*  
[http://www.citylandcondo.com/main/corporate\\_governance.html](http://www.citylandcondo.com/main/corporate_governance.html)

2) *Attendance of Directors*

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held during the year (2015)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman	Sabino R. Padilla, Jr.	June 9, 2015	14	14	100%
Member	Stephen C. Roxas	June 9, 2015	14	14	100%
Member	Andrew I. Liuson	June 9, 2015	14	14	100%
Member	Grace C. Liuson	June 9, 2015	14	14	100%
Member	Josef C. Gohoc	June 9, 2015	14	14	100%
Independent Director	Cesar E.A. Virata	June 9, 2015	14	12	86%
Independent Director	Peter S. Dee	June 9, 2015	14	11	79%
Member	Alice C. Gohoc	June 9, 2015	14	14	100%
Member	Helen C. Roxas	June 9, 2015	14	14	100%

3) *Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?*

Not Applicable. There are no events during the year requiring a meeting of non-executive directors without the presence of the executive directors.

4) *Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.*

As per the Company amended By-Laws, a majority of the Directors shall be necessary at all meetings to constitute a quorum duly assembled as a Board.

- *Access to information*

(a) *How many days in advance are board paper for board of directors meetings provided to the board?* <sup>[5]</sup>

Board Papers are prepared a week before the Board of Directors meetings.

(b) *Do board members have independent access to Management and the Corporate Secretary?*

Revised Manual of Corporate Governance: Article 4, Adequate and Timely Information

Yes. The Board of Directors are given independent access to the Management and the Corporate Secretary.

(c) *State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?*

As stipulated in the amended By-Laws, the Corporate Secretary shall perform the following duties:

- to keep full minutes of all meetings of the Board of Directors and of the stockholders;
- to keep the stock and transfer book and corporate seal, which he shall stamp on all documents requiring such seal of the Company;
- to fill and countersign all the certificates of stock issued, making corresponding annotations on the margin or stub of such certificates upon issuance;
- to give, or cause to be given, all notices required by law or by the By-Laws of the Company, as well as notices of all meetings of the Board of Directors and of the stockholders; and
- to perform such other duties as may be prescribed by the Board of Directors or the President.

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<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meetings. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Revised Manual of Corporate Governance: Article 3.L, The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Company. He should -

- i. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
- ii. Be loyal to the mission, vision and objectives of the Company;
- iii. Work fairly and objectively with the Board, Management and stockholders;
- iv. Have appropriate administrative and interpersonal skills;
- v. If he is not at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- vi. Have a working knowledge of the operations of the Company;
- vii. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- viii. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so; and
- ix. Ensure that all Board procedures, rules and regulations are strictly followed by the members.

Revised Manual of Corporate Governance: Article 3.C, The Chairman and Chief Executive Officer: Chairman's Duties and Responsibilities

Item ii. Supervise the preparation of the agenda of the meeting *in coordination with the Corporate Secretary*, taking into consideration the suggestions of the CEO, Management and the directors;

(d) *Is the Company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.*

Yes. The Corporate Secretary, being a lawyer, is trained in legal and secretarial practices.

(e) *Committee Procedures*

*Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:*

Yes  /

No

Committee	Details of the procedures
Executive	<i>(Revised Manual of Corporate Governance: Article 3.G. Specific Duties and Responsibilities of a Director)</i>
Audit	He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

Committee	Details of the procedures
Nomination	<u>(Revised Manual of Corporate Governance: Article 4, Adequate and Timely Information)</u>
Compensation and Remuneration	To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.  Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members are given independent access to Management and the Corporate Secretary.
Others (specify)	The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

5) *External Advice*

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedure	Details
<u>(Revised Manual of Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director)</u>  A director in the performance of his duties and responsibilities should devote time and attention necessary in its proper and effective performance.  A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.  This may include receiving external and independent professional advice.	<u>(Revised Manual of Corporate Governance: Article 4, Adequate and Timely Information)</u>  The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice.

6) *Change/s in existing policies*

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There have been no change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the Company.

Existing Policies	Changes	Reason
N.A.	N.A.	N.A.

## D. REMUNERATION MATTERS

### 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	(2015 Audited Financial Statements: Note 21, Related Party Transaction, Compensation of Key Management Personnel)	
(2) Variable remuneration		
(3) Per diem allowance	The Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.	
(4) Bonus		
(5) Stock Options and other financial instruments	The Group does not have any arrangements for stock warrants or options offered to its employees.	
(6) Others (specify)	Not Applicable	Not Applicable

### 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Package	How compensation is calculated
Executive Directors	<p>Market competitive</p> <p><u>Company Amended By-Laws: Article II.5. Compensation</u></p> <p>The Director shall be entitled to compensation, reasonable per diems and other benefits as such director, provided the same shall not exceed the limits set by the Company Code.</p>	Fixed and variable compensation, bonus and other benefits	Based on scope of role in the organization
Non-Executive Directors	<p><u>Company Code of the Philippines (Batas Pambansa Bilang 68)</u></p> <p><i>Sec. 30. Compensation of Directors.</i> - In no case shall the total yearly compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the Company during the preceding year.</p>	Director's fee, per diem	Sum of director's fee, per diem

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits- in kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Not Applicable. For the past three (3) years, there has been no change in the arrangement with regards to the remuneration of its directors.

Remuneration Scheme	Date of Stockholders' Approval
N.A.	N.A.

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(a) Fixed and variable remuneration and Bonus	₱4,176,006		
(b) Per diem allowance	314,800		
(c) Stock options and other financial instruments	N.A.		
(d) Others (specify)	N.A.		
<b>Total</b>	₱4,490,806		

Other Benefits	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(a) Advances	N.A.	N.A.	N.A.
(b) Credit granted	N.A.	N.A.	N.A.
(c) Pension Plan/s Contributions	N.A.	N.A.	N.A.
(d) Pension Plans, Obligations incurred	N.A.	N.A.	N.A.
(e) Life Insurance Premium	N.A.	N.A.	N.A.
(f) Hospitalization Plan	N.A.	N.A.	N.A.
(g) Car Plan	N.A.	N.A.	N.A.
(h) Others (specify)	N.A.	N.A.	N.A.
<b>Total</b>			

4) *Stock Rights, Options and Warrants*

(a) Board of Directors

*Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:*

Not applicable. The Group does not have any arrangements for stock rights, warrants or options offered to its directors, officers and employees.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	No. of Equivalent Shares	Total % from Capital Stock
N.A.	N.A.	N.A.	N.A.	N.A.

(b) Amendments of Incentive Programs

*Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are the subject to approval during the Annual Stockholders' Meeting:*

Not Applicable. There have been no amendments or discontinuation of any incentive programs during the years 2015 and 2014.

Incentive Program	Amendments	Date of Stockholder's Approval
N.A.	N.A.	N.A.

5) *Remuneration of Management*

*Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:*

Name of Officer	Position	Total Remuneration (For the Year 2015)
Winefreda R. Go	Vice President- Purchasing Department	₱9,834,021
Marlon V. Olpindo	Assistant Vice President – Design & Development Department	
Alrolnik M. Fernando	Senior Manager	
Ireneo F. Javalera	Manager	
Jocelyn F. Kwong	Senior Manager	

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

*Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:*

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive	1	3	0	None	<p><b><u>Functions, Key Responsibilities and Power of the Executive Committee</u></b></p> <p>The Board of Directors has vested upon the Executive Committee the management of the business and operations of the Company.</p> <p>The duties, functions and key responsibilities of the Executive Committee is to promulgate the operating policies that shall govern the affairs of the Company and to ensure that the Company's operations are managed in a cost-effective and time-efficient manner.</p>		
Audit	0	2	1	Yes	<p><b><u>Functions of the Audit Committee</u></b> (Revised Manual of Corporate Governance: Article 3K. Board Committees)</p> <p>a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <p>b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company.</p> <p>c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;</p> <p>e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit.</p> <p>f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p>		
						<p><b><u>(Audit Committee Charter: B. Purpose and Authority)</u></b></p> <p>The Audit Committee, in the performance of its functions shall have the authority to conduct investigations into any matters within the scope of its responsibilities and obtain advice and assistance from outside existing legal, accounting, other advisors, as necessary.</p>	



Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
					<p>g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>h) Review the reports submitted by the internal and external auditors;</p> <p>i) Review the quarterly, half-year and annual financial statements before their submission to the Board;</p> <p>j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;</p> <p>l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.</p> <p>The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p> <p><b><u>Key Responsibilities of the Audit Committee</u></b> <b><u>(Audit Committee Charter)</u></b></p> <p>The key responsibilities of the Audit Committee includes overseeing the integrity of the company's financial statements, financial reporting and disclosures, the Company's systems of internal controls and financial reporting controls, performance of the Company's internal audit function, independent audit on the Company's financial statements and compliance with legal and regulatory requirements.</p>		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Nomination	0	2	1	None	<p><b><u>Functions, Responsibilities and Powers of the Nomination Committee</u></b> (Revised Manual of Corporate Governance: Article 3K. Board Committees)</p> <p>Review and evaluate qualifications of all persons nominated to the Board and other appointments that require Board approval, and assessment of the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p>		
Compensation and Remuneration	0	2	1	None			
Others (specify)	N.A.						

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Attended (2015)	%	Length of Service in the Committee
Chairman (NED)	Stephen C. Roxas	June 1988	140 / 140	100%	27 years
Member (NED)	Andrew I. Liuson	June 1988	140 / 140	100%	27 years
Member (NED)	Grace C. Liuson	June 1988	140 / 140	100%	27 years
Member (ED)	Josef C. Gohoc	January 2011	140 / 140	100%	4 years

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Attended (2015)	%	Length of Service in the Committee
Chairman (ID)	Peter S. Dee	December 2, 2004	4/4	100	11 years
Member (NED)	Grace C. Liuson	December 2, 2004	4/4	100	11 years
Member (NED)	Alice C. Gohoc	December 2, 2004	4/4	100	11 years

Disclose the profile or qualifications of the Audit Committee members.

Revised Manual of Corporate Governance: Article 3.K Board Committees  
Audit Committee Charter: 3, Committee Structure and Composition

- The Audit Committee consists of three (3) members, one of whom is an independent director.
- The Chair of the Audit Committee is an independent director.
- The members have accounting and finance backgrounds.

The following details the profile and qualifications of the Audit Committee members:

**Peter S. Dee-** Filipino, 74, is an Independent Director of City & Land Developers, Incorporated (CLDI) since 2004. He currently holds the following positions in different Companies: Director of China Banking Corporation, Asean Finance Corporation Ltd., Alpolac, Inc., GDSK Development Corporation, Hydee Management & Resources Corporation, Kemwerke, Inc., Makati Curbs Holdings Corporation and Commonwealth Foods, Inc.; Director / Chairman of the Board of CBC Forex Corporation; Chairman of the Board of CBC Insurance Brokers, Inc., Director / President of CBC Properties & Computer Center, Inc.; Director / Chairman / President of Great Expectation Holdings, Inc. and Big D Holdings Corporation. He is also serving as Independent Director of Cityland Development Corporation Cityland, Inc. and Cityplans, Incorporated.

**Grace C. Liuson-** Filipino, 70, is an incorporator and has served as Director of CLDI since 1988. She is also the Deputy Vice- Chairman of the Board of CLDI. She is one of the three (3) founders of Cityland Group composed of Cityland Development Company (CDC), Cityland, Inc. (CI) and City & Land Developers, Incorporated (CLDI). She also currently holds the following positions: Deputy Vice - Chairman of the Board of CDC and CI; Director / Executive Vice President / Treasurer of Cityplans, Incorporated; Treasurer and Trustee of Youth Gospel Church; and Treasurer of Makati Gospel Church.

**Alice C. Gohoc-** Filipino, 73, has served as Director of CLDI since 1991. She is also a Director of the following companies: Cityland Development Corporation, Cityland, Inc., Philippine Trading & Investment Corp., Atlas Agricultural & Mercantile Development Corp. and Asian Business Solutions, Inc..

*Describe the Audit Committee's responsibility relative to the external auditor.*

*Audit Committee Charter: 5, External Audit*

The Audit Committee shall ensure that the internal auditor and external auditor act independently from each other and shall monitor the coordination of efforts between the external and internal auditors.

- In the appointment and recommendation of the external auditor by the Board, the Audit Committee shall assess the independence and professional qualifications and competence of the external auditors. It shall also ensure that the external auditor shall comply with the applicable and proper accounting standards.
- Prior to the commencement of the audit, it shall discuss the nature, scope, and expenses of the audit.
- The Audit Com shall ensure that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions.
- It shall ensure the completeness and timeliness of communications with external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the Management, and other material issues that affect the audit and financial reporting.
- It shall also provide evaluation on the performance of external audit with regards the reappointment, resignation and rotation. Every external auditor-in-charge will only be allowed a maximum of five (5) audit year engagements. Such external auditor-in-charge may be allowed reappointment after three (3) years of cooling-off period.

- The Audit Committee shall also understand and perform any action in cases where there are any disagreements between the Management and the independent auditor. Findings of the external auditor shall also be evaluated for action of the Management.
- If any non-audit services will be performed, it shall evaluate and determine its scope of work and review the fees related to it.

(c) *Nomination Committee*

Office	Name	Date of Appointment	<u>No. of Meetings Attended (2015)</u>	%	<u>Length of Service in the Committee</u>
Chairman	Jesus Go	December 2, 2004	2/2	100	11 years
Member (NED)	Stephen C. Roxas	December 2, 2004	2/2	100	11 years
Member (NED)	Andrew I. Liuson	December 2, 2004	2/2	100	11 years
Member (ID)	Peter S. Dee	December 2, 2004	2/2	100	11 years

(d) *Compensation and Remuneration Committee*

Office	Name	Date of Appointment	<u>No. of Meetings Attended (2015)</u>	%	<u>Length of Service in the Committee</u>
Chairman (ID)	Peter S. Dee	December 2, 2004	2/2	100	11 years
Member (NED)	Stephen C. Roxas	December 2, 2004	2/2	100	11 years
Member (NED)	Andrew I. Liuson	December 2, 2004	2/2	100	11 years

(e) *Others (Specify)*

*Provide the same information on all other committees constituted by the Board of Directors:*

Not Applicable

Office	Name	Date of Appointment	No. of Meetings Held	%	Length of Service in the Committee
Chairman	N.A	N.A	N.A.	N.A.	N.A.
Member (ED)					
Member (NED)					
Member (ID)					
Member					

3) *Changes in Committee Members*

*Indicate any changes in committee membership that occurred during the year and the reason for the changes:*

There has been no change in any of the Board Committees during the year.

Name of Committee	Name	Reason
Executive	N.A.	N.A.
Audit	N.A.	N.A.
Nomination	N.A.	N.A.
Compensation and Remuneration	N.A.	N.A.
Others (specify)	N.A.	N.A.

#### 4) Work Done and Issues Addressed

*Describe the work done by each committee and the significant issues addressed during the year.*

Name of Committee	Work Done	Issues Addressed
Executive	<p>The Executive Committee, in the management of the business of the Company, has strictly monitored that the organizational structure, operating policies and strategic plans of the Company are in place and consistent with the corporate goals.</p> <p>It has also ensured that day-to-day operations of the Company are managed in a cost-effective and time-efficient manner.</p>	<p>The following are the issues addressed by the Executive Committee:</p> <ul style="list-style-type: none"> <li>• sales strategies;</li> <li>• project developments;</li> <li>• lot acquisition; and</li> <li>• other operational matters and issues.</li> </ul>
Audit	<p><i>Financial Report Review</i></p> <p>For the years 2015 and 2014, the Audit Committee reviewed the reports submitted by the internal and external auditors including the quarterly, half-year and annual financial statements before their submission to the Board with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Major judgmental areas</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> </ul> <p><i>Legal Compliance</i></p> <p>For the years 2015 and 2014, the Audit Committee in the performance of its duties and responsibilities in assisting the Board ensured that the financial and non-financial reports as well as the organizational and operational controls of the Company are in compliance with tax, legal and regulatory requirements.</p>	<p>There has been no issue/s addressed by the Audit Committee.</p>
Nomination	<p>For the years 2015 and 2014, the Nomination Committee had assessed the nomination and election process procedures of the Company.</p>	<p>There has been no issue/s addressed by the Nomination Committee.</p>

Name of Committee	Work Done	Issues Addressed
Compensation and Remuneration	<p><i>Remuneration Policy</i></p> <p>For the years 2015 and 2014, the Compensation and Remuneration Committee have reviewed the remuneration policy of the Company semi-annually and after due evaluation affirmed and confirmed that the existing policy on remuneration of directors and officers of the Company is consistent with its policy, culture, strategy and the business environment in which it operates.</p>	There has been no issue/s addressed by the Compensation and Remuneration Committee.
Others (specify)	N.A.	N.A.

#### 5) Committee Program

*Provide a list of Programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.*

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<p>The Executive Committee shall further monitor that the organizational structure, operating policies and strategic plans of the Company are consistent with the corporate goals by reviewing these rules, plans and policies and seeing to it that day-to-day operations of the Company are managed in a cost-effective and time-efficient manner.</p> <p>The programs of the Executive Committee shall include the following matters:</p> <ul style="list-style-type: none"> <li>• sales strategies;</li> <li>• project developments;</li> <li>• lot acquisition; and</li> <li>• other operational matters and issues.</li> </ul>	<p>The following will be continuously addressed by the Executive Committee:</p> <ul style="list-style-type: none"> <li>• sales strategies;</li> <li>• project developments;</li> <li>• lot acquisition; and</li> <li>• other operational matters and issues.</li> </ul>
Audit	The Audit Committee, in the performance of its duties, continues to improve its Annual Audit Plan by including a broader scope of management's activities for an improved corporate governance.	The Annual Audit Plan to be submitted to the Audit Committee will cover a broader scope of management's activities to address a stronger control mechanism in evaluating risk management effectiveness.
Nomination	The Nomination Committee will continue to evaluate and review the nomination process in the election of the board of directors to improve the related nomination and election program and policies.	This will address the issue on ensuring that qualified members of the board are elected to govern the Company.
Compensation and Remuneration	The Compensation and Remuneration Committee for the improvement of the remuneration and compensation policy of its directors, officers and employees will further affirm and review if the existing rules and policies are consistent with the policy, culture and business environment the Company operates.	This continuous review of remuneration and compensation policy will address any possible deviation or violation from any existing laws and regulations.
Others (specify)	N.A.	N.A.

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) *Overall risk management philosophy of the company;*

The BOD and Management of the Company, to ensure a high standard of best practice for the shareholders, identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operations and financial instability.

The Board's internal control responsibilities include ensuring that the control environment of the Company consists of organizational and procedural controls which are supported by effective management information and risk management reporting systems.

The Board oversees the risk management control system of the Company through the Audit Committee. This function includes oversight in the company's activities in the areas of credit, market, liquidity, operational, legal and other risks of the Company.

The Audit Committee, as part of its oversight responsibilities shall also review the risk management policies to be promulgated and prepared by the Management.

In this regard, the Management is responsible in providing relevant information and assurance to the Audit Committee on the state of the Company's internal controls, risk exposures and risk management activities.

The Audit Committee will continually perform the following to assist in internal control and risk management:

- Review of internal auditor's evaluation of internal controls
- Evaluation of internal control issues raised by external auditors
- Assess the control environment including Information Technology systems and function.
- Evaluation of sufficiency and effectiveness of risk management processes and policies

With thorough understanding and assessment of the company's activities, the Audit Committee shall assess the identified risks and deliberate on the findings of weaknesses in the control and reporting process. A framework may also be set by the Audit Committee for fraud and risk prevention including whistle-blower program.

(b) *A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;*

The Audit Committee in the performance of its oversight functions provides the Board with a review and evaluation of the organizational and operational controls.

The internal audit, control, risk and compliance system for the years 2015 and 2014 is evaluated to be sound, in place and working effectively as attested by the Management through its President and the Internal Audit Department head and as reviewed by the Audit Committee.

(c) *Period covered by the review;*

The period covered by the review is for the years 2015 and 2014.

(d) *How often the risk management system is reviewed and the director's criteria for assessing its effectiveness; and*

The risk management system of the Company is being reviewed annually, and as the need arises through the Audit Committee.

Assessment of the risk management effectiveness:

With thorough understanding and assessment of the company's activities, the Audit Committee shall assess the identified risks and deliberate on the findings of weaknesses in the control and reporting process. The risks identified will be evaluated as to the degree of effect and impact of these risks to the operations of the Company based on the risk management policies and objectives of the Company which will provide assurance as to the effectiveness and soundness of the risk management system. A framework may also be set by the Audit Committee for fraud and risk prevention.

(e) *Where no review was conducted during the year, an explanation why not.*

Not applicable.

2) Risk Policy

(a) Company

*Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:*

Cityland Website: Corporate Governance Section, Risk Management

<[www.cityland.net](http://www.cityland.net)>

<[http://www.citylandcondo.com/main/corporate\\_governance.html#rm](http://www.citylandcondo.com/main/corporate_governance.html#rm)>

Risk Exposure	Risk Management Policy	Objective
Credit Risk	<p>The financial instruments which may be the subject of credit risk are the installment contracts receivables and other financial assets of the Company. The corresponding management strategies for the aforementioned risks are as follows:</p> <ol style="list-style-type: none"> <li>1. The credit risk on the installment contracts receivables may arise from the buyers who may default on the payment of their amortizations. The Company manages this risk by dealing only with recognized, credit worthy third parties. Moreover, it is the Company's policy to subject customers who buy on financing to credit verification procedures. Also, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is insignificant.</li> <li>2. The credit risk on the financial assets of the Company such as cash and cash equivalents, short-term cash</li> </ol>	<p><u>Objective for all risk exposures:</u></p> <p>The objective of the Company is to identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operations and financial instability.</p> <p>The goal is to have risk exposures identified minimized through proper delivery of the risk management policies for any given risk exposure.</p> <p>This will be ensured through the following:</p> <ol style="list-style-type: none"> <li>1. Conducting assessments of the economic and political situations of the country as</li> </ol>



Risk Exposure	Risk Management Policy	Objective
	<p>investments, financial assets at fair value through profit or loss and available for sale investments may arise from default of the counterparty. The Company manages such risks by its policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Company.</p>	<p>well as new developments in the industry. The procedures involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>
<p>Refinancing Risk</p>	<p>The Company is primarily engaged in real estate development. Risk Factors are: the moderately aggressive debt level of the Company's borrowings being short-term in nature increase the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.</p> <p>The Company manages such refinancing risks by improving and maintaining the acid-test and current ratios of the Company.</p>	<p>2. Maintaining our competitive edge by keeping up to date with the technological advances in the construction industry, improving our marketing strategies and continuously updating the skills of our personnel.</p>
<p>Interest Rate Risk</p>	<p>The Company's financial instruments are:</p> <ol style="list-style-type: none"> <li>1. The Company's financial assets mainly consist of installment contract receivables, cash and cash equivalents and short-term investments. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.</li> <li>2. For the financial liabilities, the Company only has short-term commercial papers which bear fixed interest rates, thus are not exposed to fluctuations in interest rates.</li> </ol>	
<p>Market Risk</p>	<p>This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which rely their value on market factors are subject to market risk.</p> <p>The available-for-sale investments are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.</p>	

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	<p>This is the current and prospective risk to earnings or capital from a company's inability to meet its obligations when they come due without incurring unacceptable losses.</p> <p>The Company's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:</p> <ol style="list-style-type: none"> <li>1. <i>Asset- Liability Management:</i> Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.</li> <li>2. <i>Conservative Liability Structure:</i> Funding is widely diversified. There is little reliance on wholesale funding services or other credit-sensitive fund providers. The company accesses funding across a diverse range of markets and counterparties.</li> <li>3. <i>Excess Liquidity:</i> The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.</li> <li>4. <i>Funding Flexibility:</i> The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and STCPs.</li> </ol> <p>As such, the Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and an established record in accessing these markets.</p>	
Economic Factors	<p>The Company's business consists mainly of providing office and housing units in the Philippines and the results of its operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company's operations and eventually its financial performance.</p>	
Industry Outlook	<p>The real estate is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The Company believes that the industry is in the boom cycle.</p>	

Risk Exposure	Risk Management Policy	Objective
Competition	The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.	

(b) Group

*Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:*

The Companies within the Group operates in the same industry: the real estate. The risk management system as well as the risk management policies and objectives are the same as the ones enumerated and discussed above.

Risk Exposure	Risk Management Policy	Objective
Same as Item 2) Risk Policy, a. Company above since the companies within the Group operate within the same industry.		

(c) Minority Shareholders

*Indicate the principal risk of the exercise of controlling shareholders' voting power:*

Risk to Minority Shareholders
<p><u>Insider Trading</u></p> <p>This risk is however managed and controlled through timely and accurate disclosures to regulatory agencies. Any change in the shareholdings of the Company resulting from transactions entered into by the directors and key management officers, either by acquisition or disposal are reported to the SEC and PSE within five days from the date of the transaction.</p> <p>For the past five years up to present, there has been no case of insider trading involving the Company and its directors and management. The Company continues to adhere with existing government regulations against insider trading.</p>
<p><u>Lack of Control</u></p> <p>Minority shareholders may lack control over corporate decisions decided for the Company.</p> <p>They are, however, protected over any corporate decisions to be decided for the Company through the independent directors which are generally elected to the Board for the interests of all stockholders particularly the minority.</p> <p>This risk is also managed by ensuring that minority shareholders are given adequate and timely information on all matters of business of the Company.</p>

3) Control System Set-up

(a) Company

*Briefly describe the control system set up to assess, manage and control the main issue/s faced by the company:*

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Credit Risk	<p>The financial instruments which may be the subject of credit risk are the installment contracts receivables and other financial assets of the Company.</p> <p>The risk on these financial instruments are assessed through the following:</p> <ul style="list-style-type: none"> <li>• Monthly monitoring and reporting of the receivables and other financial assets of the Company which have been past due by the Financial Management and Services Department to the Management.</li> <li>• The monthly report of receivables monitoring is then analyzed and measured as to the risk involved based on the number of defaults of the clients.</li> <li>• Necessary actions, such as follow-ups, sending of notices and others are performed to ensure that the credit risk on these receivables are minimized, monitored and measured to be not in a material amount that will pose threat to the operations of the Company.</li> </ul>	<p>The corresponding management strategies, procedures and actions taken for the aforementioned risks are as follows:</p> <ul style="list-style-type: none"> <li>• The credit risk on the installment contracts receivables may arise from the buyers who may default on the payment of their amortizations. The Company manages this risk by dealing only with recognized, credit worthy third parties. Moreover, it is the Company's policy to subject customers who buy on financing to credit verification procedures. Also, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is insignificant.</li> <li>• The credit risk on the financial assets of the Company such as cash and cash equivalents, short-term cash investments, financial assets at fair value through profit or loss and available for sale investments may arise from default of the counterparty. The Company manages such risks by its policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Company.</li> </ul>
Refinancing Risk	<p>Refinancing risk is assessed through careful and proper scrutiny of debts and loans to be entered into by the company.</p> <p>The risk on the outstanding loans of the Company are also monitored and measured regularly with the current development in the market.</p>	<p>The Company is primarily engaged in real estate development. Risk Factors are: the moderately aggressive debt level of the Company's borrowings being short-term in nature increase the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its</p>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
		<p>receivables, refinancing risk is greatly reduced.</p> <p>The Company manages such refinancing risks by improving and maintaining the acid-test and current ratios of the Company.</p>
Interest Rate Risk	<p>Financial assets and liabilities to be transacted by the Company are carefully evaluated as to its related interest rate risk.</p> <p>For the outstanding financial assets and liabilities of the Company, the risk on interest rate is assessed regularly through monthly monitoring of the related interest rate of these instruments in the current market.</p>	<p>The Company's financial instruments are:</p> <ol style="list-style-type: none"> <li>1. The Company's financial assets mainly consist of installment contract receivables, cash and cash equivalents and short-term investments. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.</li> <li>2. For the financial liabilities, the Company only has short-term commercial papers which bear fixed interest rates, thus are not exposed to fluctuations in interest rates.</li> </ol>
Market Risk	<p>This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which rely their value on market factors are subject to market risk.</p> <p>The available-for-sale investments are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is assessed, monitored and measured regularly through timely measurement of any gain/ loss resulting from changes in the market.</p>	<p>The available-for-sale investments are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.</p>
Liquidity Risk	<p>This is the current and prospective risk to earnings or capital from a company's inability to meet it obligations when they come due without incurring unacceptable losses.</p> <p>The Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and an established record in accessing these markets.</p> <p>The Company consistently assesses this liquidity risk through proper monitoring of the assets, liabilities and funding policies of the Company.</p>	<p>The Company's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:</p> <ul style="list-style-type: none"> <li>• <i>Asset- Liability Management:</i> Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs.</li> <li>• <i>Conservative Liability Structure:</i> Funding is widely diversified. There is little reliance on wholesale funding</li> </ul>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	<p>Any risk measured in the current financial position of the Company is brought to the attention of the Management.</p>	<p>services or other credit-sensitive fund providers. The company accesses funding across a diverse range of markets and counterparties.</p> <ul style="list-style-type: none"> <li>• <i>Excess Liquidity:</i> The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.</li> <li>• <i>Funding Flexibility:</i> The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and STCPs.</li> </ul> <p>As such, the Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and a established record in accessing these markets.</p>
Economic Factors	<p>The Company's business consists mainly of providing office and housing units in the Philippines and the results of its operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company's operations and eventually its financial performance.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	<p>External risk arising from the economic and political factors such as economic factors, industry outlook and competition are managed through the following:</p> <ul style="list-style-type: none"> <li>• Conducting assessments of the economic and political situations of the country as well as new developments in the industry. The procedures involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</li> <li>• Maintaining our competitive edge by keeping up to date with the technological advances in the construction industry, improving our marketing strategies and continuously updating the skills of our personnel.</li> </ul>
Industry Outlook	<p>The real estate is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The Company believes that the industry is in the boom cycle.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are</p>	

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.	
Competition	<p>The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	

(b) Group

*Briefly describe the control system set up to assess, manage and control the main issue/s faced by the company:*

The control system set up to assess, manage and control the main issue/ faced by the Group is the same as the Company since all companies within the Group operate within the same industry which is the real estate.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as Item 3) <i>a Company</i> above since the companies within the Group operate within the same industry.		

(c) Committee

*Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:*

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Oversight of the risk management and internal control system	<p>The Audit Committee will continually perform the following to assist in internal control and risk management:</p> <ul style="list-style-type: none"> <li>• Review of internal auditor's evaluation of internal controls</li> <li>• Evaluation of internal control issues raised by external auditors</li> <li>• Assess the control environment including IT systems and function.</li> <li>• Evaluation of sufficiency and effectiveness of risk management processes and policies</li> </ul> <p>With thorough understanding and assessment of the company's activities, the Audit Committee shall assess the identified risks and deliberate on the findings of weaknesses in the control and reporting process.</p>
Internal Audit	<p>Regular, i.e., monthly, quarterly, annual examination of the different areas of operations of the Company and immediate reporting of the results to the Management or Audit Committee.</p> <p>Evaluation of the key risk areas in the internal control and operational controls of the company and assessment of its possible threat.</p>	<p>The internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;</p>
Office of the Compliance Officer	Monitor and facilitate compliance with laws, rules and regulations and immediate reporting to the Board for any violations found.	<p>Monitor compliance by the Company with the Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition.</p>



## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

*Disclose the following information pertaining to the internal control system of the company:*

*(a) Explain how the internal control system is defined for the company;*

As defined in the Revised Manual on Corporate Governance of the Company, internal control system is the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed.

*(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;*

The internal audit annually submits a report to the Audit Committee attesting that the internal audit, control and compliance system of the Company is evaluated to be sound, in place and working effectively.

The Audit Committee, in turn, reviews this internal audit evaluation and reports the same to the Board of Directors.

*(c) Period covered by the review;*

The period covered by the review was for the years 2015 and 2014.

*(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and*

Internal control system is being reviewed yearly and from time to time as the need arises.

*(e) Where no review was conducted during the year, an explanation why not.*

Not applicable.

### 2) Internal Audit

*(a) Role, Scope and Internal Audit Function*

*Give a general description of the role, scope of internal audit work and other details of the internal audit function.*

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In-house or Outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor / Auditing Firm</b>	<b>Reporting Process</b>
The role of the internal audit is to provide an independent and objective assurance designed to add value to and improve the Company's operations, and	The scope of work of internal audit involves the internal control,	In-House	Mrs. Dorothy U. So	Audit Committee and President

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor / Auditing Firm	Reporting Process
help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.	operational and financial activities of the Company.			

(b) *Do the appointment and/or removal of the Internal Auditor or the accounting / auditing firm or Company to which the internal audit function is outsourced require the approval of the audit committee?*

Yes.

(Revised Manual of Corporate Governance: Article 3.K.i.f. Board Committees, Audit Committee)

(Audit Committee Charter: 4. Internal Audit)

It shall consider the appointment of an internal auditor: his qualifications and the terms and conditions of its engagement and removal.

(c) *Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?*

(Revised Manual of Corporate Governance: Article 3.K.i.l. Board Committees, Audit Committee)

Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

(Audit Committee Charter: 4. Internal Audit)

- The Audit Committee shall organize an internal audit department which shall directly report to the Committee.
- It shall ensure the internal auditor's independence and adequacy of resources in carrying out its audit functions.
- It shall ensure that the auditor are given unrestricted access to all reports, properties and personnel.

(d) *Resignation, Re-assignment and Reasons*

Not Applicable. There has been no resignation or re-assignment n the internal audit function for the years 2015 and 2014.

Name of Audit Staff	Reason
N.A.	N.A.

(e) *Progress against Plans, Issues, Findings and Examination Trends*

*State the internal audit's progress against plans, significant issues, significant findings and examination trends.*

<b>Progress Against Plans</b>	So far, audits were done by auditors within the schedule
<b>Issues<sup>6</sup></b>	No major issues
<b>Findings<sup>7</sup></b>	No major findings
<b>Examination Trends</b>	Actual witnessing, review and checking of the documents

(f) *Audit Control Policies*

*Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "implementation".*

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
a) Ascertain that cash in bank reconciled with books, that debit/ credit memos were properly verified and taken up by books if necessary	Implemented
b) All collection are deposited on time and supported with Official Receipts and validated deposit slip	Implemented
c) Overdue accounts are properly monitored by collection group and sent with notices	Implemented
d) Revolving fund handled by different departments/ sections are intact and accurate	Implemented
e) Timely preparation of contracts	Implemented
f) To ascertain that loan principal and interest are paid on time	Implemented
g) Ocular inspection to check if the building projects are well-maintained	Implemented
h) Site inspection done to check on the progress of the construction	Implemented

*[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:*

- 1) Preparation of an audit plan inclusive of a timeline and milestones;*
- 2) Conduct an examination based on plan;*
- 3) Evaluation of the progress in the implementation of the plan;*
- 4) Documentation of the issues and findings as a result of the examination;*
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result; and/or year-to-year results;*
- 6) Conduct of the foregoing procedures on a regular basis.]*

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p><b>Internal Auditors</b></p> <p><u>Audit Committee Charter: 4. Internal Audit</u></p> <p>The Audit Committee shall organize an internal audit department which shall directly report to the Committee.</p> <ul style="list-style-type: none"> <li>• It shall ensure that in the performance of its functions, the internal auditor is free from interference from outside parties.</li> <li>• It shall consider the appointment of an internal auditor: his qualifications and the terms and conditions of its engagement and removal.</li> <li>• It shall ensure the internal auditor's independence and adequacy of resources in carrying out its audit functions.</li> <li>• It shall ensure that the auditors are given unrestricted access to all reports, properties and personnel.</li> </ul>	N.A.	N.A.	N.A.
<p><b>External Auditor</b></p> <p><u>Audit Committee Charter: 5. External Audit</u></p> <p>To safeguard the independence of the external auditors, the Audit committee ensures the following:</p> <ul style="list-style-type: none"> <li>• In the appointment and recommendation of the external auditor by the Board, the Audit Committee shall assess the independence and professional qualifications and competence of the external auditors. It shall also ensure that the external auditor shall comply with the applicable and proper accounting standards.</li> <li>• Prior to the commencement of the audit, it shall discuss the nature, scope, and expenses of the audit.</li> </ul>			

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<ul style="list-style-type: none"> <li>• The Audit Committee shall ensure that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions.</li> <li>• It shall ensure the completeness and timeliness of communications with external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.</li> <li>• It shall also provide evaluation on the performance of external audit with regards the reappointment, resignation and rotation. Every external auditor-in-charge will only be allowed a maximum of five (5) audit year engagements. Such external auditor-in-charge may be allowed reappointment after three (3) years of cooling-off period.</li> <li>• The Audit Committee shall also understand and perform any action in cases where there are any disagreements between the management and the independent auditor. Findings of the external auditor shall also be evaluated for action of the Management.</li> <li>• If any non-audit services will be performed, it shall evaluate and determine its scope of work and review the fees related to it.</li> </ul>			

*(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instructions on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.*

As attested by the Chairman and the President, the Company continues to comply with the SEC Code of Corporate Governance and that all directors, officers and employees of the Company have been given proper instructions on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure its compliance.

## H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p>The Company recognizes the rights of its customers and clients. Prompt attention and courtesy to the public and the clients are to be observed at all times by the Company personnel.</p> <p>A policy on the proper conduct towards clients and customers is embodied in the Company's Personnel Manual which was duly disseminated to the company personnel through memoranda, circulars and other orders of the Company.</p> <p>Customers' health, safety and rights are also ensured and safeguarded through proper governmental registrations and approvals of the Company's real estate projects designed for commercial or residential uses.</p>	<p>Governmental Approvals for the following with regards the projects offered by the Company:</p> <ul style="list-style-type: none"> <li>Housing and Land Use Regulatory Board (HLURB) Registrations before offering the projects for sale.</li> <li>Department of Environment and Natural Resources (DENR) Environmental Compliance Certificates (ECC).</li> </ul> <p>Supporting data are shown in the company website under the Corporate Governance Section, Other Stakeholders' Relations, Customers.</p> <p>&lt;<a href="http://www.citylandcondo.com/main/corporate_governance.html#body">http://www.citylandcondo.com/main/corporate_governance.html#body</a>&gt;</p> <p>&lt;<a href="http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20HLURB%20Registrations.pdf">http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20HLURB%20Registrations.pdf</a>&gt;</p>
Supplier/contractor selection practice	<p>It is the Company's policy to conduct proper selection process for the suppliers and contractors of its real estate projects under development.</p> <p>An accreditation process is undertaken for every contractor who wishes to participate in the bidding of the Company's on-going project works to ensure that the contractor's practices and works passes the standards of the Company.</p> <p>Major contractors of the Company should be accredited by the Philippine Contractors Accreditation Board (PCAB).</p>	<p>Accreditation process is performed before accepting any offers from contractors with regards to the construction of its projects. This to ensure that the suppliers/contractors will conform to the company's rules and standards.</p> <p>Major contractors selected by the company are accredited by the Philippine Contractors Accreditation Board (PCAB).</p> <p>Cityland Website: Corporate Governance Section, Other Stakeholders' Relations, Business Partners: Supplier / Contractor.</p> <p>&lt;<a href="http://www.citylandcondo.com/main/corporate_governance.html#body">http://www.citylandcondo.com/main/corporate_governance.html#body</a>&gt;</p> <p>The Company does not allow any installation of unregistered / unlicensed computer software / hardware / programs.</p> <p>The Personnel Department issues a memorandum / circular from time to time to remind the employees regarding the prohibition of installation of unlicensed computer programs.</p>
Environmentally friendly value-chain	<p>Communities are valued by the Group by ensuring that the company's projects/</p>	<p>All the projects are approved to be environmentally safe and friendly by the</p>

	<b>Policy</b>	<b>Activities</b>
	<p>developments passed the environment compliance procedures of the government. This is evidenced by the Certificates issued by the DENR and Laguna Lake Development Authority (LLDA).</p> <p>Tree plantings are also supported by the Company to help contribute in environment-friendly works.</p>	<p>government approval of ECC for all its on-going projects.</p> <p>Tree Plantings are conducted by the company to support environment friendly value-chain.</p> <p>Supporting data for the ECC and tree plantings are shown in the company website under the Corporate Governance Section, Other Stakeholders' Relations, Communities.</p> <p>&lt;<a href="http://www.citylandcondo.com/main/corporate_governance.html#body">http://www.citylandcondo.com/main/corporate_governance.html#body</a>&gt;</p> <p>&lt;<a href="http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20Environmental%20Compliance%20Certificate.pdf">http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20Environmental%20Compliance%20Certificate.pdf</a>&gt;</p> <p>&lt;<a href="http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20Certificate%20of%20Tree%20Planting.pdf">http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/CLDI%20Certificate%20of%20Tree%20Planting.pdf</a>&gt;</p>
Community interaction	<p>Interaction with other communities is also undertaken by the Company through its proper corporate foundations.</p>	<p>The Company has two corporate foundations implementing socially responsible programs:</p> <ul style="list-style-type: none"> <li>• Cityland Foundation, Inc.</li> <li>• Cityland for Social Progress Foundation, Inc.</li> </ul> <p>&lt;<a href="http://www.citylandcondo.com/main/social_responsibility.html">http://www.citylandcondo.com/main/social_responsibility.html</a>&gt;</p>
Anti-corruption programmes and procedures	<p>Anti- corruption programmes are included in the Company Personnel Manual.</p> <p>Accepting money or substantial gifts or favors from an outside person, firm, agency or organization which has dealings with the Company. All Company officers and employees are prohibited from accepting gifts, fees and commissions from clients, in the course of duty. Gifts from clients have to be politely declined.</p> <p>The Company also embodies its anti-corruption programmes and procedures in all its contracts with its contractors.</p>	<p>Anti-corruption programmes such as refusal of gifts from clients are contained in the Company Personnel Manual and are disseminated to all officers and employees through proper memoranda and circulars.</p> <p>All contracts entered into by the Company with its contractors also embody the anti-corruption programmes and policies of the Company.</p>
Safeguarding creditor's rights	<p>The Company recognizes the rights of its creditors as evidenced by the Company's proper registration of its securities/ commercial papers for sale with the Securities and Exchange Commission</p>	<p>The Group's financial liabilities only include securities and notes properly registered with proper agencies such as the SEC and HGC. This registration of securities and notes with government</p>

	Policy	Activities
	(SEC) and Home Guaranty Company (HGC).	<p>agencies ensures the protection of the Company's creditors.</p> <p>Supporting data are disclosed in the company website under Corporate Governance section, Other Stakeholders Relations, Creditors.</p> <p>&lt;<a href="http://www.citylandcondo.com/main/corporate_governance.html#body">http://www.citylandcondo.com/main/corporate_governance.html#body</a>&gt;</p> <p>&lt;<a href="http://www.citylandcondo.com/main/docs_pdf/2014%20CLDI%20PERMIT%20AND%20ORDER.PDF">http://www.citylandcondo.com/main/docs_pdf/2014%20CLDI%20PERMIT%20AND%20ORDER.PDF</a>&gt;</p> <p>&lt;<a href="http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/Creditors%20Rights/CLDI%20HGC%20Certificates%20of%20Guaranty.pdf">http://www.citylandcondo.com/main/cg_files/CLDI/Corporate%20Governance/Board%20Values%20and%20Practices/Creditors%20Rights/CLDI%20HGC%20Certificates%20of%20Guaranty.pdf</a>&gt;</p>

2) *Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?*

Yes. The Corporate Social Responsibility Report of the Company is disclosed in its website.  
 <[www.cityland.net](http://www.cityland.net)>  
 <[http://www.citylandcondo.com/main/social\\_responsibility.html](http://www.citylandcondo.com/main/social_responsibility.html)>

3) *Performance-enhancing mechanisms for employee participation.*

(a) *What are the company's policy for its employees' safety, health and welfare?*

The Group recognizes the role of its employees in the good performance and success of the business of the Company. In return, the Company values the health, safety and welfare of its employees.

Benefits include medical assistance benefit, annual physical check-up, accident insurance, social benefits, loans and donations as needed, in addition to the work leaves and bonuses.

Company Personnel Manual

To give recognition to the Company's greatest asset, its human resources, the Company realizes that the best utilization and development of this asset is the key to continued success. The Company gives consideration to certain basic aims in regard to employees. These are:

- a. To provide each employee the opportunity and stimulation for growth and development so that he will become increasingly effective in his job, and will also be prepared, in proportion to his ability, for greater responsibilities to enable the organization to be sustained by promotion from within;
- b. To contribute to the economic security of employees by providing a safe work environment, and a fair wage for the job performed;
- c. To maintain effective channels of communication to provide employees with adequate knowledge of the Company's objectives, activities, plans and progress. Each employee should know how his job contributes to the Company's objectives, what his duties and responsibilities are, to whom he is accountable, how he is performing in his job, advised of changes which will affect him in advance of the change, and to be fairly evaluated of his performance;



- d. To encourage every employee to express freely his ideas and suggestions concerning the Company, its operations and activities, and to make maximum utilization of the employee's contributions;
- e. To instill in each employee pride and confidence in the policies, products and continued progress of the Company.

(b) *Show data relating to health, safety and welfare of its employees.*

The company values its employees through provision of benefits which include medical assistance benefit, annual physical check-ups, accident insurance, semi-annual socials, loans and donations as needed, in addition to the work leaves and bonuses.

Supporting data are disclosed in the Cityland website: Corporate Governance Section, Other Stakeholder Relations, Employees.

[www.cityland.net](http://www.cityland.net)

[http://www.citylandcondo.com/main/corporate\\_governance.html#bodv](http://www.citylandcondo.com/main/corporate_governance.html#bodv)

(c) *State the company's training and development programmes for its employees. Show the data.*

The Company provides training and development programs to its employees for their continuing professional development and to improve their productivity.

The following are the Company's employee training and development programs for the year 2015, among others:

- i. Technical Group (Engineering Department); and
- ii. Financial Management Services Department.

Reference:

Advisement Letter dated January 4, 2016

[http://www.citylandcondo.com/main/docs\\_pdf/CLDIAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDIAdvisement%20Letter%20Re%20Updates%20and%20Changes%20in%20ACGR%2001.04.16.pdf)

(d) *State the company's reward/ compensation policy that accounts for the performance of the company beyond short-term financial measures.*

It is the Company's reward/ compensation policy to give performance bonuses on account of the good performance of the Company by reaching the Company's yearly sales goal.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

Company Personnel Manual

Any employee having proof of the dishonesty, negligence or disloyalty on the part of the Company's personnel should promptly report the matter, either verbally or in writing to his immediate supervisor or to any higher officer of the Company.

The Company protects its employees as embodied in the Company Personnel Manual.

The Management upholds the "No Discrimination" policy towards its employees. All employees are given due respect regardless of race, creed, sex and socio-economic status.

It is also the Board of Directors policy to ensure the protection of any reporting member of the board, officer or employee of any violations of any company rules and regulation and governmental laws. This is done through implementation of whistle blower policies wherein members of the Board, officer or employee are encouraged to speak up any problems within the Company without fear of retaliation.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership structure

#### (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percentage (%)	Beneficial Owner
Cityland Development Company	585,789,535	49.73	N.A.
Cityland, Inc.	347,936,095	29.54	N.A.

Name of Senior Management	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock
Not Applicable			
<b>TOTAL</b>			

### 2) Does the Annual Report disclose the following:

Key Risks	Yes
Corporate Objectives	Yes
Financial Performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/ commissioner	Yes (Up to 2011 Annual Report; starting 2012, the Corporate Governance Section in the SEC Form 17-A was deleted and incorporated in the SEC Annual Corporate Governance Report as per SEC Memorandum Circular No. 5, Series of 2015)
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

*Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.*

These items are disclosed in the previous Annual Reports of the Company under the Corporate Governance Section.

However, as mandated by SEC Memorandum Circular No. 5, Series of 2015, the Corporate Governance Section in the Annual Report (SEC Form 17-A) shall be deleted starting the Annual Report for the year 2012 and shall be disclosed in this Annual Corporate Governance Report.

3) External Auditor's fee

Name of Auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	₱400,000.00*	N.A.

\*2015 Audit of Financial Statements

4) Medium of Communication

*List down the mode/s of communication that the company is using for disseminating information.*

The Company disseminates information through disclosures in the Philippine Stock Exchange (PSE) and the Philippine Securities and Exchange Commission (SEC), up-to-date uploading of information in its website ([www.cityland.net](http://www.cityland.net)) and company press releases on its current operations and projects.

5) Date of release of audited financial report: For the 2015 Audited Financial Statements: April 14, 2016

6) Company Website

*Does the company have a website disclosing up-to-date information about the following:*

Business Operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	N.A.
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

*Should any of the foregoing information be not disclosed, please indicate the reason thereto.*

Not applicable. All of the above-enumerated items, as applicable, are disclosed in the Company's website, under the *Corporate Governance and Investor Relations Section*.

[www.cityland.net](http://www.cityland.net) >

[http://www.citylandcondo.com/main/corporate\\_governance.html](http://www.citylandcondo.com/main/corporate_governance.html)>

[http://www.citylandcondo.com/main/investor\\_relations.html](http://www.citylandcondo.com/main/investor_relations.html)>

7) Disclosure of RPT

RPT	Relationship	Nature	Value
<u>2015 Audited Financial Statements: Note 21. Related Party Transactions</u>			
a) Sharing of expenses charged to the Company	a) Ultimate parent company, parent company and affiliates	a) Transactions and account balances entered into in the normal course of business	a) Outstanding amounts in: <u>2015</u> Receivables= ₱1,571,529 Payables= ₱71,392 <u>2014</u> Receivables= ₱2,413,470 Payables= ₱336,010
b) Shares of stock held by members of the Board of Directors (BOD)	b) Board of Directors (BOD)	b) Shares of stock held by members of the BOD	b) Amount of shares 2015= ₱44.78 million 2014= ₱44.88 million
c) Retirement Plan of Employees	c) Affiliated companies	c) The Group has a funded, noncontributory defined benefit plan, administered by trustee covering all of its permanent employees. The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan.	c) Company's share on the fair value of plan assets: 2015= ₱5.97 million 2014= ₱4.45 million
d) Compensation of key management personnel	d) Board of Directors and Senior Management	d) Compensation of key management personnel	d) Amounts of compensation: 2015= ₱2,220,479 2014= ₱3,745,845

*When RPT are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?*

Transactions entered into by the Company with related parties are disclosed to shareholders in the Company's annual report and annual audited financial statements. The disclosure includes the nature and extent of transactions with the affiliated and related parties.

For the past five years up to present, there has been no complaint, dispute or problem on related party transactions.

2015 Audited Financial Statements: Note 21. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Revised Manual of Corporate Governance: Article 3.F.2. Duties and Functions of the Board

Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

**J. RIGHTS OF STOCKHOLDERS**

1) *Right to participate effectively in and vote in Annual/ Special Stockholders' Meetings*

(a) Quorum

*Give details on the quorum required to convene the Annual/ Special Stockholder's Meeting as set forth in its By-laws.*

<b>Quorum Required</b>	<u>Company Amended By-Laws: Article VII. Stockholders' Meeting, Section 3. Quorum</u>  The stockholder's meeting shall be competent to decide any matter or to transact any business, unless a majority of the outstanding capital stock is present or represented thereat, except in those cases in which the Company law requires the affirmative vote of a greater proportion (such as approval of 20% stock dividends, increase in capital stock and amended of the Articles of Incorporation which require at least 2/3 vote of the outstanding capital stock).
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(b) System Used to Approve Corporate Acts

*Explain the system used to approve corporate acts.*

<b>System Used</b>	Votation
<b>Description</b>	<u>Definitive Information Statement: SEC Form 20-IS</u>  At least majority of the outstanding capital stock of the Registrant is required for the approval of corporate acts such as approval of minutes of the Annual Stockholder's Meeting, appointment of external auditor and acts of the management and of the Board of Directors relative to Annual report and related financial statements.  However, at least 2/3 vote of the outstanding capital stock of the Registrant is required for the approval of the Board Resolution declaring stock dividends, increase in capital stock and amendment of Articles of InCompany.  The 'Ayes' and 'Nayes' are requested to raise their hands during the stockholders' meeting where they are counted by the Corporate Secretary.  Methods by which votes will be counted: plurality of votes by ballot system or viva voce.

(c) Stockholders' Rights

*List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting set forth from those laid down in the Company Code.*

Stockholders' Rights under the Company Code	Stockholders' Rights <u>not</u> in the Company Code
a) Right to vote on all matters that require their consent or approval;	N.A.
b) Pre-emptive right to all stock issuances of the Company;	
c) Right to inspect corporate books and records;	
d) Right to information;	
e) Right to dividends; and	
f) Appraisal right	

*Dividends*

	Declaration Date	Record Date	Payment Date
<b>2015</b>			
Cash Dividends of Php0.019/ share	June 4, 2015	July 3, 2015	July 29, 2015
10% Stock Dividends	May 11, 2015	July 9, 2015	August 4, 2015
<b>2014</b>			
Cash Dividends of Php0.03/ share	May 30, 2014	June 24, 2014	July 18, 2014
5% Stock Dividends	April 21, 2014	July 3, 2014	July 29, 2014
<b>2013</b>			
Cash Dividends of Php0.03/ share	June 4, 2013	June 19, 2013	July 15, 2013
5% Stock Dividends	April 25, 2013	July 4, 2013	July 30, 2013

(d) Stockholders' Participation

*1.-7.State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.*

Measure Adopted	Communication Procedure
As part of the Other Matter in the Agenda and after discussion of the items in the Agenda, the Chairman normally asks the stockholders present if there are other matter or business which they would like to present in the meeting. If necessary, the raised matter is normally discussed and/or answered to the satisfaction of the concerned stockholder.	

8. *State the company policy of asking shareholders to actively participate in corporate decisions regarding:*

a. *Amendments to the company's constitution*

All shareholders are asked to actively participate in the amendment/s to the company's constitution through sending out written notices of the date, place and other details of the meeting to each shareholder of record at his place of residence as shown in the books of the Company and disclosing the same through PSE and SEC disclosures and uploading of notices to the company's website.

During a stockholders' meeting where a Resolution needs to be submitted for discussion and approval of the stockholders, the approved Board Resolution will be read by the Corporate Secretary. The Chairman will wait for comments. If none, votation will be done through AYE (approved) and NAYE (disapproved).

b. *Authorization of additional shares*

All shareholders are asked to actively participate in the authorization of additional shares through sending out written notices of the date, place and other details of the meeting to each shareholder of record at his place of residence as shown in the books of the Company and disclosing the same through PSE and SEC disclosures and uploading of notices to the company's website.

During a stockholders' meeting where a Resolution needs to be submitted for discussion and approval of the stockholders, the approved Board Resolution will be read by the Corporate Secretary. The Chairman will wait for comments. If none, votation will be done through AYE (approved) and NAYE (disapproved).

c. *Transfer of all or substantially all assets, which in effect results in the sale of the company*

All shareholders are asked to actively participate in corporate decisions through sending out written notices of the date, place and other details of the meeting to each shareholder of record at his place of residence as shown in the books of the Company and disclosing the same through PSE and SEC disclosures and uploading of notices to the company's website.

During a stockholders' meeting where a Resolution needs to be submitted for discussion and approval of the stockholders, the approved Board Resolution will be read by the Corporate Secretary. The Chairman will wait for comments. If none, votation will be done through AYE (approved) and NAYE (disapproved).

9. *Does the company observe a minimum of 21 business days for giving out notices to the AGM where items to be resolved by shareholders are taken up?*

Yes.

a. Date of sending out notices:

	<b>No. of days</b>
For 2015 Annual Stockholders' Meeting: <u>April 24, 2015</u>	<u>31</u>
For 2014 Annual Stockholders' Meeting: <u>April 25, 2014</u>	<u>31</u>
For 2015 Annual Stockholders' Meeting: <u>April 26, 2015</u>	<u>31</u>

b. Date of Annual/Special Stockholders' Meeting:

2015 Annual Stockholders' Meeting: June 9, 2015  
2014 Annual Stockholders' Meeting: June 10, 2014  
2015 Annual Stockholders' Meeting: June 11, 2015

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

There were no questions raised during the Annual Stockholders' Meeting.

11. – 23. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval and / or ratification of the following by the stockholders:			
<ul style="list-style-type: none"> <li>Minutes of previous meeting</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>
<ul style="list-style-type: none"> <li>President's Report</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>
<ul style="list-style-type: none"> <li>Election of Directors (including Independent Directors)</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes per nominated director / independent director representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>
<ul style="list-style-type: none"> <li>Appointment of external auditor: SyCip Gorres Velayo &amp; Co. (SGV &amp; Co.)</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>
<ul style="list-style-type: none"> <li>Approval of the Board Resolution dated May 11, 2015 regarding the declaration of 10% stock dividends</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>
<ul style="list-style-type: none"> <li>Confirmation of all acts of the Board of Directors for the period covering January 1, 2014 through December 31, 2014 adopted in the ordinary course of business.</li> </ul>	<ul style="list-style-type: none"> <li>901,090,877 votes representing 84.15% of the outstanding capital stock</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>	<ul style="list-style-type: none"> <li>-0-</li> </ul>

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

For June 9, 2015 Annual Stockholders' Meeting, the result of the meeting was disclosed in the Philippine Stock Exchange on June 10, 2015.

This was also uploaded in the Company Website under Corporate Governance Section, Latest Disclosures.

<[www.cityland.net](http://www.cityland.net)>

<[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Minutes%20of%20Annual%20Stockholders'%20Meeting.pdf)>

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

There are no modifications made in the stockholders' meeting regulations during the most recent year.



Modifications	Reason for Modification
N.A.	N.A.

(f) Stockholders' Attendance

(i) *Details of the Attendance in the Annual/Special Stockholders' Meeting Held:*

At the Annual Stockholders' Meeting held on June 9, 2015, approximately over **901,090,877** or **84.15%** of the total issued and outstanding 1,070,849,945 were represented in person and by proxy.

	Number of Shares
With Proxy	870,389,402
In Person	30,701,475
<b>Total</b>	<b>901,090,877</b>

(ii) *Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSSMs?*

Yes. Professional Stock Transfer, Inc., a registered stock transfer agent of Securities and Exchange Commission (SEC) and Philippine Stocks Exchange (PSE) counted and validated the above attendance during the Annual Stockholders' Meeting held on June 9, 2015. The Company's external auditors, SGV & Co., validated the votes at the Annual Stockholders' Meeting.

Reference:

Advisement Letter dated June 11, 2015  
 (Annual Stockholders' Meeting for the Year 2015)  
[http://www.citylandcondo.com/main/docs\\_pdf/CLDI\\_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20\(2015%20Stockholders'%20Meeting\).pdf](http://www.citylandcondo.com/main/docs_pdf/CLDI_Advisement%20Letter%20%20Updates%20and%20Changes%20in%20ACGR%20(2015%20Stockholders'%20Meeting).pdf)

(iii) *Do the company's common shares carry one vote for one share? If not disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.*

(Definitive Information Statement: SEC Form 20-IS: Control and Compensation Information, IV.1 Voting Securities and Principal Holders Thereof)

Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.

(Company's Amended By-Laws: Article VII, Section 4. Vote)

Voting upon all questions at all meeting of the stockholders shall be by shares of stock and not per capital.

(Company Website: Corporate Governance Section, Stockholders' Rights and Protection of Minority Interests <www.cityland.net>:  
[http://www.citylandcondo.com/main/corporate\\_governance.html#bodv](http://www.citylandcondo.com/main/corporate_governance.html#bodv))

Each share of stock entitles the person in whose name it is registered in the books of the Company to one vote.

(g) Proxy Voting Policies

*State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.*

	<b>Company's Policies</b>
Execution and acceptance of proxies	<p><u>Company's Amended By-Laws: Article VI. Section 2. Proxy</u></p> <p>All proxies, voting trusts and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the Company's head office not later than five (5) working days before the date of the meeting within which period such proxies, voting trusts and other voting arrangements may be accepted or rejected by a special committee of inspectors if they do not have the appearance of prima facie authenticity.</p>
Notary	N.A.
Submission of proxy	<p><u>Company's Amended By-Laws: Article VI. Section 2. Proxy</u></p> <p>All proxies, voting trusts and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the Company's head office not later than five (5) working days before the date of the meeting.</p>
Several proxies	N.A.
Validity of proxy	<p><u>Definitive Information Statement, SEC Form 20-IS: Proxy Form and Notice of Agenda</u></p> <p>This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.</p> <p>A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her intention to vote in person.</p>
Proxies executed abroad	N.A.
Invalidated proxy	<p><u>Company's Amended By-Laws: Article VI. Section 2. Proxy</u></p>
Validation of proxy	<p>All proxies, voting trusts and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the Company's head office not later than five (5) working days before the date of the meeting within which period such proxies, voting trusts and other voting arrangements may be accepted or rejected by a special committee of inspectors if they do not have the appearance of prima facie authenticity.</p>
Violation of proxy	<p><u>Definitive Information Statement, SEC Form 20-IS: Proxy Form and Notice of Agenda</u></p> <p>This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as</p>

	<b>Company's Policies</b>
	<p>may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.</p> <p>A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her intention to vote in person.</p> <p><u>Revised Manual of Corporate Governance: Article 6.B, Stockholders' Rights and Protection of Minority Stockholders' Interests</u></p> <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders are encouraged to personally attend such meetings.</p> <p>If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p>

(h) Sending of Notices

*State the company's policies and procedures on the sending of notices of Annual/ Special Stockholders' Meeting.*

<b>Policies</b>	<b>Procedures</b>
<u>Policies and Procedures on Sending out Notices of Annual and Special Stockholders' Meeting</u>	
<u>Company's Amended By-Laws: Article VI. Section 5. Annual Meeting</u>	
Written notice of annual meeting shall be sent to each registered shareholder at least fifteen (15) days prior to such meeting. Waiver of notices for annual and special meetings may only be made in writing.	
Only stockholders of record at the close of business hours thirty calendar days prior the date shall be entitled to receive the notice of said meeting and to vote and be voted thereat.	
<u>Company's Amended By-Laws: Article VI. Section 5. Special Meeting</u>	
For special meetings, written notice stating the day and place of meeting and the general nature of the business to be transacted shall be sent to each stockholder at least fifteen (15) working days before the date of such meeting.	

(i) Definitive Information Statements and Management Report

	<b>2015</b>	<b>2014</b>	<b>2015</b>
<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	784 stockholders	789 stockholders	805 stockholders
<b>Date of Actual Distribution of Definitive Information Statements and Management Report and Other</b>	May 19, 2015	May 20, 2014	May 21, 2015

	2015	2014	2015
<b>Materials held by market participants/certain beneficial owners</b>			
<b>Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by stockholders</b>	May 19, 2015	May 20, 2014	May 21, 2015
<b>State whether CD format or hard copies were distributed</b>	CD format	CD format	CD format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes. Upon written request, requesting stockholders were provided hard copies	Yes. Upon written request, requesting stockholders were provided hard copies	Yes. Upon written request, requesting stockholders were provided hard copies

(j) Does the Notice of Annual/ Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorship in other listed companies) nominated for election/ re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

*Should any of the foregoing information be not disclosed, please indicate the reason thereto.*

The above items are disclosed in the Definitive Information Statement, SEC Form 20-IS.

## 2) Treatment of Minority Stockholders

(a) *State the company's policies with respect to the treatment of minority stockholders.*

Policies	Implementation
<p><u>Revised Manual of Corporate Governance: Article 6.B. Stockholders' Rights and Protection of Minority Stockholders' Interests</u></p> <p>All stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.</p> <p><u>Company Website: &lt;<a href="http://www.cityland.net">www.cityland.net</a>&gt; Corporate Governance Section, Stockholders' Rights and Protection of Minority Stockholders' Interests &lt;<a href="http://www.citylandcondo.com/main/corporate_governance.html#bodv">http://www.citylandcondo.com/main/corporate_governance.html#bodv</a>&gt;</u></p> <p>All stockholders, including minority interests are treated equally and without discrimination.</p>	<p>Equal treatment and protection of minority interests are implemented through the following:</p> <ul style="list-style-type: none"> <li>• Ensuring that minority stockholders are properly communicated of information relating to the business of Company and all items needing corporate actions in the stockholders' meeting. This is done through sending of Notices to all stockholders, including the minority stockholders and disclosing adequate and timely information to PSE and SEC and company website.</li> <li>• The rights of minority stockholders are protected through the</li> </ul>

Policies	Implementation
	independent directors which act in their interests in every actions of the Board for the Company.

(b) *Do minority stockholders have a right to nominate candidates for board of directors?*

Yes. All stockholders including the minority or non-controlling stockholders are entitled to nominate and vote for board of directors.

## K. INVESTORS RELATIONS PROGRAM

1) *Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.*

The internal communications are disseminated within the Company through memorandums, circulars, notices and other orders issued by the Management or the Board of Directors from time to time. The Personnel Department ensures that the applicable memorandums, circulars, notices and other orders are circulated to all the departments and transmitted to the personnel/s concerned through proper receiving of the department heads. Internal communications are also posted in the Company bulletin boards. Internal communications and other official business matters and affairs should be kept in strict confidence and should not be divulged much less discussed with outsiders.

For the external communications, the modes of external communication which includes Company website up-to-date uploading of financial and non-financial information, PSE and SEC disclosures and press releases in newspapers were all being approved by the Executive Committee prior to release.

The Company's external and internal communications are reviewed from time to time, as the need arises. This is being reviewed and approved by the Management.

2) *Describe the company's investor relations program including its communication strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.*

	Details
(1) Objectives	The objective of the company's investor relations program is to provide up-to-date information; financial and non-financial to all stakeholders to apprise them of the company's current condition and position in the market.
(2) Principles	<p>The Company's principles for its Investor Relations Program are as follows:</p> <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Materiality of disclosures</li> <li>• Accurate and timely information</li> </ul>
(3) Modes of Communication	<ul style="list-style-type: none"> <li>• Company Website- up to date uploading of business information: financial and non-financial</li> <li>• PSE disclosures</li> <li>• Press releases in newspapers</li> </ul>

	Details
(4) Investors Relations Officer	<p><u>Michelle Marcelino of FMSD</u>            Tel. (+632)893-6060 local 152            Fax (+632)892-8656            Email: stocks@cityland.net</p> <p>This is disclosed in the Company website, Investor Relations section, Investor Contacts.</p> <p><a href="http://www.cityland.net">www.cityland.net</a>  <a href="http://www.citylandcondo.com/main/investor_relations.html">http://www.citylandcondo.com/main/investor_relations.html</a></p>

3) *What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers and sales of substantial portions of corporate assets.*

The Company's rules and procedures governing the acquisition of corporate control, mergers and sale of substantial portions of corporate assets shall cover the same rules and procedures involving other corporate decisions such as amendment of the Company's constitution and authorization of additional shares.

Written notice of the proposed corporate action and of the time and place of the stockholder's meeting at which the proposed corporate action is to be considered and decided through votation, will be sent and addressed to each stockholder at his place of residence as shown on the books of the Company.

*Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.*

Not applicable. There is no event such as acquisition of corporate control, mergers and sale of substantial portions of corporate asset that will need appointment of independent party to evaluate any fairness in the transaction price.

## L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<p><b>Cityland Foundation, Inc. Programs:</b></p> <p>1. To assist educational, cultural, charitable and humanitarian institutions by way of infrastructure, repairs, reconstruction, development, improvement of buildings, facilities and other structures and provide fixtures and other facilities for the benefit of the institution and its students, faculty, employees and guests.</p>	<p>a) Beneficiary of training center: CCT – Malungon Retreat and Training Center</p> <p>b) Beneficiary of faculty housing: Febias College of Bible</p> <p>c) Recipients of furniture and fixtures:</p> <ul style="list-style-type: none"> <li>• International Graduate School of Leadership</li> <li>• Dumaguete Christian Foundation, Inc.</li> <li>• Schuller Christian Foundation, Inc.</li> </ul>

Initiative	Beneficiary
<ol style="list-style-type: none"> <li>2. Scholarship fund for the support of financially challenged students.</li> <li>3. To assist victims of typhoons, fire and other natural calamities by giving them food, clothing and cash as are needed by said victims to rehabilitate themselves.</li> </ol>	<p>Beneficiaries of Scholarship Fund are as follows:</p> <ul style="list-style-type: none"> <li>• Febias College of Bible</li> <li>• Cityland Foundation, Inc. (CFI) scholars</li> </ul> <p>Beneficiaries are as follows:</p> <ul style="list-style-type: none"> <li>• Operation Blessing Foundation, Inc.</li> <li>• Institutional for Foundational Learning</li> </ul>
<p><b>Cityland for Social Progress Foundation, Inc. Programs:</b></p> <ol style="list-style-type: none"> <li>1. Feeding Program</li> <li>2. Livelihood Training Program</li> <li>3. Youth Development</li> </ol>	<p>Underprivileged children/ families within Metro Manila. Financial donation to Makati Gospel Church and Center for Community Transformation usually every Christmas time.</p> <p>Support and assistance to Center for Community Transformation's Kaibigan Community Center.</p> <p>Support and assistance to for the development of youth through camps, retreats and workshops in the following ministries:</p> <ul style="list-style-type: none"> <li>• Chosen for Life Change Ministry; and</li> <li>• Integrity Sunday School Ministry.</li> </ul>

**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

*Disclose the process followed and criteria used in the assessing the annual performance of the board and its committees, individual director, and the CEO/President.*

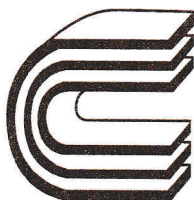
	<b>Process</b>	<b>Criteria</b>
Board of Directors	Self-Assessment Rating System	The Board in its governance of the Company shall be self-evaluated in terms of its performance with respect to the following criteria: <ul style="list-style-type: none"> <li>• Board structure</li> <li>• Board duties and responsibilities</li> <li>• Board meetings attendance</li> </ul>
Board Committees	Self-Assessment Rating System ▲ Audit Committee Self-Assessment Worksheet  As disclosed in the Company website: <a href="http://www.citylandcondo.com/main/cg_files/CDC/Corporate%20Governance/Board%20Committees/Audit%20Committee%20Assessment%20Worksheet.pdf">http://www.citylandcondo.com/main/cg_files/CDC/Corporate%20Governance/Board%20Committees/Audit%20Committee%20Assessment%20Worksheet.pdf</a>	The Board committees shall be self-evaluated in terms of its performance of its respective duties and responsibilities as well as the effectiveness of its functions, as contained in its charter, as applicable.
Individual Directors	Self-Assessment Rating System	Individual directors shall be self-evaluated in terms of the performance of his duties and responsibilities (executive, non-executive and independent).
CEO/President	Semi-Annual Performance Evaluation by the Board of Directors	The President shall be evaluated of his performance in criteria involving the effective and efficient performance of his duties and responsibilities as delegated by the Board.

**N. INTERNAL BREACHES AND SANCTIONS**

*Discuss the internal policies on sanctions imposed for any violations or breach of the corporate governance manual involving directors, officers, management and employees.*

<b>Violations</b>	<b>Sanctions</b>
Any willful violations or breach of the provisions contained in the corporate governance manual by any member of the Board of Directors, Management or employee of the Company shall after due notice, evaluation and review shall be subject to penalties and/or sanctions as may be imposed by the Board of Directors.	






# CITY & LAND DEVELOPERS, INC.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **City & Land Developers, Incorporated** is responsible for the preparation and fair presentation of the financial statements which comprise the balance sheets as at December 31, 2015 and 2014, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
**ATTY. SABINO R. PADILLA, JR.**  
Chairman of the Board

  
**JOSEF C. GOHOC**  
President / Chief Executive Officer


  
**RUDY GO**  
Senior Vice President / Chief Finance Officer

Signed this 16<sup>th</sup> day of March 2016

SUBSCRIBED AND SWORN to before me this day of **MAR 31 2016** affiant(s) exhibiting to me their Social Security Numbers, as follows:

Name	Social Security Number
Atty. Sabino R. Padilla, Jr.	03-2766958-0
Josef C. Gohoc	33-0942784-4
Rudy Go	03-4602228-9

Doc No. 128  
Page No. 27  
Book No. II  
Series of 2016

  
**ATTY. EMMA G. JULARBAL**  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO.: M-264  
IBP ROLL NO.: 33152  
IBP NO.: 06547/Lifetime/PPLM  
PTR No.: 5336156/1-21-2016/Makati

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

C	I	T	Y	&	L	A	N	D	D	E	V	E	L	O	P	E	R	S	,				
I	N	C	O	R	P	O	R	A	T	E	D												

**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )

3	r	d		F	l	o	o	r	,		C	i	t	y											
C	o	n	d	o	m	i	n	i	u	m		1	0	,		T	o	w	e	r					
1	5	6		H	.	V	.		d	e	l	a		C	o	s	t	a		S	t	r	e	e	t
M	a	k	a	t	i						C	i	t	y											

Form Type

A	A	F	S
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

N	/	A
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**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
fmsd@cityland.net	893-6060	n/a
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
785	2 <sup>nd</sup> Tuesday of June	December 31

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rudy Go	cdc_rg@cityland.net	893-6060	n/a

**CONTACT PERSON'S ADDRESS**

3<sup>rd</sup> Floor Cityland Condominium 10, Tower II, 154 H.V. dela Costa Street, Makati City

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



## **INDEPENDENT AUDITORS' REPORT**

The Stockholders and the Board of Directors  
City & Land Developers, Incorporated  
3rd Floor, Cityland Condominium 10, Tower I  
156 H.V. de la Costa Street  
Makati City

### **Report on the Financial Statements**

We have audited the accompanying financial statements of City & Land Developers, Incorporated, which comprise the balance sheets as at December 31, 2015 and 2014, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



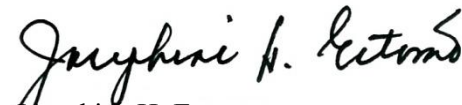
*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of City & Land Developers, Incorporated as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of City & Land Developers, Incorporated. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Josephine H. Estomo  
Partner

CPA Certificate No. 46349

SEC Accreditation No. 0078-AR-3 (Group A),

February 14, 2013, valid until April 30, 2016

Tax Identification No. 102-086-208

BIR Accreditation No. 08-001998-18-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5321634, January 4, 2016, Makati City

March 16, 2016



# CITY & LAND DEVELOPERS, INCORPORATED

## BALANCE SHEETS

	December 31	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱72,003,381	₱465,011,067
Short-term cash investments (Note 4)	782,000,000	372,000,000
Current portion of installment contracts receivable (Note 6)	22,998,108	79,732,759
Current portion of other receivables (Note 7)	9,731,526	11,275,358
Real estate properties for sale (Note 8)	256,360,304	250,921,503
Other current asset (Note 10)	450,829	43,801,433
<b>Total Current Assets</b>	<b>1,143,544,148</b>	<b>1,222,742,120</b>
<b>Noncurrent Assets</b>		
Installment contracts receivable - net of current portion (Note 6)	175,861,088	191,156,361
Other receivables - net of current portion (Note 7)	1,213,478	414,299
Available-for-sale financial assets (Note 5)	1,080,501	1,204,985
Real estate properties held for future development (Note 8)	372,199,346	363,636,361
Investment properties (Note 9)	180,692,904	180,644,796
Other noncurrent assets (Note 10)	42,535,220	43,312,337
<b>Total Noncurrent Assets</b>	<b>773,582,537</b>	<b>780,369,139</b>
<b>TOTAL ASSETS</b>	<b>₱1,917,126,685</b>	<b>₱2,003,111,259</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of accounts payable and accrued expenses (Note 11)	₱33,222,084	₱85,745,893
Notes and contracts payable (Note 12)	86,800,000	150,550,000
Income tax payable	4,252,465	18,325,868
<b>Total Current Liabilities</b>	<b>124,274,549</b>	<b>254,621,761</b>
<b>Noncurrent Liabilities</b>		
Accounts payable and accrued expenses - net of current portion (Note 11)	7,042,883	8,253,715
Retirement benefits liability (Note 19)	5,292,891	4,890,875
Deferred income tax liabilities - net (Note 20)	9,078,137	13,629,228
<b>Total Noncurrent Liabilities</b>	<b>21,413,911</b>	<b>26,773,818</b>
<b>TOTAL LIABILITIES</b>	<b>145,688,460</b>	<b>281,395,579</b>
<b>Equity</b>		
Capital stock - ₱1 par value (Note 13)		
Authorized - 1,200,000,000 shares		
Issued - 1,177,934,550 shares held by 785 equity holders in 2015 and 1,070,849,945 shares held by 785 equity holders in 2014	1,177,934,550	1,070,849,945
Additional paid-in capital	105,136	105,136
Net changes in fair values of available-for-sale financial assets (Note 5)	810,588	935,072
Accumulated re-measurement on defined benefit plans - net of deferred income tax effect (Note 19)	(5,668,151)	(4,936,123)
Retained earnings (Note 13)	598,256,102	654,761,650
<b>TOTAL EQUITY</b>	<b>1,771,438,225</b>	<b>1,721,715,680</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱1,917,126,685</b>	<b>₱2,003,111,259</b>

See accompanying Notes to Financial Statements.



**CITY & LAND DEVELOPERS, INCORPORATED**  
**STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>			
Sales of real estate properties	<b>₱139,838,905</b>	₱231,369,459	₱180,014,555
Financial income (Note 16)	<b>70,352,980</b>	78,040,768	118,430,741
Rent income (Note 9)	<b>3,795,306</b>	5,097,462	4,371,602
Other income (Note 17)	<b>11,926,828</b>	12,743,186	126,225,007
	<b>225,914,019</b>	327,250,875	429,041,905
<b>EXPENSES</b>			
Cost of real estate sales (Note 8)	<b>84,882,354</b>	134,893,626	91,352,855
Operating expenses (Notes 14 and 21)	<b>46,341,741</b>	60,348,078	75,806,792
Financial expenses (Note 18)	<b>1,358,488</b>	1,017,581	5,176,905
Other expenses (Note 17)	<b>3,425,520</b>	8,871,644	5,450,778
	<b>136,008,103</b>	205,130,929	177,787,330
<b>INCOME BEFORE INCOME TAX</b>	<b>89,905,916</b>	122,119,946	251,254,575
<b>PROVISION FOR INCOME TAX</b> (Note 20)	<b>18,980,326</b>	28,496,982	59,982,620
<b>NET INCOME</b>	<b>₱70,925,590</b>	₱93,622,964	₱191,271,955
<b>BASIC/DILUTED EARNINGS PER SHARE</b>			
(Note 24)	<b>₱0.06</b>	₱0.08	₱0.16

*See accompanying Notes to Financial Statements.*



**CITY & LAND DEVELOPERS, INCORPORATED**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>NET INCOME</b>	<b>₱70,925,590</b>	<b>₱93,622,964</b>	<b>₱191,271,955</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
To be reclassified to profit or loss in subsequent periods - changes in fair value of available-for-sale financial assets (Note 5)	<b>(124,484)</b>	299,279	(650,946)
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on defined benefit obligation (Note 19)	<b>(1,045,754)</b>	(3,812,050)	(1,112,244)
Income tax effect	<b>313,726</b>	1,143,615	333,673
	<b>(856,512)</b>	(2,369,156)	(1,429,517)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱70,069,078</b>	<b>₱91,253,808</b>	<b>₱189,842,438</b>

*See accompanying Notes to Financial Statements.*



## CITY & LAND DEVELOPERS, INCORPORATED

### STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Capital Stock (Note 13)	Additional Paid-in Capital	Net Changes in Fair Values of Available-for-Sale Financial Assets (Note 5)	Accumulated Re-measurement on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 19)	Retained Earnings (Note 13)	Total
<b>BALANCES AT DECEMBER 31, 2012</b>	<b>₱811,250,476</b>	<b>₱105,136</b>	<b>₱1,286,739</b>	<b>(₱1,489,117)</b>	<b>₱786,849,422</b>	<b>₱1,598,002,656</b>
Net income	-	-	-	-	191,271,955	191,271,955
Other comprehensive loss	-	-	(650,946)	(778,571)	-	(1,429,517)
Total comprehensive income (loss)	-	-	(650,946)	(778,571)	191,271,955	189,842,438
Stock dividends - 20%	162,249,771	-	-	-	(162,249,771)	-
Fractional shares of stock dividends	-	-	-	-	(324)	(324)
Cash dividends - ₱0.11 per share	-	-	-	-	(89,237,553)	(89,237,553)
<b>BALANCES AT DECEMBER 31, 2013</b>	<b>973,500,247</b>	<b>105,136</b>	<b>635,793</b>	<b>(2,267,688)</b>	<b>726,633,729</b>	<b>1,698,607,217</b>
Net income	-	-	-	-	93,622,964	93,622,964
Other comprehensive income (loss)	-	-	299,279	(2,668,435)	-	(2,369,156)
Total comprehensive income (loss)	-	-	299,279	(2,668,435)	93,622,964	91,253,808
Stock dividends - 10%	97,349,698	-	-	-	(97,349,698)	-
Fractional shares of stock dividends	-	-	-	-	(328)	(328)
Cash dividends - ₱0.07 per share	-	-	-	-	(68,145,017)	(68,145,017)
<b>BALANCES AT DECEMBER 31, 2014</b>	<b>1,070,849,945</b>	<b>105,136</b>	<b>935,072</b>	<b>(4,936,123)</b>	<b>654,761,650</b>	<b>1,721,715,680</b>
Net income	-	-	-	-	70,925,590	70,925,590
Other comprehensive loss	-	-	(124,484)	(732,028)	-	(856,512)
Total comprehensive income (loss)	-	-	(810,588)	(732,028)	70,925,590	70,069,078
Stock dividends - 10%	107,084,605	-	-	-	(107,084,605)	-
Fractional shares of stock dividends	-	-	-	-	(384)	(384)
Cash dividends - ₱0.019 per share	-	-	-	-	(20,346,149)	(20,346,149)
<b>BALANCES AT DECEMBER 31, 2015</b>	<b>₱1,177,934,550</b>	<b>₱105,136</b>	<b>₱810,588</b>	<b>(₱5,668,151)</b>	<b>₱598,256,102</b>	<b>₱1,771,438,225</b>

See accompanying Notes to Financial Statements.





# CITY & LAND DEVELOPERS, INCORPORATED

## STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱89,905,916	₱122,119,946	₱251,254,575
Adjustments for:			
Interest income (Note 16)	(70,339,043)	(78,027,156)	(118,407,380)
Interest expense - net of amounts capitalized (Note 18)	1,224,088	921,200	4,986,604
Retirement benefits cost (Note 19)	864,363	656,161	488,283
Dividend income (Note 16)	(13,937)	(13,612)	(23,361)
Reversal of excess cost accrual (Note 17)	-	-	(119,737,311)
Gain on sale of available-for-sale investment	-	-	(489,466)
Operating income before working capital changes	21,641,387	45,656,539	18,071,944
Decrease (increase) in:			
Installment contracts receivable	72,029,924	259,348,341	272,843,075
Other receivables	2,143,151	568,699	1,806,113
Real estate properties for sale	(5,438,801)	81,354,836	59,494,602
Other current assets	43,350,604	(70,617,568)	(1,187,794)
Increase (decrease) in accounts payable and accrued expenses	(54,083,371)	14,132,697	(47,662,859)
Cash generated from operations	79,642,894	330,443,544	303,365,081
Contributions to the plan (Note 19)	(1,508,101)	(1,508,101)	(646,921)
Interest received	68,940,545	78,395,712	118,191,647
Income taxes paid, including creditable and final withholding taxes	(37,291,093)	(80,829,133)	(58,224,768)
Net cash flows from operating activities	109,784,245	326,502,022	362,685,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of short-term cash investments (Note 4)	(410,000,000)	-	(572,500,000)
Proceeds from matured short-term cash investments (Note 4)	-	251,500,000	-
Additions to:			
Real estate properties held for future development (Note 8)	(8,562,985)	(120,102,245)	(8,052,369)
Investment properties (Note 9)	(48,108)	(41,111)	-
Changes in other noncurrent assets	777,117	853,813	-
Dividends received (Note 16)	13,937	13,612	23,361
Net cash flows from (used in) investing activities	(417,820,039)	132,224,069	(580,529,008)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availments of short-term notes (Note 12)	292,600,000	293,950,000	1,007,299,703
Payments of short-term notes (Note 12)	(243,850,000)	(462,949,205)	(1,052,569,943)
Payment of contracts payable (Note 12)	(112,500,000)	-	-
Interest paid (Note 12)	(1,136,411)	(1,184,485)	(5,908,605)
Dividends paid (Note 13)	(20,085,481)	(67,861,158)	(88,957,489)
Net cash flows used in financing activities	(84,971,892)	(238,044,848)	(140,136,334)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(393,007,686)</b>	<b>220,681,243</b>	<b>(357,980,303)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (Note 4)	<b>465,011,067</b>	<b>244,329,824</b>	<b>602,310,127</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Note 4)	<b>₱72,003,381</b>	<b>₱465,011,067</b>	<b>₱244,329,824</b>

See accompanying Notes to Financial Statements.



# CITY & LAND DEVELOPERS, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

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### 1. Corporate Information

City & Land Developers, Incorporated (the “Company”) was incorporated in the Philippines on June 28, 1988. Its primary purpose is to establish an effective institutional medium for acquiring and developing suitable land sites for residential, office, commercial, institutional and industrial uses primarily, but not exclusively, in accordance with the subdivision, condominium, and cooperative concepts of land-utilization and land-ownership. The Company’s registered office and principal place of business is 3rd Floor, Cityland Condominium 10, Tower I, 156 H. V. de la Costa Street, Makati City.

The Company is 49.73% owned by Cityland Development Corporation (CDC), a publicly listed company incorporated and domiciled in the Philippines. The Company’s ultimate parent is Cityland, Inc. (CI), a company incorporated and domiciled in the Philippines, which prepares consolidated financial statements and that of its subsidiaries.

The financial statements of the Company were authorized for issuance by the Board of Directors (BOD) on March 16, 2016.

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### 2. Summary of Significant Accounting and Financial Reporting Policies

#### Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis, except for available-for-sale financial assets which are carried at fair value and repossessed real estate properties for sale which are carried at fair value less costs to sell. The financial statements are presented in Philippine peso (Peso), which is the Company’s functional currency, and rounded to the nearest Peso except when otherwise indicated.

#### Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

#### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2015. Adoption of these pronouncements did not have a significant impact on the Company’s financial position or performance.

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

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

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments’ Assets to the Entity’s Assets*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
- PAS 24, *Related Party Disclosures - Key Management Personnel*



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

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Ventures*
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
- PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property*

Current versus Noncurrent Classification

The Company presents assets and liabilities in the balance sheet based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition, and are subject to an insignificant risk of change in value.

Short-term Cash Investments

Short-term cash investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition.

Financial Assets and Financial Liabilities

*Date of recognition*

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial recognition of financial instruments*

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes directly attributable transaction cost.



*Classification of financial instruments*

Subsequent to initial recognition, the Company classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at each end of reporting period.

a. Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by the management as at fair value through profit or loss.

Financial assets or financial liabilities classified in this category are designated as at fair value through profit or loss by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets or liabilities are part of a group of financial assets or financial liabilities, or both financial assets and financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets or financial liabilities classified under this category are carried at fair value in the balance sheet. Changes in the fair value of such assets and liabilities are recognized in the statement of income. The Company has no financial assets and financial liabilities at fair value through profit or loss as of December 31, 2015 and 2014.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at amortized cost in the balance sheet. Amortization is determined using the effective interest rate method.

The Company's loans and receivables consist of cash in banks and cash equivalents, short-term cash investments, installment contracts receivable, refundable deposits, escrow deposit and other receivables.



c. Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost in the balance sheet. Amortization is determined using the effective interest rate method.

The Company has no held-to-maturity investments as of December 31, 2015 and 2014.

d. Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value in the balance sheet. Changes in the fair value of such assets are accounted in the statement of comprehensive income and in equity.

The Company's available-for-sale financial assets consist of investments in quoted equity securities.

e. Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company owes money, goods or services directly to a creditor with no intention of trading the payables. Other financial liabilities are carried at cost or amortized cost in the balance sheet. Amortization is determined using the effective interest rate method.

The Company's other financial liabilities consist of accounts payable and accrued expenses and notes and contracts payable.

Cash dividend distributions to stockholders are recognized as financial liabilities when the dividends are approved by the BOD.

Fair Value Measurement

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

*Determination of fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### *“Day 1” difference*

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where inputs are made of data which are not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the Company has transferred its right to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

#### Impairment of Financial Assets

The Company assesses at each end of the reporting period whether a financial asset or a group of financial assets is impaired.

#### *Assets carried at amortized cost*

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to significant financial difficulty of the counterparty, a breach of contract, such as default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.

The impairment assessment is performed at each end of reporting period. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rates (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss, if any, is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of income. Interest income continues to be accrued on the



reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write off is later recovered, the recovery is recognized in the statement of income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

#### *Assets carried at cost*

If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### *Available-for-sale financial assets*

In the case of debt instruments classified as available-for-sale financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Financial income" account in the statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

In case of equity investments classified as available-for-sale financial asset, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from equity and recognized in the statement of income. Increases in fair value after impairment are recognized in the statement of comprehensive income and directly in the statement of changes in equity.

#### Real Estate Properties for Sale and Real Estate Properties Held for Future Development

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

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make





the sale. The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Repossessed real estate properties for sale arising from sale cancelations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to "Other income" or "Other expenses", respectively, in the statement of income.

#### Investment Properties

Investment properties which represent real estate properties for lease are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing real estate property for lease at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets' deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Buildings for lease are depreciated over their useful life of 25 years using the straight-line method.

Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under "Investment properties" account.

#### Impairment of Nonfinancial Assets

The carrying values of real estate properties held for future development and investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the statement of income.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Company considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Value-added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and accrued expenses," respectively, in the balance sheet.

#### Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

#### Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

The retained earnings include deemed cost adjustment on land recorded under "Investment properties" that arose when the Company transitioned to PFRS in 2005. The deemed cost adjustment will be realized through sale. The deferred income tax liability on the deemed cost adjustment is transferred to statement of income upon sale.

#### *Dividend Distributions*

Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.



Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance.

Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

#### Revenue and Costs Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding VAT. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sales of real estate properties*

In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion (POC) method is used to recognize income from sales of condominium units and residential houses where the Company has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Revenue from sale of completed residential lots and housing units, where a sufficient down payment has been received, the collectability of the sales price is reasonably assured, the refund period has expired, the receivables are not subordinated and the seller is not obliged to complete improvements, is accounted for under the full accrual method.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Company is recorded as part of "Customers' deposits" account which is included under "Accounts payable and accrued expenses" in the balance sheet until all the conditions for recognizing the sale are met.

#### *Cost of real estate sales*

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by independent project engineers, are charged to "Cost of real estate sales" in the statement of income with a corresponding credit to accrued development costs account presented under "Accounts payable and accrued expenses" in the balance sheet.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.



Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in statement of income in the period in which the change is made.

*Sale of undeveloped land*

Revenue from sale of undeveloped land is recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the undeveloped land have passed to the buyer and the amount of revenue can be measured reliably.

*Interest income*

Interest income from cash in banks, cash equivalents, short-term cash investments and installment contracts receivable is recognized as the interest accrues taking into account the effective yield on interest.

*Dividend income*

Dividend income is recognized when the Company's right to receive the payment is established.

*Operating leases – Company as a lessor*

Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

*Operating expenses*

Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

*Financial expenses*

Financial expenses consist of interest incurred on notes and contracts payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress



and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

*Other income and other expenses*

Other income and other expenses pertain to the gain or loss, respectively, arising from forfeiture or cancellation of prior years' real estate sales.

Retirement Benefits Cost

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefits cost comprises the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

*Employee leave entitlement*

Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which are not expected to be settled wholly within 12 months from the balance sheet date in which the employees rendered the related service are classified as noncurrent liabilities. The Company computes for the obligation using the projected unit credit method, which is similar to accounting for retirement benefits, except that any remeasurement gain or loss is taken directly to profit or loss.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the balance sheet. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the balance sheet.

*Deferred income tax*

Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible



temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the statement of comprehensive income and not in the statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in the statement of income in accordance with PFRS. Other comprehensive income of the Company includes gains and losses on fair value changes of available-for-sale financial assets, re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).

#### Earnings Per Share

Basic earnings per share is computed by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding after considering the retrospective effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares, and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

#### Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 25 in the financial statements. The Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.



#### Events After the Reporting Period

Post year-end events that provide additional information about the Company's position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements have a significant impact on its financial statements unless otherwise indicated. The Company intends to adopt the following pronouncements when they become effective.

##### *Effective beginning January 1, 2016*

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to PAS 16 and PAS 38 - *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41 - *Bearer Plants*
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRSs and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

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

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue*
- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

##### *Effective beginning January 1, 2017*

- Amendments to PAS 7, *Disclosure Initiative*  
The amendments require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
- Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*  
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.





*Effective beginning January 1, 2018*

- PFRS 9, *Financial Instruments* (2014 or final version)

*Effective beginning January 1, 2019*

- PFRS 16, *Leases*

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

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

PFRS 16 will replace PAS 17 and supersede the related interpretations. Earlier application is not permitted until the Financial Standards Reporting Council (FRSC) has adopted the new revenue recognition standard.

The Company is currently studying the impact of future adoption of PFRS 16.

*Deferred Effectivity*

- Amendments to PFRS 10 and PAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Philippine Interpretation IFRIC-15, *Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

*Issued by the IASB but not yet adopted by the FRSC*

- International Financial Reporting Standards (IFRS 15), *Revenue from Contracts with Customers*  
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is



currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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### 3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

#### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

#### *Determination of the Company's functional currency*

The Company, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso. It is the currency that influences the sale of real estate properties and the costs of selling the same.

#### *Revenue recognition*

Selecting the appropriate revenue recognition method for particular real estate transaction requires certain judgments based on the following, among others:

- *Collectability of sales price*

Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

For sale of real estate properties, in determining whether the sales prices are collectible, the Company considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*

The Company commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by independent project engineers, ranges from 5% to 10%. It is the period when the Company considers that the construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished).

#### *Classification of financial instruments*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity



instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Company's balance sheet (see Note 22).

The Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

*Operating lease commitments – Company as lessor*

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined that it retains all significant risks and rewards of ownership of the properties as the Company considered, among others, the length of the lease term as compared with the estimated life of the assets (see Note 9).

A number of the Company's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Company considers among others, the significance of the penalty, including the economic consequence to the lessee.

*Distinction between investment properties and owner-occupied properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Investment properties amounted to ₱180.69 million and ₱180.64 million as of December 31, 2015 and 2014, respectively (see Note 9).

*Distinction between real estate properties for sale and investment properties*

The Company determines whether a property is classified as for sale, for lease and for capital appreciation.

Real estate properties which the Company develops and intends to sell on or before completion of construction are classified as real estate properties for sale. Real estate properties for sale amounted to ₱256.36 million and ₱250.92 million as of December 31, 2015 and 2014, respectively (see Note 8). Real estate properties which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱180.69 million and ₱180.64 million as of December 31, 2015 and 2014, respectively (see Note 9).

*Distinction between real estate properties for sale and held for future development*

The Company determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Company considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Company's strategic land banking activities for development or sale in the medium or long-term (real estate properties held for future development). Real estate



properties for sale amounted to ₱256.36 million and ₱250.92 million as of December 31, 2015 and 2014, respectively (see Note 8). Real estate properties held for future development amounted to ₱372.20 million and ₱363.64 million as of December 31, 2015 and 2014, respectively (see Note 8).

#### Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Revenue and cost recognition*

The Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost. The Company's revenue from real estate properties based on the POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

#### *Estimation of POC of real estate projects*

The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. The Company estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as management's monitoring of the costs, progress and improvements of the projects. Gross profit on sales of real estate properties amounted to ₱54.96 million, ₱96.48 million and ₱88.66 million in 2015, 2014 and 2013, respectively. In 2013, the Company reversed the excess of estimated development cost over the actual cost of completed project amounting to ₱119.74 million which was recognized under "Other income" in the 2013 statement of income (see Note 17).

#### *Determination of fair value of financial instruments*

Financial assets and financial liabilities, on initial recognition, are accounted for at fair value. The fair values of financial assets and financial liabilities, on initial recognition, are normally the transaction prices. In the case of those financial assets and financial liabilities that have no active markets, fair values are determined using an appropriate valuation technique. The fair values of the Company's financial assets and financial liabilities are disclosed in Note 22.

#### *Estimation of allowance for impairment of receivables*

The level of this allowance is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts. As of December 31, 2015 and 2014, installment contracts receivable and other receivables aggregated to ₱209.80 million and ₱282.58 million, respectively. There was no impairment of receivables in 2015 and 2014 (see Notes 6 and 7).

#### *Impairment of available-for-sale financial assets*

An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Company evaluates the financial health of the issuer, among others. The Company treats available-for-sale equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Company treats "significant" generally as 20% or more of cost and "prolonged" as greater than 12 months for quoted equity securities. In



addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Available-for-sale financial assets amounted to ₱1.08 million and ₱1.20 million as of December 31, 2015 and 2014, respectively (see Note 5). In 2015, 2014 and 2013, no impairment loss was recognized for available-for-sale financial assets as management did not identify any objective evidence of impairment.

*Determination of net realizable value of real estate properties for sale and held for future development*

The Company's estimates of the net realizable value of real estate properties for sale are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. The Company's real estate properties for sale amounted to ₱256.36 million and ₱250.92 million as of December 31, 2015 and 2014, respectively (see Note 8). Real estate properties held for future development amounted to ₱372.20 million and ₱363.64 million as of December 31, 2015 and 2014, respectively (see Note 8).

*Determination of the fair value of investment properties*

The Company discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*, the Company engaged two accredited independent valuation specialists to assess fair value as of December 31, 2015 and 2014. The Company's investment properties consist of land and building pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others (see Note 22).

*Impairment of investment properties*

The Company determines whether its investment properties are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. When an impairment indicator is noted, the Company makes an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of December 31, 2015 and 2014. Net book values of investment properties as of December 31, 2015 and 2014 amounted to ₱180.69 million and ₱180.64 million, respectively (see Note 9).



*Estimation of retirement benefits cost*

The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PDEX PDST-R2 rates at various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 19.

Net retirement benefits cost amounted to ₱0.86 million, ₱0.66 million and ₱0.49 million in 2015, 2014 and 2013, respectively. Retirement benefits liability amounted to ₱5.29 million and ₱4.89 million as of December 31, 2015 and 2014, respectively (see Note 19).

*Recognition of deferred income tax assets*

The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2015 and 2014, deferred income tax assets amounted to ₱11.43 million and ₱13.92 million, respectively (see Note 20).

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**3. Cash and Cash Equivalents and Short-term Cash Investments**

Cash and cash equivalents consist of:

	2015	2014
Cash on hand and in banks	<b>₱2,503,381</b>	₱2,511,067
Cash equivalents	<b>69,500,000</b>	462,500,000
	<b>₱72,003,381</b>	₱465,011,067

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Short-term cash investments amounting to ₱782.00 million and ₱372.00 million as of December 31, 2015 and 2014, respectively, have maturities of more than three months to one year from the date of acquisition and earn interest at the prevailing market rates.



Interest income earned from cash in banks, cash equivalents and short-term cash investments amounted to ₱18.03 million, ₱13.85 million and ₱21.49 million in 2015, 2014 and 2013, respectively (see Note 16).

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#### 4. Available-for-sale Financial Assets

Available-for-sale financial assets consist of investments in quoted equity securities amounting to ₱1.08 million and ₱1.20 million as of December 31, 2015 and 2014, respectively. The fair values of available-for-sale financial assets were determined based on published prices in the active market.

The movements in “Net changes in fair values of available-for-sale financial assets” presented in the equity section of the balance sheets are as follows:

	2015	2014
Balances at beginning of year	₱935,072	₱635,793
Changes in fair value	(124,484)	299,279
Balances at end of year	₱810,588	₱935,072

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#### 5. Installment Contracts Receivable

	2015	2014
Installment contracts receivable	₱198,859,196	₱270,889,120
Less noncurrent portion	175,861,088	191,156,361
	₱22,998,108	₱79,732,759

Installment contracts receivable arises from sales of real estate properties and is collectible in monthly installments for periods ranging from one to 10 years which bears monthly interest rates of 0.67% to 2.00% in 2015 and 2014 computed on the diminishing balance.

Interest income earned from installment contracts receivable amounted to ₱52.21 million, ₱64.02 million and ₱96.70 million in 2015, 2014 and 2013, respectively (see Note 16).

The Company, CDC and CI entered into a contract of guaranty under Retail Guaranty Line in the amount of ₱2.00 billion in 2015 with Home Guaranty Corporation (HGC). The amount of installment contracts receivable enrolled and renewed by the Company totaled ₱232.00 million and ₱268.00 million in 2015 and 2014, respectively. The Company paid a guarantee premium of 1.00% based on the outstanding principal balance of the installment contract receivable enrolled in 2015 and 2014 (see Note 14).

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#### 7. Other Receivables

Other receivables consist of:

	2015	2014
Advances to customers	₱4,704,673	₱5,998,515
Accrued interest	3,253,291	1,854,794

(Forward)



	2015	2014
Due from related parties (Note 21)	₱1,571,529	₱2,413,470
Retention	480,000	40,000
Others	935,511	1,382,878
	<b>10,945,004</b>	11,689,657
Less noncurrent portion	<b>1,213,478</b>	414,299
	<b>₱9,731,526</b>	₱11,275,358

Advances to customers are receivables of the Company for the real estate property taxes of sold condominium units initially paid by the Company. Other receivables include receivables from customers relating to registration of title and other registration expenses initially paid by the Company and employees' advances.

#### 8. Real Estate Properties for Sale and Real Estate Properties Held for Future Development

##### *Real estate properties for sale*

Real estate properties for sale consists of cost incurred in the development of condominium units and residential houses for sale.

The movements of real estate properties for sale are as follows:

	2015	2014
Balances at beginning of year	₱250,921,503	₱92,563,453
Construction/development costs incurred	85,863,562	35,481,353
Disposals (recognized as cost of real estate sales)	(84,882,354)	(134,893,626)
Transfer from real estate properties held for future development	–	241,594,252
Borrowing costs capitalized (Notes 12 and 18)	74,093	7,883
Derecognition	(732,500)	–
Other adjustments – net	5,116,000	16,168,188
Balances at end of year	<b>₱256,360,304</b>	₱250,921,503

Real estate properties for sale account includes capitalized borrowing costs incurred in connection with the development of the properties (see Note 18). The average capitalization rates used to determine the amount eligible for capitalization were 1.23% in 2015 and 1.07% in 2014.

Other adjustments include the effect of stating repossessed real estate properties during the year at fair value less cost to sell.

##### *Real estate properties held for future development*

Real estate properties held for future development include land properties reserved by the Company for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	2015	2014
Balances at beginning of year	₱363,636,361	₱370,747,003
Additions (Note 12)	8,562,985	234,483,610
Transfer to real estate properties for sale	–	(241,594,252)
Balances at end of year	<b>₱372,199,346</b>	₱363,636,361





In 2014, the Company acquired a parcel of land amounting to ₱229.82 million for future development.

## 9. Investment Properties

Investment properties represent real estate properties for lease which consist of:

	2015	2014
<b>Land - at cost</b>		
Balances at beginning of year	₱180,644,796	₱180,603,685
Additions during the year	48,108	41,111
Balances at end of year	180,692,904	180,644,796
<b>Building - at cost</b>		
Balances at beginning of year	13,574,318	13,574,318
Retirement	(12,759,860)	-
Balances at end of year	814,458	13,574,318
<b>Accumulated depreciation</b>		
Balances at beginning of year	13,574,318	13,574,318
Retirement	(12,759,860)	-
Balances at end of year	814,458	13,574,318
Net book value	-	-
<b>Total net book values</b>	<b>₱180,692,904</b>	<b>₱180,644,796</b>

The net book value of land include deemed cost adjustment amounting to ₱16.89 million as of December 31, 2015 and 2014. The deemed cost adjustment arose when the Company transitioned to PFRS in 2005.

Based on the appraisal reports by SEC accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2015 and 2014, appraised values of these investment properties amounted to ₱362.71 million and ₱324.86 million, respectively, as of dates of appraisal (see Note 22).

Rent income from investment properties amounted to ₱3.80 million ₱5.10 million and ₱4.37 million in 2015, 2014 and 2013, respectively.

The direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₱0.86 million, ₱1.97 million and ₱0.81 million in 2015, 2014 and 2013, respectively.

Investment properties are rented out at different rates generally for a one-year term renewable every year.

## 10. Other Assets

In 2014, the Company entered into an Escrow Agreement with the HLURB and a local bank as escrow bank for the temporary license to sell issued for the Company's project, North Residences. Cash proceeds as of December 31, 2014 amounting to ₱43.80 million were deposited to the escrow bank and recorded as part of other current assets and the related liability was recognized as customers' deposits under "Accounts payable and accrued expenses" in the 2014 balance sheet (see Note 11).



The escrow deposit was released to the Company on January 14, 2015 upon written notice from the HLURB allowing such release in view of the Company's compliance with all the requirements of the HLURB for the issuance of license to sell and certificate of registration for North Residences.

Other current assets also include prepaid real estate taxes.

Other noncurrent assets consist of:

	2015	2014
Unused input VAT	<b>₱40,433,705</b>	₱40,433,705
Utility deposits and others	<b>2,101,515</b>	2,878,632
	<b>₱42,535,220</b>	₱43,312,337

The unused input VAT arose from the purchase of parcels of land in previous years which were recorded as part of "Real estate properties held for future development" account (see Note 8).

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#### 11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2015	2014
Trade payables	<b>₱17,681,806</b>	₱21,720,310
Accrued expenses:		
Development costs	<b>8,071,483</b>	775,901
Sick leave (Note 19)	<b>5,052,385</b>	4,611,001
Directors' fee (Note 21)	<b>1,899,423</b>	4,021,271
Taxes, premiums, others	<b>283,778</b>	359,242
Interest	<b>142,489</b>	54,812
Customers' deposits (Note 10)	<b>2,315,811</b>	55,388,631
Dividends payable	<b>2,133,205</b>	1,872,153
Withholding taxes payable	<b>1,030,448</b>	1,914,603
Others (Note 7)	<b>1,654,139</b>	3,281,684
	<b>40,264,967</b>	93,999,608
Less noncurrent portion	<b>7,042,883</b>	8,253,715
	<b>₱33,222,084</b>	₱85,745,893

Trade payables consist of payables to suppliers, contractors and other counterparties. Customers' deposits consist of rental deposits, collected deposits for water and electric meters of the sold condominium units. Accrued expenses represent various accruals of the Company for its expenses and real estate projects. Accrued development costs represent the corresponding accrued expenses for the completed and sold condominium units of the Company. Other payables consist of customers' reservation, employees' payable and payables to related parties.



## 12. Notes and Contracts Payable

The details of notes and contracts payable are as follows:

	2015	2014
Notes payable on short-term commercial papers (STCP) with varying maturities and annual interest rates ranging from 1.06% to 1.25% in 2015 and 0.69% to 1.25% in 2014	<b>₱86,800,000</b>	₱38,050,000
Contracts payable	-	112,500,000
	<b>₱86,800,000</b>	<b>₱150,550,000</b>

On September 22, 2015 and September 22, 2014, the SEC authorized the Company to issue ₱100.00 million and ₱200.00 million, respectively, worth of STCP registered with the SEC in accordance with the provision of the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other applicable laws and orders. Outstanding STCP issued by the Company as of December 31, 2015 and 2014 aggregated to ₱86.80 million and ₱38.05 million, respectively.

Interest expense related to STCP amounted to ₱1.28 million, ₱0.91 million and ₱4.97 million in 2015, 2014 and 2013, respectively (see Note 18). Capitalized borrowing costs amounted to ₱74,093 and ₱7,833 in 2015 and 2014, respectively while no capitalized borrowing cost in 2013 (see Notes 8 and 18). Total interest paid amounted to ₱1.14 million, ₱1.18 million and ₱5.91 million in 2015, 2014 and 2013, respectively.

The Company, CI, CDC and Cityplans, Inc. (the Group) have credit lines with financial institutions aggregating to about ₱2.80 billion as of December 31, 2015 and 2014, which is available for drawing by any of the companies in the Group. No loans were availed from the credit line in 2015 and 2014.

The Company has no specific credit lines with financial institutions as of December 31, 2015 and 2014.

The carrying values of CI's and CDC's properties that will be used as collaterals as of December 31, 2015 and 2014 follow:

	2015	2014
Real estate properties for sale	<b>₱456,514,085</b>	₱739,924
Investment properties	-	554,117,709
Property and equipment	-	226,369
Total	<b>₱456,514,085</b>	<b>₱555,084,002</b>

Contract payable amounting to ₱112.50 million as of December 31, 2014 represents liability arising from a contract entered into by the Company in September 2014 to purchase a land for future development (see Note 8). The said liability is noninterest-bearing and was fully settled on February 27, 2015.



### 13. Equity

- a. The Company registered 175,000,000 shares with SEC on April 21, 1989 with an initial offer price of ₱1.00. On December 13, 1999, the issued and outstanding capital stock of the Company was listed in the Philippine Stock Exchange after the initial public offering on November 29, 1999. As of December 31, 2015 and 2014, the Company has 1,177,934,550 shares held by 785 equity holders and 1,070,849,945 shares held by 785 equity holders, respectively.

The following table summarizes the authorized and outstanding shares of capital stock:

	2015	2014	2013
Authorized common stock -			
₱1.00 par value	<b>1,200,000,000</b>	1,200,000,000	1,200,000,000
Issued, beginning of year	<b>1,070,849,945</b>	973,500,247	811,250,476
Stock dividends	<b>107,084,605</b>	97,349,698	162,249,771
Issued, ending of year	<b>1,177,934,550</b>	1,070,849,945	973,500,247

- b. Dividends declared and issued/paid by the Company in 2015, 2014 and 2013 follow:

Dividends	Date Approved	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	June 4, 2015	₱0.019	July 3, 2015	July 29, 2015
	June 5, 2014	0.070	June 30, 2014	July 24, 2014
	June 11, 2013	0.110	June 26, 2013	July 22, 2013
Stock	May 11, 2015	10.0%	July 9, 2015	August 4, 2015
	April 28, 2014	10.0%	July 10, 2014	August 5, 2014
	April 29, 2013	20.0%	July 11, 2013	August 6, 2013

Fractional shares of stock dividends were paid in cash based on the par value.

- c. As of December 31, 2015 and 2014, the retained earnings include the impact of the remaining balance of deemed cost adjustment of investment properties amounting to ₱11.83 million, net of related deferred tax of ₱5.07 million, which arose when the Company transitioned to PFRS in 2005 (see Notes 9 and 20). This amount has yet to be realized through sales. The balance of retained earnings is restricted for the payment of dividends to the extent of the balance of the deemed cost adjustment and deferred income tax asset which amounted to ₱9.00 million and ₱11.81 million as of December 31, 2015 and 2014, respectively (see Note 20).

### 14. Operating Expenses

Operating expenses consist of:

	2015	2014	2013
Personnel (Note 15)	<b>₱18,854,609</b>	₱21,950,114	₱31,674,529
Taxes and licenses	<b>11,542,002</b>	14,258,906	16,302,034
Professional fees	<b>3,588,601</b>	10,120,675	10,000,474

(Forward)



	2015	2014	2013
Advertising and promotions	<b>₱2,649,492</b>	₱2,578,516	₱2,561,075
Insurance (Notes 6 and 12)	<b>2,247,303</b>	3,841,786	4,980,827
Membership dues	<b>1,816,757</b>	1,691,534	3,162,674
Outside services	<b>1,425,097</b>	945,485	951,088
Repairs and maintenance	<b>884,578</b>	1,842,429	1,658,065
Rent expense	<b>395,754</b>	644,811	628,650
Brokers' commission	<b>353,992</b>	493,414	1,184,711
Postage, telephone and telegraph	<b>222,091</b>	333,970	327,269
Stationery and office supplies	<b>167,400</b>	161,974	320,397
Power, light and water	<b>138,128</b>	172,872	233,358
Transportation	<b>87,183</b>	133,123	144,455
Others	<b>1,968,754</b>	1,178,469	1,677,186
	<b>₱46,341,741</b>	₱60,348,078	₱75,806,792

#### 15. Personnel Expenses

Personnel expenses consist of:

	2015	2014	2013
Salaries and wages	<b>₱6,579,923</b>	₱10,034,153	₱9,769,687
Bonuses and other employee benefits	<b>6,224,586</b>	5,454,761	15,983,023
Commissions	<b>5,185,737</b>	5,805,039	5,433,536
Retirement benefits cost (Note 19)	<b>864,363</b>	656,161	488,283
	<b>₱18,854,609</b>	₱21,950,114	₱31,674,529

#### 16. Financial Income

Financial income consists of:

	2015	2014	2013
Interest income from:			
Installment contracts receivable (Note 6)	<b>₱52,206,918</b>	₱64,015,311	₱96,695,119
Cash equivalents and short-term cash investments (Note 4)	<b>17,991,790</b>	13,837,543	21,478,173
Cash in banks (Note 4)	<b>34,315</b>	12,810	15,757
Others	<b>106,020</b>	161,492	218,331
Dividend income	<b>13,937</b>	13,612	23,361
	<b>₱70,352,980</b>	₱78,040,768	₱118,430,741

#### 17. Other Income/Expenses

##### *Other income*

Other income pertains to penalties for customers' late payments, sale of scraps, forfeiture of reservations and downpayments received on sales which were not consummated. In 2013, the Company reversed the excess of estimated development cost over the actual cost of completed project amounting to ₱119.74 million.



*Other expenses*

Other expenses amounting to ₱3.43 million, ₱8.87 million and ₱5.45 million in 2015, 2014 and 2013, respectively, pertain to reversal of gross profit recognized in prior years due to forfeiture/cancellation of sales.

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**18. Financial Expense**

Financial expense consists of:

	<b>2015</b>	2014	2013
Interest expense on notes payable (Note 12)	<b>₱1,281,166</b>	₱911,506	₱4,969,827
Capitalized borrowing costs (Notes 8 and 12)	<b>(74,093)</b>	(7,883)	-
	<b>1,207,073</b>	903,623	4,969,827
Finance charges and others	<b>151,415</b>	113,958	207,078
	<b>₱1,358,488</b>	₱1,017,581	₱5,176,905

Interest costs capitalized in real estate properties for sale amounted to ₱74,093 and ₱7,833 in 2015 and 2014, respectively and the average capitalization rate used to determine the amount of borrowing cost eligible for capitalization was 1.23% and 1.07% in 2015 and 2014, respectively (see Notes 8 and 12).

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**19. Employee Benefits**

*Retirement benefits cost*

The Company, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of employee's final monthly salary and the number of years of service. The fund is administered by a third party-trustee bank under the supervision of the Retirement Committee of the plan. The committee is responsible for investment strategy of the plan.

The details of net retirement benefits cost, which is included in "Personnel expense" account (see Note 15), are as follows:

	<b>2015</b>	2014	2013
Current service cost	<b>₱644,273</b>	₱562,326	₱436,298
Net interest cost on net defined benefit obligation	<b>220,090</b>	93,835	51,985
Net retirement benefits cost	<b>₱864,363</b>	₱656,161	₱488,283



Re-measurement loss on defined benefit obligation recognized in the statements of comprehensive income comprises the following:

	2015	2014	2013
Actuarial loss (gain) on defined benefit obligation:			
Due to experience adjustments	<b>₱1,694,626</b>	₱3,185,550	₱2,133,029
Due to change in financial assumption	<b>(907,983)</b>	548,497	(1,089,781)
Due to change in demographic assumption	<b>66,930</b>	-	-
Loss on plan assets excluding amounts included in net interest cost	<b>192,181</b>	78,003	68,996
<b>Re-measurement loss on defined benefit obligation</b>	<b>₱1,045,754</b>	₱3,812,050	₱1,112,244

Movements in net retirement benefits liability are as follows:

	2015	2014
Beginning balances	<b>₱4,890,875</b>	₱1,930,765
Retirement benefits cost	<b>864,363</b>	656,161
Re-measurement loss	<b>1,045,754</b>	3,812,050
Contributions	<b>(1,508,101)</b>	(1,508,101)
<b>Ending balances</b>	<b>₱5,292,891</b>	₱4,890,875

The details of the net retirement benefits liability are as follows:

	2015	2014
Present value of defined benefit obligation	<b>₱11,260,272</b>	₱9,342,034
Fair value of plan assets	<b>5,967,381</b>	4,451,159
<b>Retirement benefits liability</b>	<b>₱5,292,891</b>	₱4,890,875

Changes in present value of defined benefit obligation are as follows:

	2015	2014
Balances at beginning of the year	<b>₱9,342,034</b>	₱4,811,807
Current service cost	<b>644,273</b>	562,326
Interest cost on defined benefit obligation	<b>420,392</b>	233,854
Actuarial loss	<b>853,573</b>	3,734,047
<b>Balances at end of the year</b>	<b>₱11,260,272</b>	₱9,342,034

Changes in fair value of plan assets are as follows:

	2015	2014
Balances at beginning of the year	<b>₱4,451,159</b>	₱2,881,042
Contributions to the plan	<b>1,508,101</b>	1,508,101
Actual loss excluding amount recognized in net interest cost	<b>(192,181)</b>	(78,003)
Interest included in net interest costs	<b>200,302</b>	140,019
<b>Balances at end of the year</b>	<b>₱5,967,381</b>	₱4,451,159



The major categories of plan assets of the Company with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	<b>2015</b>	2014
Cash and cash equivalents	<b>44.81%</b>	40.50%
Investments in equity securities	<b>6.36%</b>	9.14%
Investment properties	<b>48.70%</b>	49.63%
Receivables	<b>0.64%</b>	1.22%
Payables	<b>(0.51%)</b>	(0.49%)
	<b>100.00%</b>	100.00%

Cash and cash equivalents consists of saving deposits and short-term time deposits with maturities of less than 3 months. Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Loans and receivables include loans to individuals and accrued interest income. Investment properties pertain to condominium units which will be used for lease and are stated at fair value (see Note 21).

The Company expects to contribute ₱1.51 million to the retirement fund in 2016.

The Company does not currently employ any asset-liability matching.

The latest actuarial valuation report is as of December 31, 2015. The principal assumptions used in determining retirement benefits cost for the Company's plan as of January 1 are as follows:

	<b>2015</b>	2014
Number of employees	<b>68</b>	83
Discount rate per annum	<b>4.50%</b>	4.86%
Future annual increase in salary	<b>3.00%</b>	3.00%
Mortality rate	<b>1994 GAM</b>	1983 GAM
	<b>1952</b>	1952
Disability rate	<b>Disability Study</b>	Disability Study
<i>*Group Annuity Mortality Table</i>		

As of December 31, 2015, the discount rate is 5.01% and the future increase in salary is 3.00%.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2015 and 2014, assuming all other assumptions were held constant.

	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation	
		<b>2015</b>	2014
Discount rate	+0.50%	<b>(₱803,527)</b>	(₱750,335)
	-0.50%	<b>889,246</b>	839,084
Salary increase rate	+1.00%	<b>1,850,093</b>	1,746,789
	-1.00%	<b>(1,538,668)</b>	(1,424,050)





Shown below is the maturity analysis of the undiscounted expected benefit payments:

Plan year	No. of Retirees	Total Benefit
One year and less	–	₱–
More than one year to 5 years	–	–
More than five years to 10 years	3	7,735,892
More than 10 years to 15 years	5	16,846,744
More than 15 years to 20 years	4	8,385,287
More than 20 years	56	117,808,246
	<b>68</b>	<b>₱150,776,169</b>

The average duration of the defined benefit obligation as of December 31, 2015 is 23 years.

*Accrued sick leave*

Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment, computed at 1.25 days per month of service, enjoyable only after one (1) year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Company. Accrued sick leave, presented under “Accounts payable and accrued expenses - net of current portion” account, amounted to ₱5.05 million and ₱4.61 million as of December 31, 2015 and 2014, respectively (see Note 11).

**20. Income Taxes**

a. Provision for income tax consists of:

	2015	2014	2013
Current	<b>₱19,612,470</b>	₱42,164,000	₱87,861,738
Deferred	<b>(4,237,365)</b>	(16,437,089)	(32,177,904)
	<b>15,375,106</b>	25,726,911	55,683,834
Final tax on interest income	<b>3,605,221</b>	2,770,071	4,298,786
	<b>₱18,980,326</b>	₱28,496,982	₱59,982,620

b. The components of the net deferred income tax liabilities are as follows:

	2015	2014
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets:		
Realized gross profit of North Residences	<b>₱6,350,879</b>	₱8,836,940
Accrued expenses	<b>2,085,542</b>	2,589,681
Unamortized past service cost	<b>564,182</b>	382,408
	<b>9,000,603</b>	11,809,029
Deferred income tax liabilities:		
Unrealized gain on real estate transactions	<b>14,457,910</b>	21,630,573
Deemed cost adjustment in real estate properties (Notes 9 and 13)	<b>5,068,019</b>	5,068,019
Accumulated excess contributions over retirement benefits cost	<b>841,340</b>	648,219
Capitalized borrowing costs	<b>140,679</b>	206,928
	<b>20,507,948</b>	27,553,739
	<b>11,507,345</b>	15,744,710

(Forward)



	2015	2014
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	<b>(₱2,429,208)</b>	(₱2,115,482)
Net deferred income tax liabilities	<b>₱9,078,137</b>	₱13,629,228

- c. The reconciliation of income tax computed at the statutory tax rate to the provision for income tax follows:

	2015	2014	2013
Income tax at statutory tax rate	<b>₱26,971,775</b>	₱36,635,984	₱75,376,372
Adjustments to income tax resulting from:			
Tax-exempt interest income	<b>(7,168,872)</b>	(9,422,521)	(14,586,493)
Interest income subjected to final tax	<b>(5,407,832)</b>	(4,155,106)	(6,448,179)
Final tax on interest income	<b>3,605,221</b>	2,770,071	4,298,786
Net income under ITH	<b>(1,278,704)</b>	(703,363)	-
Nondeductible expense	<b>233,083</b>	278,725	1,495,981
Others	<b>2,025,655</b>	3,093,192	(153,847)
Provision for income tax	<b>₱18,980,326</b>	₱28,496,982	₱59,982,620

Registration with the Board of Investments (BOI)

The Company has been duly registered with the BOI as New Developer of Low-Cost Mass Housing Project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226) for the project North Residences with Certificate of Registration No. 2014-111 dated July 25, 2014. The Company is entitled to Income Tax Holiday (ITH) for a period of three years from September 2014 to August 2017.

The ITH is limited only to revenue generated from the registered project. Revenue from selling price exceeding ₱3.00 million shall not be covered by the ITH.

## 21. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

Refer to succeeding pages for the transactions and account balances with related parties.



The Company, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

Nature of Transaction	Amount of transactions		Outstanding Balances				Terms and conditions
	2015	2014	Receivable (Note 7)		Payable (Note 11)		
	2015	2014	2015	2014	2015	2014	
<b>Ultimate parent (CI)</b>							
Sharing of expenses charged to the Company (a)	(₱1,281,217)	(₱4,505,476)	₱-	₱1,352,609	₱71,392	₱-	30-day, unsecured, non-interest bearing to be settled in cash;
<b>Parent Company (CDC)</b>							
Sharing of expenses charged by the Company (a)	197,868	735,204	1,571,529	1,037,651	-	336,010	30-day, unsecured, non-interest bearing to be settled in cash;
<b>Affiliate (CPI)</b>							
Sharing of expenses charged by (to) the Company (a)	(23,210)	91,833	-	23,210	-	-	30-day, unsecured, non-interest bearing to be settled in cash
<b>Retirement plan</b>							
Contributions to the plan (b)	1,508,101	1,508,101	-	-	-	-	Settled in cash
<b>Key management personnel</b>							
Salaries and other compensation (c)	2,220,479	3,745,845	-	-	-	-	Settled in cash
<b>BOD</b>							
Shares of stock (d)	(105,774)	4,080,201	-	-	-	-	Pertains to 44,776,542 and 44,882,316 common shares at ₱1 par value per share
			₱1,571,529	₱2,413,470	₱71,392	₱336,010	



- a. The Company has various shared expenses with other affiliates pertaining to operating expenses such as salaries, transportation, association dues, professional fees and rent. Outstanding balances are recorded as due from related parties under “Other receivables” account in the balance sheets.
- b. The Company, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third-party trustee bank under the supervision of the Retirement Committee of the plan. The Retirement Committee is responsible for the investment strategy of the plan. The Company’s share on the fair value of plan assets amounted to ₱5.97 million and ₱4.45 million as of December 31, 2015 and 2014, respectively. The Company’s share on the carrying value of plan assets is equivalent to its share on the fair value.

The major categories of plan assets are investment properties, cash and cash equivalents, investments in equity securities and loans and receivables (see Note 19). Investments in equity securities of plan assets include investment in shares of CDC. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in CDC amounted to ₱4.76 million and ₱4.73 million as of December 31, 2015 and 2014, respectively, with original cost of ₱3.16 million. Unrealized gain on changes of fair value of these investments amounted to ₱1.61 million and ₱1.58 million as of December 31, 2015 and 2014, respectively. In 2013, the retirement plan purchased condominium units amounting to ₱36.8 million from CDC which were used for lease. The sale is conducted in the normal course of business and made on an arm’s length basis which is valued and measured at current selling price and settled in cash.

Contributions to the fund amounted to ₱1.51 million in 2015 and 2014 (see Note 19).

- c. Compensation of key management personnel are as follows:

	2015	2014	2013
Salaries	₱674,026	₱1,164,046	₱1,182,774
Bonuses	176,669	293,317	268,790
Other benefits	1,369,784	2,288,482	2,430,439
	<b>₱2,220,479</b>	<b>₱3,745,845</b>	<b>₱3,882,003</b>

The Company has no standard arrangements with regard to remuneration of its directors. In 2015, 2014 and 2013, the BOD received as remuneration a total of ₱3.53 million, ₱9.60 million, and ₱12.33 million, respectively. Moreover, the Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.

- d. Shares of stock of the Company held by members of the BOD aggregated to ₱44.78 million and ₱44.88 million as of December 31, 2015 and 2014, respectively.



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## 22. Financial Instruments

### Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, short-term cash investments and notes and contracts payable. The main purpose of these financial instruments is to finance the Company's operations. The Company's other financial instruments consist of available-for-sale financial assets, which are held for investing purposes. The Company has various other financial instruments such as installment contracts receivable, other receivables and accounts payable and accrued expenses which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are market risk (i.e., cash flow interest rate risk, and equity price risk), credit risk, and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

#### Market risk

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's notes payable, with repriced interest rates.

The Company's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

The following table demonstrates the sensitivity of the Company's income before income tax to a reasonable change in interest rates (with all other variables held constant):

	<b>Change in bps</b>	<b>Effect on Income before Income Tax</b>
<b>2015</b>	<b>-/+ 11 bps</b>	<b>+/- ₱968,254</b>
2014	-/+ 22 bps	+/- 840,068

There is no impact on the Company's equity other than those already affecting income before income tax.

##### Equity price risk

Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market values of individual shares of stock. The Company is exposed to equity price risk because of investments held by the Company classified as available-for-sale financial assets in the balance sheets. The Company employs the service of a third-party stockbroker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Company's equity to a reasonably possible change in equity price based on forecasted and average movements of the equity prices (with all other variables held constant):



	Change in equity price	Effect on equity
<b>2015</b>	<b>+/-0.12</b>	<b>+/-₱129,660</b>
2014	+/-0.06	+/-72,299

Credit risk

Credit risk arises when the Company will incur a loss because its customers, clients, or counterparties fail to discharge their obligations. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Company's exposure to bad debts is not significant. The risk is further mitigated because the Company holds the title to the real estate properties with outstanding installment contracts receivable balance and the Company can repossess such real estate properties upon default of the customer in paying the outstanding balance. The Company's policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Company.

The tables below show the Company's exposure to credit risk for the components of the balance sheet. The exposure as of December 31, 2015 and 2014 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

December 31, 2015:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancements
Loans and receivables:				
Cash and cash equivalents *	₱71,987,381	₱-	₱71,987,381	₱-
Short-term cash investments	782,000,000	-	782,000,000	-
Installment contracts receivable	198,859,196	651,513,994	-	198,859,196
Refundable deposits	1,278,578	-	1,278,578	-
Other receivables:				
Advances to customers	4,704,673	-	4,704,673	-
Accrued interest	3,253,291	-	3,253,291	-
Retention	480,000	-	480,000	-
Others **	2,478,311	-	2,478,311	-
Available-for-sale investment	1,080,501	-	1,080,501	-
<b>Total credit risk exposure</b>	<b>₱1,066,121,931</b>	<b>₱651,513,994</b>	<b>₱867,262,735</b>	<b>₱198,859,196</b>

\* Excluding cash on hand amounting to ₱16,000.

\*\* Excluding nonfinancial assets amounting to ₱28,729.

December 31, 2014:

	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancements
Loans and receivables:				
Cash and cash equivalents *	₱465,000,067	₱-	₱465,000,067	₱-
Short-term cash investments	372,000,000	-	372,000,000	-
Installment contracts receivable	270,889,120	799,447,390	-	270,889,120
Escrow deposit	43,801,433	-	43,801,433	-
Refundable deposits	2,875,132	-	2,875,132	-

(Forward)



	Gross maximum exposure	Fair value of collaterals/credit enhancements	Net exposure	Financial effect of collaterals/credit enhancements
Other receivables:				
Advances to customers	₱5,998,515	₱-	₱5,998,515	₱-
Accrued interest	1,854,794	-	1,854,794	-
Retention	40,000	-	40,000	-
Others**	3,758,301	-	3,758,301	-
Available-for-sale investment	1,204,985	-	1,204,985	-
<b>Total credit risk exposure</b>	<b>₱1,167,422,347</b>	<b>₱799,447,390</b>	<b>₱896,533,227</b>	<b>₱270,889,120</b>

\* Excluding cash on hand amounting to ₱11,000.

\*\* Excluding nonfinancial assets amounting to ₱38,047.

The following tables summarize the aging analysis of receivables:

December 31, 2015:

	Current	> One Year*	Past Due But Not Impaired				Total
			< 30 days	31- 60 days	61- 90 days	Over 90 days	
Installment contracts receivable	₱21,567,410	₱175,861,088	₱236,942	₱90,847	₱89,588	₱1,013,321	₱198,859,196
Refundable deposits	-	1,278,578	-	-	-	-	1,278,578
Other receivables:							
Advances to customers	2,717,989	695,994	-	-	134,807	1,155,883	4,704,673
Accrued interest	3,253,291	-	-	-	-	-	3,253,291
Retention	-	470,000	10,000	-	-	-	480,000
Others*	2,442,954	18,755	16,602	-	-	-	2,478,311
	<b>₱29,981,644</b>	<b>₱178,324,415</b>	<b>₱263,544</b>	<b>₱90,847</b>	<b>₱224,395</b>	<b>₱2,169,204</b>	<b>₱211,054,049</b>

\* Excluding nonfinancial assets amounting to ₱28,729.

December 31, 2014:

	Current	> One Year*	Past Due But Not Impaired				Total
			< 30 days	31- 60 days	61- 90 days	Over 90 days	
Installment contracts receivable	₱77,733,992	₱191,156,361	₱1,027,535	₱360,336	₱87,563	₱523,333	₱270,889,120
Escrow deposit	43,801,433	-	-	-	-	-	43,801,433
Refundable deposits	-	2,875,132	-	-	-	-	2,875,132
Other receivables:							
Advances to customers	4,328,274	-	-	-	218,137	1,452,104	5,998,515
Accrued interest	1,854,794	-	-	-	-	-	1,854,794
Retention	-	40,000	-	-	-	-	40,000
Others*	3,393,431	336,252	28,618	-	-	-	3,758,301
	<b>₱131,111,924</b>	<b>₱194,407,745</b>	<b>₱1,056,153</b>	<b>₱360,336</b>	<b>₱305,700</b>	<b>₱1,975,437</b>	<b>₱329,217,295</b>

\* Excludes nonfinancial assets amounting to ₱38,047.

The tables below show the credit quality by class of asset for loan-related balance sheet lines based on the Company's credit rating system:

December 31, 2015:

	Neither past due nor impaired			Total
	High Grade*	Medium Grade**	Past due But Not Impaired	
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	₱71,987,381	₱-	₱-	₱71,987,381
Short-term cash investments	782,000,000	-	-	782,000,000
Installment contracts receivable	197,428,498	-	1,430,698	198,859,196
Refundable deposits	1,278,578	-	-	1,278,578

(Forward)



	Neither past due nor impaired		Past due But Not Impaired	Total
	High Grade*	Medium Grade**		
Other receivables:				
Advances to customers	₱3,413,982	₱-	₱1,290,691	₱4,704,673
Accrued interest	3,253,291	-	-	3,253,291
Retention	470,000	-	10,000	480,000
Others***	2,382,732	68,978	26,601	2,478,311
Available-for-sale investment	1,080,501	-	-	1,080,501
	<b>₱1,063,294,963</b>	<b>₱68,978</b>	<b>₱2,757,990</b>	<b>₱1,066,121,931</b>

\* High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.

\*\* Medium Grade - financial assets for which there is low risk of default of counterparties.

\*\*\* Excluding nonfinancial assets amounting to ₱28,729.

December 31, 2014:

	Neither past due nor impaired		Past due But Not Impaired	Total
	High Grade*	Medium Grade**		
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	₱465,000,067	₱-	₱-	₱465,000,067
Short-term cash investments	372,000,000	-	-	372,000,000
Installment contracts receivable	268,861,735	-	2,027,385	270,889,120
Escrow deposit	43,801,433	-	-	43,801,433
Refundable deposits	2,875,132	-	-	2,875,132
Other receivables:				
Advances to customers	4,328,274	-	1,670,241	5,998,515
Accrued interest	1,854,794	-	-	1,854,794
Retention	40,000	-	-	40,000
Others***	3,648,201	81,482	28,618	3,758,301
Available-for-sale investment	1,204,985	-	-	1,204,985
	<b>₱1,163,614,621</b>	<b>₱81,482</b>	<b>₱3,726,244</b>	<b>₱1,167,422,347</b>

\* High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.

\*\* Medium Grade - financial assets for which there is low risk of default of counterparties.

\*\*\* Excluding nonfinancial assets amounting to ₱38,047.

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Company assesses impairment into two areas: individually assessed allowances and collectively assessed allowances.

The Company determines allowance for each significant receivable on an individual basis. Among the factors that the Company considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. The Company also considers the fair value of the real estate collateralized in computing the impairment of the receivables. Receivables included in the specific assessment are those receivables under the installment contracts receivable accounts.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect collectability.

#### Liquidity risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of STCPs.





The tables below summarize the maturity analysis of the Company's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

December 31, 2015:

	30 days	31-90 days	91-180 days	181-360 days	Above 1 year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱37,003,381	₱35,000,000	₱-	₱-	₱-	₱72,003,381
Short-term cash investments	246,000,000	344,500,000	191,500,000	-	-	782,000,000
Installment contracts receivable	3,910,885	4,494,852	6,335,804	8,256,567	175,861,088	198,859,196
Refundable deposits	-	-	-	-	1,278,578	1,278,578
Other receivables*	4,878,966	114,499	3,068,007	98,525	2,740,278	10,900,275
Available-for-sale investment	-	-	-	-	1,080,501	1,080,501
	291,793,232	384,109,351	200,903,811	8,355,092	180,960,445	1,066,121,931
<b>Financial Liabilities</b>						
Accounts payable and accrued expenses**	22,649,606	5,628	9,355,147	16,883	7,042,883	39,070,147
Notes payable***	21,916,706	54,108,451	11,844,132	-	-	87,869,289
	44,566,312	54,114,079	21,199,279	16,883	7,042,883	126,939,436
	₱247,226,920	₱329,995,272	₱179,704,532	₱8,338,209	₱173,917,562	₱939,182,495

\* Excluding nonfinancial assets amounting to ₱28,729.

\*\*Excludes statutory liabilities and accrued interest amounting to ₱1,052,330 and ₱142,489, respectively.

\*\*\*Includes forecasted interest payments amounting to ₱1,069,289.

December 31, 2014:

	30 days	31-90 days	91-180 days	181-360 days	Above 1 year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱316,011,067	₱149,000,000	₱-	₱-	₱-	₱465,011,067
Short-term cash investments	75,500,000	246,500,000	50,000,000	-	-	372,000,000
Installment contracts receivable	11,337,949	15,315,127	20,055,075	33,024,608	191,156,361	270,889,120
Escrow deposit	43,801,433	-	-	-	-	43,801,433
Refundable deposits	-	-	-	-	2,875,132	2,875,132
Other receivables*	9,432,491	839,084	745,448	258,335	376,252	11,651,610
Available-for-sale investment	-	-	-	-	1,204,985	1,204,985
	456,082,940	411,654,211	70,800,523	33,282,943	195,612,730	1,167,433,347
<b>Financial Liabilities</b>						
Accounts payable and accrued expenses**	72,353,608	86,398	9,867,425	259,196	8,253,715	90,820,342
Notes payable***	19,000,934	14,604,442	4,851,302	-	-	38,456,678
Contracts payable	112,500,000	-	-	-	-	112,500,000
	203,854,542	14,690,840	14,718,727	259,196	8,253,715	241,777,020
	₱252,228,398	₱396,963,371	₱56,081,796	₱33,023,747	₱187,359,015	₱925,656,327

\*Excludes nonfinancial assets amounting to ₱38,047.

\*\*Excludes statutory liabilities and accrued interest amounting to ₱3,124,454 and ₱54,812, respectively.

\*\*\*Includes forecasted interest payments amounting to ₱406,678.

### Fair Values

The following tables provide fair value hierarchy of the Company's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

As of December 31, 2015:

	Fair value		
	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Available-for-sale financial assets	₱1,080,501	₱-	₱-
Repossessed real estate properties for sale	-	11,304,074	-
<b>Asset for which fair values are disclosed</b>			
Investment properties	-	-	362,710,000



As of December 31, 2014:

	Fair value		
	Level 1	Level 2	Level 3
Assets measured at fair value			
Available-for-sale financial assets	₱1,204,984	₱—	₱—
Repossessed real estate properties for sale	—	14,951,755	—
Asset for which fair values are disclosed			
Investment properties	—	—	324,862,000

The following method and assumptions were used to estimate the fair value of each class of financial instruments, repossessed real estate properties for sale and investment properties, for which it is practicable to estimate such value.

*Cash and cash equivalents, short-term cash investments, installment contracts receivable, other receivables, accounts payable and accrued expenses and notes and contracts payable*

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term cash investments, other receivables, accounts payable and accrued expenses and notes and contracts payable approximate their carrying amounts. The fair value of installment contracts receivable approximate its carrying amount as it carries interest rates that approximate the interest rate for comparable instruments in the market.

*Available-for-sale financial assets*

Available-for-sale financial assets are stated at fair value based on quoted market prices.

*Repossessed real estate properties for sale*

The fair value of repossessed real estate properties for sale is based on the Company's current selling price per area/slot of the property.

*Investment properties*

The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair value of the investment properties as of December 31, 2015 and 2014 approximates and represents the highest and best use of the said properties.

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## 23. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.



The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors its use of capital using leverage ratios on both gross debt and net debt basis. Debt consists of short-term and long-term debt. Net debt includes short-term and long-term debt less cash and cash equivalents and short-term cash investments. The Company considers as capital the total equity excluding net changes in fair values of available-for-sale financial assets and accumulated re-measurement on defined benefit plan.

As of December 31, 2015 and 2014, the Company has the following ratios:

	2015	2014
Notes and contracts payable	<b>₱86,800,000</b>	₱150,550,000
Total equity	<b>1,771,438,225</b>	1,721,715,680
Add (less):		
Net changes in fair values of AFS investment	<b>(810,588)</b>	(935,072)
Accumulated re-measurement on defined benefit plan	<b>5,668,151</b>	4,936,123
	<b>1,776,295,788</b>	1,725,716,731
Debt to equity ratio	<b>0.05:1</b>	0.09:1

	2015	2014
Notes and contracts payable	<b>₱86,800,000</b>	₱150,550,000
Cash and cash equivalents	<b>(72,003,381)</b>	(465,011,067)
Short-term cash investments	<b>(782,000,000)</b>	(372,000,000)
	<b>(767,203,381)</b>	(686,461,067)
Total equity	<b>1,771,438,225</b>	1,721,715,680
Add (less):		
Net changes in fair values of AFS investment	<b>(810,588)</b>	(935,072)
Accumulated re-measurement on defined benefit plan	<b>5,668,151</b>	4,936,123
	<b>1,776,295,788</b>	1,725,716,731
Net debt to equity ratio	<b>(0.43):1</b>	(0.40):1

As of December 31, 2015 and 2014, the Company has no externally-imposed capital requirements.

In accordance with the rule on Minimum Public Ownership issued by the Philippine Stock Exchange requiring listed companies to maintain a 10% public float at all times, the total number of shares owned by the public as of December 31, 2015 and 2014 are 181,532,408 and 160,655,095 shares which are approximately 15.41% and 15.00% respectively, of the total number issued and outstanding shares of the Company.

#### 24. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	2015	2014	2013
Net income	<b>₱70,925,590</b>	₱93,622,964	₱191,271,955
Weighted average number of outstanding shares	<b>1,177,934,550</b>	1,177,934,550*	1,177,934,550*
Basic/diluted earnings per share	<b>₱0.06</b>	₱0.08	₱0.16

\*After retroactive effect of 10% stock dividends in 2015.

The Company has no potential dilutive common shares as of December 31, 2015, 2014 and 2013. Thus, the basic and diluted earnings per share are the same as of those dates.



## 25. Business Segments

The Company derives its revenues primarily from the sale and lease of real estate properties. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

In 2014, the Company sold its property located in Quezon City to a non-stock and not-for-profit which represents 56.14% of the Company's sales from real estate properties. Aside from this transaction, the Company does not have any major customers and all sales and leases of real estate properties are made to external customers.

### Segment Revenue and Expenses

	2015		
	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Revenue:			
Sales of real estate	₱139,838,905	₱–	₱139,838,905
Financial income	70,352,980	–	70,352,980
Rent income	–	3,795,306	3,795,306
Other income	11,926,828	–	11,926,828
Cost of real estate sales	84,882,354	–	84,882,354
Operating expenses:			
Personnel	18,854,609	–	18,854,609
Taxes and licenses	11,432,405	109,597	11,542,002
Professional fees	3,588,601	–	3,588,601
Insurance	2,247,303	–	2,247,303
Others	9,187,859	921,367	10,109,226
Financial expenses	1,358,488	–	1,358,488
Other expenses	3,425,520	–	3,425,520
Provision for income tax	18,151,023	829,303	18,980,326
Net income	₱68,990,551	₱1,935,039	₱70,925,590

	2014		
	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Revenue:			
Sales of real estate	₱231,369,459	₱–	₱231,369,459
Financial income	78,040,768	–	78,040,768
Rent income	–	5,097,462	5,097,462
Other income	12,743,186	–	12,743,186
Cost of real estate sales	134,893,626	–	134,893,626
Operating expenses:			
Personnel	21,950,114	–	21,950,114
Taxes and licenses	13,401,646	857,260	14,258,906
Professional fees	10,120,675	–	10,120,675
Insurance	3,841,786	–	3,841,786
Others	9,066,827	1,109,770	10,176,597
Financial expenses	1,017,581	–	1,017,581
Other expenses	8,871,644	–	8,871,644
Provision for income tax	27,557,852	939,130	28,496,982
Net income	₱91,431,662	₱2,191,302	₱93,622,964



	2013		Total
	Sales of Real Estate Properties	Lease of Real Estate Properties	
Revenue:			
Sales of real estate	₱180,014,555	₱-	₱180,014,555
Financial income	118,430,741	-	118,430,741
Rent income	-	4,371,602	4,371,602
Other income	126,225,007	-	126,225,007
Cost of real estate sales	91,352,855	-	91,352,855
Operating expenses:			
Personnel	31,674,529	-	31,674,529
Taxes and licenses	16,023,056	278,978	16,302,034
Professional fees	10,000,474	-	10,000,474
Insurance	4,980,827	-	4,980,827
Others	11,818,235	1,030,693	12,848,928
Financial expenses	5,176,905	-	5,176,905
Other expenses	5,450,778	-	5,450,778
Provision for income tax	59,064,041	918,579	59,982,620
Net income	₱189,128,603	₱2,143,352	₱191,271,955

### Segment Assets and Liabilities

December 31, 2015:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Total assets	₱1,736,433,781	₱180,692,904	₱1,917,126,685
Total liabilities	144,777,282	911,178	145,688,460
Additions to real estate properties held for future development	8,562,985	-	8,562,985

December 31, 2014:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Total
Total assets	₱1,822,466,463	₱180,644,796	₱2,003,111,259
Total liabilities	280,160,934	1,234,645	281,395,579
Additions to real estate properties held for future development	234,483,610	-	234,483,610

## 26. Contingencies

The Company is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the financial statements. Hence, no provision was recognized as of December 31, 2015 and 2014.

## 27. Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with the requirements set forth in Revenue Regulations No. 15-2010, the information on taxes and license fees paid or accrued for the period ended December 31, 2015 is as follows:



- a. Net sales/receipts and output VAT declared in the Company's VAT returns filed in 2015:

	Net sales/receipt	Output VAT
Vatable sales	₱134,720,236	₱16,166,428
Exempt	113,656,682	–
	₱248,376,918	₱16,166,428

The Company does not have zero-rated sales/receipts in 2015. The Company's net sales/receipts are based on actual collections received, hence, may not be the same as the amounts accrued/reflected in the "Sales of real estate properties" account in the Company's statement of income.

There is no outstanding output VAT as of December 31, 2015.

- b. Input VAT

The following table shows the sources of input VAT claimed:

Balance at beginning of year	₱–
Purchases of:	
Goods for resale	–
Goods other than for resale	5,457,252
Services lodged under other accounts	4,604,212
Total available input VAT during the period	10,061,464
Less input VAT applied against output VAT and other adjustments	10,061,464
Balance at end of the year	₱–

- c. There are no importations in 2015.
- d. Details of taxes and licenses are shown below:

	Under Real Estate for Future Development	Under Cost of Real Estate Sales	Under Operating Expenses	Total
Business permit and registration	₱–	₱–	₱9,747,939	₱9,747,939
Documentary stamps taxes	–	–	885,894	885,894
Real estate property taxes	1,801,111	–	199,487	2,000,598
Other taxes and licenses	2,951,573	2,026	708,682	3,662,281
	₱4,752,684	₱2,026	₱11,542,002	₱16,296,712

In 2015, the Company incurred documentary stamp taxes amounting to ₱0.35 million for loan instruments and ₱0.53 million for shares of stock.



e. Withholding taxes

The following are the categories of the Company's withholding taxes in 2015:

Compensation and benefits	₱7,043,336
Expanded taxes	2,993,079
Final taxes on:	
Cash dividends	372,432
Interest expense	123,544
	<hr/>
	₱10,532,391

The outstanding balance of withholding taxes as of December 31, 2015 amounted to ₱1.03 million.

f. Tax contingencies:

- i. The Company has no deficiency tax assessments as of December 31, 2015.
- ii. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.




## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
City & Land Developers, Incorporated  
3rd Floor, Cityland Condominium 10, Tower I  
156 H.V. de la Costa Street  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of City & Land Developers, Incorporated as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 16, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Josephine H. Estomo  
Partner

CPA Certificate No. 46349  
SEC Accreditation No. 0078-AR-3 (Group A),  
February 14, 2013, valid until April 30, 2016  
Tax Identification No. 102-086-208  
BIR Accreditation No. 08-001998-18-2015,  
February 27, 2015, valid until February 26, 2018  
PTR No. 5321634, January 4, 2016, Makati City

March 16, 2016





**CITY & LAND DEVELOPERS, INCORPORATED**  
**INDEX TO THE FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**

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- Schedule I: Schedule of all the effective standards and interpretations (Part 1, 4J)
- Schedule II: Reconciliation of Retained Earnings Available for Dividend Declaration  
(Part 1, 4C; Annex 68-C)
- Schedule III: Map of the relationships of the companies within the group.
- Schedule IV: Supplementary schedules required by Annex 68-E



**SCHEDULE I**

**CITY & LAND DEVELOPERS, INCORPORATED**  
**SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE**  
**STANDARDS AND INTERPRETATIONS (PART 1, 4J)**

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as of December 31, 2015:

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRSs Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
<b>PFRS 3 (Revised)</b>	Business Combinations	✓		
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations	✓		
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Hedge Accounting	✓		
<b>PFRS 8</b>	Operating Segments	✓		
<b>PFRS 9</b>	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 9: Hedge Accounting	✓		
<b>PFRS 9 (final version)</b>	Financial Instruments		✓	
<b>PFRS 10</b>	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception			✓
<b>PFRS 11 (Revised)</b>	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			✓
<b>PFRS 13</b>	Fair Value Measurement	✓		



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 16</b>	Leases		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative		✓	
<b>PAS 2</b>	Inventories	✓		
<b>PAS 7</b>	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts	✓		
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation		✓	
	Amendments to PAS 16: Agriculture - Bearer Plants			✓
<b>PAS 17</b>	Leases	✓		
<b>PAS 18</b>	Revenue	✓		
<b>PAS 19 (Amended)</b>	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs	✓		



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans	✓		
<b>PAS 27 (Amended)</b>	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PAS 28, Investment Entities: Applying the Consolidation Exception		✓	
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
<b>PAS 33</b>	Earnings per Share	✓		
<b>PAS 34</b>	Interim Financial Reporting	✓		
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization		✓	
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2015		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
	Amendments to PAS 39: Hedge Accounting	✓		
<b>PAS 40</b>	Investment Property	✓		
<b>PAS 41</b>	Agriculture			✓
	Amendments to PAS 41: Agriculture - Bearer Plants			✓
<b>Annual Improvements to PFRSs</b>				
	Improvements to PFRSs (2008)	✓		
	Improvements to PFRSs (2009)	✓		
	Improvements to PFRSs (2010)	✓		
	Annual Improvements to PFRSs (2009-2011 Cycle)	✓		
	Annual Improvements to PFRSs (2010-2012 Cycle)	✓		
	Annual Improvements to PFRSs (2011-2013 Cycle)	✓		
	Annual Improvements to PFRSs (2012-2014 Cycle)		✓	
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			✓
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease	✓		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
<b>IFRIC 10</b>	Interim Financial Reporting and Impairment	✓		
<b>IFRIC 11</b>	PFRS 2 - Group and Treasury Share Transactions	✓		
<b>IFRIC 12</b>	Service Concession Arrangements			✓



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of December 31, 2015</b>		<b>Adopted</b>	<b>Not Early Adopted</b>	<b>Not Applicable</b>
<b>IFRIC 13</b>	Customer Loyalty Programmes			✓
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			✓
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners	✓		
<b>IFRIC 18</b>	Transfers of Assets from Customers	✓		
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			✓
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			✓
<b>IFRIC 21</b>	Levies	✓		
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓
<b>SIC-15</b>	Operating Leases - Incentives	✓		
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
<b>SIC-29</b>	Service Concession Arrangements: Disclosures			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs	✓		



**SCHEDULE II****CITY & LAND DEVELOPERS, INCORPORATED**

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**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS**

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**AVAILABLE FOR DIVIDEND DECLARATION**

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**DECEMBER 31, 2015**

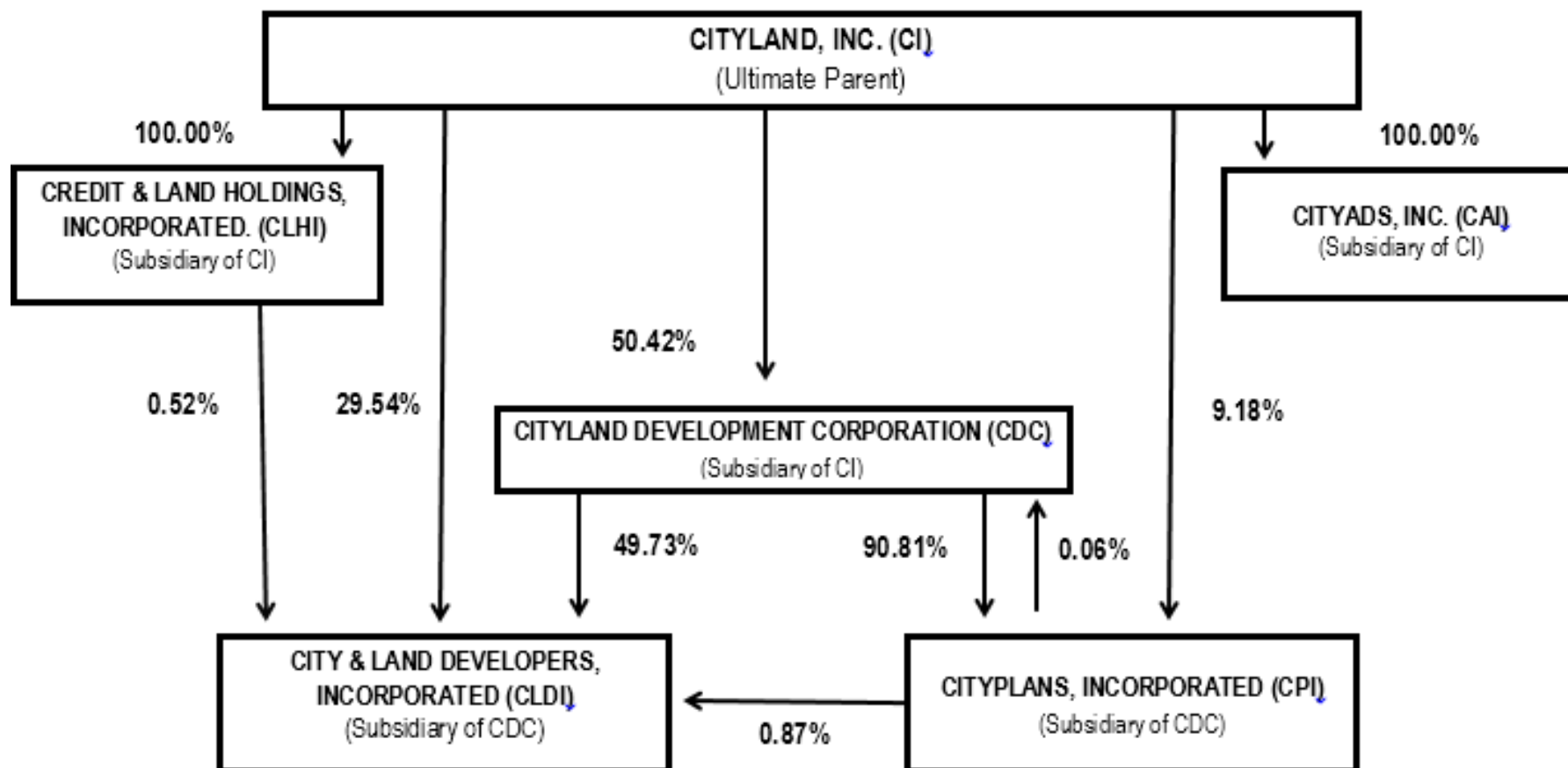
Unappropriated retained earnings, beginning	₱654,761,650
Deemed cost adjustment on real estate properties, net of tax	(11,825,377)
Deferred income tax assets, beginning	(11,809,029)
<hr/>	
Unappropriated retained earnings, as adjusted to available for dividends declaration, beginning	631,127,244
<hr/>	
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	70,925,590
Movement in deferred income tax assets	2,808,426
	<hr/>
	73,734,016
<hr/>	
Less: Dividends declared during the year	
Stock dividends	107,084,605
Cash dividends	20,346,149
Fractional shares of stock dividends	384
	<hr/>
	127,431,138
<hr/>	
Unappropriated retained earnings available for dividends declaration, end	₱577,430,122





**CITY & LAND DEVELOPERS, INCORPORATED**

**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**



**SCHEDULE IV**

**CITY & LAND DEVELOPERS, INCORPORATED**  
**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E**

**SCHEDULE A. FINANCIAL ASSETS**

<b>Name of Issuing Entity and Description of Each Issue</b>	<b>Number of Shares or Principal Amount of Bonds and Notes</b>	<b>Amount Shown in the Balance Sheet</b>	<b>Value Based on Market Quotations at Balance Sheet Date</b>	<b>Income Received and Accrued</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Cash on hand and in banks	—	₱2,503,381	₱—	₱34,315
Cash Equivalents				
Malayan Bank	—	16,000,000	—	19,563
Philippine Savings Bank	—	32,000,000	—	36,576
Rizal Commercial Banking Corporation Savings Bank	—	3,000,000	—	16,115
United Coconut Planters Bank	—	6,500,000	—	24,132
United Savings Bank	—	12,000,000	—	37,500
	—	<b>₱72,003,381</b>	<b>₱—</b>	<b>₱168,201</b>
<b>SHORT-TERM CASH INVESTMENTS</b>				
Citysavings Bank	—	₱179,000,000	—	₱3,020,637
Malayan Bank	—	26,000,000	—	985,107
Philippine Bank of Communication	—	35,000,000	—	248,247
Philippine Commercial Capital Inc.	—	2,000,000	—	197,997
Philippine Development Bank	—	115,500,000	—	845,686
Philippine Savings Bank	—	93,000,000	—	2,482,703

(Forward)



Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Rizal Commercial Banking Corporation	-	₱171,000,000	-	₱4,046,560
Savings Bank	-	78,500,000	-	457,417
Security Bank Corporation	-	29,000,000	-	1,805,290
United Coconut Planters Bank	-	53,000,000	-	117,711
United Savings Bank	-	-	-	1,424,549
Metrobank	-	-	-	766,755
Maybank	-	-	-	502,937
Asia United Bank	-	-	-	414,392
Banko De Oro	-	-	-	374,595
Amalgamated Investment Bancorporation	-	-	-	165,764
Philippine National Bank	-	-	-	1,553
Union Bank	-	-	-	4
Philippine Veterans Bank	-	₱782,000,000	₱-	₱17,857,904



Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
<b>AVAILABLE FOR SALE FINANCIAL ASSETS</b>				
Empire East	300,301	₱231,232	₱231,232	₱-
Ayala Land "B" Preferred	16,875	1,687	1,687	-
First Holding "B"	5,126	333,446	333,446	-
Swift Foods	1,866	269	269	-
Ayala Corporation "B" Common	676	511,056	511,056	-
Ayala Corporation "B" Preferred	227	227	227	-
Ayala Land "B" Common	75	2,584	2,584	-
	<b>325,146</b>	<b>₱1,080,501</b>	<b>₱1,080,501</b>	<b>₱-</b>



**SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS  
(OTHER THAN RELATED PARTIES)**

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Not applicable. No directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one per cent of total assets, whichever is less, is owed.							

**SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Not Applicable							

**SCHEDULE D. INTANGIBLE ASSETS – OTHER ASSETS**

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Not Applicable. The Company has no intangible assets.						



**SCHEDULE E. LONG-TERM DEBT**

Title of Issue and type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
<div style="border: 1px solid black; padding: 5px; display: inline-block;">                     Not applicable. The Company has no long-term debt.                 </div>			

**SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES**

Name of related parties	Balance at beginning of period	Balance at end of period
<div style="border: 1px solid black; padding: 5px; display: inline-block;">                     Not applicable. The Company has no indebtedness to related parties.                 </div>		

**SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
<div style="border: 1px solid black; padding: 5px; display: inline-block;">                     Not applicable. The Company has no guarantees of securities of other issuers.                 </div>				



**SCHEDULE H. CAPITAL STOCK**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock – P1 par value	1,200,000,000	1,177,934,550	–	950,032,825	46,369,317	181,532,408



**SCHEDULE V**

**CITY & LAND DEVELOPERS, INCORPORATED**

**SUPPLEMENTARY SCHEDULE OF  
FINANCIAL SOUNDNESS INDICATORS**

<b>Ratio</b>	<b>December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Current	<b>9.20</b>	4.80	3.34
Asset-to-equity	<b>1.08</b>	1.16	1.22
Debt-to-equity	<b>0.05</b>	0.09	0.12
Asset-to-liability	<b>13.16</b>	7.12	5.54
Solvency	<b>0.49</b>	0.33	0.51
Interest rate coverage	<b>74.45</b>	133.57	51.39
Acid-test ratio	<b>7.14</b>	3.64	3.07
Return on equity (%)	<b>4.00%</b>	5.44%	11.26%
Earnings per share*	<b>₱0.06</b>	₱0.08*	₱0.16*

\*After retroactive effect of 10% stock dividend in 2015.

**Manner of Calculation:**

Current ratio	=	Total Current Assets / Total Current Liabilities
Asset-to-equity ratio	=	$\frac{\text{Total Assets}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\frac{\text{Notes and Contracts Payable}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Solvency ratio	=	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$
Interest rate coverage ratio	=	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$
Acid-test ratio	=	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Cash Investments} + \text{Installment Contracts Receivable, current} + \text{Other Receivables, current} + \text{Available-for-sale Financial Assets}}{\text{Total Current Liabilities}}$
Return on equity ratio	=	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$
Earnings per share	=	$\frac{\text{Net income after Tax}}{\text{Outstanding shares}}$



SCHEDULE VI

**CITY & LAND DEVELOPERS, INCORPORATED**  
**SCHEDULE OF GROSS AND NET PROCEEDS OF COMMERCIAL PAPERS ISSUED**  
**As of December 31, 2015**

**SEC-MSRD Order No. 46, Series of 2014 dated September 22, 2014**

**A. As stated in the Final Prospectus (September 2014 to August 2015)**

<b>Gross Proceeds</b>		<b>Php</b>	<b>200,000,000</b>
<b>Less: Expenses</b>			
Documentary Stamps Tax	1,000,000		
Registration Fees	202,000		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		
Printing Costs	10,000		1,272,000
<b>Net Proceeds</b>		<b>Php</b>	<b>198,728,000</b>
<b>Use of Proceeds</b>			
Project-related Costs			116,548,000
Payment of Maturing Notes			80,000,000
Interest Expense			2,180,000
<b>Total</b>		<b>Php</b>	<b>198,728,000</b>

**B. Use of Proceeds (September 2014 to August 2015)**

<b>Gross Proceeds</b>		<b>Php</b>	<b>89,500,000</b>
<b>Less: Expenses</b>			
Documentary Stamps Tax	302,114		
Registration Fees	202,000		
Legal and Accounting Fees	30,000		
Publication Fees	30,000		
Printing Costs	8,050		572,164
<b>Net Proceeds</b>		<b>Php</b>	<b>88,927,836</b>
<b>Less: Use of Proceeds</b>			
Project-related Costs	60,426,470		
Payment of Maturing Notes	28,076,952		
Interest Expense	424,414		88,927,836
<b>Balance of Proceeds as of December 31, 2015</b>		<b>Php</b>	<b>--</b>

**C. Outstanding Commercial Papers as of December 31, 2015** **Php** **9,750,000**

**SEC-MSRD Order No. 53, Series of 2015 dated September 22, 2015**

**A. As stated in the Final Prospectus (September 2015 to August 2016)**

<b>Gross Proceeds</b>		<b>Php 100,000,000</b>
<b>Less: Expenses</b>		
Documentary Stamps Tax	500,000	
Registration Fees	101,000	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	
Printing Costs	5,000	666,000
		<hr/>
<b>Net Proceeds</b>		<b>Php 99,334,000</b>
<b>Use of Proceeds</b>		
Project-related Costs		73,124,000
Payment of Maturing Notes		25,000,000
Interest Expense		1,210,000
		<hr/>
<b>Total</b>		<b>Php 99,334,000</b>

**B. Use of Proceeds (September 2015 to December 2015)**

<b>Gross Proceeds</b>		<b>Php 77,050,000</b>
<b>Less: Expenses</b>		
Documentary Stamps Tax	116,531	
Registration Fees	101,000	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	
Printing Costs	2,850	280,381
		<hr/>
<b>Net Proceeds</b>		<b>Php 76,769,619</b>
<b>Less: Use of Proceeds</b>		
Project-related Costs	75,831,085	
Payment of Maturing Notes	755,609	
Interest Expense	182,925	76,769,619
		<hr/>
<b>Balance of Proceeds as of December 31, 2015</b>		<b>Php --</b>

**C. Outstanding Commercial Papers as of December 31, 2015** **Php 77,050,000**