



**CITYLAND
DEVELOPMENT
CORPORATION**

June 16, 2017

THE PHILIPPINE STOCK EXCHANGE

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

**Attention : Mr. Jose Valeriano B. Zuño III
Officer-in-Charge Head, Disclosure Department**

Dear Sir:

Relative to the Annual Corporate Governance Report (ACGR) for the Year 2016 (with an attached undertaking) submitted by Cityland Development Corporation (the Company) last May 26, 2017, we are resubmitting herewith a copy of the ACGR with the signature of one of the Company's Independent Director, Mr. Peter S. Dee.

Thank you very much.

Very truly yours,

MR. RUDY GO
Senior Vice President /
Compliance Officer

COVER SHEET

SEC Registration Number

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COMPANY NAME

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C	O	R	P	O	R	A	T	I	O	N																

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

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Form Type

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Department requiring the report

C	G	F	D
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Secondary License Type, If Applicable

N	/	A
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With Updates and Changes
for the Year 2016

COMPANY INFORMATION

Company's Email Address <div style="border: 1px solid black; padding: 2px; text-align: center;">fmsd@cityland.net</div>	Company's Telephone Number <div style="border: 1px solid black; padding: 2px; text-align: center;">893-6060</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">n/a</div>
No. of Stockholders <div style="border: 1px solid black; padding: 2px; text-align: center;">684 (as of December 31, 2016)</div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">1st Tuesday of June</div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION

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

Name of Contact Person <div style="border: 1px solid black; padding: 2px; text-align: center;">Rudy Go</div>	Email Address <div style="border: 1px solid black; padding: 2px; text-align: center;">cdc_rg@cityland.net</div>	Telephone Number/s <div style="border: 1px solid black; padding: 2px; text-align: center;">893-6060</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">n/a</div>
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CONTACT PERSON'S ADDRESS

3rd Floor Cityland Condominium 10, Tower II, 154 H.V. dela Costa Street, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - ACGR

ANNUAL CORPORATE GOVERNANCE REPORT
(with Updates and Changes for the Year 2016)



1. Report is filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter CITYLAND DEVELOPMENT CORPORATION
3. 2/F Cityland Condominium 10, Tower I, 156 H.V. dela Costa Street, Makati City, 1226
Address of principal office Postal Code
4. SEC Identification Number 77823
5. _____ (SEC Use Only)
Industry Classification
6. BIR Tax Identification No. 000-527-103-000
7. (02) 893-60-60
Registrant's telephone number, including area code
8. N/A
Former name or former address, if changed since last report

TABLE OF CONTENTS

	<u>Page No.</u>
A. BOARD MATTERS	
1) BOARD OF DIRECTORS	1
(a) Composition of the Board	1
(b) Directorship in Other Companies	3
(c) Shareholding in the Company	5
2) CHAIRMAN AND CEO	5
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	8
4) CHANGES IN THE BOARD OF DIRECTORS	10
5) VOTING RESULT OF THE LAST ANNUAL GENERAL MEETING.....	19
6) ORIENTATION AND EDUCATION PROGRAM	19
B. CODE OF BUSINESS CONDUCT & ETHICS	
1) POLICIES	21
2) DISSEMINATION OF CODE	26
3) COMPLIANCE WITH CODE	26
4) RELATED PARTY TRANSACTIONS	26
(a) Policies and Procedures	26
(b) Conflict of Interest	27
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	28
6) ALTERNATIVE DISPUTE RESOLUTION	28
C. BOARD MEETINGS & ATTENDANCE	
1) SCHEDULE OF MEETINGS	29
2) DETAILS OF ATTENDANCE OF DIRECTORS	29
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	29
4) ACCESS TO INFORMATION	29
5) EXTERNAL ADVICE	32
6) CHANGES IN EXISTING POLICIES	32
D. REMUNERATION MATTERS	
1) REMUNERATION PROCESS	32
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	33
3) AGGREGATE REMUNERATION	33
4) STOCK RIGHTS, OPTIONS AND WARRANTS	34
5) REMUNERATION OF MANAGEMENT	34
E. BOARD COMMITTEES	
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	35
2) COMMITTEE MEMBERS	37
3) CHANGES IN COMMITTEE MEMBERS	39
4) WORK DONE AND ISSUES ADDRESSED	39
5) COMMITTEE PROGRAM	41
F. RISK MANAGEMENT SYSTEM	
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	42
2) RISK POLICY	43
3) CONTROL SYSTEM	49

	<u>Page</u> <u>No.</u>
G. INTERNAL AUDIT AND CONTROL	
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	56
2) INTERNAL AUDIT	57
(a) Role, Scope and Internal Audit Function	57
(b) Appointment/Removal of Internal Auditor	57
(c) Reporting Relationship with the Audit Committee	57
(d) Resignation, Re-assignment and Reasons	58
(e) Progress against Plans, Issues, Findings and Examination Trends	58
(f) Audit Control Policies and Procedures	58
(g) Mechanisms and Safeguards	59
H. ROLE OF STAKEHOLDERS.....	61
I. DISCLOSURE AND TRANSPARENCY.....	65
J. RIGHTS OF STOCKHOLDERS	
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	69
2) TREATMENT OF MINORITY STOCKHOLDERS	76
K. INVESTORS RELATIONS PROGRAM	77
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES	78
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL	78
N. INTERNAL BREACHES AND SANCTIONS	79

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Nine (9)
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Actual number of Directors for the year	Nine (9)
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID ¹)	Elected when (Annual/ Special Meeting)	No. of years served as Director
Washington SyCip	ID	N.A.	Romeo E. Ng (no relation)	June 2001	June 7, 2016	Annual meeting	15
Stephen C. Roxas	NED	N.A.	Catherine Grace Wong	January 1978	June 7, 2016	Annual meeting	38
Andrew I. Liuson	NED	N.A.	Catherine Grace Wong	October 1979	June 7, 2016	Annual meeting	37
Grace C. Liuson	NED	N.A.	Catherine Grace Wong	October 1979	June 7, 2016	Annual meeting	37
Josef C. Gohoc	ED	N.A.	Catherine Grace Wong	January 2011	June 7, 2016	Annual meeting	5
Sabino R. Padilla, Jr.	NED	N.A.	Catherine Grace Wong	June 2006	June 7, 2016	Annual meeting	10
Peter S. Dee	ID	N.A.	Marianne M. Martin (no relation)	October 1979	June 7, 2016	Annual meeting	37
Alice C. Gohoc	NED	N.A.	Catherine Grace Wong	September 1996	June 7, 2016	Annual meeting	20
Helen C. Roxas	NED	N.A.	Catherine Grace Wong	October 1979	June 7, 2016	Annual meeting	37

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

Corporate Governance Policy Summary

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

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

¹ Reckoned from the election immediately following January 2, 2012.

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

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

Board of Directors

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

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

Stockholders' Rights and Protection of Minority Stockholders' Interests

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

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

- a) Right to vote on all matters that require their consent or approval;*
- b) Right to inspect corporate book and records;*
- c) Right to information;*
- d) Right to dividends; and*
- e) Appraisal right.*

Other Stakeholders' Relations

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

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

Financial Reporting, Disclosures and Transparency

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

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

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

(b) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

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

² The Group is composed of the Ultimate Parent Company, subsidiaries and affiliates.

(ii) *Directorship in Other Listed Companies*

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Washington SyCip	Belle Corporation	Independent Director
	First Philippine Holdings Corporation	Independent Director
	Lopez Holdings Corporation	Independent Director
	MacroAsia Corporation	Chairman
	Philippine National Bank	Director
Peter S. Dee	China Banking Corporation	Non- Executive Director

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

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

Director's Name	Name of the Significant Shareholder	Description of the Relationship
Stephen C. Roxas	Cityland, Inc. Grace C. Liuson	Stockholder and Director Sister
Andrew I. Liuson	Cityland, Inc. Stephen C. Roxas Grace C. Liuson	Stockholder and Director Brother-in-law Spouse
Grace C. Liuson	Cityland, Inc. Stephen C. Roxas	Stockholder and Director Brother
Josef C. Gohoc	Cityland, Inc. Stephen C. Roxas Grace C. Liuson	Stockholder and Director Uncle Aunt
Peter S. Dee	Cityland, Inc.	Director
Alice C. Gohoc	Cityland, Inc. Stephen C. Roxas Grace C. Liuson	Stockholder and Director Brother Sister
Helen C. Roxas	Cityland, Inc. Stephen C. Roxas Grace C. Liuson	Stockholder and Director Spouse Sister-in-law

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

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

(c) Shareholding in the Company

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

Name of Director	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock (Issued and outstanding)
Washington SyCip (ID)	1,031	-	0.000027%
Stephen C. Roxas	188,088,616	84,676,949	7.2727
Andrew I. Liuson	114,794,929	21,688,531	3.6390
Grace C. Liuson	200,111,798	-	5.3356
Josef C. Gohoc	74,162,948	7,533,673	2.1783
Sabino R. Padilla, Jr.	68,504	-	0.0018
Peter S. Dee (ID)	479,566	-	0.0128
Alice C. Gohoc	129,832,269	3,425,501	3.5530
Helen C. Roxas	57,010,786	-	1.5201
TOTAL	764,550,447	117,324,654	23.513327%

2) Chairman and CEO

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

Yes

No

Identify the Chairman and CEO:

Chairman of the Board	Washington SyCip
CEO / President	Josef C. Gohoc

(b) *Roles, Accountabilities and Deliverables*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In compliance with SEC Memorandum Circular No. 9, Series of 2011, the Company has implemented a term limit of five (5) consecutive years for independent directors. After the completion of the five (5) year service period, an ID can be elected for another period of five (5) consecutive years, after the "cooling-off" period of two (2) years, provided that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the company. Per the said SEC Memorandum, the reckoning period of the term limit of independent directors is 2012 wherein the Company is compliant with the implemented term limit. Following the provisions of the SEC Memorandum, the independent director can still serve up to Year 2016.

However, the SEC released in its Memorandum Circular No. 4 Series of 2017 dated March 9, 2017 that a company's independent directors may serve for a maximum cumulative term of nine (9) years. In this case, the Company is still compliant with the new SEC Memorandum.

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

(a) *Resignation/Death/Removal*

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

There has been no change/s that happened in the composition of the Board during the years 2016 and 2015.

Name	Position	Date of Cessation	Reason
N.A.	N.A.	N.A.	N.A.

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

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

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

Procedure	Process Adopted	Criteria
	<p>recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of “Annex C” of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent directors shall be identified in such report including any relationship with the nominee.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders’ meeting.</p> <p>Subject to pertinent existing laws, rule and regulations, the conduct of the election of the independent director shall be made in accordance with the standard election procedures of this By-laws.</p> <p>It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders’ meeting.</p> <p>Specific slot for the independent directors shall not be filled-up by unqualified nominee.</p> <p>In case of failure of election of independent director, the Chairman of the meeting call a separate election during the same meeting to fill up the vacancy.</p>	<p><i>Independent Directors</i></p> <p>In addition to the above criteria and qualifications to be elected as a director, an independent director to be nominated and elected should possess all qualifications to serve as an independent director of the Company, as provided for in Section 38 of SRC Code and its implementing rules.</p> <p><i>(Definitive Information Statement: SEC Form 20-IS, Control and Compensation Information, Nominees for Election as Members of the Board of Directors for the ensuing term/ year)</i></p>

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

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

Procedure	Process Adopted	Criteria
		<ul style="list-style-type: none"> <li data-bbox="1088 232 1481 568">(iii) Conviction by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; <li data-bbox="1088 586 1481 1012">(iv) Adjudged by final judgment or order of Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any its rule, regulation or order; <li data-bbox="1088 1030 1481 1182">(v) Elected earlier as an independent director who becomes an officer, employee or consultant of the same corporation; <li data-bbox="1088 1200 1481 1263">(vi) Being judicially declared as insolvent; <li data-bbox="1088 1281 1481 1550">(vii) Guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above; <li data-bbox="1088 1568 1481 1809">(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

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

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

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

5) *Voting Result of the last Annual General Meeting (June 7, 2016)*

Name of Director	Votes Received
Washington SyCip (ID)	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Stephen C. Roxas	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Andrew I. Liuson	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Grace C. Liuson	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Josef C. Gohoc	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Sabino R. Padilla, Jr.	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Peter S. Dee (ID)	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Alice C. Gohoc	2,557,376,927 votes representing 71.59% of the outstanding capital stock
Helen C. Roxas	2,557,376,927 votes representing 71.59% of the outstanding capital stock

6) *Orientation and Education Program*

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

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

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

For the years 2016 and 2015, there is no new director which would entail an orientation program.

(b) *State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years³:*

For the years 2014 and 2015, the Directors and Senior Management attended training on Corporate Governance as required by the SEC Memorandum Circular No. 20, Series of 2013.

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

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

For the current year, the Company's Board of Directors and key officers completed a training course on Corporate Governance conducted by Center for Training and Development, Inc. (CTDI) on November 14, 2016 as follows:

	<i>Name of Director/ Officer</i>	<i>Position</i>
1.	Mr. Stephen C. Roxas	Director / Chairman of the Executive Committee
2.	Dr. Andrew I. Liuson	Director / Vice Chairman of the Board
3.	Mrs. Grace C. Liuson	Director / Deputy Vice Chairman of the Board
4.	Mr. Josef C. Gohoc	Director / President
5.	Atty. Sabino R. Padilla, Jr.	Director
6.	Mr. Peter S. Dee	Independent Director / Chairman of the Audit Committee
7.	Mrs. Alice C. Gohoc	Director
8.	Mrs. Helen C. Roxas	Director
9.	Ms. Emma A. Choa	Executive Vice President / Treasurer
10.	Mr. Rudy Go	Senior Vice President / Compliance Officer
11.	Mr. Eden F. Go	Vice President
12.	Mrs. Melita M. Revuelta	Vice President
13.	Mr. Romeo E. Ng	Vice President
14.	Mrs. Melita L. Tan	Vice President
15.	Atty. Emma G. Jularbal	Vice President – Legal Department / Corporate Secretary
16.	Mrs. Catherine Grace T. Wong	Assistant Corporate Secretary
17.	Ms. Dorothy U. So	Internal Audit Head

Note: Mr. Washington SyCip, Independent Director / Chairman of the Board of Cityland Development Corporation, has been granted by the Securities and Exchange Commission (SEC) an exemption from the requirements of SEC Memorandum Circular No. 20, Series of 2013 directing all key officers and members of the Board of publicly-listed companies to attend a program on corporate governance at least once a year.

B. CODE OF BUSINESS CONDUCT & ETHICS

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

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

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <ul style="list-style-type: none"> • Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. <p>A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in the Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <ul style="list-style-type: none"> • Act judiciously. <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <ul style="list-style-type: none"> • Exercise independent judgment. <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Company.</p>		<p>the Company in the proper performance and conduct of business and fair dealings of the senior management and all employees.</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
(c) Receipt of gifts from third parties	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</p>		<p><u>Company Personnel Manual</u></p> <p><i>Accepting money or substantial gifts or favors from an outside person, firm, agency or organization which has dealings or seeks to have dealings with the Company.</i></p> <p>All Company officers and employees are prohibited from accepting gifts, fees, and commissions from clients in the course of duty. Gifts from clients have to be declined politely.</p>
(d) Compliance with Laws & Regulations	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</p> <p>A director should keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.</p>		<p><u>Company Personnel Manual</u></p> <p>The rules and regulations of the Company are incorporated in the provisions of the Personnel Manual as well as in such memoranda or circulars that may be issued by the Management or the Board of Directors from time to time.</p> <p>The executive officers, department heads and all employees have thoroughly familiarized themselves with the provisions of the Company's rules and regulations. Each employee has to be well informed of the contents of memoranda, circulars and other orders of the Company, especially those pertaining to his own department. The department head is given the responsibility to keep his subordinates well-acquainted with and compliant to the Company rules and regulations and any changes thereof.</p>
(e) Respect for Trade Secrets/Use of Non-Public Information	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Observe confidentiality.</p>		<p><u>Company Personnel Manual</u></p> <p><i>Divulging information about the Company, its plans or forecasts which is not public and before such information is released to the public.</i></p>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p>No officer or employee is authorized to issue press release without prior written approval of the Management.</p>	
<p>(f) Use of Company Funds, Assets and Information</p>	<p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Observe confidentiality.</p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p><u>Company Personnel Manual</u></p> <p>Official business matters and affairs should be kept in strict confidence and should not be divulged much less discussed with outsiders. Inquiries or requests for information should be referred to the Department Head for reply.</p> <p>Employees are strictly prohibited from bringing outside the Company's premises records, books, letters, forms and other Company property without the permission of the President/ Executive Vice President.</p>	
<p>(g) Employment & Labor Laws & Policies</p>	<p>The Board of Directors in the performance of its duties is to ensure the Company's faithful compliance with all applicable laws, regulations and best business practices, including employment and labor laws, practices and policies.</p>	<p>The Company continues to abide and comply with the existing labor laws and regulation, i.e. Minimum Wage Law and others rules with regards the employment, remuneration and mandatory benefits of its officers and employees.</p> <p>The company policies affecting the employment of senior management and employees are embodied in the Company Personnel Manual.</p> <p>This includes, among others, the policies on recruitment, selection of new employees, orientation of new employees, employment, promotion, resignation, work schedule and other office procedures.</p>	
<p>(h) Disciplinary action</p>	<p>The Company's policies and grounds for disciplinary actions affecting the Board of Directors are laid down in the <u>Revised Manual of Corporate Governance, Article 3.E. Disqualification of Directors.</u></p> <p><u>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</u></p> <p>Members of the Board should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p><u>Company Personnel Manual</u></p> <p>The Management may suspend, remove or dismiss any Officer or employee for a just cause as provided for in this Manual or when authorized by existing laws upon proper application for clearance with the Department of Labor and Employment.</p> <p>Causes or offenses enumerated in the Company Personnel Manual will merit termination of the services of the employee found guilty besides the imposition of other penalties as may be determined by the Management.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>A director should follow the norms of conduct as enumerated in the Revised Manual of Corporate Governance.</p>	<p><u>Company Personnel Manual</u></p> <p>The Officer or employee shall correct any existing conflicts of interest within a period of time prescribed by the Management.</p> <p>It will be the responsibility of the Company Management in any review of a possible conflict of interest, to make decision which will protect the interests of the Company, and in so far as compatible with the Company's interests, to be fair and just to the employee.</p> <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	
(i) Whistle Blower	<p>The Board of Directors shall ensure the protection of any reporting member of the board, officer or employee of any violations of any company rules and regulation and governmental laws. This is done through implementation of whistle blower policies wherein members of the Board, officer or employee are encouraged to speak up any problems within the Company without fear of retaliation.</p>	<p><u>Company Personnel Manual</u></p> <p>Any employee having proof of the dishonesty, negligence or disloyalty on the part of the Company's personnel should promptly report the matter, either verbally or in writing to his immediate supervisor or to any higher officer of the Company.</p>	
(j) Conflict Resolution	<p><u>Revised Manual on Corporate Governance: Article 3.G. Specific Duties and Responsibilities of a Director</u></p> <p>If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Corporation.</p>	<p><u>Company Personnel Manual</u></p> <p>The following are the procedures and responsibilities of the employee and the Management for conflict resolution:</p> <p>The senior management or employee should:</p> <ol style="list-style-type: none"> 1. Not participate in conflicts of interest. 2. Make full disclosure to the Company Management if such conflicts do exist. 3. Review with his supervisor activities which could result in conflicts, and before participating in any such activities, obtain written approval from the EVP/ President which will be based upon a report made to him by the supervisor of the employee. 4. Correct any existing conflicts within a period of time prescribed by the Management. <p>It will be the responsibility of the Company Management in any review of a possible conflict of interest, to make decision which will protect the interests of the Company, and</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
		<p>in so far as compatible with the Company's interests, to be fair and just to the employee.</p> <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	

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

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

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

Company Personnel Manual

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

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

4) *Related Party Transactions*

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	<u>(2016 Audited Consolidated Financial Statements: Note 25. Related Party Transactions)</u>
(2) Joint Ventures	Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and
(3) Subsidiaries	

Related Party Transactions	Policies and Procedures
(4) Entities Under Common Control	<p>officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.</p> <p>The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.</p> <p><u>(Revised Manual of Corporate Governance: Article 3.F.2H. Duties and Responsibilities of the Board)</u></p> <p>The Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p>
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/ children/ siblings/ parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

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

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

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	<p><u>Revised Manual of Corporate Governance: Article 3.H. Internal Control Responsibilities of the Board</u></p> <p>The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information</p>

	Directors/Officers/Significant Shareholders
Group	<p>and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The Company also has an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with, and to detect, determine and resolve any possible conflict of interest. The Board appoints an Internal Auditor to perform the audit function, and require him to report to the Audit Committee that allows the internal audit activity to fulfill its mandate.</p>

5) *Family, Commercial and Contractual Relations*

- (a) *Indicate, if applicable, any relation of a family, commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company⁴:*

Not Applicable.

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

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

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

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

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

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

6) *Alternative Dispute Resolution*

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

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

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

	Alternative Dispute Resolution System
Company & Stockholders	N.A.
Company and Third Parties	N.A.
Company & Regulatory Authorities	N.A.

C. BOARD MEETINGS & ATTENDANCE

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

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

Cityland Website: Corporate Governance Section, Board of Directors
http://www.citylandcondo.com/main/corporate_governance.html#bodyv

- 2) *Attendance of Directors*

Board	Name	Date of Election	No. of Meetings Attended	No. of Meetings Held during the year (2016)	%
Chairman/ Independent Director	Washington Sycip	June 7, 2016	21	23	91%
Member	Stephen C. Roxas	June 7, 2016	23	23	100%
Member	Andrew I. Liuson	June 7, 2016	23	23	100%
Member	Grace C. Liuson	June 7, 2016	23	23	100%
Member	Josef C. Gohoc	June 7, 2016	23	23	100%
Member	Sabino R. Padilla, Jr.	June 7, 2016	23	23	100%
Independent Director	Peter S. Dee	June 7, 2016	21	23	91%
Member	Alice C. Gohoc	June 7, 2016	23	23	100%
Member	Helen C. Roxas	June 7, 2016	23	23	100%

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

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

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

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

- *Access to information*

- (a) *How many days in advance are board papers for board of directors meetings provided to the board⁵?*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) *Committee Procedures*

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

Yes

No

Committee	Details of the procedures
Executive	<u>(Revised Manual of Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director)</u>
Audit	He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.
Nomination	<u>(Revised Manual of Corporate Governance: Article 4, Adequate and Timely Information)</u>
Compensation and Remuneration	To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.
Others (specify)	Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members are given independent access to Management and the Corporate Secretary. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

5) External Advice

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

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

6) Change/s in existing policies

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

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

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

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p><u>(2016 Audited Consolidated Financial Statements: Note 25, Related Party Transaction, Compensation of Key Management Personnel)</u></p> <p>The Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan.</p>	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments	The Group does not have any arrangements for stock warrants or options offered to its employees.	
(6) Others (specify)	Not Applicable	Not Applicable

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

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

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

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

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

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

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(a) Fixed and variable remuneration and Bonus	₱41,001,608		
(b) Per diem allowance	950,000		
(c) Stock Options and other financial instruments	N.A.		
(f) Others (specify)	N.A.		
Total	₱41,951,608		

Other Benefits	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(a) Advances	N.A.	N.A.	N.A.
(b) Credit granted	N.A.	N.A.	N.A.
(c) Pension Plan/s Contributions	N.A.	N.A.	N.A.
(d) Pension Plans, Obligations incurred	N.A.	N.A.	N.A.
(e) Life Insurance Premium	N.A.	N.A.	N.A.

Other Benefits	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
(f) Hospitalization Plan	N.A.	N.A.	N.A.
(g) Car Plan	N.A.	N.A.	N.A.
(h) Others (specify)	N.A.	N.A.	N.A.
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

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

(b) Amendments of Incentive Programs

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

Not Applicable. There have been no amendments or discontinuation of any incentive programs during the years 2016 and 2015.

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

5) Remuneration of Management

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

Name of Officer	Position	Total Remuneration (For the Year 2016)
Emma G. Jularbal	Vice President – Legal Affairs	₱12,390,973
Melita L. Tan	Vice President	
Ma. Victoria S. De Guzman	Assistant Vice President – Collection Department	
Patrocinio M. Pablo	Assistant Vice President – Research and Development Department	
Dorothy U. So	Assistant Vice President – Internal Audit	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

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

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Nomination	0	2	1	None	<p><u>Functions, Responsibilities and Powers of the Nomination Committee</u> (Revised Manual of Corporate Governance: Article 3K. Board Committees)</p> <p>Review and evaluate qualifications of all persons nominated to the Board and other appointments that require Board approval, and assessment of the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p>		
Compensation and Remuneration	0	2	1	None	<p><u>Functions, Responsibilities and Powers of the Compensation and Remuneration Committee</u> (Revised Manual of Corporate Governance: Article 3K. Board Committees)</p> <p>Establishes a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.</p>		
Others (specify)	N.A.				N.A.		

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	%	Length of Service in the Committee
Chairman (NED)	Stephen C. Roxas	October 1979	108 / 108	100%	37 years
Member (NED)	Andrew I. Liuson	October 1979	108 / 108	100%	37 years
Member (NED)	Grace C. Liuson	October 1979	108 / 108	100%	37 years
Member (ED)	Josef C. Gohoc	January 2011	108 / 108	100%	5 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	%	Length of Service in the Committee
Chairman (ID)	Peter S. Dee	August 2, 2002	4/4	100%	14 years
Member (NED)	Grace C. Liuson	August 2, 2002	4/4	100%	14 years
Member (NED)	Alice C. Gohoc	August 2, 2002	4/4	100%	14 years

Disclose the profile or qualifications of the Audit Committee members.

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

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

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

Audit Committee Charter: 5, External Audit

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

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

(c) *Nomination Committee*

Office	Name	Date of Appointment	<u>No. of Meetings Attended (2016)</u>	<u>%</u>	<u>Length of Service in the Committee</u>
Chairman	Jesus Go	August 2, 2002	2/2	100%	14 years
Member (ID)	Washington SyCip	August 2, 2002	2/2	100%	14 years
Member (NED)	Stephen C. Roxas	August 2, 2002	2/2	100%	14 years
Member (NED)	Andrew I. Liuson	August 2, 2002	2/2	100%	14 years

(d) *Compensation and Remuneration Committee*

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	%	Length of Service in the Committee
Chairman (ID)	Washington SyCip	August 2, 2002	2/2	100%	14 years
Member (NED)	Stephen C. Roxas	August 2, 2002	2/2	100%	14 years
Member (NED)	Andrew I. Liuson	August 2, 2002	2/2	100%	14 years

(e) *Others (Specify)*

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

Not Applicable

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

3) **Changes in Committee Members**

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

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

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

4) **Work Done and Issues Addressed**

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

Name of Committee	Work Done	Issues Addressed
Executive	The Executive Committee, in the management of the business of the Company, has strictly monitored that the organizational structure, operating policies and strategic plans of the Company are in place and consistent with the corporate goals.	The following are the issues addressed by the Executive Committee: <ul style="list-style-type: none">• sales strategies;• project developments;• lot acquisition; and

Name of Committee	Work Done	Issues Addressed
	It has also ensured that day-to-day operations of the Company are managed in a cost-effective and time-efficient manner.	<ul style="list-style-type: none"> • other operational matters and issues.
Audit	<p><i>Financial Report Review</i></p> <p>For the years 2016 and 2015, the Audit Committee reviewed the reports submitted by the internal and external auditors including the quarterly, half-year and annual financial statements before their submission to the Board with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Major judgmental areas • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards <p><i>Legal Compliance</i></p> <p>For the years 2016 and 2015, the Audit Committee in the performance of its duties and responsibilities in assisting the Board ensured that the financial and non-financial reports as well as the organizational and operational controls of the Company are in compliance with tax, legal and regulatory requirements.</p>	There has been no major issue/s addressed by the Audit Committee.
Nomination	For the years 2016 and 2015, the Nomination Committee had assessed the nomination and election process procedures of the Company.	There has been no major issue/s addressed by the Nomination Committee.
Compensation and Remuneration	<p><i>Remuneration Policy</i></p> <p>For the years 2016 and 2015, the Compensation and Remuneration Committee have reviewed the remuneration policy of the Company semi-annually and after due evaluation affirmed and confirmed that the existing policy on remuneration of directors and officers of the Company is consistent with its policy, culture, strategy and the business environment in which it operates.</p>	There has been no major issue/s addressed by the Compensation and Remuneration Committee.
Others (specify)	N.A.	N.A.

5) Committee Program

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

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

F. RISK MANAGEMENT SYSTEM

1. Disclose the following:

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

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

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

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

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

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

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

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

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

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

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

The internal audit, control, risk and compliance system for the years 2016 and 2015 is evaluated to be sound, in place and working effectively as attested by the Management through its President and the Internal Audit Department head and as reviewed by the Audit Committee.

(c) *Period covered by the review;*

The period covered by the review is for the years 2016 and 2015.

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

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

Assessment of the risk management effectiveness:

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

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

Not applicable.

2. Risk Policy

(a) Company

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

Cityland Website: About Cityland, Corporate Governance, Enterprise Risk Management
www.cityland.net

Risk Exposure	Risk Management Policy	Objective
Refinancing Risk	<p>The Company is primarily engaged in real estate development. Risk factor includes short-term borrowings which increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.</p> <p>The Company manages such refinancing risks by improving and maintaining the acid-test and current ratios of the Company.</p>	<p><u>Objective for all risk exposures:</u></p> <p>The objective of the Company is to identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operations and financial instability.</p> <p>The goal is to have risk exposures identified minimized through proper delivery of the risk management policies for any given risk exposure.</p>
Credit Risk	<p>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 subject of credit risk are the installment contracts receivables and other financial assets of the Company. The</p>	<p>The Company manages risks by conducting assessments of the economic and political situations of the country as well as new developments in the industry. The procedures involve the gathering of information of economic</p>

Risk Exposure	Risk Management Policy	Objective
	<p>corresponding management strategies for the aforementioned risks are as follows:</p> <ol style="list-style-type: none"> 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, installment contracts 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 other 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 financial assets may arise from default of the counterparty. The Company manages such risks by its policy to enter into transactions with a diversified creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Company. 	<p>indicators and political events as well as being aware of the new developments in the industry through media, business conferences, economic briefings and other sources.</p>
Interest Rate Risk	<p>This is the risk arising from uncertain future interest rates.</p> <p>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.</p> <p>For the financial liabilities, the Company only has commercial papers which bear fixed interest rates, thus, are not exposed to fluctuations in interest rates.</p>	
Market Risk	<p>This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.</p> <p>The available-for-sale financial assets are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.</p>	

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	<p>This is the current and prospective risk to earnings or capital from the Company's inability to meet its obligations when they become due without incurring unacceptable losses.</p> <p>The Company's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:</p> <ol style="list-style-type: none"> 1. <i>Asset- Liability Management:</i> Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs. 2. <i>Conservative Liability Structure:</i> Funding is widely diversified. There is little reliance on wholesale funding services or other credit-sensitive fund providers. The company accesses funding across a diverse range of markets and counter parties. 3. <i>Excess Liquidity:</i> The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations. 4. <i>Funding Flexibility:</i> The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and commercial papers. <p>As such, the Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and a established record in accessing these markets.</p>	
Economic Factors	<p>The Company's business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company's operations and eventually its financial performance.</p> <p><u>Effect of Climate Change</u></p> <p>It cannot be denied that the country is already experiencing the impact of climate change</p>	

Risk Exposure	Risk Management Policy	Objective
	<p>which is considered as a global problem which needs to be addressed by all countries.</p> <p>Climate change has greatly affected the operations of the businesses, both private and local. Due to climate change, the supply or resources may decline which will lead to increase in cost. Thus, businesses should consider measures to cope with the impact of environmental changes. Aside from considering the impact, businesses should also take its role in ensuring its compliance with the rules and regulations imposed by the environmental authorities.</p> <p>Cityland Group has invested considerable effort in the development of programming approaches that integrate disaster risk management with long-term programs that have the objective of addressing the underlying causes of vulnerability. This means developing and applying various prevention, mitigation and preparedness policies, strategies and practices to minimize vulnerabilities and disaster risks. The Group firmly believes that emergency preparedness planning is a critical component for all development programming and is a necessary ingredient not only for effective emergency response but also for effective risk prevention, mitigation and preparedness before a disaster occurs. For the Group, emergency preparedness encompasses all aspects of disaster risk management – from addressing underlying causes to responding in times of emergencies. First and foremost, preparedness must focus on prevention and mitigation – taking pre-emptive measures to help communities avoid emergencies and become better equipped so that the impact of disasters are reduced. As one of the criteria set by the Group in acquisition of property, the Group considers whether the location of the prospective property is within the fault line and whether the area is prone to flooding. In this case, the Group minimizes the risk of incurring any additional costs/damages in the future.</p> <p>Further, the Company has adopted the following controls to ensure its compliance with the environmental laws but not limited to:</p> <ul style="list-style-type: none"> • Tree planting activities as required by the Board of Investments (BOI) for the Company’s BOI-registered projects; 	

Risk Exposure	Risk Management Policy	Objective
	<ul style="list-style-type: none"> • Appointment of Pollution Control Officers in all condominium projects; and • Avoiding hazards and mitigating their potential impacts by reducing vulnerabilities and exposure and enhancing capacities of communities. 	
Political	The Company's business like all other businesses may be influenced by the political situation in the country. Any political instability in the future could have a material adverse effect in the Company's business.	
Industry	The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The industry is still in the boom stage.	
Competition	The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.	
Asset Price Bubble	<p>Asset price bubble in real estate occurs when there is an identified rapid increases in valuations of real estate property until they reach unsustainable levels and then decline. Real estate bubbles had existed in the recent past and is still widely believed to exist in many countries such as in United States which resulted in the recent subprime mortgage crisis.</p> <p>In the Philippines, records of low interest rates have raised concerns over potential asset price bubble. However, the government, through the Finance Secretary, said that this risk is under control (www.cnn.com). Increased scrutiny and monitoring of this risk in the country comes after Hong Kong and Singapore adopted measures to cool property prices (www.bloomberg.com). This asset price bubble risk is intensely monitored by the government agencies, Department of Finance and the Philippine Central Bank which are set to introduce a residential property-price index. This risk will be continuously mitigated by the appropriate actions and policies of regulators as well as the banking sector. Also, since the Philippine economy showed a healthy and</p>	

Risk Exposure	Risk Management Policy	Objective
	<p>sustainable growth, this reduces the risk of asset price bubble.</p> <p>The Bangko Sentral ng Pilipinas (BSP) has reiterated that there are no macro-prudential risks from the real estate market as growth in the property sector remains demand driven. Mr. Amando Maglalang Tetangco, Jr., the incumbent Governor of BSP, said the BSP closely monitors the lending of banks to the property sector through a quarterly stress test. <i>“For real estate, we do the stress test quarterly because of the special nature of the property sector. Historically that is a source of problem. Not that we have that problem now but what we want is try to avert a potential problem in the property sector;”</i> he said. <i>“Right now we believe there is no asset bubble in the property sector. Basically the increase in property prices and the growth in the property sector has essentially been demand driven,”</i> Tetangco added. Unlike before, Tetangco said property developers are more conservative in their construction activities. (Source: http://www.msn.com/en-ph/money/topstories/no-asset-bubble-in-real-estate-bsp-reiterates/ar-BBminOS)</p> <p>Demand for residential properties is mainly driven by the middle class, particularly overseas Filipinos and the young professionals from the business process outsourcing (BPO) sectors. The Company’s projects belong to the medium-cost category which cater to the middle income groups. This minimizes the Company’s exposure to asset price bubble risk as compared to the high-end players in the real estate industry.</p>	

(b) Group

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

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

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

(c) Minority Shareholders

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

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

3) Control System Set - up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Refinancing Risk	<p>Refinancing risk is assessed through careful and proper scrutiny of debts and loans to be entered into by the company.</p> <p>The risk on the outstanding loans of the Company are also monitored and measured regularly with the current development in the market.</p>	<p>The Company is primarily engaged in real estate development. Risk factor includes short-term borrowings which increases the possibility of refinancing risks. This debt mix in favor of short-term borrowings is a strategy which the Company adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Company has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.</p> <p>The Company manages such refinancing risks by improving and maintaining the acid-test and current ratios of the Company.</p>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	<p>The financial instruments which may be the subject of credit risk are the installment contracts receivables and other financial assets of the Company.</p> <p>The risk on these financial instruments are assessed through the following:</p> <ul style="list-style-type: none"> • Monthly monitoring and reporting of the receivables and other financial assets of the Company which have been past due by the Financial Management and Services Department to the Management. • The monthly report of receivables monitoring is then analyzed and measured as to the risk involved based on the number of defaults of the clients. • Necessary actions, such as follow-ups, sending of notices and others are performed to ensure that the credit risk on these receivables are minimized, monitored and measured to be not in a material amount that will pose threat to the operations of the Company. 	<p>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 subject of credit risk are the installment contracts receivables and other financial assets of the Company. The corresponding management strategies for the aforementioned risks are as follows:</p> <ul style="list-style-type: none"> • 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, installment contracts receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is insignificant. • The credit risk on the other 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 financial assets may arise from default of the counterparty. The Company manages such risks by its policy to enter into transactions with a diversified 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	<p>Financial assets and liabilities to be transacted by the Company are carefully evaluated as to its related interest rate risk.</p> <p>For the outstanding financial assets and liabilities of the Company, the risk on interest rate is assessed regularly through monthly monitoring of the related interest rate of these instruments in the current market.</p>	<p>This is the risk arising from uncertain future interest rates.</p> <p>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.</p> <p>For the financial liabilities, the Company only has commercial papers which bear fixed interest rates, thus, are not exposed to fluctuations in interest rates.</p>

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Market Risk	<p>This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which rely their value on market factors are subject to market risk.</p> <p>The available-for-sale investments are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is assessed, monitored and measured regularly through timely measurement of any gain/ loss resulting from changes in the market.</p>	<p>This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments which are measured at fair value are subject to market risk.</p> <p>The available-for-sale financial assets are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the Company.</p>
Liquidity Risk	<p>This is the current and prospective risk to earnings or capital from a company's inability to meet its obligations when they come due without incurring unacceptable losses.</p> <p>The Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and an established record in accessing these markets.</p> <p>The Company consistently assesses this liquidity risk through proper monitoring of the assets, liabilities and funding policies of the Company.</p> <p>Any risk measured in the current financial position of the Company is brought to the attention of the Management.</p>	<p>This is the current and prospective risk to earnings or capital from the Company's inability to meet its obligations when they become due without incurring unacceptable losses.</p> <p>The Company's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework maintained by the Company:</p> <ol style="list-style-type: none"> 1. <i>Asset- Liability Management:</i> Funding sources are abundant and provide a competitive cost advantage. The Company also holds financial assets for which there is a liquid market and are, therefore, readily saleable to meet liquidity needs. 2. <i>Conservative Liability Structure:</i> Funding is widely diversified. There is little reliance on wholesale funding services or other credit-sensitive fund providers. The company accesses funding across a diverse range of markets and counter parties. 3. <i>Excess Liquidity:</i> The Company maintains considerable excess liquidity to meet a broad range of potential cash outflows from business needs including financial obligations. 4. <i>Funding Flexibility:</i> The Company has an objective to maintain a balance between continuity of funding and flexibility through the use of loans from banks and commercial papers.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
		<p>As such, the Company addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and a established record in accessing these markets.</p>
Economic Factors	<p>The Company’s business consists mainly of providing office and housing units in the Philippines and the results of the operations will be influenced by the general conditions of the Philippine economy. Any economic instability or failure to register improved economic performance in the future may adversely affect the Company’s operations and eventually its financial performance.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	<p>External risk arising from the economic and political factors such as economic factors, industry outlook and competition are managed through the following:</p> <ul style="list-style-type: none"> • 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. • 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.
Political	<p>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.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	
Industry Outlook	<p>The industry is characterized by boom-bust cyclical pattern exhibited in the past couple of decades where the industry normally goes through years of robust growth following years of slowdown. The industry is still in the boom stage.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are</p>	

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.	
Competition	<p>The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The Company believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	
Asset Price Bubble	<p>Asset price bubble in real estate occurs when there is an identified rapid increases in valuations of real estate property until they reach unsustainable levels and then decline. Real estate bubbles had existed in the recent past and is still widely believed to exist in many countries such as in United States which resulted in the recent subprime mortgage crisis.</p> <p>In the Philippines, records of low interest rates have raised concerns over potential asset price bubble. However, the government, through the Finance Secretary, said that this risk is under control (www.cnbc.com). Increased scrutiny and monitoring of this risk in the country comes after Hong Kong and Singapore adopted measures to cool property prices (www.bloomberg.com). This asset price bubble risk is intensely monitored by the government agencies, Department of Finance and the Philippine Central Bank which are set to introduce a residential property-price index. This risk</p>	

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
	<p>will be continuously mitigated by the appropriate actions and policies of regulators as well as the banking sector. Also, since the Philippine economy showed a healthy and sustainable growth, this reduces the risk of asset price bubble.</p> <p>The Bangko Sentral ng Pilipinas (BSP) has reiterated that there are no macro-prudential risks from the real estate market as growth in the property sector remains demand driven. Mr. Amando Maglalang Tetangco, Jr., the incumbent Governor of BSP, said the BSP closely monitors the lending of banks to the property sector through a quarterly stress test. <i>“For real estate, we do the stress test quarterly because of the special nature of the property sector. Historically that is a source of problem. Not that we have that problem now but what we want is try to avert a potential problem in the property sector;”</i> he said. <i>“Right now we believe there is no asset bubble in the property sector. Basically the increase in property prices and the growth in the property sector has essentially been demand driven,”</i> Tetangco added. Unlike before, Tetangco said property developers are more conservative in their construction activities. (Source: http://www.msn.com/en-ph/money/topstories/no-asset-bubble-in-real-estate-bsp-reiterates/ar-BBminOS)</p> <p>Demand for residential properties is mainly driven by the middle class, particularly overseas Filipinos and the young professionals from the business process outsourcing (BPO) sectors. The Company’s projects belong to the medium-cost category which cater to the middle income groups. This minimizes the Company’s exposure to asset price bubble risk as compared to the high-end players in the real estate industry.</p> <p>Assessments of the economic and political situations of the country as well as new developments in the industry are regularly conducted. The procedure/s involved in gathering of information of economic indicators and political events as well as being aware of the new developments in the industry is through media, business conferences, economic briefings and other sources.</p>	

(b) Group

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

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

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

(c) Committee

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

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

Committee/Unit	Control Mechanism	Details of its Functions
Office of the Compliance Officer	Monitor and facilitate compliance with laws, rules and regulations and immediate reporting to the Board for any violations found.	Monitor compliance by the Company with the Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

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

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

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

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

(c) Period covered by the review;

The period covered by the review was for the years 2016 and 2015.

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

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

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

Not applicable.

2) Internal Audit

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

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor / Auditing Firm	Reporting Process
The role of the internal audit is to provide an independent and objective assurance designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.	The scope of work of internal audit involves the internal control, operational and financial activities of the Company.	In-House	Mrs. Dorothy U. So	Audit Committee and President

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

Yes.

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

(Audit Committee Charter: 4. Internal Audit)

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

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

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

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

(Audit Committee Charter: 4. Internal Audit)

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

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

Not Applicable. There has been no resignation or re-assignment in the internal audit function for the years 2016 and 2015.

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

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

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

Progress Against Plans	So far, audits were done by auditors within the schedule
Issues⁶	No major issues
Findings⁷	No major findings
Examination Trends	Actual witnessing, review and checking of the documents

(f) *Audit Control Policies and Procedures*

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

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

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

- (a) Preparation of an audit plan inclusive of a timeline and milestones;
- (b) Conduct an examination based on plan;
- (c) Evaluation of the progress in the implementation of the plan;
- (d) Documentation of the issues and findings as a result of the examination;
- (e) Determination of the pervasive issues and findings ("examination trends") based on single year result; and/or year-to-year results;
- (f) Conduct of the foregoing procedures on a regular basis.]

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

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

(g) *Mechanisms and Safeguards*

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

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

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

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

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

H. ROLE OF STAKEHOLDERS

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

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

	Policy	Activities
		The Personnel Department issues a memorandum / circular from time to time to remind the employees regarding the prohibition of installation of unlicensed computer programs
Environmentally friendly value-chain	<p>Communities are valued by the Company by ensuring that the company's projects/ developments passed the environment compliance procedures of the government. This is evidenced by the Certificates issued by the DENR and Laguna Lake Development Authority (LLDA).</p> <p>Tree plantings are also supported by the Company to help contribute in environment-friendly works.</p>	<p>All the projects are approved to be environmentally safe and friendly by the government approval of ECC for all its on-going projects.</p> <p>Tree Plantings are conducted by the company to support environment friendly value-chain.</p> <p>Supporting data for the ECC and tree plantings are shown in the company website. (About Cityland > Corporate Governance > Code of Business Conduct & Ethics > Communities) <www.cityland.net></p> <p><http://www.citylandcondo.com/main/docs_pdf/CDC_Environmental%20Compliance%20Certificates%20.pdf></p> <p><http://www.citylandcondo.com/main/docs_pdf/CDC_Certificate%20of%20Tree%20Planting.pdf></p>
Community interaction	Interaction with other communities is also undertaken by the Company through its proper corporate foundations.	<p>The Company has two corporate foundations implementing socially responsible programs:</p> <ul style="list-style-type: none"> • Cityland Foundation, Inc. • Cityland for Social Progress Foundation, Inc. <p>Cityland Website: (About Cityland > Corporate Governance > Corporate Social Responsibility) <www.cityland.net></p>
Anti-corruption programmes and procedures	<p>Anti- corruption programmes are included in the Company Personnel Manual.</p> <p><i>Accepting money or substantial gifts or favors from an outside person, firm, agency or organization which has dealings with the Company</i></p> <p>All Company officers and employees are prohibited from accepting gifts, fees and commissions from clients, in the course of duty. Gifts from clients have to be politely declined.</p>	<p>Anti-corruption programmes such as refusal of gifts from clients are contained in the Company Personnel Manual and are disseminated to all officers and employees through proper memoranda and circulars.</p> <p>All contracts entered into by the Company with its contractors also embody the anti-corruption programmes and policies of the Company.</p>

	Policy	Activities
	The Company also embodies its anti-corruption programmes and procedures in all its contracts with its contractors.	
Safeguarding creditor's rights	The Company recognizes the rights of its creditors as evidenced by the Company's proper registration of its securities/ commercial papers for sale with the Securities and Exchange Commission (SEC) and Home Guaranty Corporation (HGC).	<p>The Group's financial liabilities only include securities and notes properly registered with proper agencies such as the SEC and HGC. This registration of securities and notes with government agencies ensures the protection of the Company's creditors.</p> <p>Supporting data are disclosed in the company website. (About Cityland > Corporate Governance > Code of Business Conduct & Ethics > Other Stakeholders' Relations > Creditors) www.cityland.net</p> <p>http://www.citylandcondo.com/main/docs_pdf/CDC_SEC%20Permit%20and%20Order%202016.pdf</p> <p>http://www.citylandcondo.com/main/cg_files/CDC/Corporate%20Governance/Board%20Values%20and%20Practices/Creditors%20Rights/CDC%20HGC%20Certificates%20of%20Guaranty.pdf</p>

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

Yes. The Corporate Social Responsibility Report of the Company is disclosed in its website.
(About Cityland > Corporate Governance > Corporate Social Responsibility)
www.cityland.net

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

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

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

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

Company Personnel Manual

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

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

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

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

Supporting data are disclosed in the [Cityland website](#).

(About Cityland > Corporate Governance > Code of Business Conduct & Ethics > Other Stakeholders' Relations > Employees)

www.cityland.net

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

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

The following are the Company's employee training and development programs for the year 2016, among others:

- i. Financial Management Services Department;
- ii. Technical Group (Engineering Department);
- iii. Legal Department; and
- iv. Electronic Data Processing Department

Reference:

Advisement Letter dated January 5, 2017

http://www.citylandcondo.com/main/docs_pdf/Jan.%205.%202017%20CDC%20Updates%20and%20Changes%20in%20the%20ACGR.pdf

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

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

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

Company Personnel Manual

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

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

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

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

I. DISCLOSURE AND TRANSPARENCY

1. Ownership structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percentage (%)	Beneficial Owner
Cityland, Inc.	1,911,867,641	50.9758%	N.A.
Stephen C. Roxas	200,111,798	5.3356%	N.A.
Grace C. Liuson	188,088,016	5.0150%	N.A.

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

2. Does the Annual Report disclose the following:

Key Risks	Yes
Corporate Objectives	Yes
Financial Performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience and any other directorships of listed companies) of directors/commissioners	Yes

Training and/or continuing education programme attended by each director/ commissioner	Yes (Up to 2011 Annual Report; starting 2012, the Corporate Governance Section in the SEC Form 17-A was deleted and incorporated in the SEC Annual Corporate Governance Report as per SEC Memorandum Circular No. 5, Series of 2013)
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

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

However, as mandated by SEC Memorandum Circular No. 5, Series of 2013, the Corporate Governance Section in the Annual Report (SEC Form 17-A) shall be deleted starting the Annual Report for the year 2012 and shall be disclosed in this Annual Corporate Governance Report.

3. External Auditor's fee

Name of Auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	₱935,000.00*	N.A.

*2016 Audit of Financial Statements

4. Medium of Communication

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

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

5. Date of release of audited financial report:

For the 2016 Audited Financial Statements: April 12, 2017

6. Company Website

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

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

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

Not applicable. The above-enumerated items, as applicable, are disclosed in the Company's website.

(About Cityland > Corporate Governance) (About Cityland > Investor Relations)

www.cityland.net

7. Disclosure of Related Party Transactions (RPT)

RPT	Relationship	Nature	Value
2016 Audited Consolidated Financial Statements: Note 25. Related Party Transaction			
a) Sharing of expenses charged by the Company	a) Parent company and subsidiaries	a) Transactions and account balances entered into in the normal course of business	a) Outstanding amounts in: <u>2016</u> Receivables= ₱416,106 Payables= ₱-- <u>2015</u> Receivables= ₱-- Payables= ₱1,492,560
b) Existing management contract with Cityland, Inc. (CI)	b) Parent company and subsidiaries	b) CI provides management services to the Group. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration.	b) The management fee is based on a certain percentage of net income as mutually agreed upon by both parties. The management fees for 2016, 2015 and 2014 were waived by CI. There are no conditions attached to the waiver of these management fees.
c) Shares of stock held by members of the Board of Directors (BOD)	c) Board of Directors (BOD)	c) Shares of stock held by members of the BOD	c) Number of shares 2016= 881,875,101 shares 2015= 858,125,881 shares
d) Shares of stock held by ultimate parent and affiliate	d) Parent company and affiliate	d) Shares of stock held by ultimate parent and affiliate	d) Number of shares 2016= 1,911,867,641 shares 2015= 1,800,826,325 shares
e) Retirement Plan of Employees	e) Ultimate parent company, parent company and subsidiaries (the Group)	e) The Group has a funded, noncontributory defined benefit plan, administered by trustee covering all of its permanent employees. The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan.	e) Company's share on the fair value of plan assets: 2016= ₱61.03 million 2015= ₱55.42 million

RPT	Relationship	Nature	Value
f) Compensation of key management personnel	f) Board of Directors and Senior Management	f) Compensation of key management personnel	f) Amounts of compensation: 2016= ₱33.19 million 2015= ₱22.70 million

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

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

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

2016 Audited Consolidated Financial Statements: Note 25. Related Party Transactions

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

The Group discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

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

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

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

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

Explain the system used to approve corporate acts.

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

(c) Stockholders' Rights

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

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

Stockholders' Rights under the Corporation Code	Stockholders' Rights <u>not</u> in the Corporation Code
e) Right to dividends; and	
f) Appraisal right	

Dividends

	Declaration Date	Record Date	Payment Date
2016			
<i>Cash Dividends of P0.066 / share</i>	June 3, 2016	June 17, 2016	July 1, 2016
<i>Stock Dividends</i>	April 25, 2016	July 7, 2016	August 2, 2016
2015			
<i>Cash Dividends of P0.027/ share</i>	May 28, 2015	June 26, 2015	July 22, 2015
<i>Stock Dividends</i>	-	-	-
2014			
<i>Cash Dividends of P0.03/ share</i>	May 30, 2014	June 24, 2014	July 18, 2014
<i>5% Stock Dividends</i>	April 21, 2014	July 3, 2014	July 29, 2014

(d) Stockholders' Participation

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

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

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

(a) Amendments to the company's constitution

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

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

(b) Authorization of additional shares

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

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

(c) Transfer of all or substantially all assets, which in effect results in the sale of the company

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

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

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

Yes.

a. Date of sending out notices:

	No. of days
For 2016 Annual Stockholders' Meeting: <u>April 25, 2016</u>	<u>30</u>
For 2015 Annual Stockholders' Meeting: <u>April 17, 2015</u>	<u>31</u>
For 2014 Annual Stockholders' Meeting: <u>April 16, 2014</u>	<u>31</u>

b. Date of Annual/Special Stockholders' Meeting:

2016 Annual Stockholders' Meeting: June 7, 2016
2015 Annual Stockholders' Meeting: June 2, 2015
2014 Annual Stockholders' Meeting: June 3, 2014

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

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

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

Resolution	Approving	Dissenting	Abstaining
Approval and / or ratification of the following by the stockholders:			
• Minutes of previous meeting	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-
• President's Report	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-
• Election of Directors (including Independent Directors)	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-
• Appointment of external auditor: SyCip Gorres Velayo & Co. (SGV & Co.)	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-
• Declaration of five percent (5%) stock dividends (Board Resolution No. 20 dated April 25, 2016)	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-
• Confirmation of all acts of the Board of Directors for the period covering January 1, 2015 through December 31, 2015 adopted in the ordinary course of business.	• 2,557,376,927 votes representing 71.59% of the outstanding capital stock	• -0-	• -0-

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

For June 7, 2016 Annual Stockholders' Meeting, the result of the meeting was disclosed through the Philippine Stock Exchange (PSE) portal on the same day, June 7, 2016 at 4:44 PM, but released by PSE as Company's announcement on June 8, 2016 at 8:09 AM.

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

References:

- a) Advisement Letter dated June 10, 2016 (Annual Stockholders' Meeting for the Year 2016)
<[http://www.citylandcondo.com/main/docs_pdf/CDC_Advisement%20Letter_Annual%20Stockholders'%20Meeting%20\(06.07.2016\).pdf](http://www.citylandcondo.com/main/docs_pdf/CDC_Advisement%20Letter_Annual%20Stockholders'%20Meeting%20(06.07.2016).pdf)>
- b) SEC Form 17-C. Results of Annual Stockholders' Meeting dated June 7, 2016
<http://www.citylandcondo.com/main/docs_pdf/17C_CDC%20Results%20of%20Stockholders'%20Meeting%2006%2007%202016.pdf>
- c) Minutes of Annual Stockholders' Meeting for the Year 2015 (June 7, 2016)
<http://www.citylandcondo.com/main/docs_pdf/Minutes%20of%20the%20Annual%20Stockholders'%20Meeting%2006.07.16.pdf>

(e) Modifications

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

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

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

(f) Stockholders' Attendance

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

At the Annual Stockholders' Meeting held on June 7, 2016, approximately over **2,557,376,927** or **71.59%** of the total issued and outstanding 3,571,940,453 were represented in person and by proxy.

	Number of Shares
With Proxy	2,013,626,348
In Person	543,750,579
Total	2,557,376,927

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

Yes. Professional Stock Transfer, Inc., a registered stock transfer agent of Securities and Exchange Commission (SEC) and Philippine Stocks Exchange (PSE) counted and validated the above attendance during the Annual Stockholders' Meeting held on June 7, 2016. A representative of Tiu & Associates, CPAs was also present and validated the voting results during the said meeting.

Reference:

a) Advisement Letter dated June 10, 2016

(Annual Stockholders' Meeting for the Year 2016)

[http://www.citylandcondo.com/main/docs_pdf/CDC_Advisement%20Letter_Annual%20Stockholders%20Meeting%20\(06.07.2016\).pdf](http://www.citylandcondo.com/main/docs_pdf/CDC_Advisement%20Letter_Annual%20Stockholders%20Meeting%20(06.07.2016).pdf)

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

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

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

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

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

Company Website: Corporate Governance Section, Stockholders' Rights and Protection of Minority Interests
<www.cityland.net>

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

(g) Proxy Voting Policies

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

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

	Company's Policies
Invalidated proxy	<u>Company's Amended By-Laws: Article VI. Section 2. Proxy</u>
Validation of proxy	<p>All proxies, voting trusts and other voting arrangements must be received by the Corporate Secretary or the Assistant Corporate Secretary at the Company's head office not later than five (5) working days before the date of the meeting within which period such proxies, voting trusts and other voting arrangements may be accepted or rejected by a special committee of inspectors if they do not have the appearance of prima facie authenticity.</p> <p><u>Definitive Information Statement, SEC Form 20-IS: Proxy Form and Notice of Agenda</u></p> <p>This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors.</p> <p>A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her intention to vote in person.</p> <p><u>Revised Manual of Corporate Governance: Article 6.B. Stockholders' Rights and Protection of Minority Stockholders' Interests</u></p> <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders are encouraged to personally attend such meetings.</p> <p>If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p>
Violation of proxy	

(h) Sending of Notices

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

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

(i) Definitive Information Statements and Management Report

	2016	2015	2014
Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	694 stockholders	689 stockholders	707 stockholders
Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by market participants/certain beneficial owners	May 17, 2016	May 12, 2015	May 13, 2014
Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by stockholders	May 17, 2016	May 12, 2015	May 13, 2014
State whether CD format or hard copies were distributed	CD format	CD format	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes. Upon written request, requesting stockholders were provided hard copies	Yes. Upon written request, requesting stockholders were provided hard copies	Yes. Upon written request, requesting stockholders were provided hard copies

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

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
<p><u>Revised Manual of Corporate Governance: Article 6.B. Stockholders' Rights and Protection of Minority Stockholders' Interests</u></p> <p>All stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	<p>Equal treatment and protection of minority interests are implemented through the following:</p> <ul style="list-style-type: none"> Ensuring that minority stockholders are properly communicated of information relating to the business of corporation and all items needing corporate actions in the stockholders' meeting. This is done through sending of Notices to all

<p><u>Company Website:</u> About Cityland > Corporate Governance > Code of Business Conduct & Ethics > Shareholders' Right and Protection of Minority Stockholders' Interests www.cityland.net</p> <p>All stockholders, including minority interests are treated equally and without discrimination.</p>	<p>stockholders, including the minority stockholders and disclosing adequate and timely information to PSE and SEC and company website.</p> <ul style="list-style-type: none"> The rights of minority stockholders are protected through the independent directors which act in their interests in every actions of the Board for the Corporation.
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b) Do minority stockholders have a right to nominate candidates for board of directors?

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

K. INVESTORS RELATIONS PROGRAM

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

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

The Committee in-charge with this responsibility is the Executive Committee.

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

	Details
(1) Objectives	The objective of the company's investor relations program is to provide up-to-date information; financial and non-financial to all stakeholders to apprise them of the company's current condition and position in the market.
(2) Principles	<p>The Company's principles for its Investor Relations Program are as follows:</p> <ul style="list-style-type: none"> Transparency Materiality of disclosures Accurate and timely information
(3) Modes of Communication	<ul style="list-style-type: none"> Company Website- up to date uploading of business information: financial and non-financial PSE and SEC disclosures Press releases in newspapers
(4) Investors Relations Officer	<p><u>Michelle Marcelino of FMSD</u> Tel. (+632)893-6060 local 152 Fax (+632)892-8656 Email: stocks@cityland.net</p> <p>This is disclosed in the Company website. (About Cityland > Investor Relations > Investor Relation Program > Investor Contacts) www.cityland.net</p>

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

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

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

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

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

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<p>Cityland Foundation, Inc.</p> <p>Program: Scholarship fund for the support of financially challenged students.</p>	<p>Beneficiaries of Scholarship Fund are as follows:</p> <ul style="list-style-type: none"> • Febias College of Bible • Cityland Foundation, Inc. (CFI) scholars who are college students enrolled in different state universities within Metro Manila

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	Self-Assessment Rating System	<p>The Board in its governance of the Company shall be self-evaluated in terms of its performance with respect to the following criteria:</p> <ul style="list-style-type: none"> • Board structure • Board duties and responsibilities • Board meetings attendance

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

N. INTERNAL BREACHES AND SANCTIONS

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

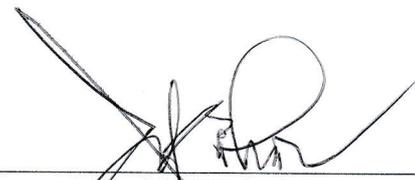
Violations	Sanctions
Any willful violations or breach of the provisions contained in the corporate governance manual by any member of the Board of Directors, Management or employee of the Company shall after due notice, evaluation and review shall be subject to penalties and/or sanctions as may be imposed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

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MANILA on JUN 14 2017 2017.

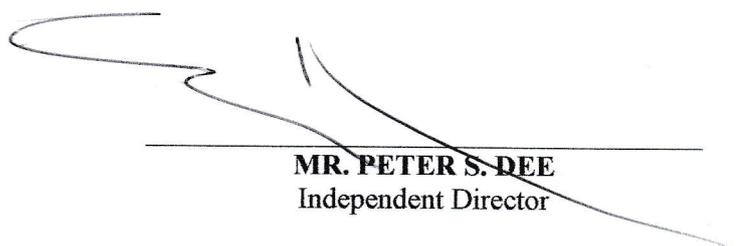
SIGNATURES



MR. WASHINGTON SYCIP
 Chairman of the Board /
 Independent Director



MR. JOSEF C. GOHOC
 President/ Chief Executive Officer



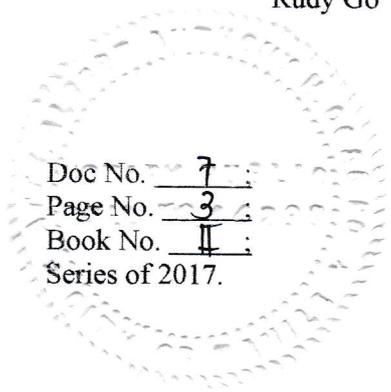
MR. PETER S. DEE
 Independent Director

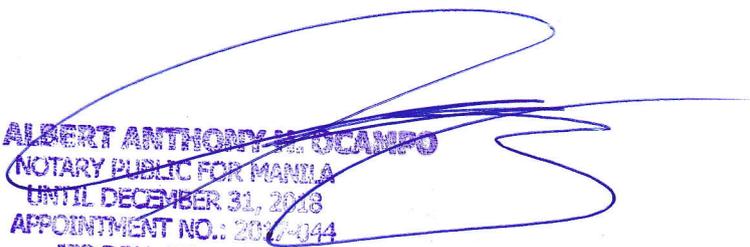


MR. RUDY GO
 Senior Vice President / Compliance Officer ✓


SUBSCRIBED AND SWORN to before me this _____ day of JUN 14 2017 2017,
 affiants personally appeared and exhibited to me their Tax Identification No. / Social Security System Nos.
 and other competent evidence of identification as follows:

<u>Name</u>	<u>Type of Identification</u>	<u>Number</u>
Washington SyCip	TIN	106-215-942
Josef C. Gohoc	SSS	33-0942784-4
Peter S. Dee	SSS	03-1183011-8
Rudy Go	SSS	03-4602228-9




ATTY. ALBERT ANTHONY M. DECAMPO
 NOTARY PUBLIC FOR MANILA
 UNTIL DECEMBER 31, 2018
 APPOINTMENT NO.: 2017-044
 IBP ROLL NO.: 44239
 IBP No.: 07984/Lifetime/Laguna
 PTR No.: 5917996/12-34-2016/Manila
 517-519 Quintin Paredes St., Binondo Manila