

GLOSSARY

In this prospectus, unless the context otherwise requires, the following words or expressions shall have the following corresponding meanings:

“Articles”	The Articles of Incorporation of the Company
“Board”	The Incumbent Members of the Board of Directors of the Company
“CDC” or “Cityland” or “Company” or “Issuer” or “Registrant”	Cityland Development Corporation
“HLURB”	Housing and Land Use Regulatory Board
“IAS”	International Accounting Standard
“IFRS”	International Financial Reporting Standard
“Offer”	The offering for public sale of Php 1,000,000,000 worth of STCPs.
“Offering Period”	The offering period shall commence upon the approval of the SEC permit to sell the STCPs and ends upon the expiry of the SEC permit to sell the STCPs.
“Offering Price”	The offering price is 100% of the face value of the STCPs.
“PAS”	Philippine Accounting Standards
“PDST-F”	Philippine Dealing System Treasury- Fixing
“PFRS”	Philippine Financial Reporting Standards
“Php”, “Pesos”	The Philippine currency
“SEC”	Securities and Exchange Commission
“SGV”	SyCip, Gorres, Velayo and Co.
“SRC”	Securities Regulations Code
“STCPs”, Offered “STCPs”	Short - Term Commercial Papers

SUMMARY INFORMATION

THE COMPANY

Cityland Development Corporation (CDC) is a domestic publicly-listed corporation which is duly organized and existing under and by virtue of the laws of the Philippines since January 31, 1978 with the primary purpose of engaging in real estate development. CDC was listed with the Manila & Makati Stock Exchange in March 1983. Its more significant subsidiaries are: City & Land Developers, Inc. - a real estate company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission on June 28, 1988; and, Cityplans, Inc. - a pre-need company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission on October 27, 1988.

The Company's primary purpose is to acquire and develop suitable land sites for residential, office, commercial, institutional and industrial uses. Its projects include medium to high-rise office, commercial and residential condominiums located in Makati City, Mandaluyong City, Manila City and Pasig City; and residential subdivisions and farmlots in Bulacan and Cavite. Its subsidiary, City & Land Developers, Inc. has condominiums in Manila City and Pasig City. Another subsidiary, Cityplans, Inc. is a pre-need company and also has condominium projects in Pasig City.

Its current projects are: Makati Executive Tower IV, a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City and Grand Central Residences Tower 1, a 40-storey office, commercial and residential condominium located at EDSA cor. Sultan St., Barangay Highway Hills, Mandaluyong City.

Detailed discussion of Company and its Business is found under "Information with Respect to the Registrant."

RISKS OF INVESTING

Investors should prudently assess all attendant risks, as well as other considerations associated with an investment in this Offer. These include the internal risks such as refinancing risk, credit risk, interest rate risk, market risk and liquidity risk; and external ones arising from the political and economic situation, real estate industry outlook and market competition. These are discussed more extensively under "Risks Factors".

SUMMARY FINANCIAL INFORMATION

The following selected financial information were derived from the audited financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and unaudited financial statements as of and for the nine months ended September 30, 2011. The financial statements were audited by SyCip, Gorres, Velayo & Co., in accordance with the Generally Accepted Accounting Principles in the Philippines. The information should be read in conjunction with, and is qualified in its entirety by reference to such financial statements and related notes thereto and "Management's Discussion and Analysis or Plan of Operation".

	As of and for the years ended		September 30
	December 31		(Unaudited)
	(Audited)		
	2009	2010	2011
INCOME STATEMENT			
Revenues	2,439,345,963	2,042,727,021	<u>1,473,003,709</u>
Expenses	1,703,901,872	1,330,875,164	<u>994,316,303</u>
Income before tax	735,444,091	711,851,857	<u>478,687,406</u>
Net Income	579,816,925	582,352,213	<u>404,910,097</u>
BALANCE SHEET			
Total Assets	7,864,348,895	7,889,727,983	<u>7,934,375,556</u>
Total Liabilities	3,378,391,504	2,987,585,009	<u>2,787,513,511</u>
Stockholders' Equity	4,485,957,391	4,902,142,974	<u>5,146,862,045</u>
PER SHARE (Php)			
Earnings per share	Php 0.21	Php 0.18	<u>Php 0.14*</u>

* *Annualized*

RISKS FACTORS

The risk factors in the order of importance are as follows:

REFINANCING RISKS

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.

The Company manages such refinancing risks by improving the current and acid-test ratios at 1.95:1 and 1.24:1 as of September 30, 2011 from 1.77:1 and 1.07:1 as of December 31, 2010.

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:

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.
2. 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.

INTEREST RATE RISK

This is the risk arising from uncertain future interest rates.

The Company's financial instruments are:

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.

2. For the financial liabilities, the Company's loans payable to bank are subject to periodic repricing of interest rates. The Company manages this risk by entering into loan agreements with a ceiling on repricing rates (current ceiling from lenders is based on benchmark rates (PDST-F) plus 150 basis points). In this way, the Company can review and analyze the future effects of repricing to the operations and position of the Company, thus mitigating interest rate risk. On the other hand, short-term commercial papers bear fixed interest rates, thus are not exposed to fluctuations in interest rates.

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 rely their value on market factors are subject to market risk.

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.

LIQUIDITY RISK

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.

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:

1. *Asset- Liability Management*: 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.
2. *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 counterparties.
3. *Excess Liquidity*: The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.
4. *Funding Flexibility*: The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and STCPs.

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.

ECONOMIC FACTORS

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.

POLITICAL STABILITY

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 and results of operations.

INDUSTRY OUTLOOK

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.

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.

The following preventive measures are being undertaken by the Registrant to manage the aforementioned risks:

1. 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.
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.

Note: STCPs are not insured with the Philippine Deposit Insurance Corporation (PDIC).

USE OF PROCEEDS

The gross proceeds that will be derived from the offering is Php 1,000,000,000 less registration fees, taxes, professional fees and other related expenses.

The net proceeds from the offering of the Short-Term Commercial Papers is Php 994,090,375 which is intended to be used as follows (in order of priority):

1)	Project – Related Costs	Php	473,000,000
2)	Payment of Maturing Loans / Notes		480,090,375
3)	Interest Expense		41,000,000
	Net Proceeds	Php	994,090,375

The total actual and estimated expenses amounting to Php 5,909,625 is shown under “Other Expenses of Issuance and Distribution on page 57.

1) Project-related costs

The proceeds from the offering will be used to partially finance the construction of Makati Executive Tower IV and Grand Central Residences Tower I.

Makati Executive Tower IV (MET IV) is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. Its percentage of completion as of September 30, 2011 is 54.06%.

Grand Central Residences Tower I (GCR) is a 40-storey office, commercial and residential condominium located at EDSA cor. Sultan St., Barangay Highway Hills, Mandaluyong City. Its percentage of completion as of September 30, 2011 is 4.68%.

The utilization of the P 473 million project-related costs is broken down as follows:

Project	1 st Qtr (Dec. 2011-Feb. 2012)	2 nd Qtr (Mar. 2012-May. 2012)	3 rd Qtr (June 2012-Aug. 2012)	4 th Qtr (Sept. 2012-Nov. 2012)	Total
Makati Executive Tower IV	P 41.25 million	P 41.25 million	P 41.25 million	P 41.25 million	P 165 million
Grand Central Residences Tower 1	P 77 million	P 77 million	P 77 million	P 77 million	P 308 million
Total	P 118.25 million	P 118.25 million	P 118.25 million	P 118.25 million	P 473 million

The above P 473M project costs is just part of the Php 1,479M total estimated development cost to complete Makati Executive Tower IV and Grand Central Residences Tower I. The balance of P1,006M will be financed through internally-generated funds. The components of the total development cost are as follows:

Project	Labors & Materials Supplied by Contractors	Materials Supplied / Permits & Licenses by Owner	Estimated Development Cost
Makati Executive Tower IV	Php 214 M	Php 127 M	Php 341 M
Grand Central Residences Tower 1	602 M	536 M	1,138 M
Total	Php 816 M	Php 663 M	Php 1,479 M

Labor & Materials Supplied by Contractors – These are for civil, architectural, electrical, mechanical, plumbing, structural works, fire protection, elevator, garbage chute, sewage treatment, etc.

Materials Supplied / Permits & Licenses by Owner- These are for the purchase of owner-furnished materials like rebars, cements, CHB, pipes, electrical wires, etc. and permits and licenses paid to government agencies like building permit/ local clearance, occupancy permit and others.

Extent of financial commitment to complete the projects: The total credit line available for the Company from banks and financial institutions is P2.565B all of which is unavailed. This total P2.565B credit line were all made available to the company by the following banks and financial institutions: Amalgamated Investment Bancorporation, Bank of the Philippine Islands, Metrobank, Security Bank, United Coconut Planters Bank and Union Bank of the Philippines.

2) Payment of Maturing Loans/ Notes

Breakdown of Outstanding Loans as of September 30, 2011:

Financial Institution	Original Amount	Outstanding Balance	Interest Rate	Maturity Date
Short-Term Commercial Papers *	--	858,350,000	- various-	-various-
Short-term Promissory Notes **	--	633,734,120	- various-	-various-
		<u>Php 1,492,084,120</u>		

The estimated allocation of the Php 480 million to the outstanding loans are as follows: STCP's, Php 80 million and HGC notes, Php 400 million.

*(a) Breakdown according to type of investors as of September 30, 2011:

	Amount	%
Individual	<u>P 782,750,000</u>	91%
Corporate	<u>75,600,000</u>	9%
Total	<u>P 858,350,000</u>	100%

(b) Breakdown according to SEC Permit to Sell as of September 30, 2011:

Dated December 2, 2010:	<u>P 850,050,000</u>
Dated December 7, 2009:	<u>8,300,000</u>
Total	<u>P 858,350,000</u>

** Short-term Promissory Notes are covered by a contract of guaranty with Home Guaranty Corporation. The guaranty covers the unpaid principal due on the outstanding promissory notes and unpaid interest thereon up to 10% per annum.

3) Interest Expense

Interest expense pertains to this P1B STCP issue computed on the average STCP rate as of June 30, 2011 (rounded-off) as shown below:

Lender	Principal	Rate	Term	Interest
New STCP	P1,000,000,000	4.10%	One year	P41 M

In the event of any deviation/ adjustment in the planned uses of proceeds, the Company shall inform the Commission and STCP investors within thirty (30) days prior to its implementation.

Others:

- a) If proceeds are substantially less than the maximum proceeds, the Company will just opt to renew the maturing obligations from the existing financial institutions which extended the loans.
- b) If material amount of other funds are necessary to accomplish purpose(s), the Company will avail from its existing lines with the financial institutions or banks which has an unavailed balance of P2.565B. This total unavailed credit line were all made available to the company by the following banks and financial institutions: Amalgamated Investment Bancorporation, Bank of the Philippine Islands, Metrobank, Security Bank, United Coconut Planters Bank and Union Bank of the Philippines.
- c) Proceeds from the offering will not be used to reimburse any officer, director, employee or any shareholder.
- d) Proceeds from the offering is not intended to acquire properties within the next twelve months.

DETERMINATION OF THE OFFERING PRICE

The Offering Price is One Hundred Percent (100%) of the face value.

The interest rates are fixed and are determinable at the time of issuances of the STCPs. The interest rates are based on the prevailing market rates at the time of issue.

OFFERING PERIOD

The offering period will commence upon approval of the SEC of the STCPs and will end upon the expiry of the Permit to Sell the STCP's.

PLAN OF DISTRIBUTION

The Short-Term Commercial Papers will be distributed by the Issuer itself to institutional buyers and general public as follows:

	% to Total	Amount
Institutional Buyers	30%	300,000,000
General Public	70%	700,000,000
		Php 1,000,000,000

The projected STCPs to be offered within the offering period is as follows:

	Amount
Within the First Quarter	Php 250,000,000
Within the Second Quarter	250,000,000
Within the Third Quarter	250,000,000
Within the Fourth Quarter	250,000,000
	Php 1,000,000,000

The securities to be registered are to be offered through the Company's salesmen duly licensed by the Commission. The Company's salesmen have been registered and authorized to act as Fixed Income Market Salesman with a Certificate of Registration issued by the SEC- Company Registration and Monitoring Department (CRMD). Please see *Exhibit 18 for the Certificate of Registration of Salesmen*. The monthly salaries of these personnel range from Php 18,000.00 to Php 61,000.00. They are also entitled to incentives and bonuses such as mid-year, year-end and performance bonuses.

As in the previously approved issues, the Company requested for exemption from the underwriting agreement as it has demonstrated its capability to sell the STCP's through its own selling efforts as mentioned in the foregoing paragraph.

Upon approval of the Registration Statement and the request for exemptive relief, the company will provide a statement that its request for exemption from the submission of underwriting agreement has been granted.

DESCRIPTION OF REGISTRANT'S SECURITIES

1. Total Issue Amount

The issue amount is ONE BILLION PESOS (1,000,000,000) outstanding STCPs at any given time within the validity period granted by the SEC.

2. Provisions:

a.) Instrument

The instrument is Short-Term Commercial Papers (STCPs). STCPs constitute direct, unconditional and general obligations of the Issuer. The STCPs maybe in registered or bearer form.

b.) Issue Date

The issue dates can be one or more dates to commence within the validity period granted by the Securities and Exchange Commission.

c.) Term/Maturity

The STCPs shall have a term/maturity not exceeding 365 days from issue date.

d.) Interest Rates

The interest rate(s) will be fixed and payable in arrears either monthly, quarterly, semi-annually or annually or at the end of the term based on the prevailing market interest rates at the time of issuances. The average interest rate as of September 30, 2011 is 4.2176%.

e.) Redemption

Redemption shall be on a one-time payment at the end of each term.

f.) Minimum Denomination Purchase

The minimum amount of STCP instruments shall not be lower than Php 300,000. The Issuer shall cause the STCP certificates to be made available to the purchaser upon full payment of the offering price.

g.) Penalty Interest

Should any amount payable by the Issuer under the STCPs, whether for principal, interest or otherwise, be not paid on due date, the Issuer shall pay in addition to the computed interest, liquidated damages equivalent to one percent (1%) of the outstanding amount of the note, plus attorney's fees and cost of collection in case of suit, an amount equal to Php 2,000 or 5% of the principal or interest whichever is higher. The Issuer further agrees that any action for the STCPs shall be instituted in the proper court of Makati City or the proper Regional Trial Court of Metro Manila or the case maybe.

h.) Tax on the Interest on the STCP

Interest income on the STCPs shall be subject to a twenty percent (20%) final withholding tax or such rate that maybe provided by law or regulation. The tax shall be for the account of the holder of the STCPs. Corporate and institutional purchasers who are exempt from or are not subject to the said tax shall submit pertinent documents evidencing their tax - exempt status.

i.) Documentary Stamps on Original Issuance

The cost of documentary stamps on the original issues shall be for the account of the Issuer. The documentary stamps by reason of the secondary sales/transfers involving the change of the registered holdings shall be for the account of the secondary buyers.

j.) Conversion, amortization, sinking fund, retirement

Conversion, amortization, sinking fund and retirement are not applicable in this STCP issue.

3. Substitution

Substitution is not permitted with or without notice.

4. Material Provisions Giving or Limiting Rights of Debt Holders

- a) STCPs are unsecured obligations; as such, STCP debt holders are subordinate to secured creditors.
- b) There is no limitation on the declaration of dividends; no restrictions on issuance of additional debt; no maintenance of asset ratios; and no provision on security (collateral).

5. Financial Ratios

	2008	2009	2010	Average	<u>As of September 30, 2011</u>
Current Ratio	1.23	1.57	1.77	1.52	<u>1.95</u>
Acid- Test Ratio	0.69	0.87	1.07	0.87	<u>1.24</u>
Asset To Liability Ratio	2.09	2.33	2.64	2.33	<u>2.85</u>
Net Profit Margin	28.30%	27.28%	30.80%	28.63%	<u>28.17%</u>
Return on Equity	14.33%	12.92%	10.47%	12.47%	<u>9.07%*</u>
Debt-Equity Ratio	0.76	0.56	0.46	0.58	<u>0.42</u>

* Annualized

Manner of Calculation:

Current Ratio	= Current Assets / Current Liabilities
Acid- Test Ratio	= Cash & Cash Equivalents + Short-Term Investments + Available-for-sale Investments + <u>(current portion) Installment Contracts Receivables + (current portion) Other Receivables</u> Total Current Liabilities
Asset to Liability Ratio	= Total Assets / Total Liabilities
Net Profit Margin	= Net Income / Net Sales
Return on Equity	= Net Income / Total Stockholders' Equity
Debt-Equity Ratio	= <u>Loans & Notes Payable</u> Total Stockholders' Equity (net of Net Changes in FV of Investments)

Significance:

Current Ratio and Acid-Test Ratio are ratios of short-term solvency which measures the ability of the firm to meet recurring and current financial obligations. Current ratio is often associated with net working capital which is the difference between current assets and current liabilities. Acid –test ratio on the other hand is the ratio between quick assets (as enumerated above) and current liabilities. Quick assets are the currents assets that are quickly convertible to cash.

Asset to Liability Ratio measures the overall solvency position of the company whereby total assets must not be less than total liabilities.

Net Profit Margin expresses the profit as a percentage of sales. In general, it measures the company’s ability to produce a product or a service profitably.

Return on Equity or ROE is one of the measures of a company’s profitability from the stockholders’ viewpoint. It indicates the profitability of their investment in a company.

Debt to Equity Ratio provides information about the protection of creditors for insolvency and the ability of the company to obtain additional financing for potentially attractive investment opportunities.

6. Track Record of Securities Registered

	SEC Order No.	Date Issued	Nature of Securities	Amount Registered	<u>Amount Outstanding as of September 30, 2011</u>
1.	294 Series of 2010	December 2, 2010	STCP	P 1,000,000,000	P <u>850,050,000</u>
2.	187 Series of 2009	December 7, 2009	STCP	P 900,000,000	P <u>8,300,000</u>
3.	147 Series of 2008	December 8, 2008	STCP	P 900,000,000	--
4.	195 Series of 2007	December 14, 2007	STCP	P 1,200,000,000	--
5.	182 Series of 2006	December 28, 2006	STCP	P 700,000,000	--
6.	151 Series of 2005	December 28, 2005	STCP	P 595,000,000	--
7.	179 Series of 2004	December 29, 2004	STCP	P 635,000,000	--

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY

STCPs has no established public trading market from which market information for STCPs can be obtained.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

1. Dividends Policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Corporation and other factors.

2. Dividends

	2011*	2010	2009	2008
Cash	Php 0.05 / share	Php 0.06 / share	Php 0.10 / share	Php 0.07698 / share
Stock	20.00%	20.00%	20.00%	--

* The Company declared Php 0.05 per share cash dividends on May 30, 2011, given to stockholders of record as of June 13, 2011 and paid on July 8, 2011.

On June 7, 2011, stockholders approved and ratified the 20% stock dividends declared by the Board of Directors, given to stockholders of record as of July 7, 2011 and distributed on August 2, 2011.

a) Stock Prices

		Unclassified Common Shares	
		High	Low
2011	<u>First Quarter</u>	<u>1.52</u>	<u>1.20</u>
	<u>Second Quarter</u>	<u>1.65</u>	<u>1.27</u>
	<u>Third Quarter</u>	<u>1.53</u>	<u>1.11</u>
2010	First Quarter	1.35	0.75
	Second Quarter	1.67	1.18
	Third Quarter	1.88	1.38
	Fourth Quarter	1.51	1.30
2009	First Quarter	1.25	1.15
	Second Quarter	1.83	1.08
	Third Quarter	1.68	1.08
	Fourth Quarter	1.58	1.30

Note: Prices in 2011 took into account 20% stock dividends declared to the stockholders of record as of July 7, 2011.

b) Trading Market

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

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

c) Price Information on the Latest Practicable Date

The Company's shares were last traded on October 20, 2011 at P 1.20 per share.

Holder

- a. The number of shareholders of record as of September 30, 2011 was 751.
- b. Top 20 Stockholders on record as of September 30, 2011:

	Name	No. of Unclassified Common Shares	%
1.	Cityland, Incorporated	1,484,571,007	50.40%
2.	Roxas, Stephen C.	217,222,864	7.38
3.	PCD Nominee Corp. (Filipino)	168,731,149	5.73
4.	Liuson, Grace C.	157,153,310	5.34
5.	Gohoc, Alice	125,133,696	4.25
6.	Fan, Lucy	107,557,356	3.65
7.	Liuson, Andrew I. (Dr.)	90,149,252	3.06
8.	Roxas, Helen C.	44,770,965	1.52
9.	Chiong, Daniel Yen	37,309,210	1.27
10.	Gohoc, Josef C.	34,461,628	1.17
11.	Recto, Ester C.	31,967,029	1.09
12.	Gohoc, Johann	31,356,962	1.06
13.	Gohoc, Josua	26,535,744	0.90
14.	Gohoc, Joel	26,438,163	0.90
15.	Gohoc, Joanna	26,357,033	0.89
16.	PCD Nominee Corp. (Foreign)	20,375,958	0.69
17.	Jefcon, Inc.	13,659,345	0.46
18.	Co, Stephen Vincent	13,540,031	0.46
19.	Chang, Rita D.	12,740,179	0.43
20.	Obadiah, Inc.	12,580,161	0.43

Changes in Control

There are no agreement which may result in changes in control of the registrant.

Recent Sales of Unregistered Securities or Exemption Securities (Including Recent Issuance of Securities Constituting an Exempt Transaction)

The total number of shares issued and outstanding of the Company increased for the past three (3) as a result of stock dividends as follows:

	Stock Dividend	Outstanding Shares		Date Distributed
		From	To	
2008	--	1,704,470,182	1,704,470,182	--
2009	20%	1,704,470,182	2,045,364,273	July 22, 2009
2010	20%	2,045,364,273	2,454,436,794	July 08, 2010
<u>2011</u>	<u>20%</u>	<u>2,454,436,794</u>	<u>2,945,323,837</u>	<u>August 02, 2011</u>

Stock dividends are exempted from registration under Section 10.1 (d) of the Securities Regulation Code (SRC).

INTERESTS OF NAMED EXPERTS AND COUNSELS

The validity of the STCPs Offer and other matters concerning the registration and offering of the STCPs was passed upon for the Company by Abaya Elias Law Firm.

The audited financial statements of the Company as of and for the years ended December 31, 2010, 2009 and 2008 together with the notes thereto, have been audited by SyCip, Gorres, Velayo & Co., independent public accountants, as indicated in their reports with respect thereto included herein, and have been so included in reliance upon the authority of SGV as experts in accounting and auditing in giving such reports.

The expert or independent counsel will not receive a direct or indirect interest in the registrant nor was such expert or independent counsel a promoter, underwriter, voting trustee, director, officer or employee of the registrant.

INFORMATION WITH RESPECT TO THE REGISTRANT

Business

A. Background Information

1. *Brief Company History*

Cityland Development Corporation is a domestic publicly listed corporation which is duly organized and existing under and by virtue of the laws of the Philippines since January 31, 1978 with the primary purpose of engaging in real estate development.

2. *Listing in Stock Exchange*

Cityland Development Corporation was listed with the Manila and Makati Stock Exchange in March 1983.

3. *Subsidiaries*

a. City & Land Developers, Inc. (Subsidiary)

City & Land Developers, Inc. was incorporated on June 28, 1988 with a primary purpose of acquiring and developing suitable land sites for residential, office, commercial, institutional, and industrial uses. Its principal office is at 3/F Cityland Condominium 10 Tower 1 156 H.V. Dela Costa Street, Salcedo Village, Makati City.

The financial performance:

	2009	2010	September 30, 2011
Revenues	714,446,112	940,719,658	<u>755,768,963</u>
Expenses	549,412,992	608,583,385	<u>512,154,691</u>
Income before tax	165,033,120	332,136,273	<u>243,614,272</u>
Net Income	129,501,919	265,596,227	<u>201,442,789</u>

SEC Registration No. - 152661

b. Cityplans, Inc. (Subsidiary)

Cityplans, Inc. was incorporated on October 27, 1988 with a primary purpose of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling educational assistance and pensions. Its principal office is at 3F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Salcedo Village, Makati City.

The financial performance:

	2009	2010	September 30, 2011
Revenues	40,939,994	24,660,713	<u>15,988,960</u>
Expenses	20,084,986	10,429,613	<u>8,046,942</u>
Income before tax	20,855,008	14,231,100	<u>7,942,018</u>
Net Income	17,828,726	10,766,213	<u>5,906,866</u>

SEC Registration No. - 156675

4. Nature of Operations

The Company's primary purpose is to acquire and develop suitable land sites for residential, office, commercial, institutional, and industrial uses.

Its projects include medium to high-rise office, commercial, and residential condominiums located in Makati City, Mandaluyong City, Pasig City and Manila City.

B. Development of Business for the past two (2) years (2009 – 2010)

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

Cityland Development Corporation

	PERCENTAGE SOLD			
	2009	2010	September 30, 2011	
Makati Executive Tower II	97.33%	100.00%	<u>99.79%*</u>	Launched in 2003
Corinthian Executive Regency	98.86	98.95	<u>99.84</u>	Launched in 2004
Rada Regency	99.30	99.40	<u>99.78</u>	Launched in 2005
Manila Executive Regency	96.87	98.98	<u>99.89</u>	Launched in 2005
Makati Executive Tower III	61.50	81.83	<u>86.66</u>	Launched in 2006
Mandaluyong Executive Mansion III	21.07	32.67	<u>52.40</u>	Launched in 2008
Makati Executive Tower IV	5.75	11.58	<u>17.90</u>	Launched in 2009
Grand Central Residences Tower 1	--	7.92	<u>11.44</u>	Launched in 2010

** The decrease in percentage sold as of September 30, 2011 as compared with the previous year 2010 was due to cancellation of contracts to sell due to non-payment.*

	PERCENTAGE OF COMPLETION		
	2009	2010	September 30, 2011
Makati Executive Tower II	100.00%	100.00%	<u>100.00%</u>
Corinthian Executive Regency	100.00	100.00	<u>100.00</u>
Rada Regency	100.00	100.00	<u>100.00</u>
Manila Executive Regency	100.00	100.00	<u>100.00</u>
Makati Executive Tower III	95.71	100.00	<u>100.00</u>
Mandaluyong Executive Mansion III	90.03	100.00	<u>100.00</u>
Makati Executive Tower IV	4.78	23.00	<u>54.06</u>
Grand Central Residences Tower 1	--	4.68	<u>4.68*</u>

** As of December 31, 2010, the percentage of completion was based on the actual accomplishments as certified by the Project Manager. This includes accomplishments which is not yet billed by the contractors but accrued by the Company.*

As of September 30, 2011, the percentage of completion of Grand Central Residences has reached 19.18%. This increase however, is not yet reflected in the books but will be taken up as soon as the accrued amount is billed and paid.

City and Land Developers, Inc. (Subsidiary)

	PERCENTAGE SOLD			
	2009	2010	September 30, 2011	
Pacific Regency	99.89%	99.67%	<u>99.77%</u>	Launched in 2004
Grand Emerald Tower	53.49	68.24	<u>84.36</u>	Launched in 2006
Manila Residences Bocobo	39.58	58.61	<u>69.44</u>	Launched in 2009

	PERCENTAGE OF COMPLETION		
	2009	2010	September 30, 2011
Pacific Regency	100.00%	100.00%	<u>100.00%</u>
Grand Emerald Tower	75.79	97.52	<u>100.00</u>
Manila Residences Bocobo	8.16	38.10	<u>63.60</u>

Cityplans, Inc. (Subsidiary)

	PERCENTAGE SOLD			
	2009	2010	September 30, 2011	
Oxford Mansion	94.56%	95.63%	<u>95.71%</u>	Launched in 2004
Windsor Mansion	87.85	86.91	<u>87.46</u>	Launched in 2007

	PERCENTAGE OF COMPLETION		
	2009	2010	September 30, 2011
Oxford Mansion	100.00%	100.00%	<u>100.00%</u>
Windsor Mansion	100.00	100.00	<u>100.00</u>

The details of the above projects are as follows:

Cityland Development Corporation (Parent)**Grand Central Residences Tower 1**

Grand Central Residences Tower 1 is a 40-storey office, commercial and residential condominium strategically located fronting MRT Shaw Station and steps away from malls, schools, churches and hospitals. Its amenities include multi-purpose function room with movable children's playset, swimming pool, gym, central information assistance counter at the lobby, closed circuit TV system, 24-hour association security and multi-purpose deck.

Estimated Date of Completion: March 2015

Makati Executive Tower IV

Makati Executive Tower IV is a 29-storey commercial and residential condominium located at Cityland Square, Sen. Gil Puyat Ave., cor. P. Medina St., Makati City. It is in close proximity to schools, malls, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

Estimated Date of Completion: December 2013

Mandaluyong Executive Mansion III

Mandaluyong Executive Mansion III is a 7-storey office, commercial and residential condominium located at Mandaluyong Executive Subdivision, G. Emriquez St., Brgy. Vergara, Mandaluyong City, with close proximity to Don Bosco Technical College, Rockwell, SM Megamall, Podium, Shangri-la Plaza, Puregold, Market Place, Robinson's Pioneer, Edsa Central and Starmall. Its amenities include playground, basketball court and 24-hour association security.

Date Completed: January 2011

Makati Executive Tower III

Makati Executive Tower III is a 38-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room, and 24-hour association security.

Date Completed: April 2010 (completed three months advance)

Manila Executive Regency

Manila Executive Regency is a 39-story office, commercial and residential condominium situated along J. Bocobo St. Ermita. This property has close proximity to churches, malls, parks, party places, historical places, government institutions, and commercial establishments. Its amenities and facilities include swimming pool, gym, spa, function room, children's playground, and Manila Bay viewing deck.

Date Completed: August 2009 (completed 4 months advance)

Rada Regency

Rada Regency is a 24-storey commercial and residential condominium located along Rada St. corner Dela Rosa St., Legaspi Village, Makati City. Its close proximity to various schools (Don Bosco Technical Institute, Ateneo and La Salle Graduate School), shopping malls (The Landmark, Glorietta, Greenbelt), hospitals, fire station, post office, banks, restaurants and other leisure centers truly makes it an excellent investment opportunity. Its amenities and facilities include swimming pool, separate sauna for men and women, roofdeck / viewing / jogging deck, gym, children's playground, function room, drying area, laundromat and 24-hour association security.

Date Completed: July 2008 (completed six months in advance)

Corinthian Executive Regency

Corinthian Executive Regency is a 39-storey office, commercial and residential condominium located along Ortigas Avenue, Pasig City. It has an excellent location and close proximity to various schools (La Salle Greenhills, Poveda), churches, hospitals (the new Medical City), banks, shopping malls (Robinson Galleria), SM Megamall, the Podium, Shangrila), restaurants and other leisure centers. Its amenities and facilities include swimming pool, gym, sauna for men and women, viewing deck, function room, laundromat, provision for children's playground, and 24-hour association security.

Date Completed: May 2008 (completed one month in advance)

Makati Executive Tower II

Makati Executive Tower II is a 35-storey office, commercial and residential condominium located at Cityland Square, Dela Rosa Street, corner P. Medina Street, Makati City, with close proximity to the establishments such as Makati Medical Center, Makati Post Office, Glorietta and Greenbelt, Assumption College, AMA University, Don Bosco Technical Institute and Makati Gospel Church. Amenities and facilities include swimming pool, gym, men and female sauna, roof deck/viewing deck, children's playground and function room. Other service facilities include laundromat and 24-hour association.

Date Completed: March 2007 (completed three months in advance)

City & Land Developers, Inc. (Subsidiary of Cityland Development Corporation)

Manila Residences Bocobo

Manila Residences Bocobo is a 34-storey commercial, office and residential building located at 1160 Jorge Bocobo St., Ermita, Manila City. Its amenities and features include swimming pool, gymnasium, function room, multi-purpose deck, children's play area and 24-hour association security.

Estimated Date of Completion: June 2013

Grand Emerald Tower

Grand Emerald Tower , a 39-storey commercial, office and residential condominium located along Emerald 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.

Date Completed: February 2011 (completed four months in advance)

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.

Date Completed: October 2007 (completed eight months in advance)

Cityplans, Inc. (Subsidiary of Cityland Development Corporation)

Oxford Mansion

Oxford Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitor's lounge, provision for cable TV and telephone line, individual water submeter / Meralco meter and 24-hour association security.

Date Completed: October 2006

Windsor Mansion

Windsor Mansion is a joint project of the Company and Cityplans. It is a commercial and residential condominium located at Santolan, Pasig City. Amenities include common clubhouse, swimming pool and 24-hours association security for the whole complex. It is proximate to schools, commercial establishments, business and office centers.

Date Completed: December 2007

2. Marketing

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

3. Revenue Contribution to Total Revenues on Sales of Real Estate

	P E R C E N T A G E		
	2009	2010	As of September 30, 2011
<i>Cityland Development Corporation</i>			
Cityland Makati Executive Tower II	0.56%	1.72%	<u>0.91%</u>
Corinthian Executive Regency	0.97	1.44	<u>1.94</u>
Rada Regency	2.83	1.01	<u>0.80</u>
Manila Executive Regency	25.91	4.45	<u>2.98</u>
Cityland Makati Executive Tower III	31.57	25.32	<u>12.88</u>
Mandaluyong Executive Mansion III	5.23	6.24	<u>10.82</u>
Makati Executive Tower IV	0.25	2.54	<u>9.14</u>
Grand Central Residences 1	--	0.49	<u>0.53</u>

Others	1.33	4.00	<u>2.10</u>
<i>City & Land Developers, Inc.</i>			
Pacific Regency	0.06	0.04	<u>0.64</u>
Grand Emerald Tower	25.17	37.82	<u>33.30</u>
Manila Residences Bocobo	1.83	14.65	<u>23.54</u>
Others	3.58	0.22	<u>0.42</u>
<i>Cityplans, Inc.</i>			
Pasig Royale Mansion	0.04	--	--
Oxford Mansion	0.08	0.06	--
Windsor Mansion	0.59	--	--
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

4. Domestic and Foreign Sales Contribution to Total Sales

	PERCENTAGE		
	2009	2010	<u>September 30,</u> <u>2011</u>
Sales			
Filipino Citizens	87.22%	86.44%	<u>88.84%</u>
Foreign Citizens	12.78	13.56	<u>11.16</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

5. Competition

The property development industry in the Philippines where the Registrant is selling its products and services 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. Currently, the industry is in the middle of this cycle.

The geographical area/ location of the Company's projects are in Makati, Manila, Pasay and Mandaluyong cities. The Company builds high- rise condominium projects catering to middle and high- income groups.

Cityland's projects are offered at affordable prices and affordable payment schemes. The Company has proven its track record in the timely turn-over or even advanced turn-over of its projects in line with its, "We commit, we deliver" slogan.

In the property development industry, the principal methods of competition among the developers are as follows:

- a. price;
- b. product or the type of development i.e. high, middle, low-end; and
- c. service or property management after the project is turned over to the buyers.

The present projects of the registrant and the competitors' projects which are quite similar in terms of classification and proximity to the registrant's projects are:

Grand Central Residences Tower 1 is located at EDSA cor. Sultan St., Brgy. Highway Hills, Mandaluyong City. Other condominium project which is quite similar in terms of classification and proximity to Grand Central Residences Tower 1 is the Light Residences, a project of SM Development Corporation. In terms of size, financial and market strengths, said developer is one of the major developers in the country.

Makati Executive Towers III and IV are located at Sen. Gil Puyat Ave., Makati City. Other condominium project which is quite similar in terms of classification and proximity to Makati Executive Towers III and IV is The Linear which is located at corner Yakal, Malugay and

Mayapis Sts., Makati City, a project of Filinvest Land, Inc. In terms of size, financial and market strengths, said developer is one of the major developers in the country.

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Namayan, Mandaluyong City. Other condominium project that is quite similar in classification and proximity to Mandaluyong Executive Mansion III is the Tivoli Garden Towers which is located along Coronado St., Mandaluyong City. This is a project of DMCI. In terms of size, financial and market strengths, said developer is one of the major developers in the country.

The Registrant's competitors have their own respective financial and market strengths. However, Cityland believes it can effectively compete with other companies because of good location, affordable pricing, and quality development.

6. Customers

Cityland has a broad market base and is not dependent upon a single or few customers. It has no single customer that accounts for 20% or more of its sales. Likewise, there are no major existing sales contracts.

7. Purchases of Raw Materials and Supplies

Cityland engaged the services of Millennium Erectors Corporation for the civil and architectural works in the development of its on-going projects.

As to the construction materials, Cityland has no major existing 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. Cityland then buys the materials from the lowest bidder.

8. Number of Employees

Cityland has a total of 150 employees as of September 30, 2011 classified as follows:

Managerial	35	Administrative	86
Rank & File	<u>115</u>	Operations	<u>64</u>
Total	<u>150</u>	Total	<u>150</u>

The number of employees is expected to increase by 4% within the next 12 months. The Company maintains an organizational framework whereby important management functions as well as administrative tasks are shared within the Cityland group.

The Company gives bonuses to its employees. Also, employees are entitled to vacation and sick leave 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 they have been on strike for the past three (3) years.

9. Government Approval of Projects

	Status of Approval of On- going Projects	
	Makati Executive Tower IV	Grand Central Residences Tower 1
Government Agency:		
a. Housing and Land Use Regulatory Board -Certificate of Registration/ License to Sell	Approved	Approved
b. City/Municipal Building Official / Department of Public Works and Highways.		
1. Development Permit by HLRB /Location	Approved	Approved
2. Building Permit		
- Excavation, Civil Works	Approved	Approved
- Mechanical, Electrical, Sanitary, Fire,Sidewalk	Approved	Approved
3. Occupancy Permit (Electrical, Fire, Mechanical,Civil, Sanitary)	To be applied upon completion	To be applied upon completion
c. Department of Environment and Natural Resources		
-Environmental Compliance Certificate	Approved	Approved
-Permit to Construct Sewage Treatment Plant (STP)	Not Applicable (to be connected to METIII STP)	Not Applicable (included in ECC)
- Permit to Operate STP	Not Applicable (to be connected to METIII STP)	To be applied upon completion
d. Laguna Lake Development Authority		
-Permit to Construct Sewage Treatment Plant (STP)	Not Applicable	Not Applicable
- Permit to Operate STP	Not Applicable	Not Applicable

10. 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 its projects.

The effect of the various regulations on the business of the issuer are projects developed in accordance with the high quality standards required by the various regulatory agencies of the government. Compliance with these requirements symbolizes the unrelenting commitment of the management to service and protection of its community and environment.

11. Amount Spent for Research/Development Activities

There is no amount spent on research and development activities.

12. Cost and Effect of Compliance with Environmental Laws

Costs:

Payments made for environmental clearances to the Department of Environment & Natural Resources are as follows:

2011	Paid Php200,015.00 to Wet Consultancy, Inc. for ECC of Pines Peak project.
2010	Paid Php653,115 to Wet Consultancy, Inc. for ECC of Grand Central Residences and Pines Peak project.
2009	Paid Php370,055 to Wet Consultancy, Inc. for ECC and LLDA clearances of Citysquare Pioneer 2.
2008	Paid Php154,000.00 to Enviserve, Inc. for the ECC of Union Pines

Effects:

Obtained Environmental Clearance Certificates for the aforementioned projects.

13. Transactions with and/or dependence on related parties

Transactions with related parties are confined to cash advances and non-interest-bearing advances for reimbursable expenses from and to the registrant which the Company enters into with its affiliates in the regular course of its business. It also includes an existing management agreement with Cityland, Inc., its parent company.

The Registrant's affiliates are Cityland, Inc. (CI), its parent company and City and Land Developers, Inc. (CLDI) and Cityplans, Incorporated (CPI), its subsidiaries.

14. Principal Terms and Expiration Dates of All Patents, Trademarks, Copyrights, Licenses and Royalty Agreements Held

The Company holds no patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.

15. Major Risks Involved in Each of the Businesses of the Company

The Company is primarily engaged in real estate development. Risk factors are:

Refinancing Risk: 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.

The Company manages such refinancing risks by improving the current and acid-test ratios at 1.95:1 and 1.24:1 as of September 30, 2011 from 1.77:1 and 1.07:1 as of December 31, 2010.

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:

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.
2. 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.

Interest Rate Risk: This is the risk arising from uncertain future interest rates.

The Company's financial instruments are:

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.
2. For the financial liabilities, the Company's loans payable to bank are subject to periodic repricing of interest rates. The Company manages this risk by entering into loan agreements with a ceiling on repricing rates (current ceiling from lenders is based on benchmark rates (PDST-F) plus 150 basis points). In this way, the Company can review and analyze the future effects of repricing to the operations and position of the Company, thus mitigating interest rate risk. On the other hand, short-term commercial papers bear fixed interest rates, thus are not exposed to fluctuations in interest rates.

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 rely their value on market factors are subject to market risk.

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.

Liquidity Risk: 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.

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:

1. *Asset- Liability Management:* 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.

2. *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 counterparties.

3. *Excess Liquidity:* The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations.

4. *Funding Flexibility:* The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and STCPs. 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.

- Economic:** Results of operations is influenced by the general condition of the Philippine economy. Any economic instability or failure to register improved economic performance may adversely affect the Company's operations.
- Political:** The Company's business like all other business 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 real estate 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 management 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 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.

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

Debt Issues

The registrant's net worth exceeds P 25 million and the registrant has been in business for more than thirty (30) years.

Properties

Investment in real estate properties as of September 30, 2011 are as follows:

Particular	Location	Total Area (in sq.m.)	Description	Mortgagee / Limitation
1. Land & building	Corner of Pioneer and Reliance Sts., partly located in Mandaluyong City & Pasig City	12,502	The property is located near MRT3 Boni Station; about a km. away from Ortigas Center and presently improved with warehouse buildings. Portion of property is mortgaged with bank.	Metrobank / P 200M & Security Bank / P 1600M

2. Land	Corner Union and Pines Sts., Mandaluyong City	6,130	The land is located in an area where land development is for commercial and industrial purposes.	---
3. Land	Barangay Punungyanan, Gen. Trias, Cavite City	501,832	The land is adjacent to Eagle Ridge Golf Course and Gateway Business Park.	---
4. Land	Brgy. Sabang, Naic, Cavite	670,891	The land is for mixed commercial and residential use.	---
5. Land	Bo. Wack-Wack Mandaluyong City	2,367	The land is located near POEA in front of Robinson's Galleria; along EDSA very near MRT3 Ortigas Station. Property is mortgaged with bank.	Security Bank / P 1600M
6. Office Condominium	H.V. Dela Costa St., Salcedo Village, Makati City	3,493	This is an office condominium for lease and office use located at Cityland 10 Tower I&II in H.V.dela Costa corner Geronimo St., Makati City. Only 1,683.42 sq.m. of property is mortgaged with bank.	Metro Bank / P 200M
7. Land	Brgy. Sabang, Naic, Cavite	513,705	Lot is near subdivisions like Coastal City and Retirement Village	---
8. Land	Brgy. Almanza, Uno, Las Piñas	1,400	Lot is located in front of Alabang-Zapote road near Madrigal Business Park.	---
9. Land	Brgy. Highway Hills, Mandaluyong City	2,837	Lot is located near EDSA Central & Shangri-La Mall in Shaw Blvd.	---
<i>Investment in Real Estate Properties of subsidiary: City and Land Developers, Inc.;</i>				
10. Land	Roxas Blvd. Cor. Seaside Drive, Brgy. Tambo, Parañaque City	3,154	Lot is located along Roxas Blvd. Property.	---
11. Land	Samar Ave. cor. Eugenio Lopez Ave., Quezon City	3,096	Lot is located along Samar Ave., Quezon City	---
12. Land	<u>EDSA cor. Lanutan Alley, Brgy. Veterans Village, Quezon City</u>	<u>1,661</u>	<u>Lot is located along EDSA cor. Lanutan Alley, Brgy. Veterans Village, Quezon City</u>	<u>---</u>

Ownership

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

Plan to Purchase

The Company has intentions to acquire property(ies) in the next twelve (12) months within the vicinity of Metro Manila. Actual acquisition is dependent on the outcome of negotiation with prospective seller(s). The source of financing the Company expects to use is the unavailed credit line of the company amounting to P2.565B.

Lease Contracts

Leased properties as of September 30, 2011 are as follows:

Project	Rental Income
Pioneer – Warehouse / Parking	Php 5,252,141
Makati Executive Towers	4,543,415
Cityland Condominium 10 Towers I and II - Units/Parking	2,945,959
Union Pines – Lot	1,645,039
Edsa Ortigas – Lot	739,019
Cityland Dela Rosa Condominium – Parking/Storage	448,656
Roxas Boulevard – Lot	424,678
Cityland Herrera Tower – Parking/Storage	414,185
GET - Units	361,589
RADA - Parking	172,143
Mega Plaza – Parking	48,107
Others	83,408
Total	Php 17,078,339

Note : Term of lease contracts ranges from 1 month to 1 year.

Renewal Options

Lease contracts are renewable upon written agreement of the parties.

Legal Proceeding

The material legal proceedings to which the registrant, its subsidiaries or affiliates is a party or of which any of their property is the subject as of September 30, 2011 are as follows:

1.) Registrant

Esmeraldo Balosa vs. Cityland Development Corporation
(Civil Case No. MC08 – 3563)
Mandaluyong Regional Trial Court- Branch 208
Date Instituted: April 11, 2008

Esmeraldo Balosa filed a case for preliminary Mandatory Injunction with damages against Cityland after the Business and License Department of Mandaluyong City closed his stalls due to Balosa's failure to secure the necessary permits. He alleged that he has not been paying the lease because another entity is also claiming ownership of the leased property and that property cannot be used for his business. Balosa claims Cityland illegally ejected him. Trial of the case is on going.

2) Subsidiary - City & Land Developers, Inc. (CLDI)

Angapat Realty vs. CLDI
Manila Regional Trial Court- Branch 11
Date Instituted: March 16, 2004

This is a complaint for injunction and damages with a prayer for preliminary injunction with temporary restraining order filed by Angapat Realty and Development Corporation (“Angapat”) against CLDI to enjoin the corporation from further constructing a billboard that allegedly blocks the view of Angapat's billboard. Angapat is asking for actual damages in the amount of P100,000 a month, exemplary damages to P 500,000 and attorney's fees amounting to P 250,000.

The prayer for preliminary injunction was denied and the case was subsequently archived in an Order dated May 18, 2007.

3) Property

There was no case filed wherein any of its property/ies as the subject.

The Company does not expect that the outcome of the above material legal proceedings involving the registrant and its subsidiary 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 Registrant either at a time of the bankruptcy or within two years prior to that time.

During the past five years up to present, the Registrant, 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 Registrant, 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 Registrant, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

1. Financial Performance

For the Nine Months Ended September 30, 2011

The Company's subsidiary, City & Land Developers, Inc. (CLDI) has turned over, four months ahead of schedule, Grand Emerald Tower, a 39-storey office, residential and commercial condominium project located along Emerald Avenue corner Garnet and Ruby Roads, Ortigas Center, Pasig City.

The Company and its subsidiaries are pre-selling the following on-going projects:

Grand Central Residences, a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., Mandaluyong City, a project of CDC.

Makati Executive Tower IV, a 29-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar Makati City, a project of CDC.

Manila Residences Bocobo, a 34-storey office and residential condominium project located at Jorge Bocobo St., Ermita, Manila City, a project of CLDI.

Also, the Company and its subsidiaries are selling the following completed and operational projects:

Makati Executive Tower III, a 37-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar Makati City, a project of CDC.

Mandaluyong Executive Mansion III, a residential condominium located at Mandaluyong Executive Mansion Subdivision, G. Enriquez St., Brgy. Vergara, Mandaluyong City, a project of CDC.

Oxford Mansion, an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City, a joint project of Cityplans, Inc. (CPI), a subsidiary of CDC and Cityland, Inc. (CI).

Windsor Mansion, an 8-storey commercial and residential condominium located at New Santolan, Pasig City, a joint project of CPI and CI.

The Company has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources come from sales of condominiums and real estate projects, collection of installment receivables, maturing short-term investments and other sources such as rental income, interest income and dividend income. External sources come from bank loans.

The estimated development cost of 672.85 million as of September 30, 2011 representing the cost to complete the development of real estate projects sold will be sourced through:

1. Sales of condominium and real estate projects
2. Collection of installment receivables
3. Maturing short-term investments
4. Issuance of commercial papers
5. Availment of bank lines (bank lines as of September 30, 2011 amounted to 2.715 billion for the Parent company and its subsidiaries which is still unavailed).

For the Year Ended December 31, 2010

The country's economy grew dramatically from 0.9% in 2009 to 7.3 % in 2010, the highest in more than two decades. The high gross domestic product (GDP) rate came during a peaceful political transition of a new administration. The strong growth can be attributed to improved investor's confidence, government and election expenditures, continued inflow of overseas remittances, growth of the business outsourcing sector and the high rate of foreign trade due to the improving global economy. At present, real estate sales remained strong as bank interest rates remained low while inflation rate remained manageable at below 5%. The Company is optimistic that the favorable political and business environment combined with the recovery of the world economy will bring more investments in the real estate industry.

The Company launched Grand Central Residences on August 2010. This is a 40-storey commercial, office, and residential condominium located at Shaw Boulevard, Mandaluyong City.

The Company and its subsidiaries are selling the following on-going projects:

Makati Executive Tower IV, a 29-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar Makati City, a project of CDC.

Mandaluyong Executive Mansion III, a residential condominium located at Mandaluyong Executive Mansion Subdivision, G. Enriquez St., Brgy. Vergara, Mandaluyong City, a project of CDC.

Grand Emerald Tower, a 39-storey office, residential and commercial condominium project located along Emerald Avenue corner Garnet and Ruby Roads, Ortigas Center, Pasig City, a project of City & Land Developers, Inc. (CLDI).

Manila Residences Bocobo, a 34-storey commercial, office, and residential condominium project located at Jorge Bocobo St., Ermita, Manila City, a project of CLDI.

Also, the Company and its subsidiaries are selling the following finished projects:

Makati Executive Tower III, a 37-storey office, commercial and residential condominium, located

at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar Makati City, a recently completed and turned over project of CDC.

Corinthian Executive Regency, a 39-storey office, commercial and residential condominium located along Ortigas Avenue, Ortigas Center, Pasig City, a project of CDC.

Manila Executive Regency, a 39-storey office, commercial and residential condominium located along J. Bocobo St., Malate, Manila, a project of CDC.

Windsor Mansion, an 8-storey commercial and residential condominium located at New Santolan, Pasig City, a joint project of Cityplans, Inc. (CPI), a subsidiary of CDC and Cityland, Inc. (CI)

The Company has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources come from sales of condominiums and real estate projects, collection of installment receivables, maturing short-term investments and other sources such as rental income, interest income and dividend income. External sources come from bank loans.

For the Year Ended December 31, 2009

The Philippine gross domestic product registered a 0.9% growth in 2009, the slowest pace in 11 years amid the global financial crisis and after being devastated by two strong typhoons during the year. The growth was still within the government's target showing the economy's resilience as compared with other economies experiencing a negative growth rate. A large fiscal stimulus, an accommodative monetary policy and strong remittances from increasing overseas Filipinos helped the economy elude a recession. The government aims to achieve a better growth rate in 2010 and plans to implement appropriate policies that will continue to provide the right environment to boost economic growth. At present, the low interest rates, the availability of capital to investors and borrowers, the continued influx of dollars from overseas workers, the growth of the business outsourcing sector and the rapidly expanding population continued to fuel the demand of real estate properties. It is for this reason that despite the odds, the Company posted a respectable performance in 2009. It is hopeful that the year 2010 will bring in fresh mandates that will usher in new energy and opportunities of growth that will be beneficial to the real estate industry and to the entire business community.

The Company managed to achieve financial stability by maintaining a cautious stance given the current environment. The Company will continue to offer quality projects in convenient locations at affordable and easy payment terms.

For the year 2009, the Group launched 2 new condominium projects. These are: Makati Executive Tower IV, a 29 storey commercial, office and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, corner P. Medina St., Makati City and Manila Residences Bocobo, a 34-storey office, commercial and residential condominium located at Jorge Bocobo St., Ermita Manila City. These projects were well received and are expected to boost the Company's sales and revenues.

In addition to the above, the Company and its subsidiaries are pre-selling the following on-going projects:

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City.

Makati Executive Tower III, a 37-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar, Makati City.

Grand Emerald Tower, a 39-storey commercial, office and residential condominium located along Emerald corner Ruby and Garnet Streets, Ortigas Center, Pasig City, a project of CLDI.

In addition, the Company and its subsidiaries are selling the last few units of the following completed projects:

Manila Executive Regency, a 39-storey office, commercial and residential condominium located along J. Bocobo St., Ermita Manila., a project of CDC. This project was completed in the third quarter of 2009 and was ahead of its scheduled turnover.

Rada Regency, a 24-storey condominium located along Thailand St. (formerly Rada St.) corner Dela Rosa St., Legaspi Village, Makati City, a project of CDC.

Corinthian Executive Regency, a 39-storey office, commercial and residential condominium located along Ortigas Avenue, Ortigas Center, Pasig City, a project of CDC.

Oxford Mansion, an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City, a joint project of Cityplans, Inc (CPI) and Cityland, Inc. (CI). CPI is a subsidiary of CDC.

Windsor Mansion, an 8-storey commercial and residential condominium located in Santolan, Pasig City, a joint project of CPI and CI.

The Company has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Internal sources of liquidity come from sales of condominiums and real estate projects, collection of installment receivables, maturing short-term investments while external sources come from loans obtained from financial institutions.

For the Year Ended December 31, 2008

The Philippine gross domestic product managed to grow by 4.6% in 2008 despite the worldwide recession brought about by the subprime mortgage crisis. The slowdown was due to high inflation rate, high food and fuel prices and the deepening global financial crisis in the fourth quarter of 2008. The government has implemented fiscal and monetary policies to mitigate the impact of the crisis. These policies resulted to the decline in budget deficit, low interest rates and the availability of capital to investors and borrowers from banks and other financial institutions. Increase in government spending and overseas remittances has enabled the country to post economic growth. Towards the end of the year, fuel prices declined and may help cushion the effects of the global crisis. At present, the Company remains prudent in the management of its resources and is optimistic that new positive developments will help the real estate industry rebound in the future.

Despite the difficult market, the Company managed to achieve financial stability by maintaining a conservative stance attained through years of experience in the real estate business. Known as the Company that builds "In God We Trust" buildings, it has a consistent record in the early delivery and completion of its projects. For the year 2008, the Company has turned over two projects ahead of its scheduled turnover, namely, Corinthian Executive Regency located at Ortigas Center, Pasig City and Rada Regency located at Rada St., Legaspi Village, Makati City.

The Company and its subsidiaries are pre-selling the following on-going projects:

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City.

Makati Executive Tower III, a 37-storey office, commercial and residential condominium located at Cityland Square, Senator Gil Puyat Avenue, Pio del Pilar, Makati City.

Manila Executive Regency, a 39-storey office, commercial and residential condominium located along J. Bocobo St., Ermita Manila.

Grand Emerald Tower, a 39-storey commercial, office and residential condominium located along Emerald corner Ruby and Garnet Streets, Ortigas Center, Pasig City, a project of CLDI.

In addition, the Company and its subsidiaries are selling the following completed projects:

Rada Regency, a 24-storey condominium located along Thailand St. (formerly Rada St.) corner Dela Rosa St., Legaspi Village, Makati City, a project of CDC.

Corinthian Executive Regency, a 39-storey office, commercial and residential condominium located along Ortigas Avenue, Ortigas Center, Pasig City, a project of CDC.

Oxford Mansion, an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City, a joint project of Cityplans, Inc (CPI) and Cityland, Inc. (CI). CPI is a subsidiary of CDC.

Windsor Mansion, an 8-storey commercial and residential condominium located in Santolan, Pasig City, a joint project of CPI and CI.

The Company has also a number of prime lots reserved for future projects. Its land bank is situated in strategic locations ideal for horizontal and vertical developments.

Financial Condition

September 30, 2011 vs. December 31, 2010

Total assets amounted to 7.934B as of September 2011 as compared with 7.890B in December 2010. The slight increase in assets can be attributed to the increase in cash and cash equivalents and real estate properties held for future development. Sales and collections of installment contract receivables increased the Company's cash and cash equivalents, while sales decreased real estate properties for sale by 12.29%. Maturity of short-term cash investments were converted to shorter term liquid investments and were classified as cash and cash equivalents thus, increasing the account. The healthy cash position enabled the Company to purchase a prime lot, pay accounts payable and accrued expenses, loans and notes payable and cash dividends.

Total stockholders' equity now stands at 5.147B as of September 2011 which is higher than 4.902B in December 2010 due to net income of 404.91M, less cash dividends of 161.61M plus other adjustments of 1.70M. As a result of the foregoing, the Group's liquidity position remained healthy with acid-test and current ratio amounted to 1.24:1 and 1.95:1 in September 2011 from 1.07:1 and 1.77:1 in December 2010, respectively. Debt-equity ratio improved to 0.42:1 in September 2011 as compared to 0.46:1 in December 2010.

December 31, 2010 vs. December 31, 2009

The Company's balance sheet remained solid with total assets of 7.890B in 2010, slightly higher than the previous year's level of 7.864B. Short term cash investments increased by 826.05M due to net cash inflows from operating activities and re-investment of held to maturity investments. Majority of the Company's funds were used for project development resulting to the increase in completion rates of projects and the completion of two condominium projects, namely, Makati Executive Tower III and Mandaluyong Executive Mansion III. The stable cash flow has also enabled the Company to purchase a prime lot, pay cash dividends and reduce accounts payable and accrued expenses by 62.81M as well as notes and loans payable of 266.26M. As a result of the foregoing, the group strengthened its liquidity position with current and acid test ratio of 1.77:1 and 1.07:1 as compared to 2009 of 1.57:1 and 0.87:1, respectively. Asset and debt ratio likewise improved to 2.64:1 and 0.46:1 from the previous year of 2.33:1 and 0.56:1, respectively.

Total stockholders' equity stood at 4.902B, higher by 9.28% as compared with 2009 of 4.486B.

The increase was due to net income of 582.35M less cash dividends of 161.20M less other adjustments of 4.97M.

December 31, 2009 vs. December 31, 2008

Total assets amounted to 7.864B in 2009 slightly higher than last year's level of 7.838B. Sales of real estate properties resulted to the decline in real estate properties for lease and for future development. The Company's funds were utilized for the development of the projects and a substantial portion was used to pay its loans amounting to 532.38M. Although cash and cash equivalents decreased by 307.43M, this was offset by the increase in short-term cash investments 411.40M. Total stockholders' equity stands at 4.486B, higher than in 2008 of 4.081B. The 9.92% increase was due to net income of 579.82M, less cash dividends of 184.08M plus other adjustments of 9.26M. As a result of the foregoing, the group strengthened its liquidity position with current and acid test ratio of 1.51:1 and 0.87:1 as compared with 2008 of 1.23:1 and 0.69:1, respectively. Asset ratio and debt equity ratio likewise improved to 2.33:1 and 0.56:1 from the previous year of 2.09:1 and 0.76:1, respectively.

Results of Operation

September 30, 2011 vs. September 30, 2010

Total revenues reached 1.473B in September 2011 compared from the same period last year of 1.469M. The slight increase in revenues was driven by sales and completion rates of the vertical projects. This was offset by the decrease in financial income. On the cost side, sales increased the operating expenses by 16.49%, while the Company's payment of loans decreased the financial expenses. Consequently, the increase in expenses decreased provision for income tax by 12.28%. Altogether, the financial performance for the nine months of 2011 resulted to a net income of 404.91M as compared from the previous year of 401.38M. This translated to earnings per share and return on equity (both annualized) of 0.14 and 9.07% as compared with the same period of the prior year of 0.14 and 10.17%, respectively.

December 31, 2010 vs. December 31, 2009

The Company ended 2010 with a consolidated net income of 582.35M, slightly higher as compared to the previous year's 579.82M. Makati Executive Tower III and Mandaluyong Executive Mansion III continued to contribute modestly to total revenues as they both reached a 100 % completion in 2010. However, two of the Company's new projects are still in the initial stages of construction. These are Grand Central Residences I and Makati Executive Tower IV, launched in 2010 and 2009, respectively. It should be noted that realized gross profit on sales are determined by sales and the timing of development and completion of the projects. Although revenues declined, this will eventually improve as the construction of the projects advances.

Meantime, sales of the subsidiary company, City and Land Developers, Inc. continued to contribute significantly to the Company's revenues. Grand Emerald Tower and Manila Residences Bocobo continued to contribute a significant 37.82% and 14.65%, respectively. The decrease in revenues was offset by lower cost of sales, operating expenses and provision for income tax. In addition, partial maturity of loans and notes payable led to the decline in financial expenses by 26.43%. Other revenue contributors are financial and rent income. Financial income which is substantially derived from interest from sales of real estate properties amounted to 544.52M accounting for 26.66% of total revenues, higher by 4.13% from the previous year.

As a result of the foregoing, the Company still posted a respectable net income translating to earnings per share and return on equity of 0.18 and 10.47% as compared to the previous year of 0.21 and 12.92%.

December 31, 2009 vs. December 31, 2008

Revenue on sales reached 1.881B, higher by 2.29% from last year's figure of 1.838B despite the economic and business uncertainties during the year. Revenue growth was driven by sales and high completion rates of vertical projects.

Revenue on sales were substantially generated from seven (7) high-rise projects namely, Makati Executive III and IV, and Rada Regency located in Makati City; Manila Executive Regency and Manila Residences Bocobo (a project of CLDI) located in Manila City; Grand Emerald Tower (a project of CLDI) located in Ortigas Center, Pasig City; and Mandaluyong Executive Mansion III located in Mandaluyong City.

In addition, financial income which is substantially composed of interest on sales of real estate properties reached 522.91M in 2009 as compared with 527.30M in 2008, accounting for 21.44% and 21.79%, respectively of total revenues.

On the cost side, cost of sales was recorded at 1.235B in 2009 as compared with 1.228B in 2008. Operating expenses on the other hand, increased due to higher sales. The Company's payment of loans payable eased interest expense payments resulting to the decline of financial expenses by 13.56%. Lower tax rate and taxable income decreased income tax by 11.57%.

Altogether, financial performance for the year 2009 resulted to a net income of 579.82M, higher than the previous year of 572.10M, while net income attributable to equity holders of the parent amounted to 513.10M, almost reaching the same level in 2008 of 520.33M. This translated to an earnings per share and return on equity of 0.25 and 12.86% in 2009 as compared with 0.25 and 14.33% in 2008.

Top Five (5) Key Performance Indicators

	As of September 30, 2011	2010	2009	2008
Cityland Development Corp. (Consolidated)				
Earnings per share	0.14	0.18	0.21	0.21
Return on equity	9.07%	10.47%	12.92%	14.33%
Asset to liability ratio	2.85	2.64	2.33	2.09
Debt – equity ratio	0.42	0.46	0.56	0.76
Current ratio	1.95	1.77	1.57	1.23
Acid – test ratio	1.24	1.07	0.87	0.69
City & Land Developers, Inc. (Subsidiary)				
Earnings per share	0.40	0.47	0.23	0.18
Return on equity	20.22%	22.02%	13.38%	11.51%
Asset to liability ratio	2.87	2.71	2.79	2.63
Debt – equity ratio	0.27	0.29	0.30	0.41
Current ratio	2.28	2.10	2.23	1.61
Acid – test ratio	1.43	1.20	0.88	0.35
Cityplans, Inc. (Subsidiary)				
Earnings per share	0.06	0.11	0.18	0.19
Return on equity	2.98%	4.14%	7.20%	8.37%
Asset to liability ratio	5.66	5.39	4.88	4.06
Debt – equity ratio	--	--	--	0.33
Current ratio	22.38	22.41	17.01	7.81
Acid – test ratio	20.53	21.23	15.95	6.87

Manner of Calculations

Earnings Per Share = Net Income attributable to equity holders / Ave. # of Shares Issued & Outstanding

Return on Equity = $\frac{\text{Net Income attributable to equity holders}}{\text{Total Stockholder's Equity (net of minority interest)}}$

Asset to Liability Ratio	= Total Assets / Total Liabilities
Debt – Equity Ratio	= $\frac{\text{Loans \& Notes Payable}}{\text{Total Stockholder's Equity (net of Net Changes in Fair Value of Investments)}}$
Current Ratio	= Total Current Assets/ Total Current Liabilities
Acid Test Ratio	= $\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Available for Sale Investments} + \text{Financial Asset at Fair Value} + \text{Installment Contracts Receivable} + \text{Other Receivables}}{\text{Total Current Liabilities}}$

1. Items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents

There are no unusual items affecting assets, liabilities, equity, net income or cash flows.

2. Any changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

3. Any issuances, repurchases, and repayments of debt and equity securities

The Parent Company and its subsidiary issued SEC-Registered Short-Term Commercial Papers during the period with outstanding balance of 858.35 million and 168.35 million, respectively as of September 30, 2011.

4. Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

5. Effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

6. Any changes in contingent liabilities or contingent assets since the last annual balance sheet date

There are no changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

7. Any Known Trends, Events or Uncertainties (Material impact on liquidity)

There is no known trends, events or uncertainties that has a material effect on liquidity.

8. 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 bank loans.

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

The estimated development cost of P 341M and P 1,138M of Makati Executive Tower IV and Grand Central Residences Tower I, respectively as of September 30, 2011 representing the cost to complete of the aforementioned projects will be sourced through:

- a. Sales of condominium and real estate projects
 - b. Collection of installment receivables
 - c. Maturing short-term investments
 - d. Proceeds from the sale of commercial papers
10. Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income from Continuing Operations)
- There is no known trend, event or uncertainties that has a material effect on the net sales, revenues or income from continuing operations.
11. Any Significant Elements of Income or Loss that did not arise from Registrant's Continuing Operations
- There are no significant elements of income or loss that did not arise from registrant's continuing operations.
12. Any Known Trends or Events or Uncertainties (Direct or Contingent Financial Obligation)
- There are no events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation that is material to the Company.
13. 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 (including contingent obligations), and other relationships of the Company with unconsolidated entities created during the reporting period.

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

Material Changes (+/-5% or more) in the Financial Statements

Interim Periods:

September 30, 2011 vs. December 31, 2010

- a. Increase in Cash and Cash Equivalents was due to sales and maturity of short-term cash investments.
- b. Decrease in Short-term Cash Investments was due to maturity of placements.
- c. Decrease in Financial Assets Through Profit and Loss was due to maturity and termination of plans.
- d. Decrease in Installment Contract Receivables was due to collections.
- e. Decrease in Other Receivables was due to decrease in accrued interest and retention from cash sales.
- f. Decrease in Real Estate Properties for Sale was due to sales.
- g. Increase in Real Estate Properties Held for Future Development was due to purchase of prime lot.

- h. Decrease in Property and Equipment was due to depreciation.
- i. Decrease in Other Assets was due to refund of meter deposits.
- j. Decrease in Accounts Payable and Accrued Expenses was due to payment of development costs.
- k. Decrease in Income Tax Payable was due to payment.
- l. Decrease in Deferred Tax Liabilities was due to lower accounting income.
- m. Increase in Capital Stock was due to stock dividends.
- n. Decrease in Net Changes in Fair Value of Investments was due to decrease in value of trust fund.
- o. Decrease in Retained Earnings was due to dividends declared – net of net income.
- p. Increase in Minority Interest was due to net income of subsidiaries.

September 30, 2011 vs. September 30, 2010

- a. Increase in Revenue in Sales of Real Estate was due to sales and higher percentage of completion of the projects.
- b. Decrease in Financial Income was due to decrease interest income from sales of real estate properties.
- c. Increase in Rent Income was due to increase in lease contracts.
- d. Decrease in Other Revenues was due to decrease in miscellaneous income.
- e. Increase in Operating Expenses was due to sales.
- f. Decrease in Financial Expenses was due to payment of loans.
- g. Decrease in Provision for Income Tax was due to lower taxable income.

Full Fiscal Years:

December 31, 2010 vs. December 31, 2009

- h. Decrease in Cash and Cash Equivalents was due to payment of notes and loans payable and reinvestment in short term cash investments.
- i. Increase in Short-term Cash Investments was due to sales and collection of installment contracts receivable.
- j. Decrease in Financial Assets at Fair Value through Profit and Loss was due to maturity and termination of plans.
- k. Decrease in Held to Maturity Investments was due to maturity of investments.
- l. Decrease in Installment Contracts Receivables (net of estimated development cost) was due to collection of receivables and payment of development costs.
- m. Increase in Real Estate for Sale was due to launching of a new project – Grand Central Residences I.
- n. Decrease in Real Estate Properties held for future development was due to reclassification of lot cost to Real Estate for Sale of the new project.
- o. Decrease in Property and Equipment was primarily due to depreciation.
- p. Increase in Other Assets was due to increase in electric meter deposits.
- q. Decrease in Accounts Payable and Accrued Expenses was due to payment of trade payables, accrued director's fee, deposits and VAT payable.
- r. Decrease in Notes and Loans Payable was due to payment.
- s. Decrease in Pre-Need Reserves was due to maturity and termination of contracts.
- t. Decrease in Deferred tax liabilities was due to lower accounting income as compared with taxable income.
- u. Increase in Capital Stock was due to 20% stock dividends.
- v. Decrease in Net Changes in Fair Value of Investments was due to recognition of realized gain on sale of stocks and impairment loss in the statements of income.
- w. Increase in Minority Interests was due to net income of subsidiaries.
- x. Decrease in Revenue on Sales of Real Estate was due to sales and low percentage of completion of the new projects.
- y. Increase in Other Income was due to increase in scrap and other miscellaneous income.

- z. Decrease in Cost of Sales was due to lower revenue on sales of real estate properties.
- aa. Decrease in Operating Expenses was due to lower sales.
- ab. Decrease in Financial Expenses was due to payment of loans and notes payable.
- ac. Decrease in Provision for Income Tax was due to lower taxable income.

December 31, 2009 vs. December 31, 2008

- a. Decrease in Cash and Cash Equivalents was due to placements in short-term cash investments and payment of loans and notes payable.
- b. Increase in Short-term Cash Investments was due to placements.
- c. Decrease in Financial Assets at Fair Value through Profit and Loss was due to decrease in market value.
- d. Increase in Available-for-Sale Investments was due to increase in market value of stocks.
- e. Increase in Real Estate for Sale was due to launching of two new projects – Manila Residences Bocobo and Makati Executive Tower IV.
- f. Decrease in Real Estate Properties for Lease was due to sale of property and reclassification of lot cost of the newly launched project.
- g. Decrease in Property and Equipment was due to depreciation.
- h. Increase in Other Assets was due to net income from retirement plan assets.
- i. Increase in Accounts Payable and Accrued Expenses was due to accrued development costs.
- j. Decrease in Notes and Loans Payable was due to payment of contracts and loans payable.
- k. Increase in Income Tax Payable was due to lower prepaid taxes.
- l. Decrease in Pre-Need Reserves and other reserves was due to maturity and termination of contracts.
- m. Increase in Capital Stock was due to 20% stock dividends.
- n. Decrease in Revaluation Increment was due to sale of inventory with appraised values.
- o. Increase in Net Changes in Fair Value of Investments was due to increase in value of stocks.
- p. Increase in Minority Interests was due to net income of subsidiaries.
- q. Decrease in Rent Income was due to expiration of lease contracts.
- r. Decrease in Other Revenues was due to decrease in miscellaneous income and recovery of impairment loss.
- s. Increase in Operating Expenses was due to higher sales.
- t. Decrease in Financial Expenses was due to lower loan balance.
- u. Decrease in Provision for Income Tax was due to lower taxable income and tax rate.

Response to SEC-OGA Findings on the Review of Cityland Development Corporation's Audited Financial Statements for the Year Ended December 31, 2010 and Unaudited Interim Financial Statements for the Six-Month Ending June 30, 2011

1. Accounting Policy On Related Party Transactions (PAS 1, PAS 24)

Under Note 2 to the Financial Statements, Page 3, reference was made to PAS 24, Related Party Disclosures, in which policies, the Company will adopt as the standards become effective.

The required disclosures, under PAS 24, Related Party Disclosures were accordingly disclosed in Note 25 of the Audited Financial Statements. The note states that the Company discloses the following:

- a. the nature of the related party relationship; and
- b. 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 following disclosures:
 - i. the amount of the transactions
 - ii. the amount of outstanding balances and
 - iii. their terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

This disclosure was accordingly incorporated in Note 21, *Related Party Transactions*, of the Interim Financial Statements as of September 30, 2011.

2. Required Disclosures On Cost Of Real Estate Sales, June 30, 2011, Short-term and Long-term Compensation Of Key Management Personnel And Breakdown of the Sources of Interest Income Amounting to P244 Million.

SEC-OGA's comment is noted.

Please also note that we have already incorporated these disclosures on the Notes to Financial Statements of the Unaudited Interim Financial Statements as of September 30, 2011.

- a. Clarification on Cost of Real Estate Sales
Note 2, Page 13, of the Financial Statements
- b. Short-term and Long-term Compensation of Key Management Personnel
Note 21, *Related Party Transactions*, of the Financial Statements
- c. Breakdown of Sources of Interest Income
Note 18, *Financial Income (Expenses)*, of the Financial Statements

Information On Independent Accountant

	<u>External Audit Fees</u>	
	2010	2009
Audit and Audit-Related Fees	765,000	735,000
Tax Fees	--	--
All Other Fees	--	--
Total	765,000	735,000

SyCip, Gorres, Velayo & Co. is the Registrant's external auditor for the calendar year 2010 & 2011.

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 Board of Directors for the approval and release of the Audited Financial Statements.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There is no change in and disagreements with accountants on accounting and financial disclosure.

Directors and Executive Officers

1) *Identify Directors and Executive Officers:*

Name	Citizenship	Position	Period of Service	Term of Office (Year)	Age	Family Relationship
Washington SyCip	American	Chairman of the Board/ Independent Director	06/13/01 to Present/ 1997 to Present	1	90	---

Name	Citizenship	Position	Period of Service	Term of Office (Year)	Age	Family Relationship
Stephen C. Roxas	Filipino	Chairman of the Executive Committee/ Director	07/01/97 to Present	1	70	Husband of Helen Roxas; brother of Grace Liuson and Alice Gohoc; brother-in-law of Andrew I. Liuson; and uncle of Josef C. Gohoc
Andrew I. Liuson	Filipino	Vice Chairman of the Board/ Director	01/16/08 to Present	1	67	Husband of Grace Liuson; brother-in-law of Stephen C. Roxas and Alice C. Gohoc
Grace C. Liuson	Filipino	Deputy Vice-Chairman of the Board/ Director	02/01/11 to Present	1	65	Wife of Andrew Liuson; sister of Stephen Roxas and Alice Gohoc; aunt of Josef C. Gohoc; and sister-in-law of Helen C. Roxas
Josef C. Gohoc	Filipino	President/ Director	02/01/11 to Present	1	41	Son of Alice Gohoc; and nephew of Stephen Roxas, Helen C. Roxas, Grace Liuson and Andrew I. Liuson
Atty. Sabino R. Padilla	Filipino	Director	2006 to Present	1	75	---
Peter S. Dee	Filipino	Independent Director	1982 to Present	1	69	---
Alice C. Gohoc	Filipino	Director	1996 to Present	1	69	Sister of Stephen Roxas and Grace Liuson; mother of Josef C. Gohoc; and sister-in-law of Andrew Liuson and Helen C. Roxas
Helen C. Roxas	Filipino	Director	1979 to Present	1	62	Wife of Stephen Roxas; sister-in-law of Grace C. Liuson, Andrew I. Liuson and Alice C. Gohoc
Rufina C. Buensuceso	Filipino	Executive Vice President	02/01/11 to Present	1	62	---
Emma A. Choa	Filipino	Senior Vice President/ Treasurer	02/01/11 to Present	1	50	---
Eden F. Go	Filipino	Vice President	01/16/08 to Present	1	58	---
Rudy Go	Filipino	Vice President	08/16/07 to Present	1	51	---
Melita M. Revuelta	Filipino	Vice President	01/16/08 to Present	1	52	---
Romeo E. Ng	Filipino	Vice President	01/10/05 to Present	1	50	---
Josie T. Uy	Filipino	Vice President – Mla	02/16/04 to Present	1	56	---
Melita L. Tan	Filipino	Vice President	<u>02/21/04 to Present</u>	1	51	---
Emma G. Jularbal	Filipino	Vice President – Legal Affairs/ Corporate Secretary	07/01/01 to Present/ <u>1997 to Present</u>	1	55	---

2. Positions in Other Private Institutions:

1. Washington SyCip

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Aboitiz Transport Systems, Inc.	Independent Director	August 1996
Asian Eye Institute	Independent Director	September 2000
Asian Terminals Inc.	Adviser to the Board	October 2010
Banco De Oro	Adviser to the Board	October 2009
Belle Corporation	Independent Director	July 1996
Century Properties	Independent Director	February 2010
Commonwealth Foods, Inc.	Independent Director	June 2000
East Asia Power Resources Corp.	Independent Director	July 2011
First Philippine Holdings Corp.	Independent Director	November 1997
Highlands Prime, Inc.	Independent Director	January 2002
I-Academy	Board of Governors	January 2002
JG Summit Holdings	Adviser to the Board	August 2001
Jollibee Food Corporation	Adviser to the Board	July 2011
Lufthansa Technik Philippines, Inc.	<u>Chairman</u>	July 2000
MacroAsia Corporation	<u>Chairman</u>	November 1996
Phil. Equity Management Inc.	Independent Director	October 1998
Philippine Airlines, Inc.	Director	February 1997
Philippine Hotelier, Inc.	Independent Director	September 1997
Philippine Long Distance Telephone Company	Adviser to the Board	January 2011
Philippine National Bank	Director	December 1999
Philamlife, Inc.	Independent Director	April 2001
Realty Investment, Inc.	Independent Director	April 1950
The PHINMA Group	Independent Director	September 1996
Stateland, Inc.	Independent Director	July 1996
State Properties Corporation	Chairman	April 1999
STEAG State Power Inc.	Chairman	March 2004

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
Manila Electric Co. (MERALCO)	<u>Director</u>	<u>Aug. 1996 to May 2008</u>

2. Stephen C. Roxas

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director/ Chairman of the Board	July 1997
City & Land Developers, Inc	Director/ Chairman of the Executive Committee	July 1997
Cityplans, Inc.	Director/ President	October 1988
Cityland Asset-Backed Securities (SPC), Inc.	Director/ Chairman	December 2005
MGC New Life Christian Academy	Chairman	
Center for Community Transformation	Vice- Chairman	

3. Andrew I. Liuson

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director/ Vice Chairman of the Board	January 2008
City & Land Developers, Inc.	Director/ Vice Chairman of the Board	January 2008

Cityplans, Inc.	Director/ Chairman of the Board	September 2006
Cityland Asset-Backed Securities (SPC), Inc.	Director/ President	December 2005
Febias College of Bible	Chairman	
International Graduate School of Leadership	Chairman	
Grace Christian College	Chairman	
Philippine Council of Evangelical Churches	Chairman	

Past positions in other private institutions:

Name of Office	Position	Duration
Cityland, Inc.	<u>President</u>	<u>1997 to January 2008</u>
City & Land Developers, Inc	<u>President</u>	<u>1997 to January 2008</u>
Cityplans, Inc.	<u>Vice Chairman of the Board/</u> <u>Exec. Vice President</u>	<u>1988 to Sept. 24, 2006</u>

4. Grace C. Liuson

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director/ Deputy Vice Chairman of the Board	February 1, 2011
City & Land Developers, Inc.	Director/ Deputy Vice Chairman of the Board	February 1, 2011
Cityplans, Inc.	Director/ Exec. Vice President/ Treasurer	September 2006
Cityland Asset-Backed Securities (SPC), Inc.	Director/ Exec. Vice President/ Treasurer	December 2005
Youth Gospel Center	Treasurer/ Trustee	
Makati Gospel Church	Treasurer	

Past position in other private institutions:

Name of Office	Position	Duration
Cityland, Inc.	<u>President/</u> <u>Exec. Vice President/ Treasurer</u>	<u>Feb. 14, 2008 to Jan. 31, 2011</u> <u>1997 to Feb. 13, 2008</u>
City & Land Developers, Inc.	<u>President/</u> <u>Exec. Vice President/ Treasurer</u>	<u>Feb. 14, 2008 to Jan. 31, 2011</u> <u>1997 to Feb. 13, 2008</u>
Cityplans, Inc.	<u>Senior Vice President</u>	<u>1988 to Sept. 24, 2006</u>

5. Josef C. Gohoc

Present position in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director/ President	Feb. 2011
City & Land Developers, Inc.	Director/ President	Feb. 2011
Cityland Asset-Backed Securities (SPC), Inc.	Director	December 2005
Cityland Foundation Inc.	Director	2002
Asian Business Solutions, Inc.	Director	1996
Philippine Trading & Investment Corporation	Director	1997
Atlas Agricultural & Mercantile Development Corp.	Director	1997

Past position in other private institutions:

Name of Office	Position	Duration
Cityland, Inc.	<u>Senior Vice President/</u> <u>Treasurer</u> <u>First Vice President</u>	<u>Jan. 16, 2008 to Jan. 31, 2011/</u> <u>June 11, 2008 to Jan. 31, 2011</u> <u>Sept. 2006 to Jan. 15, 2008</u>

City & Land Developers, Inc.	<u>Senior Vice President/ Treasurer First Vice President</u>	<u>Jan. 16, 2008 to Jan. 31, 2011/ June 11, 2008 to Jan. 31, 2011 Sept. 2006 to Jan. 15, 2008</u>
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6. Atty. Sabino R. Padilla Jr.

Present position in other private institutions:

Name of Office	Date Assumed	Date Assumed
Padilla Law Office	Partner	<u>Past 5 years up to Present</u>
Apostolic Nunciature to the Phils.	Legal Counsel	-do-
Catholic Bishops' Conference of the Phils. (CBCP) and various archdioceses, dioceses and prelatures	Legal Counsel	-do-
Association of Major Religious Superiors of the Philippines	Legal Counsel	
Philippine Association of Religious Treasurers	Legal Counsel	
Grace Christian College	Legal Counsel	-do-
Various Catholic religious congregations, orders and societies for men and women (Dominicans, Augustinians, Franciscans, Columbans, Religious of the Virgin Mary, Daughters of Charity, Sisters of St. Paul of Chartres, Carmelite Sisters, Holy Spirit Sisters, etc.)	Legal Counsel	-do-
Bank of the Philippine Islands and its subsidiaries	Legal Counsel	-do-
Ayala Land, Inc.	Legal Counsel	-do-
City & Land Developers, Inc.	Director/ Chairman of the Board	-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/ Trustee	-do-
Various Catholic universities, colleges, schools and foundations	Trustee	

Past positions in other private institutions:

Name of Office	Position	Duration
Bank of the Philippine Islands	Director	1982 to 1994
BPI – Family Bank	Director	1982 to 1994

7. Peter S. Dee

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Asean Finance Corporation Limited	Independent Director	Past 5 years up to Present
Alpolac, Inc.	Director	- do -
Bankers Association of the Philippines	Director	- do -
Can Lacquer, Inc.*	(ceased operations)	- do -
China Banking Corp.	Director/ President & CEO	- do -
CBC Forex Corp.	Director/ Chairman of the Board	- do -
CBC Insurance Brokers, Inc	Chairman of the Board	- do -
CBC Properties & Computer Center, Inc.	Director/ President	- do -
Cityplans, Inc.	Independent Director/ Member-Nominations Committee	- do -
Cityland, Inc.	Independent Director	- do -
City & Land Developers, Inc.	Independent Director	- do -

GDSK Development Corp.	Director	- do -
GPL Holdings, Inc.	Director	- do -
Hydee Management & Resources Corporation	Director	- do -
Kemwerke, Inc.	Director	- do -
MSD Company, Inc.*	(ceased operations)	- do -
Prochem, Inc.	Director	- do -
Sinclair (Phils.) Inc.*	(ceased operations)	- do -
Silver Falcon Insurance Agency	Director	- do -
Sol Mar Y Tierra Resources*	(ceased operations)	- do -

**ceased operations*

Past positions in other private institutions:

Name of Office	Position	Duration
CBC Finance, Inc	Director	1986 to 2001
<u>CBC Venture Capital</u>	Director	1986 to 2001
First CBC Capital (Asia) Ltd.	Director	1986 to 2001
KK Converters Co. Ltd.	Director	

8. Alice C. Gohoc

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director	September 2001
City & Land Developers, Inc.	Director	1996
Philippine Trading & Investment Corp.	Director	1997
Atlas Agricultural & Mercantile Development Corp.	Director	1997
Makati Hope Christian School	Director	
Asian Business Solutions, Inc.	Director	1996

Past positions in other private institutions:

Name of Office	Position	Duration
Cityland, Inc.	Vice President	June 11, 2008 to Jan. 31, 2011
City & Land Developers, Inc.	Vice President	June 11, 2008 to Jan. 31, 2011

9. Helen C. Roxas

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Director	January 1997
City & Land Developers, Inc.	Director	1979
Cityplans, Inc.	Director	October 1988
Cityland Asset-Backed Securities (SPC), Inc.	Director	December 2005
Good Tidings Foundation Inc.	Treasurer	1992
MGC New Life Christian Academy	Board of Trustee	1992

10. Rufina C. Buensuceso

Present positions in other private institutions:

Name of Office	Position	Date Assumed
Cityland, Inc.	Executive Vice President	February 2011
City & Land Developers, Inc.	Executive Vice President	February 2011
Cityplans, Inc.	Comptroller	September 1990

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
Cityland, Inc.	<u>Senior Vice President</u>	<u>June 1997 to January 2011</u>
City & Land Developers, Inc	<u>Senior Vice President</u>	<u>June 1997 to January 2011</u>

11. Emma A. Choa

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Senior Vice President/ Treasurer	February 2011
City & Land Developers, Inc.	Senior Vice President/ Treasurer	February 2011

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
<u>Cityland, Inc.</u>	<u>Vice President/</u> <u>Asst. to the Exec. Vice President</u>	<u>Feb. 1, 2006 to Jan. 31, 2011</u> <u>July 1, 1997 to Jan. 31, 2006</u>
<u>City & Land Developers, Inc</u>	<u>Vice President/</u> <u>Asst. to the Exec. Vice President</u>	<u>Feb. 1, 2006 to Jan. 31, 2011</u> <u>July 1, 1997 to Jan. 31, 2006</u>

12. Eden F. Go

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President	January 2008
City & Land Developers, Inc.	Vice President	January 2008

13. Rudy Go

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President	August 2007
City & Land Developers, Inc.	Vice President	August 2007

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
<u>Cityland, Inc.</u>	<u>Asst. to the President</u>	<u>Dec. 2004 to Aug. 15, 2007</u>
<u>City & Land Developers, Inc.</u>	<u>Asst. to the President</u>	<u>Dec. 2004 to Aug. 15, 2007</u>

14. Melita M. Revuelta

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President & Asst. Corporate Secretary	January 2008
City & Land Developers, Inc.	Vice President	January 2008

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
<u>Cityland, Inc.</u>	<u>Asst. to the President</u>	<u>July 1, 2001 to Jan. 15, 2008</u>
<u>City & Land Developers, Inc.</u>	<u>Asst. to the President</u>	<u>July 1, 2001 to Jan. 15, 2008</u>

15. Romeo E. Ng

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President	January 2005
City & Land Developers, Inc.	Vice President	January 2005

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
<u>Cityland, Inc.</u>	<u>Assistant Vice President</u>	<u>July 1, 2002 to Jan. 9, 2005</u>
<u>City & Land Developers, Inc.</u>	<u>Assistant Vice President</u>	<u>July 1, 2002 to Jan. 9, 2005</u>

16. Josie T. Uy

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President-Manila Branch	February 2004
City & Land Developers, Inc.	Vice President-Manila Branch	February 2004

17. Melita L. Tan

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Vice President	<u>February 21, 2004</u>
City & Land Developers, Inc.	Vice President	<u>February 21, 2004</u>

Past positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Duration</u>
<u>Cityland, Inc.</u>	<u>Senior Manager</u>	<u>1994 to Feb. 20, 2004</u>

18. Emma G. Jularbal

Present positions in other private institutions:

<u>Name of Office</u>	<u>Position</u>	<u>Date Assumed</u>
Cityland, Inc.	Corporate Secretary	July 1997
<u>City and Land Developers, Inc.</u>	<u>Asst. Corporate Secretary</u>	<u>July 1997</u>
Cityland Asset-Backed Securities (SPC), Inc.	Corporate Secretary	December 2005

1) 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.

2) Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers, during the past five years:

During the past five years and up to the latest date, there is no involvement in certain legal proceedings of any of the directors and executive officers such as:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- c) Being 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; and
- d) Being found by a domestic or foreign court of competent jurisdiction (in a 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.

1) *Independent Directors*

The independent directors of the company are:

- a. Washington SyCip
- b. Peter Dee

Executive Compensation

Executive Compensation Summary Table

Name	Position	2009	2010	2011 (estimate)
Josef C. Gohoc	President effective Feb. 1, 2011			x
Grace C. Liuson	President up to Jan. 31, 2011	x	x	
Rufina C. Buensuceso	Executive Vice President	x	x	x
Emma G. Jularbal	VP-Legal	x	x	x
Josie T. Uy	VP – Manila	x	x	x
Dorothy U. So	AVP-Internal Audit	x	x	
Alvin Albert Anthony Ocampo	Legal Counsel			x
Salaries		3,443,227.00	3,608,052.00	3,989,844.00
Bonus		4,236,134.00	4,289,980.00	997,461.00
Others		6,092,826.49	5,793,787.93	2,920,452.93
Total (Top 5)		13,772,187.49	13,691,819.93	7,907,757.93
Salaries		12,477,127.00	13,547,697.00	13,739,616.00
Bonus		8,327,206.00	10,135,834.00	3,589,478.00
Others		19,805,757.05	17,571,621.63	19,904,694.56
All officers & directors as a group unnamed		40,610,090.05	41,255,152.63	37,233,788.56

X= represents the top five officers for the specific or given year

The Company has no standard arrangements with regards to the remuneration of its directors. In 2010 and 2009, the Board of Directors received a total of 19,815,786.56 and 22,483,560.54 respectively, including a total per diem of 14,400.00 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.

Security Ownership of Certain Beneficial Owners and Management

- a. Security Ownership of Record and Beneficial Owner owning more than 5% of the outstanding capital stock of the Registrant as of September 30, 2011:

Title of Class	Name, Address & Relationship with Issuer	Beneficial Owner & Relationship	Citizenship	No. of Shares Held	%
Unclassified common shares	Cityland, Inc. * 2F Cityland Condo 10 T1 156 H.V. Dela Costa St., Makati City - Principal Stockholder		Filipino	1,484,571,007	50.40%

Unclassified common shares	Stephen C. Roxas 1392 Campañilla St., Dasmariñas Village, Makati - Director/ Chairman of Executive Committee	Lincoln Roxas Stephen Roxas Jefcon, Inc Obadiah Inc.	Immediate family sharing the same household Corporation of w/c record owner is a controlling shareholder	Filipino	<u>217,222,864</u>	<u>7.38%</u>
Unclassified common shares	PCD Nominee Corp.- Filipino ** 37F Tower 1, The Enterprise Centre, 6766 Ayala Ave., cor. Paseo de Roxas, Makati City - Stockholder	-Various- **		Filipino	<u>168,731,149</u>	<u>5.73%</u>
Unclassified common shares	Grace C. Liuson 2072 Lumbang cor. Cypress Dasmariñas Village, Makati -Director/ Deputy Vice-Chairman of the Board	- NA -		Filipino	<u>157,153,310</u>	<u>5.34%</u>

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

<u>Name</u>	<u>Position</u>
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

** PCD Nominee Corp.- Filipino is a wholly-owned subsidiary of the Philippine Central Depository. It is the registered owner of the shares in the books of the Company's transfer agent and holds such shares in behalf of the beneficial owners.

The Corporation knows no person holding more than 5% of the Company's shares registered under the name of PCD Nominee Corp.- Filipino.

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 September 30, 2011.

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
Directors:					
Unclassified common shares	Washington SyCip Director/ Chairman of the Board	811	Direct	American	0.00003%
Unclassified common shares	Stephen C. Roxas Director/ Chairman of the Executive Committee	249,088,228	Direct / Indirect	Filipino	8.45707%
Unclassified common shares	Andrew I. Liuson Director/ Vice Chairman of the Board	107,181,412	Direct / Indirect	Filipino	3.63904%
Unclassified common shares	Grace C. Liuson Director/ Deputy Vice Chairman of the Board	157,153,310	Direct	Filipino	5.33569%
Unclassified common shares	Josef C. Gohoc Director/ President	35,246,428	Direct/ Indirect	Filipino	1.19669%
Unclassified common shares	Sabino R. Padilla, Jr. Director	53,799	Direct	Filipino	0.00183%
Unclassified common shares	Peter S. Dee Independent Director	376,607	Direct	Filipino	0.01279%

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
Unclassified common shares	Alice C. Gohoc Director	127,823,768	Direct / Indirect	Filipino	4.33989%
Unclassified common shares	Helen C. Roxas Director	44,770,965	Direct	Filipino	1.52007%
Executive Officers:					
Unclassified common shares	Rufina C. Buensuceso Executive Vice President	3,966,600	Direct / Indirect	Filipino	0.13467%
Unclassified common shares	Emma A. Choa Senior Vice President/ Treasurer	1,989,175	Direct	Filipino	0.06754%
Unclassified common shares	Eden F. Go Vice President	256,449	Direct	Filipino	0.00871%
Unclassified common shares	Rudy Go Vice President	1,342,375	Direct	Filipino	0.04558%
Unclassified common shares	Melita M. Revuelta Vice President	124,934	Direct	Filipino	0.00424%
Unclassified common shares	Romeo E. Ng Vice President	1,830,318	Direct	Filipino	0.06214%
Unclassified common shares	Josie T. Uy Vice President – Manila Branch	3,277	Direct	Filipino	0.00011%
Unclassified common shares	Melita L. Tan Vice President	450,519	Direct	Filipino	0.01530%

Note: The above security ownership of management consists of Unclassified Common Shares amounting to Php 731,658,975 which is equivalent to 24.84%.

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

Certain Relationships and Related Transactions

- 1) *Transactions of Registrant 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 or any of each subsidiary with a director, executive officer, and a nominee for election as a director.

- 2) *Transactions with Cityland Inc, a stockholder which owns more than 10% of the registrant's outstanding shares and other related parties:*

- a) Interest-bearing cash advances and non-interest-bearing advances for reimbursable expenses from and to the registrant which the Company enters into with its affiliates in the regular course of its business.

The Registrant's affiliates are its parent company, Cityland, Inc. (CI), and its subsidiaries, City and Land Developers, Inc. (CLDI) and Cityplans, Inc. (CPI).

Interest rates used by the parties for the interest-bearing cash advances were the prevailing market interest rates for loans averaged by the parties.

- b) Existing management contract with Cityland, Inc. (CI), its parent company.

Business Purpose / Nature of the transaction:

Cityland, Inc. provides management services for the business of the Registrant. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other six months prior to expiration. The management fee is based on a certain percentage of net income as mutually agreed upon by both parties. The management fees for 2010, 2009 and 2008 were waived by CI.

3) *Parent of the Registrant*

Cityland, Inc. owns 50.40% of the outstanding capital stock of the Registrant.

Corporate Governance

The evaluation system employed by the Corporation is through a periodic self-rating system based on the criteria on the leading practices and principles on good governance.

1. Measures being Undertaken by the Company to fully comply with the Adopted Leading Practices on Good Corporate Governance.

We are implementing the periodic self-rating system on an annual basis.

2. Any Deviation from the Company's Manual of Corporate Governance (including a disclosure of the name and position of the persons involved and sanctions imposed on said individual.)

There were no major deviations that require sanctions.

3. Any Plan to improve Corporate Governance of the Company.

Based on the outcome of the periodic self-rating, we will come up with necessary actions / procedures to improve the corporate governance of the Company.

In compliance with SEC Memorandum Circular No. 6, Series of 2009, the Company has started implementing the applicable rules of the Revised Code of Corporate Governance in its aim to continually improve its corporate governance system.

OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Actual Fees and Expenses:

Registration Fee:

Filing Fee	Php	812,500	
Legal Research Fee		8,125	Php 820,625
Legal and Accounting Fee			30,000
Publication			29,000

Estimated Fees and Expenses:

Printing Costs of STCPs (estimate)			30,000
Documentary Stamps (estimate)			5,000,000
Total			Php 5,909,625

There is no insurance premium paid by the Registrant in connection with this offering.

CITYLAND DEVELOPMENT CORPORATION

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*** These schedules, which are required by Part 4 (e) of SRA Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company’s financial statements or the notes to financial statements.