

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |  |  |  |  |
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Form Type

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(Amended Preliminary Prospectus)

Department requiring the report

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Secondary License Type, If Applicable

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| N | / | A |
|---|---|---|

**COMPANY INFORMATION**

|   |  |  |
|---|--|--|
| <p style="text-align: center; font-size: small;">Company's Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">comp.fmsd@cityland.net</div>       | <p style="text-align: center; font-size: small;">Company's Telephone Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">8-893-6060</div>                       | <p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">N/A</div>                     |
| <p style="text-align: center; font-size: small;">No. of Stockholders</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">651<br/>as of September 30, 2020</div> | <p style="text-align: center; font-size: small;">Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">1<sup>st</sup> Tuesday of June</div> | <p style="text-align: center; font-size: small;">Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">December 31</div> |

**CONTACT PERSON INFORMATION**

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

|   |  |  |  |
|---|--|--|--|
| <p style="text-align: center; font-size: small;">Name of Contact Person</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">Rudy Go</div> | <p style="text-align: center; font-size: small;">Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">cdc_rg@cityland.net</div> | <p style="text-align: center; font-size: small;">Telephone Number/s</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">8-893-6060</div> | <p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">N/A</div> |
|---|--|--|--|

**CONTACT PERSON'S ADDRESS**

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

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

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

**SECURITIES AND EXCHANGE COMMISSION**

SEC FORM 12-1(A), AS AMENDED

REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE

1. SEC Identification Number 77823  
.....
2. CITYLAND DEVELOPMENT CORPORATION  
.....  
Exact name of registrant as specified in its charter
3. MAKATI CITY, PHILIPPINES  
.....  
Province, country or other jurisdiction of incorporation or organization
4. 000-527-103  
.....  
BIR Tax Identification Number
5. REAL ESTATE DEVELOPER  
.....  
General character of business of registrant
6. Industry Classification Code:  (SEC Use only)
7. 2/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City 1226  
Telephone No.: (632) 8-893-6060      FAX No.: (632) 8-892-8656  
.....  
Address, including postal code, telephone number, FAX number including area code of registrant's principal office
8. N/A  
.....  
If registrant is not resident in the Philippines, or its principal business is outside the Philippines, state name and address including postal code, telephone number and FAX number, including area code and email address of resident agent in the Philippines.
9. Fiscal Year Ending Date (Month and Day) : December 31  
.....

**COMPUTATION OF REGISTRATION FEE**

| <b>Title of each class of securities to be registered</b> | <b>Amount to be registered</b> | <b>Amount of registration fee</b> |
|---|--------------------------------|-----------------------------------|
| Commercial Papers   | ₱1,400,000,000                 | ₱725,000                          |
| 1% Legal Research Fee                                     |                                | 7,250                             |
| <b>Total</b>  |                                | <b>₱732,250</b>                   |

# **PRELIMINARY PROSPECTUS**

## **CITYLAND DEVELOPMENT CORPORATION**

(A corporation organized under Philippine laws)

Registration of Philippine Peso (Php) 1,400,000,000  
Commercial Papers

Cityland Development Corporation (hereinafter referred to as “CDC”, the “Company” or “Issuer”) is offering for public sale at face value, up to ₱1,400,000,000 worth of its Commercial Papers (hereinafter referred to as “CPs” or the “Offered CPs”) to be traded over-the-counter.

The date of this Prospectus is September 3, 2020

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

## **RISK DISCLOSURE STATEMENT**

### *General Risk Warning*

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.

Past performance is not a guide to future performance.

There is an additional risk of losing money when securities are bought from smaller companies. There may be a significant difference between the buying price and the selling price of these securities.

An investor deals in a range of investments each of which may carry a different level of risk.

### *Prudence Required*

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and the issuer thereof from the Commission which are available to the public.

### *Professional Advice*

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities especially those high risk securities.

## CITYLAND DEVELOPMENT CORPORATION

(A corporation organized under Philippine laws)

Registration of ₱1,400,000,000 worth of Commercial Papers for public sale at face value.

The Company is registering ₱1,400,000,000 worth of Commercial Papers which it is offering for public sale at face value. The gross proceeds that will be raised from the offering is ₱1,400,000,000 less registration fees, taxes, professional fees and other related expenses.

The net proceeds from the offering of the Commercial Papers is ₱1,388,640,450 which is intended to be used as follows (in order of priority):

|                              |                              |
|------------------------------|------------------------------|
| 1) Project-Related Cost      | ₱883,100,000                 |
| 2) Payment of Maturing Notes | 485,870,850                  |
| 3) Interest Expense          | <u>19,633,600</u>            |
| <b>Net Proceeds</b>          | <b><u>₱1,388,604,450</u></b> |

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at 2F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City. Its telephone number is (632) 8-893-60-60.

Unless otherwise stated, the information contained in this document have been supplied by the Company which accepts full responsibility for the accuracy of the information and confirms, after having made all reasonable inquiries, that to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement in this document misleading in any material respect. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

No dealer, salesman or any other person has been authorized by the Company to issue any advertisement or to give any information or make any representation in connection with the sale of the Commercial Papers other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company.

**A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.**

## TABLE OF CONTENTS

|  | <b>Page</b> |
|--|-------------|
| Definition of Terms.....   | 1           |
| Summary Information.....   | 2           |
| Risks Factors.....   | 4           |
| Use of Proceeds.....   | 9           |
| Determination of the Offering Price.....   | 12          |
| Offering Period.....   | 13          |
| Plan of Distribution .....   | 14          |
| Description of Registrant’s Securities .....   | 15          |
| Market Information for Securities Other Than Common Equity.....                      | 18          |
| Market for Issuer’s Common Equity and Related Stockholders’ Matters .....            | 19          |
| Interests of Named Experts and Independent Counsels .....                            | 21          |
| Information With Respect to the Registrant   |             |
| Business.....  | 22          |
| Properties.....  | 29          |
| Legal Proceedings.....   | 31          |
| Management’s Discussion and Analysis or Plan of Operation .....                      | 34          |
| Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 52          |
| Directors and Executive Officers.....  | 53          |
| Executive Compensation .....   | 59          |
| Security Ownership of Certain Record and Beneficial Owners and Management.....       | 60          |
| Certain Relationships and Related Party Transactions .....                           | 62          |
| Corporate Governance.....  | 62          |
| Other Expenses Relating to Issuance and Distribution .....                           | 63          |
| Index to the Financial Statements and Supplementary Schedules .....                  | 64          |
| Exhibits .....   | **          |
| Signatures .....   | **          |

## DEFINITION OF TERMS

In this prospectus, unless the context otherwise requires, the following terms shall have the following corresponding meanings:

|  |   |
|--|---|
| “Articles”                                     | The Articles of Incorporation of the Company  |
| “Board”  | The Incumbent Members of the Board of Directors of the Company  |
| “CDC” or “Company” or “Issuer” or “Registrant” | Cityland Development Corporation  |
| “Cityland Group”                               | Cityland, Inc. and its subsidiaries   |
| “CPs”, “Offered CPs”                           | Commercial Papers   |
| “Group”  | Cityland Development Corporation and its subsidiaries   |
| “HLURB”  | Housing and Land Use Regulatory Board   |
| “Offer”  | The offering for public sale of ₱1,400,000,000 worth of Commercial Papers   |
| “Offering Period”                              | The offering period shall commence upon the approval of the SEC permit to sell the CPs and shall end upon the expiry of the permit to sell the CPs. |
| “Offering Price”                               | The offering price is 100% of the face value of the CPs.  |
| “PAS”  | Philippine Accounting Standards   |
| “PFRS”   | Philippine Financial Reporting Standards  |
| “Php” or “₱” or “Pesos”                        | The currency of the Republic of the Philippines   |
| “PSE”  | Philippine Stock Exchange   |
| “SEC”  | Securities and Exchange Commission  |
| “SGV & Co.”                                    | SyCip Gorres Velayo & Co.   |
| “SRC”  | Securities Regulations Code of the Philippines  |

## SUMMARY INFORMATION

### THE COMPANY

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

The Company's primary purpose is to acquire and develop suitable land sites for residential, office, commercial, institutional and industrial uses. Its projects include medium to high-rise office, commercial and residential condominiums located in cities of Makati, Mandaluyong, Manila and Pasig; and residential subdivisions and farm lots in Bulacan and Cavite. Its subsidiary, City & Land Developers, Incorporated, has condominiums in Manila, Pasig and Quezon City. Another subsidiary, Cityplans, Incorporated, is a pre-need company and also has condominium projects in Pasig City. Real estate properties for sale of CDC and its subsidiaries (the Group) as of June 30, 2020 and December 31, 2019 amounted to ₱2,627,478,471 and ₱2,565,950,797, respectively.

The Company's ongoing projects as of June 30, 2020 are: 101 Xavierville, a 40-storey residential and commercial condominium located along Xavierville Avenue, Loyola Heights, Quezon City and estimated to be completed in February 2024; and Pioneer Heights 1, a 24-storey office, residential and commercial condominium located at Pioneer St., Brgy Highway Hills, Mandaluyong City, which is estimated to be completed in December 2023. On the other hand, the ongoing project of CLDI as of June 30, 2020 is the One Taft Residences, a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila and estimated to be completed in September 2022.

As of June 30, 2020, the foreign equity ownership of CDC is 3.04%, equivalent to 133,931,650 shares.

Other relevant information about the Company are discussed in detail under “Information with Respect to the Registrant”.

### RISKS OF INVESTING

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

### SUMMARY FINANCIAL INFORMATION

The following selected financial information were derived from the consolidated audited financial statements as of and for the years ended December 31, 2019, 2018 and 2017 and consolidated unaudited interim financial statements as of and for the six months ended June 30, 2020. The annual financial statements were audited by SyCip Gorres Velayo & Co., in accordance with the Philippine Financial Reporting Standards. The information should be read in conjunction with, and is qualified in its entirety by reference to such financial statements and related notes thereto and "Management's Discussion and Analysis or Plan of Operation".



|                          | June 30, 2020<br>(Unaudited) | As of and for the years ended December 31<br>(Audited)* |                 |                |
|--------------------------|------------------------------|---|-----------------|----------------|
|                          |                              | 2019  | 2018            | 2017           |
| <b>INCOME STATEMENT</b>  |                              |   |                 |                |
| Revenue                  | ₱696,160,591                 | ₱2,429,982,786  | ₱2,055,896,282  | ₱1,843,377,979 |
| Expenses                 | 398,580,935                  | 1,486,936,290   | 1,301,794,888   | 1,157,219,317  |
| Income before Income Tax | 297,579,656                  | 943,046,496   | 754,101,394     | 686,158,662    |
| Net Income               | 232,461,342                  | 734,139,881   | 628,265,329     | 551,929,915    |
| <b>BALANCE SHEET</b>     |                              |   |                 |                |
| Total Assets             | ₱11,137,117,058              | ₱11,107,955,585   | ₱10,561,471,920 | ₱9,698,830,212 |
| Total Liabilities        | 2,145,781,341                | 2,347,460,890   | 2,313,787,076   | 1,965,549,304  |
| Equity                   | 8,991,335,717                | 8,760,494,695   | 8,247,684,844   | 7,733,280,908  |
| <b>PER SHARE</b>         |                              |   |                 |                |
| Earnings per share       | ₱0.10**                      | ₱0.15   | ₱0.13           | ₱0.11          |

\* Based on Cityland Development Corporation's Audited Consolidated Financial Statements

\*\* Annualized

## **RISKS FACTORS**

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

### **INTERNAL RISKS**

#### *REFINANCING RISK*

The Group 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 Group adopted to take advantage of lower cost of money for short-term loans versus long-term loans. Because the Group has the flexibility to convert its short-term loans to a long-term position by drawing down its credit lines with several banks or sell its receivables, refinancing risk is greatly reduced.

The Group manages such refinancing risks by having a current and acid-test ratio of 3.60:1 and 1.92:1 as of June 30, 2020 from 3.08:1 and 1.62:1 as of December 31, 2019, respectively.

#### *CREDIT RISK*

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

- a) The credit risk on the installment contracts receivable and contract assets may arise from the buyers who may default on the payment of their amortizations. The Group manages this risk by dealing only with recognized and credit worthy third parties. Moreover, it is the Group's policy to subject customers who buy on financing to credit verification procedures. Also, installment contracts receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The risk is further mitigated because the Group holds the title to the real estate properties with outstanding installment contract receivables balance and the Group can repossess such real estate properties upon default of the customer in paying the outstanding balance.
- b) The credit risk on the other financial assets of the Group such as investment in trust fund, cash and cash equivalents, short-term and long-term investments, installment contracts receivable, contracts assets, notes receivable, guaranty deposits, refundable deposits, financial assets at fair value through other comprehensive income (FVOCI) and other assets may arise from default of the counterparty. The Group manages such risks in accordance to its policy where the Group shall enter into transaction with diversity of creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Group.

#### *INTEREST RATE RISK*

This is the risk arising from uncertain future interest rates.

The Group's financial instruments are:

- a) The Group's financial assets mainly consist of installment contract receivables, contract assets, notes receivable, cash and cash equivalents, short-term and long-term investments, guaranty deposits, refundable deposits and other receivables. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.
- b) For the financial liabilities, the Group only has commercial papers which bear fixed interest rates, thus, are not exposed to fluctuations in interest rates.

### *MARKET RISK*

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

The financial assets at FVOCI 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 Group.

### *LIQUIDITY RISK*

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

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

As such, the Group addresses risk on liquidity by maintaining committed borrowing facilities in the form of bank lines and established record in accessing these markets.

**The Group is also exposed to risks which are beyond financial as follows:**

### **BUSINESS AND OPERATIONAL RISKS**

#### *a) Land banking*

The Group's land banking consists of parcels of land wherein some lots are being leased while awaiting the development of the Group's condominium projects. Having enough and diversified land banking is important to support the sustainability of the Group's business. The Group may be exposed to risks because of the possible changes in the value of these lots due to market circumstances which may result in impairment or decline in rental rate levels.

The Group currently has several prime lots for future development and/or investment properties which are located in the different areas of Metro Manila and Cavite. The Management is continuously studying the possible land acquisition which will depend on the needs of the Group and negotiations with prospective sellers. For the land impairment, the Group continues to be cautious in buying new properties by conducting studies on appraisal and conditions of the property within the vicinity.

#### *b) Property development and construction*

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

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

These risks are managed by the Group as follows:

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

## **EXTERNAL RISKS**

### *ECONOMIC*

The Group's business consists mainly of providing housing and office 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 Group's operations and eventually its financial performance.

#### *Effect of Climate Change*

It cannot be denied that the country is already experiencing the impact of climate change which is considered as a global problem which needs to be addressed by all countries.

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.

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.

Further, the Group has adopted controls to ensure its compliance with the environmental laws including but not limited to the following:

- tree planting activities as required by the Board of Investments (BOI) for the Group's BOI-registered projects;
- 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.

### Discussion on the Outbreak of COVID-19

The outbreak of COVID-19 has significantly affected the operations of the Group especially on the revenue side due to the community quarantines implemented. As shown in the Group's consolidated statement of income, sales on real estate properties declined as an impact of the COVID-19 pandemic. The Group's revenue recognition on its sale of real estate properties for ongoing projects is based on percentage of completion. As such, revenue recognized is dependent also on the result of the construction percentage of these projects. While the Group already offers its products at a reasonable price, additional discounts and promotions were granted in order to boost sales.

Before the lockdown, the Group's ongoing projects were in full swing. However, with the implementation of community quarantines, there were slight delays in the construction of these projects. As part of the Group's strategies, close communication with the contractors and suppliers were conducted to minimize the delays and still be able to deliver the project to the clients based on the committed date and even ahead of the scheduled turnover date. Also, health protocols are implemented in the construction site in order to minimize the risk of exposure to COVID-19.

In compliance with the Bayanihan to Heal as One Act, collections were slightly affected since monthly amortizations during the Enhanced Community Quarantine were deferred to provide financial assistance to the buyers of residential units. Although there were delays in the collections, the Group's cash position as of June 30, 2020 is still stable. The Management believes that the Group has the capacity to continue its operations.

### Preventing the Spread of the COVID-19 virus

The Group has the following measures to prevent the spread of the disease:

1. Preparation and implementation of policies to ensure compliance with the Guidelines set by the Department of Health.

As businesses resume post Enhanced Community Quarantine (ECQ), Cityland Group of Companies (the Group) has implemented protocols to ensure the health and safety of all employees as well as contain the transmission of COVID-19 virus.

The Group developed health protocols and standards in the workplace and construction sites to help prevent the spread and reduce the risk of exposure to the virus. These protocols and standards were designed in line with the issuances released by the Department of Health and Inter-Agency Task Force. Further, the protocols set by the Group are being strictly monitored to ensure compliance.

2. Implementation of the Flexible Work Arrangement

The health and safety of the employees is the utmost concern of the Group. Thus, a flexible work arrangement was implemented to minimize the risk of contacting the virus but still being able to deliver the output expected from the employees. The Group's IT Department has devised ways to enable the employees to work from home and be able to access the Group's data online.

3. Maximizing the Social Media Platform

The Group took advantage of the various social media platforms in order to sell its real estate projects/properties. Online reservations, together with online processing of requirements, were explored to provide convenience to prospective buyers.

### *POLITICAL*

The Group'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 Group'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. In 2020, the effects of the COVID-19 pandemic has caused a significant impact on the real estate industry. With the united effort of the government, businesses and the people, the Philippine economy will recover in due time. The Group has adopted business continuity plans and strategies to mitigate the impact of the pandemic.

### *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 Group believes that it is in a better position to cope with the competition because of the affordability of the projects it offers in the market.

### *ASSET PRICE BUBBLE*

Asset price bubble in real estate occurs when there is a seeming increase in the demand for housing units which leads the developers to build more and when there is already a significant gap between the demand and the supply, this will lead to a sudden decline in the value of the properties.

The country's property sector remained vibrant in 2019 as evidenced by the Philippine Residential Real Estate Price Index (RREPI), a method which measures the price changes of residential housing. Residential real estate prices for various types of housing units, as measured by the RREPI, rose by 10.2% year-on-year in the 4<sup>th</sup> quarter of 2019. While this is the second consecutive quarter that the index has registered a double-digit growth, this is slightly lower than the 10.4% growth in 3<sup>rd</sup> quarter of 2019, but higher than the 0.6% in 4<sup>th</sup> quarter of 2018. The RREPI is a measure of the average change in the prices of various types of housing units, i.e., single detached/attached houses, duplexes, townhouses and condominium units, based on banks' data on loans used to acquire new housing units. It is a chain-linked index, which is computed using the average appraised value per square meter, weighted by the share of floor area of each type of housing unit to the total floor area of all housing units. The RREPI is used as an indicator for assessing the real estate and credit market conditions in the country.

The Bangko Sentral ng Pilipinas (BSP) has been closely monitoring the real estate property sector as shown by its Circulars issued requiring all universal and commercial banks as well as thrift banks to submit quarterly reports on Residential Real Estate Loans granted to determine the risks from the real estate market. As part of the BSP's initiative to monitor the real estate sector, the RREPI was devised to determine the real estate and credit market conditions in the country.

Demand for residential properties particularly condominium units is due to strong demand from starting families and young professionals. The Group minimizes exposure to asset price bubble by focusing on what these starting families and young professionals require – strategic location and reasonable price.

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

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

**Note: Commercial Papers are not insured with the Philippine Deposit Insurance Corporation (PDIC).**

## USE OF PROCEEDS

The gross proceeds that will be derived from the offering is ₱1,400,000,000 less registration fees, taxes, professional fees and other related expenses.

The net proceeds from the offering of the Commercial Papers is ₱1,388,604,450 which is intended to be used as follows (in order of priority):

|                              |                              |
|------------------------------|------------------------------|
| 1) Project-Related Costs     | ₱883,100,000                 |
| 2) Payment of Maturing Notes | 485,870,850                  |
| 3) Interest Expense          | 19,633,600                   |
| <b>Net Proceeds</b>          | <b><u>₱1,388,604,450</u></b> |

The total actual and estimated expenses related to the issuance and distribution of CPs amounting to ₱11,395,550 is shown under “Other Expenses Relating to Issuance and Distribution” on page 61.

### 1) Project-related costs

The net proceeds from the offering will be used to partially finance the construction of 101 Xavierville and Pioneer Heights 1.

The ₱883,100,000 project-related costs of 101 Xavierville and Pioneer Heights 1 represent the construction and development costs and expenses for the permits and licenses of which utilization is forecasted as follows:

| <u>Period</u>                                     | <u>Amount</u>              |
|---|----------------------------|
| 1 <sup>st</sup> Qtr. (November 2020-January 2021) | ₱220,775,000               |
| 2 <sup>nd</sup> Qtr. (February 2021-April 2021)   | 220,775,000                |
| 3 <sup>rd</sup> Qtr. (May 2021-July 2021)         | 220,775,000                |
| 4 <sup>th</sup> Qtr. (August 2021-October 2021)   | 220,775,000                |
| <b>Total</b>                                      | <b><u>₱883,100,000</u></b> |

The components of the total project-related costs of 101 Xavierville and Pioneer Heights 1 are as follows:

|   | <b>Labor &amp; Materials<br/>supplied by<br/>Contractor</b> | <b>Materials<br/>supplied by<br/>Owner</b> | <b>Permits<br/>&amp;<br/>Licenses</b> | <b>Total</b>        |
|---|---|--|---------------------------------------|---------------------|
| <b>101 Xavierville</b>                            |   |  |                                       |                     |
| 1 <sup>st</sup> Qtr. (November 2020-January 2021) | ₱50,336,700   | ₱29,363,075                                | ₱4,194,725                            | ₱83,894,500         |
| 2 <sup>nd</sup> Qtr. (February 2021-April 2021)   | 50,336,700  | 29,363,075                                 | 4,194,725                             | 83,894,500          |
| 3 <sup>rd</sup> Qtr. (May 2021-July 2021)         | 50,336,700  | 29,363,075                                 | 4,194,725                             | 83,894,500          |
| 4 <sup>th</sup> Qtr. (August 2021-October 2021)   | 50,336,700  | 29,363,075                                 | 4,194,725                             | 83,894,500          |
| <b>Sub-total</b>                                  | <b>₱201,346,800</b>   | <b>₱117,452,300</b>                        | <b>₱16,778,900</b>                    | <b>₱335,578,000</b> |
| <b>Pioneer Heights 1</b>                          |   |  |                                       |                     |
| 1 <sup>st</sup> Qtr. (November 2020-January 2021) | ₱76,653,080   | ₱56,121,005                                | ₱4,106,415                            | ₱136,880,500        |
| 2 <sup>nd</sup> Qtr. (February 2021-April 2021)   | 76,653,080  | 56,121,005                                 | 4,106,415                             | 136,880,500         |
| 3 <sup>rd</sup> Qtr. (May 2021-July 2021)         | 76,653,080  | 56,121,005                                 | 4,106,415                             | 136,880,500         |
| 4 <sup>th</sup> Qtr. (August 2021-October 2021)   | 76,653,080  | 56,121,005                                 | 4,106,415                             | 136,880,500         |
| <b>Sub-total</b>                                  | <b>₱306,612,320</b>   | <b>₱224,484,020</b>                        | <b>₱16,425,660</b>                    | <b>₱547,522,000</b> |
| <b>Grand Total</b>                                | <b>₱507,959,120</b>   | <b>₱341,936,320</b>                        | <b>₱33,204,560</b>                    | <b>₱883,100,000</b> |

*Extent of financial commitment to complete the projects:* The total credit line with financial institutions amounted to ₱2.30 billion as of July 31, 2020 which are available for drawing by any of the companies within Cityland Group. The credit line is with the following financial institutions: Security Bank and Trust Company, Amalgamated Investment Bancorporation, Metrobank Bank and Trust Company.

## 2) Payment of Maturing Notes

The ₱485,870,850 proceeds from the offering are all estimated to be allocated for the payment of maturing commercial papers.

Outstanding Notes as of June 30, 2020  
(based on the Company's financial statements)

| <b>Financial Institution</b> | <b>Amount</b> | <b>Average Interest Rate</b> | <b>Maturity Date</b> |
|------------------------------|---------------|------------------------------|----------------------|
| Commercial Papers            | ₱990,600,000  | - various -                  | - various -          |

The details of outstanding notes with the corresponding amount, interest rate and maturity date are shown in *Exhibit 20*.

a) Breakdown according to type of investors as of June 30, 2020:

|              | <b>Amount</b>       | <b>Percentage (%)</b> |
|--------------|---------------------|-----------------------|
| Individual   | ₱981,000,000        | 99.03%                |
| Corporate    | 9,600,000           | 0.97%                 |
| <b>Total</b> | <b>₱990,600,000</b> | <b>100.00%</b>        |

b) Breakdown according to SEC Permit to Sell as of June 30, 2020:

SEC Permit to Sell No. 39 Series of 2019 ₱990,600,000

## 3) Interest Expense

Interest expense amounting to ₱19,633,600 is computed based on the average commercial paper interest rate as of June 30, 2020 as shown below:

| <b>Lender</b> | <b>Principal</b> | <b>Rate</b> | <b>Term</b> | <b>Interest</b> |
|---------------|------------------|-------------|-------------|-----------------|
| New CP        | ₱1,400,000,000   | 1.4024%     | One year    | ₱19,633,600     |

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

### Others:

- If proceeds are substantially less than the maximum proceeds, the Company will tap existing lines with the bank.
- If material amount of other funds are necessary to finance the construction of 101 Xavierville and Pioneer Heights 1, the Company will also avail loan from its existing lines with banks. The total credit line available for the Company from the following banks is ₱2.30 billion, all of which is unavailed:

| <b>Bank</b>                           | <b>Amount of Line<br/>(in millions)</b> | <b>Nature of Facility</b> | <b>Collateral</b>    |
|---------------------------------------|---|---------------------------|----------------------|
| Security Bank and Trust Company       | ₱1,000                                  | Contracts to Sell         | Receivables          |
| Amalgamated Investment Bancorporation | 600                                     | Omnibus Line              | Real Estate Mortgage |
| Metropolitan Bank and Trust Company   | 500                                     | Omnibus Line              | Clean                |
|                                       | 200                                     | Omnibus Line              | Real Estate Mortgage |
| <b>Total</b>                          | <b>₱2,300</b>                           |                           |                      |

- Proceeds from the offering will not be used for reimbursement by any officer, director, employee or any shareholder for service rendered, asset previously transferred or money loaned or advanced.
- The proceeds from the offering is not intended to acquire properties within the next twelve months.



e) The expenses related to the issuance and distribution of the CPs include the following:

Actual expenses which are determined upon filing and registration of the CPs with the Commission. These include:

- Registration fee - this refers to the amount of filing fee and legal research fee paid to the Commission in accordance with Securities Regulation Code (SRC);
- Legal and accounting fees - these refer to the professional fees paid for the registration of the CPs; and

The estimated expenses which are determined only upon the approval of the commercial paper application and upon the actual distribution of the securities registered include the following:

- Printing costs - pertain to the estimated cost of printing of the commercial papers/promissory notes at the time of sale/distribution; and
- Documentary stamps tax - pertain to the tax to be paid on the documents, notes or papers evidencing the sale of the CPs registered with the Commission.
- Publication fee - this relates to the cost of publication of the notice of filing of CPs with the Commission as required under SRC Rule 8 (2) (b).

**DETERMINATION OF THE OFFERING PRICE**

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

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

**OFFERING PERIOD**

The offering period will commence upon approval of the SEC of the CPs and will end upon the expiry of the Permit to Sell of the CPs or one year after SEC approval.

## PLAN OF DISTRIBUTION

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

|                      | <b>% to Total</b> | <b>Amount</b>         |
|----------------------|-------------------|-----------------------|
| General Public       | 70                | ₱980,000,000          |
| Institutional Buyers | 30                | 420,000,000           |
| <b>Total</b>         | <b>100</b>        | <b>₱1,400,000,000</b> |

The projected CPs to be offered within the offering period are as follows:

| <b>Period Covered</b>     |                            | <b>Amount</b>         |
|---------------------------|----------------------------|-----------------------|
| Within the First Quarter  | November 2020-January 2021 | ₱350,000,000          |
| Within the Second Quarter | February 2021-April 2021   | 350,000,000           |
| Within the Third Quarter  | May 2021-July 2021         | 350,000,000           |
| Within the Fourth Quarter | August 2021-October 2021   | 350,000,000           |
| <b>Total</b>              |                            | <b>₱1,400,000,000</b> |

The securities to be registered are to be offered through the Company's salesmen duly licensed by the Commission. The Company's salesmen are registered and authorized to act as Fixed Income Market Salesman with a Certificate of Registration issued by the SEC-Company Registration and Monitoring Department (CRMD). Please see *Exhibit 21* for the Certificate of Registration of Salesmen.

The monthly compensation of these salesmen ranges from ₱25,000.00 to ₱32,000.00. They are also entitled to mandatory benefits and bonuses such as the 13<sup>th</sup> month pay; and bonuses and incentives which are dependent on the Company's earnings as well as the salesman's performance.

As in the previously approved commercial paper issuance, the Company requested for exemption from the underwriting agreement as it has demonstrated its capability to sell the CPs through its own selling efforts as mentioned in the foregoing paragraph.

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

## DESCRIPTION OF REGISTRANT'S SECURITIES

### 1) Total Issue Amount

Up to ONE BILLION FOUR HUNDRED MILLION PESOS (₱1,400,000,000) in aggregate principal amount of the CPs will be issued by the Company pursuant to the Offer upon approval and issuance by the Securities and Exchange Commission (SEC) of the Permit to Sell Securities.

### 2) Provisions

#### a) Instrument

The instrument pertains to CPs which constitutes direct, unconditional and general obligations of the Issuer. The CPs may be in registered or bearer form.

#### b) Issue Date

The issue dates can be any of the dates within the validity period granted by the SEC.

#### c) Term/Maturity

The CPs shall have a term not exceeding 365 days from issue date.

#### d) Interest Rates

The interest rate(s) will be fixed and payable in arrears either monthly, quarterly, semi-annually or annually or at the end of the term based on the prevailing market interest rates at the time of issuance. The average interest rate as of June 30, 2020 is 1.4024%.

#### e) Redemption

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

#### f) Minimum Denomination Purchase

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

#### g) Tax on the Interest on the CPs

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

#### h) Penalty Interest

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

## i) Documentary Stamps on Original Issuance

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

## j) Conversion, amortization, sinking fund and retirement

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

**3) Substitution**

Substitution is not permitted with or without notice.

**4) Material Provisions Giving or Limiting Rights of Debt Holders**

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

**5) Financial Ratios**

|  | As of<br>June 30, 2020 | December 31 |       |       | Average<br>(2019-2017) |
|--|------------------------|-------------|-------|-------|------------------------|
|  | 2020                   | 2019        | 2018  | 2017  |                        |
| Current ratio                          | 3.60                   | 3.08        | 2.80  | 2.42  | 2.77                   |
| Asset to equity ratio                  | 1.41                   | 1.45        | 1.47  | 1.44  | 1.45                   |
| Debt to equity ratio                   | 0.13                   | 0.16        | 0.19  | 0.22  | 0.19                   |
| Asset to liability ratio               | 5.19                   | 4.73        | 4.56  | 4.93  | 4.74                   |
| Solvency ratio*                        | 0.24                   | 0.34        | 0.30  | 0.30  | 0.31                   |
| Interest rate coverage ratio           | 159.71                 | 65.49       | 55.06 | 84.00 | 68.18                  |
| Acid-test ratio                        | 1.92                   | 1.62        | 1.67  | 1.69  | 1.66                   |
| Return on equity (%)*                  | 5.39                   | 8.43        | 7.67  | 7.20  | 7.77                   |
| Basic/Diluted Earnings per share (₱)** | 0.10                   | 0.15        | 0.13  | 0.11  | 0.13                   |

\* Annualized for the period of June 30, 2020.

\*\*Annualized for the period of June 30, 2020 and after retroactive effect of 6.5% and 5.0% stock dividends in 2019.

***Manner of Calculations :***

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

***Significance:***

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

Asset to equity ratio measures the financial stability of the entity.

Interest rate coverage ratio is used to determine the company's ability to pay interest payments. It determines how easily a company can pay interest expenses on outstanding debt.

Return on equity or ROE is one of the measurements of the company's profitability from the stockholders' viewpoint. It indicates the profitability of their investment in a company.

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

Measures on the non-renewal of investment

Reinvestment percentage based on the matured Commercial Papers as of July 31, 2020 resulted to 92.82%. Based on this figure, the remaining 7.18% reflected the percentage of investors who did not renew their investment in commercial papers.

In case the Company's investors will no longer renew their investments, the Company has sufficient cash to pay its investors. The Company has established a strong cash planning and management to ensure that its resources are properly utilized. As reflected in the Company's financial statements as of June 30, 2020, it has a stable cash position. Thus, the risk of default is remote. The Company also has an available credit line with financial institutions in case the current financial position is not sufficient to payoff the Company's obligations. Lastly, the total consolidated assets (Php11.14 billion) as of June 30, 2020 is significantly higher than the total liabilities (Php2.15 billion) resulting to a 5.19 asset to liability ratio.

The Company believes that its cash position is sufficient to be able for the Company to support its operations and settle its financial obligations.

**6) Track Record of Securities Registered under Securities Regulation Code (SRC)**

| SEC Order No.          | Date Issued       | Nature of Securities | Amount Registered | Amount Outstanding as of June 30, 2020 |
|------------------------|-------------------|----------------------|-------------------|--|
| 1. 039 Series of 2019  | October 23, 2019  | CP                   | ₱1,400,000,000    | ₱990,600,000                           |
| 2. 031 Series of 2018  | November 6, 2018  | CP                   | 1,400,000,000     | —                                      |
| 3. 032 Series of 2017  | November 6, 2017  | CP                   | 1,350,000,000     | —                                      |
| 4. 035 Series of 2016  | November 14, 2016 | CP                   | 1,300,000,000     | —                                      |
| 5. 076 Series of 2015  | November 11, 2015 | CP                   | 1,200,000,000     | —                                      |
| 6. 058 Series of 2014  | November 10, 2014 | CP                   | 1,400,000,000     | —                                      |
| 7. 067 Series of 2013  | November 22, 2013 | CP                   | 1,400,000,000     | —                                      |
| 8. 180 Series of 2012  | November 23, 2012 | CP                   | 1,000,000,000     | —                                      |
| 9. 344 Series of 2011  | November 25, 2011 | CP                   | 1,000,000,000     | —                                      |
| 10. 294 Series of 2010 | December 2, 2010  | CP                   | 1,000,000,000     | —                                      |
| 11. 187 Series of 2009 | December 7, 2009  | CP                   | 900,000,000       | —                                      |
| 12. 147 Series of 2008 | December 8, 2008  | CP                   | 900,000,000       | —                                      |
| 13. 195 Series of 2007 | December 14, 2007 | CP                   | 1,200,000,000     | —                                      |
| 14. 182 Series of 2006 | December 28, 2006 | CP                   | 700,000,000       | —                                      |
| 15. 151 Series of 2005 | December 28, 2005 | CP                   | 595,000,000       | —                                      |
| 16. 179 Series of 2004 | December 29, 2004 | CP                   | 635,000,000       | —                                      |
| 17. 378 Series of 2003 | November 27, 2003 | CP                   | 1,000,000,000     | —                                      |

**MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY**

Commercial Papers (CPs) have no established public trading market from which market information for CPs can be obtained.



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

### Dividends Policy

(Registrant and its subsidiaries and affiliates)

Dividends declared by the Company are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Company. Cash dividends on common shares are deducted from retained earnings upon declaration by the Board of Directors (BOD). Stock dividends on common shares are measured based on the par value of declared stock dividends. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company.

### Dividends

Dividends declared and issued/paid by the Parent Company in 2019, 2018 and 2017 are as follows:

| Dividends | BOD Approval<br>Date | Stockholders'<br>Approval Date | Per Share | Stockholders of<br>Record Date | Date<br>Issued/Paid |
|-----------|----------------------|--------------------------------|-----------|--------------------------------|---------------------|
| Cash      | May 30, 2019         | –                              | ₱0.0450   | June 17, 2019                  | June 28, 2019       |
|           | May 8, 2018          | –                              | 0.0301    | May 23, 2018                   | June 07, 2018       |
|           | May 23, 2017         | –                              | 0.0360    | June 6, 2017                   | June 22, 2017       |
| Stock     | April 25, 2019       | June 6, 2019                   | 5.00%     | July 5, 2019                   | July 31, 2019       |
|           | September 5, 2018    | October 5, 2018                | 6.50%     | April 12, 2019                 | May 10, 2019        |
|           | April 27, 2017       | June 6, 2017                   | 5.00%     | July 6, 2017                   | August 1, 2017      |

Fractional shares of stock dividends were paid in cash based on the par value.

In the special meeting held on July 6, 2020, the Board of Directors approved the declaration of five percent (5%) stock dividends to stockholders of record as of September 17, 2020 to be distributed on October 13, 2020. This was approved and ratified by the stockholders during the Annual Stockholders' Meeting (ASM) last August 18, 2020.

On March 21, 2019, the SEC resolved to authorize the issuance of 6.5% stocks dividends to cover the dividends declared by its Board of Directors on May 2, 2018 and readopted on September 5, 2018 and ratified by the stockholders representing two-thirds (2/3) of outstanding capital stocks on June 5, 2018 and readopted on October 5, 2018.

In the special meeting held on April 25, 2019, the Board of Directors approved the declaration of 5% stock dividends to stockholders of record as of July 5, 2019 and was distributed on July 31, 2019. This was approved and ratified by stockholders during the ASM last June 6, 2019. The record date of the said meeting was on May 6, 2019.

### Stock Prices

|             |                | Unclassified Common Shares |      |
|-------------|----------------|----------------------------|------|
|             |                | High                       | Low  |
| <b>2020</b> | First Quarter  | 0.87                       | 0.65 |
|             | Second Quarter | 0.80                       | 0.70 |
| <b>2019</b> | First Quarter  | 1.05                       | 0.85 |
|             | Second Quarter | 1.01                       | 0.85 |
|             | Third Quarter  | 1.05                       | 0.82 |
|             | Fourth Quarter | 0.87                       | 0.80 |
| <b>2018</b> | First Quarter  | 1.19                       | 0.99 |
|             | Second Quarter | 1.07                       | 0.90 |
|             | Third Quarter  | 1.10                       | 0.85 |
|             | Fourth Quarter | 0.93                       | 0.83 |

Note: Prices in 2019 took into account the 6.5% and 5.0% stock dividends declared to the stockholders of record as of April 12, 2019 and July 5, 2019, respectively.

## Trading Market

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

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

## Price Information on the Latest Practicable Date

The Parent Company's shares were last traded on September 30, 2020 at ₱0.77 per share.

## Holdings

- a) The number of shareholders of record as of September 30, 2020 was 651.  
 b) The Top 20 Stockholders on record as of September 30, 2020 are as follows:

| Name  | No. of Shares<br>Held | Percentage<br>(%) |
|---|-----------------------|-------------------|
| 1. Cityland, Inc.                           | 2,244,843,287         | 50.98             |
| 2. PCD Nominee Corporation-Filipino         | <u>927,959,578</u>    | <u>21.07</u>      |
| 3. Liuson, Grace C.                         | 210,831,166           | 4.79              |
| 4. Roxas, Stephen C.                        | 140,281,310           | 3.19              |
| 5. Liuson, Andrew I.                        | 134,787,899           | 3.06              |
| 6. Gohoc, Josef C.                          | 97,339,267            | 2.21              |
| 7. Roxas, Helen C.                          | 66,939,926            | 1.52              |
| 8. PCD Nominee Corporation-Foreign          | <u>41,971,181</u>     | <u>0.95</u>       |
| 9. Recto, Ester C.                          | 34,388,945            | 0.78              |
| 10. Gohoc, Johann C.                        | 29,976,381            | 0.68              |
| 11. Roxas, Stephen C. or Jefferson C. Roxas | 24,132,598            | 0.55              |
| 12. Liuson, Grace C. or Josua C. Gohoc      | 24,132,598            | 0.55              |
| 13. Jefcon, Inc.                            | 20,422,954            | 0.46              |
| 14. Chiong, Daniel Yen                      | 20,082,016            | 0.46              |
| 15. Tan, Joyce Liuson or Tan, Philip Sim    | 19,671,610            | 0.45              |
| 16. Chang, Rita D.                          | 19,048,651            | 0.43              |
| 17. Obadiah, Inc.                           | 18,809,398            | 0.43              |
| 18. Shao Chien Yin &/or Shao Christine L.   | 16,088,389            | 0.37              |
| 19. Chiong, Elizabeth                       | 13,406,992            | 0.30              |
| 20. Recto, Ester                            | 13,406,992            | 0.30              |

## Changes in Control

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

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

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

| Year<br>Declared | Stock<br>Dividend | Outstanding Shares |               | Date<br>Distributed |
|------------------|-------------------|--------------------|---------------|---------------------|
|                  |                   | From               | To            |                     |
| 2020             | 5.00%             | 4,403,739,084      | 4,623,925,680 | October 13, 2020    |
| 2019             | 5.0%              | 4,194,037,550      | 4,403,739,084 | July 31, 2019       |
| 2018             | 6.5%              | 3,938,063,701      | 4,194,037,550 | May 10, 2019        |
| 2017             | 5.0%              | 3,750,537,168      | 3,938,063,701 | August 1, 2017      |

Stock dividends are exempted from registration under Section 10.1-2 (d) of the SRC.

**INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSELS**

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

The audited consolidated financial statements of the Company as of and for the years ended December 31, 2019, 2018 and 2017, together with the notes thereto, have been audited by SGV & Co., independent public accountants, as indicated in their reports which are included herein, in recognition of the authority of SGV & Co. as experts in accounting and auditing in giving such reports.

The above-mentioned experts and independent counsels will not receive a direct or indirect interest from the registrant nor was such expert and independent counsel is a promoter, underwriter, voting trustee, director, officer or employee of the registrant.

## INFORMATION WITH RESPECT TO THE REGISTRANT

### BUSINESS

#### A. Background Information

##### 1) *Brief Company History*

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

##### 2) *Listing in Stock Exchange*

The Company was listed with the Manila and Makati Stock Exchange in March 1983.

##### 3) *Subsidiaries*

###### a) City & Land Developers, Incorporated (CLDI) *SEC Registration No. 152661*

CLDI is a domestic publicly listed corporation and a real estate company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on June 28, 1988. Its principal office address is at 3/F Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City.

Financial performance:

|                          | <u>As of</u><br><u>June 30, 2020</u> | <u>As of</u><br><u>December 31, 2019</u> | <u>As of</u><br><u>December 31, 2018</u> | <u>As of</u><br><u>December 31, 2017</u> |
|--------------------------|--------------------------------------|--|--|--|
| Revenue                  | ₱138,763,087                         | ₱630,232,431                             | ₱512,812,865                             | ₱526,333,428                             |
| Expenses                 | 88,188,530                           | 392,770,409                              | 312,825,180                              | 373,542,516                              |
| Income before income tax | 50,574,557                           | 237,462,022                              | 199,987,685                              | 152,790,912                              |
| Net income               | 40,370,853                           | 175,707,125                              | 149,702,816                              | 131,049,653                              |

###### b) Cityplans, Incorporated (CPI) *SEC Registration No. 156675*

CPI is a pre-need company incorporated under the laws of the Philippines and registered with the SEC on October 27, 1988. Its principal office address is at 3/F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City.

Financial performance:

|                          | <u>As of</u><br><u>June 30, 2020</u> | <u>As of</u><br><u>December 31, 2019</u> | <u>As of</u><br><u>December 31, 2018</u> | <u>As of</u><br><u>December 31, 2017</u> |
|--------------------------|--------------------------------------|--|--|--|
| Revenue                  | ₱14,111,650                          | ₱53,534,299                              | ₱61,584,509                              | ₱37,848,547                              |
| Expenses                 | 8,052,645                            | 37,686,090                               | 39,931,696                               | 26,392,045                               |
| Income before income tax | 6,059,006                            | 15,848,209                               | 21,652,813                               | 11,456,502                               |
| Net income               | 4,740,897                            | 11,698,975                               | 16,436,485                               | 10,262,546                               |

##### 4) *Nature of Operations*

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

Its projects include medium to high-rise office, commercial and residential condominiums located in cities of Makati, Mandaluyong, Manila, Pasig and Quezon City; and residential subdivisions and farmlots in Parañaque, Bulacan and Cavite.

**B. Development of Business for the past three (3) years and two (2) quarters (2017-June 30, 2020)**

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

**Cityland Development Corporation (Parent Company)**

|                            | PERCENTAGE SOLD     |        |        |       |                  |
|----------------------------|---------------------|--------|--------|-------|------------------|
|                            | As of June 30, 2020 | 2019   | 2018   | 2017  |                  |
| Pioneer Heights 1          | 21.94               | 18.19  | 12.58* | —     | Launched in 2018 |
| 101 Xavierville            | 28.75               | 26.50  | 19.77* | —     | Launched in 2018 |
| Pines Peak Tower II        | 95.01               | 83.70  | 64.36  | 34.95 | Launched in 2016 |
| Pines Peak Tower I         | 99.90               | 99.66  | 98.96  | 95.65 | Launched in 2012 |
| Grand Central Residences   | 99.56               | 98.68  | 96.52  | 90.17 | Launched in 2010 |
| Makati Executive Tower IV  | 99.59               | 100.00 | 99.71  | 98.35 | Launched in 2009 |
| Makati Executive Tower III | 99.87               | 99.87  | 99.69  | 99.62 | Launched in 2006 |

\* The percentage of completion of Pioneer Heights 1 and 101 Xavierville as of December 31, 2018 were not yet beyond the preliminary stage, hence, for accounting purposes, no revenue from sale of real estate properties was recognized. Cash proceeds from the sale of these projects were recorded as part of liabilities in the statement of financial position.

|                            | PERCENTAGE OF COMPLETION |        |        |        |
|----------------------------|--------------------------|--------|--------|--------|
|                            | As of June 30, 2020      | 2019   | 2018   | 2017   |
| Pioneer Heights 1          | 27.97                    | 23.23  | 5.33   | —      |
| 101 Xavierville            | 39.98                    | 35.44  | 7.45   | —      |
| Pines Peak Tower II        | 100.00                   | 100.00 | 90.64  | 52.98  |
| Pines Peak Tower I         | 100.00                   | 100.00 | 100.00 | 100.00 |
| Grand Central Residences   | 100.00                   | 100.00 | 100.00 | 100.00 |
| Makati Executive Tower IV  | 100.00                   | 100.00 | 100.00 | 100.00 |
| Makati Executive Tower III | 100.00                   | 100.00 | 100.00 | 100.00 |

**City & Land Developers, Incorporated (Subsidiary)**

|                     | PERCENTAGE SOLD     |       |       |       |                  |
|---------------------|---------------------|-------|-------|-------|------------------|
|                     | As of June 30, 2020 | 2019  | 2018  | 2017  |                  |
| One Taft Residences | 33.15               | 30.00 | 20.34 | 14.29 | Launched in 2016 |
| North Residences    | 96.71               | 89.55 | 84.23 | 61.63 | Launched in 2014 |

|                     | PERCENTAGE OF COMPLETION |        |        |       |
|---------------------|--------------------------|--------|--------|-------|
|                     | As of June 30, 2020      | 2019   | 2018   | 2017  |
| One Taft Residences | 62.18                    | 60.06  | 25.59  | 14.93 |
| North Residences    | 100.00                   | 100.00 | 100.00 | 97.37 |

**Project Description****Cityland Development Corporation****Future Project:***Pioneer Heights 2*

Pioneer Heights 2 is an office, residential and commercial condominium to be located at Reliance St., Brgy. Highway Hills, Mandaluyong City.

**Ongoing Projects:***Pioneer Heights 1*

Pioneer Heights 1 is a 24-storey office, commercial and residential condominium located at Pioneer St., Brgy. Highway Hills, Mandaluyong City. Its amenities include swimming pool, children's playground, multi-purpose function room, laundry room, information area, administration room and 24-hour association security.

Estimated Date of completion: December 2023

*101 Xavierville*

101 Xavierville is a 40-storey commercial and residential condominium located along Xavierville Avenue, Loyola Heights, Quezon City. The project is easily accessible to various schools such as Ateneo de Manila University, University of the Philippines and Miriam College; recreational parks and leisure places.

Estimated Date of Completion: February 2024

**Completed Projects:**

Buildings for Lease:

*CityNet Central*

CityNet Central is a 22-storey commercial and PEZA-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with its proximity to MRT station and various transportation hubs.

*CityNet1*

CityNet1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

*Pines Peak Tower II*

Pines Peak Tower II is a 27-storey residential condominium conceptualized for the fast-paced Filipino family. It is beside Pines Peak Tower I along Pines St., Brgy. Barangka Ilaya, Mandaluyong City. It is only a block away from the major thoroughfare of EDSA, near Shaw Boulevard, Pioneer and MRT Boni Station. The project is easily accessible to various commercial centers like Shangri-La Mall, StarMall, Robinson's Place Pioneer, SM Megamall, The Podium, Metrowalk and schools like Lourdes School of Mandaluyong, St. Paul University and University of Asia and the Pacific.

*Pines Peak Tower I*

Pines Peak Tower I is a 27-storey residential condominium located at Union corner Pines St., Barangka, City of Mandaluyong. Its amenities include swimming pool, viewing deck, multi-purpose function room with movable children play set, gym and 24-hour association security.

*Grand Central Residences*

Grand Central Residences is a 40-storey office, commercial and residential condominium located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City. It is in close proximity to schools, churches, malls and hospitals. It is equipped with swimming pool, multi-purpose function room, gym, multi-purpose deck, CCTV and 24-hour association security.

*Makati Executive Tower IV*

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

*Makati Executive Tower III*

Makati Executive Tower III is a 37-storey commercial, office, and residential condominium located at Cityland Square, Sen. Gil Puyat Avenue, Pio Del Pilar, Makati City. Its amenities include swimming pool, sauna, viewing deck, jogging area, mini-gym, children's playground, function room and 24-hour association security.

## City & Land Developers, Incorporated

### Future Project:

#### *One Hidalgo*

One Hidalgo is a 39-storey mixed residential, office and commercial condominium to be located at 1730 P. Hidalgo Lim St., corner Gen. Malvar St., Malate, Manila. It is near to various universities (De La Salle University, University of the Philippines-Manila, Philippine Christian University), government agencies (Supreme Court, Court of Appeals, Department of Justice) and other leisure establishments.

### Ongoing Project:

#### *One Taft Residences*

One Taft Residences is a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. It is with easy access to various universities (De La Salle University, University of the Philippines-Manila, Philippine Christian University), transportation hubs, shopping centers, businesses, commercial and government offices.

Estimated Date of Completion: September 2022

### Completed Project:

#### *North Residences*

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

## 1) Marketing

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

## 2) Revenue Contribution to Total Revenues on Sales of Real Estate

|   | PERCENTAGE (%)      |               |               |               |
|---|---------------------|---------------|---------------|---------------|
|   | As of June 30, 2020 | 2019          | 2018          | 2017          |
| <b>Cityland Development Corporation</b>         |                     |               |               |               |
| Pioneer Heights I                               | 39.69               | 10.99         | –             | –             |
| Grand Central Residences                        | 2.70                | 5.71          | 13.86         | 25.42         |
| Pines Peak Tower II                             | 16.04               | 30.27         | 42.99         | 19.89         |
| 101 Xavierville                                 | 15.24               | 14.59         | –             | –             |
| Pines Peak Tower I                              | 1.02                | 1.68          | 7.14          | 9.92          |
| One Premier                                     | 0.38                | 2.59          | –             | –             |
| Makati Executive Tower III                      | –                   | 0.89          | 1.20          | 2.23          |
| Makati Executive Tower IV                       | –                   | 0.63          | 2.53          | 3.65          |
| Mandaluyong Executive Mansion III               | –                   | –             | 0.78          | 1.59          |
| Manila Executive Regency                        | –                   | –             | 0.40          | 0.72          |
| Makati Executive Tower II                       | –                   | –             | 0.20          | 0.41          |
| Others  | –                   | 0.58          | 0.37          | 1.29          |
| <b>City &amp; Land Developers, Incorporated</b> |                     |               |               |               |
| One Taft Residences                             | 19.97               | 20.08         | 5.05          | 3.86          |
| North Residences                                | 3.41                | 9.66          | 21.78         | 26.88         |
| Grand Emerald Tower                             | 0.35                | 0.52          | 0.43          | 1.34          |
| Others  | 0.56                | 0.11          | 0.74          | 1.46          |
| <b>Cityplans, Incorporated</b>                  |                     |               |               |               |
| Grand Central Residences                        | 0.64                | 0.48          | 0.78          | 0.17          |
| The Manila Residences II                        | –                   | 1.22          | 0.41          | 0.19          |
| Others  | –                   | –             | 1.34          | 0.98          |
| <b>Total</b>                                    | <b>100.00</b>       | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

### 3) Contribution of the Subsidiaries to the Total Revenue/Total Net Income

|                                      | Total Revenue (%)   |       |       |       |
|--------------------------------------|---------------------|-------|-------|-------|
|                                      | As of June 30, 2020 | 2019  | 2018  | 2017  |
| City & Land Developers, Incorporated | 19.93               | 25.94 | 24.94 | 28.55 |
| Cityplans, Incorporated              | 2.03                | 2.20  | 3.00  | 2.05  |
|                                      | Net Income (%)      |       |       |       |
|                                      | As of June 30, 2020 | 2019  | 2018  | 2017  |
| City & Land Developers, Incorporated | 17.37               | 23.93 | 23.83 | 23.74 |
| Cityplans, Incorporated              | 2.04                | 1.59  | 2.62  | 1.86  |

### 4) Domestic and Foreign Sales Contribution to Total Sales

|                   | PERCENTAGE (%)      |               |               |               |
|-------------------|---------------------|---------------|---------------|---------------|
|                   | As of June 30, 2020 | 2019          | 2018          | 2017          |
| <b>Sales</b>      |                     |               |               |               |
| Filipino Citizens | 88.26               | 90.53         | 90.16         | 89.46         |
| Foreign Citizens  | 11.74               | 9.47          | 9.84          | 10.54         |
| <b>Total</b>      | <b>100.00</b>       | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

### 5) Competition

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

The Group sells its products, which consist of condominium projects, to both end-users and investors at affordable prices. It foresees that the demand for real estate properties such as residential/condominium units will remain underserved due to: i) continued shift from rural to urban areas; ii) continued increase in number of Overseas Filipino Workers (OFW) who have shown growing propensity for home purchase; iii) population growth; iv) increase in BPO offices; and v) worsening traffic in the business district; and vi) increase in number of tourist arrivals.

The condominium project which is quite similar in price, type of development and proximity to 101 Xavierville is Hawthorne Heights, a project of Vista Residences, which is located along Katipunan Avenue, Quezon City.

The condominium project which is quite similar with Pioneer Heights 1 in terms of price, type of development, market and location is Sunshine 100 City Plaza, a project of Property 101, Inc., which is located at #4 Pioneer St., corner Sheridan St., Mandaluyong City.

The condominium project which is quite similar in price, type of development and proximity to Makati Executive Towers III and IV is The Linear, a project of Filinvest Land, Inc., which is located at corner Yakal, Malugay and Mayapis St., Makati City.

The condominium projects that are quite similar with Grand Central Residences in terms of location is the Fame Residences, a project of SM Development Corporation, which is located along EDSA and Mayflower St., Brgy. Highway Hills, Mandaluyong City.

The condominium project that is quite similar in classification and proximity to Pines Peak Tower I and II is the Avida Towers Centera, a project of Avida Land Corporation, which is located in Mandaluyong City.

The condominium project that is quite similar with One Taft Residences in terms of price, type of development, market and location is Victoria De Manila 2, by New San Jose Builders, which is located along Taft corner General Malvar, Malate, Manila.



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

The Group believes that its projects are competitive because of its good location and affordable pricing.

#### 6) Customers

The Group has a broad market base and is not dependent upon a single or few customers. The Group has no significant transactions with customers in terms of percentage to total sales.

#### 7) Purchases of Raw Materials and Supplies

The Group engaged the services of Millenium Erectors Corporation for the civil and architectural works in the development of its projects.

The Group has no existing major supplier of its projects. The major construction materials like steel bars, cement, etc. are sourced through canvassing and bidding from its list of accredited suppliers. The Group then purchases the construction materials from the supplier providing quality services/products with reasonable cost.

#### 8) Transactions with and/or Dependence on Related Parties

The Group, in the normal course of business, has transactions and account balances with related parties.

Discussions of Transactions with and/or Dependence on Related Parties are discussed thoroughly in Certain Relationships and Related Party Transactions on page 60 of this report.

#### 9) Number of Employees

The Group has a total of 149 employees as of June 30, 2020 classified as follows:

|              |                   |                |                   |
|--------------|-------------------|----------------|-------------------|
| Managerial   | 27                | Administrative | 86                |
| Rank & File  | <u>122</u>        | Operations     | <u>63</u>         |
| <b>Total</b> | <b><u>149</u></b> | <b>Total</b>   | <b><u>149</u></b> |

The number of employees is expected to increase by 13% within the next 12 months. The Group maintains an organizational framework whereby important management functions as well as administrative tasks are shared within the Cityland Group.

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

The Group's employees are not on strike neither, are threatening to strike nor have they been on strike in the past three (3) years.

#### 10) Patents, Trademarks, Copyrights, Licenses, Franchise, Concessions and Royalty Agreements

The following table summarizes the registered trademarks of the Group:

|             | <b>TRADEMARK</b>                     | <b>REGISTRATION No.</b> | <b>Expiry Date</b> |
|-------------|--------------------------------------|-------------------------|--------------------|
| <b>CDC</b>  | We Commit, We Deliver                | 4-2018-00005628         | August 2, 2028     |
|             | CITYLAND                             | 4-2018-00005627         | August 2, 2028     |
|             | CDC                                  | 4-2018-00005630         | August 2, 2028     |
|             | CityNet Central                      | 4-2016-00006287         | August 11, 2026    |
|             | CityNet1                             | 4-2012-00004428         | November 15, 2022  |
| <b>CLDI</b> | City & Land Developers, Incorporated | 4-2018-00006491         | October 14, 2028   |
|             | CLDI                                 | 4-2018-00005626         | August 2, 2028     |
| <b>CPI</b>  | Cityplans, Inc. with Logo            | 4-2013-00007503         | August 14, 2024    |
|             | CITYPLANS, INCORPORATED              | 4-2018-00006492         | October 14, 2028   |

## 11) Government Approval of Projects

The following are the government permits obtained by the Company on its ongoing projects:

| Government Agency  | Status of Approval   |  |
|--|--|--|
|  | 101 Xavierville  | Pioneer Heights 1  |
| a. Housing and Land Use Regulatory Board<br>- Certificate of Registration/License to Sell  | Approval Granted   | Approval Granted   |
| b. City/Municipal Building Official/<br>Department of Public Works and Highways.<br>1. Development Permit by HLURB/Location<br>2. Building Permit<br>- Excavation, Civil Works<br>- Mechanical, Electrical, Sanitary, Fire, Sidewalk<br>3. Occupancy Permit<br>(electrical, fire, mechanical, civil, sanitary) | Approval Granted<br><br>Approval Granted<br>Approval Granted<br>To apply upon project completion | Approval Granted<br><br>Approval Granted<br>Approval Granted<br>To apply upon project completion |
| c. Department of Environment and Natural Resources<br>- Environmental Compliance Certificate (ECC)<br>- Permit to Construct Sewage Treatment Plant (STP)<br>- Permit to Operate STP  | Approval Granted<br>Approval Granted<br>To apply upon project completion                         | Approval Granted<br>Approval Granted<br>To apply upon project completion                         |
| d. Laguna Lake Development Authority (LLDA)<br>- Permit to Construct Sewage Treatment Plant (STP)<br>- Permit to Operate STP   | Approval Granted<br>To apply upon full operation   | N/A<br>N/A   |

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

The Group has complied with all the appropriate government regulations prior to the development and marketing of its projects. Compliance with these requirements symbolizes the unrelenting commitment of the management to service and protection of its community and environment.

## 13) Amount Spent for Research/Development Activities

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

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

Payments made by the Group for environmental clearances to DENR are as follows:

|             |  |
|-------------|--|
| <b>2019</b> | Payment of ₱54,363.14 to Laguna Lake Development Authority for the LLDA Clearance of North Residences, a project of CLDI.<br>Payment of ₱117,232.91 to Laguna Lake Development Authority for the LLDA Clearance of City North Tower, a project of CDC.<br>Payment of ₱4,339.23 to EMB-NCR for the renewal of discharge permit of CityNet1, a project of CDC  |
| <b>2018</b> | Payment of ₱40,000.00 to EMB-NCR for the penalty EMB-NCR Case No.: 18-612.<br>Payment of ₱328,500.00 to LAQ consulting as final payment for ECC procurement of Pioneer Heights 1&2, a project of CDC.<br>Payment of ₱10,015.00 to LAQ consulting for Environmental Compliance Certificate Application fee for Pioneer Heights 1&2.<br>Payment of ₱8,500.00 to Environmental Counselors Inc. for 40-hour training course for pollution control officer of North Residences.<br>Payment of ₱4,000.00 to Environmental Counselors Inc. for environmental training for the Managing Head of NRT. |
| <b>2017</b> | Final payment of ₱13,440.00 to LAQ consulting for Laguna Lake Development Authority Clearance of 101 Xavierville, a project of CDC.<br>Payment of ₱89,405.93 to LLDA as application for LLDA Clearance.<br>Partial payment of ₱107,520.00 to LAQ Consulting for LLDA Clearance of 101 Xavierville.<br>Payment of ₱135,000.00 to EMB-NCR Credit Cooperative for Environmental Impact Statement review fund of Pioneer Heights 1&2.<br>Payment of ₱2,849.00 to EMB-NCR for discharge of permit of CityNet1.  |

|   |
|---|
| <p>Payment of ₱13,440.00 to LAQ Consulting as downpayment for ECC &amp; LLDA Clearance of Xavierville Property.</p> <p>Payment of ₱36,500.00 to LAQ Consulting as downpayment for ECC of Pioneer Heights 1&amp;2.</p> <p>Payment of ₱10,000.00 to LLDA for basic training course pollution control officer.</p> <p>Final payment of ₱12,500.00 to LAQ Consulting for ECC &amp; LLDA Clearance of One Hidalgo property, a project of CLDI.</p> <p>Payment of ₱89,350.90 to LLDA as application fee for LLDA Clearance of One Hidalgo property.</p> |
|---|

### 15) Major Risks Involved in Each of the Businesses of the Company

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

These are discussed in detail under “RISKS FACTORS” on page 4 of this report.

### PROPERTIES

Investment properties and real estate properties held for future development as of June 30, 2020 are as follows:

| Particular                                       | Location  | Area (sq.m.) | Description  | Mortgagee/ Limitation                     |
|--|---|--------------|--|---|
| <b>Cityland Development Corporation:</b>         |   |              |  |   |
| 1. Land  | Corner Pioneer and Reliance Sts., partly located in Mandaluyong City & Pasig City | 2,918        | The property is located near MRT3 Boni Station; about a km. away from Ortigas Center and presently improved with warehouse buildings.                    | Security Bank/ ₱1,600M & Metrobank/ ₱200M |
| 2. Land  | Brgy. Panungyanan, Gen. Trias, Cavite   | 501,832      | The land is adjacent to Eagle Ridge Golf Course & Gateway Business Park.   | —   |
| 3. Land  | Alabang Zapote Road, Almanza Uno, Las Piñas City                                  | 2,959        | Lot is located at the northeast side of Alabang-Zapote Road.   | —   |
| 4. Building for lease (CityNet1)                 | Bo. Wack-Wack, Mandaluyong City   | 2,367        | The property is located near POEA in front of Robinson's Galleria; along EDSA very near MRT3 Ortigas Station.  | Security Bank/ ₱1,600M                    |
| 5. Building for lease (CityNet Central)          | Brgy. Highway Hills, Mandaluyong City   | 3,300        | Lot is located near EDSA Central & Shangri-La Mall in Shaw Blvd.   | —   |
| 6. Office Condo                                  | H.V. Dela Costa St., Salcedo Village, Makati City                                 | 891          | This is an office condominium for lease and office use located at Cityland 10 Tower I&II in H.V.dela Costa corner Geronimo and Valero Sts., Makati City. | Metrobank/ ₱200M                          |
| 7. Land  | Brgy. Bagong Pag-asa, Quezon City   | 2,025        | Lot is located along North Avenue, Brgy. Bagong Pag-asa, Quezon City   | —   |
| 8. Land  | Brgy. Panungyanan, General Trias, Cavite  | 30,000       | Lot is located along Amadeo-Tagaytay Road  | —   |
| 9. Parking                                       | EDSA corner Sultan St., Mandaluyong City  | 27 slots     | Located at EDSA corner Sultan St., (fronting MRT Shaw), Mandaluyong City   | —   |
| <b>City &amp; Land Developers, Incorporated:</b> |   |              |  |   |
| 1. Land  | Roxas Blvd. Cor. Mia Road, Brgy. Tambo, Parañaque City                            | 3,154        | Lot is located along Roxas Blvd. Property  | —   |
| 2. Land  | 0007 Boni Ave., Malamig Mandaluyong City  | 5,000        | Lot is located along Boni Avenue   | —   |

### *Ownership*

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

### *Plan to Purchase*

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

### *Lease Contracts*

Leased properties of the Group as of June 30, 2020 are as follows:

| <b><u>Project Name</u></b>  | <b><u>Consolidated<br/>Rental Income</u></b> |
|---|--|
| CityNet Central - Building for Lease                                | ₱48,555,507                                  |
| CityNet1 - Building for Lease                                       | 28,163,878                                   |
| Pioneer - Units/Warehouse/Parking                                   | 6,464,790                                    |
| Pines Peak Tower II - Condominium Units                             | 4,594,804                                    |
| Grand Central Residences - Condominium Units                        | 4,242,105                                    |
| North Residences - Condominium Units                                | 2,049,266                                    |
| Cityland Condominium 10 Towers I and II - Condominium Units/Parking | 1,699,948                                    |
| The Manila Residences Tower II - Condominium Units                  | 1,424,903                                    |
| Grand Emerald Tower - Condominium Units                             | 1,319,660                                    |
| Pines Peak Tower I - Condominium Units                              | 777,911                                      |
| Makati Executive Tower IV - Condominium Units/Parking               | 384,079                                      |
| Cabahug Property - Lot for lease                                    | 258,387                                      |
| Cityland Herrera Tower - Parking/Storage                            | 96,920                                       |
| Rada Regency - Parking  | 90,938                                       |
| Makati Executive Tower III - Condominium Units/Parking              | 72,768                                       |
| Manila Executive Regency - Condominium Units/Parking                | 60,000                                       |
| Corinthian Executive Regency - Condominium Units                    | 57,509                                       |
| Pacific Regency - Condominium Units                                 | 44,750                                       |
| <b><u>Total</u></b>   | <b><u>₱100,358,123</u></b>                   |

Leased properties as of June 30, 2020 include the following buildings for lease registered with Philippine Economic Zone Authority (PEZA) which are leased out to third parties:

|                 | <b><u>PEZA Registration No.</u></b> | <b><u>Date Registered</u></b> |
|-----------------|-------------------------------------|-------------------------------|
| CityNet1        | EZ14-04                             | March 3, 2014                 |
| CityNet Central | EZ15-06                             | February 17, 2015             |

The Group entered into long-term lease contracts with terms ranging from three (3) to ten (10) years. Other lease contracts range from one (1) month to one (1) year.

## LEGAL PROCEEDINGS

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

### 1) Cityland Development Corporation (Registrant)

***Cristy Katsui vs. Cityland Development Corporation***

OP Case No. 15-A-001

Office of the President

Date Instituted: June 26, 2012

Cristy Katsui filed a Complaint dated June 20, 2012 which was received by Cityland on July 20, 2012, seeking an order for the rescission of the Contract to Sell over a commercial unit no. G-11 in Makati Executive Tower IV and for the return of all the amortizations paid by her and her children in the total amount of ₱1,634,000.00.

Cityland stated in its Answer that it cancelled the above-mentioned Contract to Sell in compliance with the instruction of Katsui in her letter, in behalf of all the Buyers, dated June 21, 2011. She was informed that she is not entitled to any cash surrender value under R.A. No. 6552 that requires a minimum payment of 24 monthly installments. Katsui paid only 14 installments. Besides, the unit is a commercial unit which is not covered by the law which seeks to protect buyers of residential units. Unfavorable decision was rendered by the HLURB and the same was elevated to the Office of the President which is now pending.

### 2) Cityland, Inc. (Ultimate Parent Company)

***Sps. Banson & Electra Cheng vs. Cityland Inc.***

O.P. Case No. 15-G-201

Office of the President

Date Instituted: March 20, 2013

Spouses Cheng filed a Complaint for Specific Performance with Damages praying that Cityland comply and continue with the sale of Condominium Unit No. 6017 and Parking Slot No. B-104 and B-105 of Tagaytay Prime Residences. Cityland stated in its Answer that no Deed of Absolute Sale or Contract to Sale was entered into by the parties. There was no meeting of minds to consummate a contract because there was no consent made by the seller (Cityland). The HLURB-Region IV Office decided in favor of the complainant. The Board of Commissioners in a Decision dated June 22, 2015 reversed and set aside the decision of the HLURB-Region IV, and rendered a new judgment dismissing the complaint. Sps. Cheng appealed the case before the Office of the President which is now pending.

***Republic of the Philippines represented by the Department of Public Works and Highways (DPWH) vs. Cityland Inc.***

Civil Case No. SCA-1063

Pasig Regional Trial Court - Branch 71

Date Instituted: January 30, 2014

DPWH filed a Complaint for Expropriation for the 248 sqm. portion of the property owned by Cityland, located along Shaw Blvd., Ortigas Center, Pasig City, which became a part of the Shaw Blvd. Flyover. A Decision was issued on March 30, 1998 and just compensation has been paid by DPWH. However, the portion of the remaining legal interest remained unpaid, thus Cityland filed a Motion to direct that an accounting be made of the unsatisfied amount. Court ordered accounting. Office of the Solicitor General filed Motion for Reconsideration which was denied. Court issued decision dated April 15, 2016 upholding Cityland's position that legal interest is 12% and the decision became final. The Alias Writ of Execution was served by the Sheriff on June 13, 2019. We await payment by DPWH.

***Tagaytay Executive Village Homeowners' Association, Inc. vs. Cityland, Inc.  
Petition for the Revocation of the Certificate of Completion (COC) issued in favor of  
CITYLAND, INC., owner and developer of TAGAYTAY EXEC. VILLAGE, Brgy. San Jose,  
Tagaytay City***

OP Case No. 12-C-045

Office of the President

Date Instituted: November 9, 2011

Tagaytay Executive Village Homeowners' Association, Inc. (TEVHAI) filed an Appeal Memorandum dated November 9, 2011 with the HLURB Board of Commissioners and received by Cityland last November 14, 2011. The case involves a petition to revoke the certificate of completion ("COC"), dated March 10, 2010 issued by the Regional Office, HLURB, Southern Tagalog Region, in favor of Cityland, Inc., owner and developer of Tagaytay Executive Village located at Brgy. San Jose, Tagaytay City. TEVHAI wants the Court to recall/cancel the COC and that Cityland be ordered to fully complete the alleged deficiencies in the amenities. The case was dismissed by the HLURB Board of Commissioners in a Decision dated February 2, 2012. The TEVHAI appealed this case before the Office of the President which is now pending.

**3) City & Land Developers, Incorporated (Subsidiary)**

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

Case No. CA G-R No. CV-112245

Court of Appeals

Date Instituted: July 16, 2013

DPWH filed a Complaint for Expropriation for certain portions of the properties, including the improvements therein, of CLDI located in Brgy. Tambo, Parañaque City, which will be part of the NAIA Expressway Project Phase II.

CLDI disputed the valuation made by the DPWH on the properties. The court issued a Decision in favor of CLDI. The DPWH thru the Office of the Solicitor General (OSG) filed its Motion for Reconsideration which was granted by the new presiding Judge. CLDI filed its Notice of Appeal of the said Order before the Court of Appeals which was granted in a decision dated February 11, 2020. DPWH filed a Motion for Reconsideration and CLDI thereafter filed its opposition/comment. The same is now for resolution.

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

Civil Case No. 12-009

Parañaque Regional Trial Court - Branch 274

Date Instituted: January 16, 2012

SAVHA filed a Complaint dated January 16, 2012 which was received by CLDI on March 3, 2012, to enjoin defendant and all persons allowed by said defendant CLDI from using Benedictine Street in Sta. Ana Village, Brgy. Sun Valley, Parañaque City; and to order the defendant by way of a writ of mandatory injunction to open another outlet to the main road without cost or liability to plaintiff.

CLDI stated in its Answer that plaintiff has not proven its claim over Benedictine Street because the Deed of Donation used by the plaintiff is a falsified and/or spurious document. Furthermore, there is a Right-of-Way Agreement for Benedictine Street. Case was dismissed. However, SAVHA filed a Motion for Reconsideration which was granted. SAVHA's unnotarized Judicial Affidavit of first witness was expunged from the records of the case. SAVHA's legal counsel withdrew from the case. New counsel for SAVHA appeared. Trial of the case is ongoing.

**Property**

Aside from the mentioned cases, there were no cases filed wherein the Group's property/ies is/are the subject.

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### For the six months ended June 30, 2020

The gross domestic product (GDP) declined by 0.2%<sup>1</sup> unexpectedly in the first quarter of 2020 due to the early onset of the COVID-19 pandemic and the volcanic eruption in January 2020. The last time that the economy contracted was in 1998 during Asian financial crisis. In order to contain the outbreak, Metro Manila and some provinces were under community quarantine since mid-March 2020. However, on August 2, 2020, President Rodrigo Duterte announced that Metro Manila, Laguna, Cavite, Rizal and Bulacan will be under modified enhanced community quarantine (MECQ) from August 4 to August 18, 2020. With the help of the government and the private sector, economic recovery is anticipated in 2021 assuming that the COVID-19 infections in the country are curbed within the year. The government's economic recovery programs are geared to cushion the impact of the pandemic. The "Build, Build, Build" infrastructure development program is projected to boost private consumption and drive economic growth. This program is expected to enhance regional connectivity and mobility which will pave the way for the real estate sector to flourish.

The COVID-19 pandemic has caused an impact on the real estate industry but the Group is optimistic that the industry will recover in due time. The Information Technology-Business Process Management (IT-BPM) has been a significant demand driver for office spaces, while the residential property market was driven by the young professionals, overseas workers and foreigners. Demand for office and residential units is expected to temporarily slowdown due to the COVID-19 pandemic. Due to the physical distancing which is required to be implemented in the workplaces, companies may need bigger spaces for their employees. With this, the Group is hopeful that rental income will increase in the subsequent periods. There may also be a demand for BPO sector as a result of global companies to outsource their businesses while their countries battle the effects of the pandemic. Moreover, lockdowns and quarantines had reduced people's mobility increasing online consumer activities. E-commerce activity is expected to thrive and will drive up the need for warehouse space for online retailers. Due to the new trends and opportunities, the real estate sector is well positioned to gradually recover from the impact of the COVID-19 pandemic.

Cityland Development Corporation (CDC or the Company) is selling the following projects as of June 30, 2020:

Pioneer Heights 1 is a 24-storey office, commercial and residential condominium located at Pioneer St., Barangay Highway Hills, Mandaluyong City which was launched last August 2018 and estimated to be completed in December 2023.

101 Xavierville is a 40-storey commercial and residential condominium located along Xavierville Avenue, Loyola Heights, Quezon City which was launched last April 2018 and estimated to be completed in February 2024.

Pines Peak Tower II, a 27-storey residential condominium located at Union corner Pines St., central business district of Mandaluyong was launched last June 2016 and turned over last May 2019.

Pines Peak Tower I, a 27-storey residential condominium located at Union corner Pines St., central business district of Mandaluyong.

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

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

<sup>1</sup> Based on the report released by the Philippine Statistics Authority last August 6, 2020, the GDP growth rate dropped by 16.50% in the second quarter of 2020, the lowest recorded quarterly growth starting 1981 series mainly due to the effect of the COVID-19 pandemic.



*Buildings for lease*

CityNet Central, a 22-storey commercial and Philippine Economic Zone Authority (PEZA)-registered building located in central business district along Sultan Street, Brgy. Highway Hills, Mandaluyong City with proximity to MRT station and various transportation hubs.

CityNet1, a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack- Wack, Mandaluyong City. The said building for lease is also registered with PEZA.

Also the Company's subsidiary, City & Land Developers, Incorporated (CLDI), is selling the following projects:

One Taft Residences, a 40-storey mixed residential, office and commercial condominium which is located at 1939 Taft Avenue, Malate, Manila. The project was launched last October 2016 and is estimated to be completed in September 2022.

North Residences, a 29-storey commercial and residential condominium located in EDSA (beside Waltermart) corner Lanutan, Brgy. Veterans Village, Quezon City was launched in October 2014. The project was turned over in March 2018.

Pacific Regency is a 38-storey commercial, office, and residential condominium located at Pablo Ocampo Sr. Ave. (formerly Vito Cruz Street) in front of Rizal Memorial Sports Complex in Manila.

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

Internal sources of liquidity come from sales of condominiums and real estate projects, rental income from leased properties, collection of installment contract receivables and contract assets, maturing short-term investments and notes receivable while external sources come from SEC-registered commercial papers.

The estimated development cost of ₱100.07 million as of June 30, 2020 representing the cost to complete the development of real estate projects sold will be sourced through:

- a) Sales of condominium and real estate projects;
- b) Collection of installment contracts receivable and contract assets;
- c) Maturing short-term investments and notes receivable; and
- d) Issuance of SEC-registered commercial papers.

**Financial Condition (June 30, 2020 vs. December 31, 2019)**

The Group's balance sheet as of June 30, 2020 remained solid with total assets of ₱11.14 billion, slightly higher by 0.26% as compared to the balance as of December 31, 2019 of ₱11.11 billion. Sales, collection of receivables, income from interest and lease increased cash and cash equivalents and short-term cash investments. Sale of condominium units of CPI and deferment of receivable collections increased installment contracts receivable. Due to the lockdown in mid-March 2020, monthly amortizations were put on hold in compliance with the Bayanihan to Heal as One Act resulting to the increase in installment contracts receivable by ₱36.56 million. During the first quarter of 2020, the Group also purchased an office equipment amounting to ₱6.79 million. Aside from the foregoing, majority of the funds were used for operations, payment of liabilities and financing its on-going condominium projects, Pioneer Heights 1, 101 Xavierville and One Taft Residences, resulting to the increase in real estate properties for sale. In order to maintain liquidity, majority of the excess funds were placed in cash and cash equivalents and short-term investments. Some funds were also invested in long-term investments to increase interest earnings. The financial position remained stable as cash and cash equivalents and short-term investments stood at ₱1,996.40 million and ₱643.29 million, respectively.

On the liabilities side, total liabilities decreased by 8.59% from ₱2.35 billion as of December 31, 2019 to ₱2.15 billion as of June 30, 2020. This was primarily due to partial settlement of accounts payable and accrued expenses and notes payable, and payment of income tax payable.

Total equity as of June 30, 2020 stood at ₱8.99 billion from ₱8.76 billion as of December 31, 2019, slightly higher by 2.64% due to comprehensive income of ₱230.84 million.

As a result of the foregoing, the Group registered a current and acid test ratio of 3.60:1 and 1.92:1, respectively as of the first semester of 2020, as compared to 3.08:1 and 1.62:1, respectively as of December 31, 2019. Asset-to-liability and debt-to-equity remained stable at 5.19:1 and 0.13:1, respectively as of June 30, 2020 compared to 4.73:1 and 0.16:1, respectively as of December 31, 2019.

### **Results of Operation (June 30, 2020 vs. June 30, 2019)**

Sales of real estate properties reached 320.91 million as compared to the previous year's sales of ₱852.24 million. The 62.34% decrease in sales was due to lower sales of 101 Xavierville, Pines Peak Tower II, Grand Central Residences, One Taft Residences and North Residences. Sales of Grand Central Residences and Pines Peak Tower II decreased since majority of the units were already sold last year. In addition, the quarantine measures since mid-March 2020 significantly affected the Group's sales for the first semester of 2020.

Total sales of the Group was substantially generated from CDC reaching ₱237.96 million which is equivalent to 74.15% of the Group's sales. The Group has been applying the percentage of completion in its revenue recognition and therefore aside from the current year's sales, additional revenues of prior year's sales were also recognized based on percentage of completion. As a result of the foregoing, Pines Peak Tower II contributed ₱72.24 million to the total Group's sales. In addition, sales of Pioneer Heights 1 reached ₱87.03 million, while 101 Xavierville posted sales of ₱58.33 million. Since the construction of these three projects were in full swing prior to the lockdown in Luzon in mid-March 2020, the percentage of completion of Pioneer Heights 1 and 101 Xavierville as of June 30, 2020 slightly slowed down reaching 27.97% and 39.98%, respectively. In addition, the Group also sold the remaining units of Grand Central Residences and Pines Peak Tower I.

Further, the subsidiaries, CLDI and CPI contributed 24.95% and 0.90%, respectively of total sales of real estate properties. Sales of CLDI reached ₱80.06 million as of June 30, 2020 as compared to the same period last year of ₱236.55 million. Sales for the quarter was driven by One Taft Residences and North Residences. Aside from the effects of the long quarantine measures since March 2020, the 66.15% decrease in sales of CLDI was due to lower sales generated from North Residences since this project was already sold at 89.55% as of December 31, 2019. One Taft Residences was in full blast construction prior to the lockdown. However, due to the community quarantines, the construction activities were affected causing the percentage of completion to slow down. This resulted to a completion rate of 62.18% as of June 30, 2020 from 42.73% as of June 30, 2019.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents, short-term and long-term investments, guaranty deposits, notes receivable and dividend income contributed 31.14% of total revenues. Likewise, rent income grew by 57.32% from ₱63.79 million to ₱100.36 million of the same period last year. Rent income significantly came from the lease operations of CityNet Central, CityNet1 and other properties which were held for lease. Other revenue, on the other hand, were primarily from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account decreased by 12.21%, amounting to ₱58.10 million as of June 30, 2020 from ₱66.17 million for the quarter ended June 30, 2019.

On the cost side, cost of real estate sales decreased due to sales, while operating expenses decreased substantially due to lower personnel expenses, taxes and licenses, professional fees, outside services, insurance expense and advertising and promotions. Financial expenses likewise decreased due to partial settlement of notes payable and lower interest rates. In addition, other expenses decreased due to lower adjustment of prior years' income from forfeited units while decline in revenues decreased provision for income tax.

As a result of the foregoing, the Group ended June 30, 2020 with a net income of ₱232.46 million, lower by 39.65% compared to the same period last year of ₱385.18 million. This translated to annualized earnings per share and return on equity of ₱0.10 and 5.39% as compared to the previous year of ₱0.16 and 9.43%, respectively.

## Financial Ratios

|                                   | June 30, 2020<br>(Unaudited) | December 31, 2019<br>(Audited) | June 30, 2019<br>(Unaudited) |
|-----------------------------------|------------------------------|--------------------------------|------------------------------|
| Current                           | 3.60                         | 3.08                           | 3.01                         |
| Asset-to-equity                   | 1.41                         | 1.45                           | 1.43                         |
| Debt-to-equity                    | 0.13                         | 0.16                           | 0.16                         |
| Asset-to-liability                | 5.19                         | 4.73                           | 5.00                         |
| Solvency*                         | 0.24                         | 0.34                           | 0.39                         |
| Interest rate coverage            | 159.71                       | 65.49                          | 42.33                        |
| Acid-test                         | 1.92                         | 1.62                           | 1.86                         |
| Return on equity (%)*             | 5.39                         | 8.43                           | 9.43                         |
| Basic/Diluted Earnings per share* | ₱0.10                        | ₱0.15                          | ₱0.16**                      |

\*Annualized for the period of June 30, 2020 and June 30, 2019

\*\*After retroactive effect of 6.5% and 5% stock dividends distributed in 2019.

## Manner of Calculations:

|                                  |   |   |
|----------------------------------|---|---|
| Current ratio                    | = | $\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$  |
| Asset-to-equity ratio            | = | $\frac{\text{Total Assets}}{\text{Total equity (net of unrealized fair value of changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$                                  |
| Debt-to-equity ratio             | = | $\frac{\text{Notes and Contracts Payable}}{\text{Total equity (net of unrealized fair value of changes on financial assets at fair value through FVOCI/available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$                   |
| Asset-to-liability ratio         | = | $\frac{\text{Total Assets}}{\text{Total Liabilities}}$  |
| Solvency ratio                   | = | $\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$  |
| Interest rate coverage ratio     | = | $\frac{\text{Net Income before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$  |
| Acid-test ratio                  | = | $\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Notes Receivable, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$ |
| Return on equity ratio           | = | $\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$   |
| Basic/Diluted earnings per share | = | $\frac{\text{Net Income after Tax}}{\text{Outstanding number of shares}}$   |

## **Any issuances, repurchases, and repayments of debt and equity securities**

### *Debt securities*

The Parent Company issued SEC-Registered Commercial Papers during the period with outstanding balance of ₱990.60 million as of June 30, 2020.

Reinvestment percentage based on the matured Commercial Papers as of July 31, 2020 resulted to 92.82%. Based on this figure, the remaining 7.18% reflected the percentage of investors who did not renew their investment in commercial papers.

In case the Company's investors will no longer renew their investments, the Company has sufficient cash to pay its investors. The Company has established a strong cash planning and management to ensure that its resources are properly utilized. As reflected in the Company's financial statements as of June 30, 2020, it has a stable cash position. Thus, the risk of default is remote. The Company also has an available credit line with financial institutions in case the current financial position is not sufficient to payoff the Company's obligations. Lastly, the total consolidated assets (Php11.14 billion) as of June 30, 2020 is significantly higher than the total liabilities (Php2.15 billion) resulting to a 5.19 asset to liability ratio.

The Company believes that its cash position is sufficient to be able for the Company to support its operations and settle its financial obligations.

### *Equity securities*

There are no issuances, repurchases and repayments of equity securities during the second quarter of 2020.

## **Any Known Trends, Events or Uncertainties (material impact on liquidity)**

The COVID-19 pandemic has not significantly affected the Group's liquidity position as of June 30, 2020.

## **Any unusual items affecting assets, liabilities, equity, net income or cash flows in the current interim financial statements**

There are no unusual items affecting assets, liabilities, equity and net income or cash flows in the current interim financial statements.

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

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

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

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

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

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

### Changes in contingent liabilities or contingent assets since the last balance sheet date

There are no contingent liabilities or contingent assets recorded since the last balance sheet date.

### Any Known Trend or Events or Uncertainties (Material Impact on Net Sales or Revenues or Income from Continuing Operations)

On March 16, 2020, Philippine President Rodrigo Duterte declared the entire Luzon area under “enhanced community quarantine” restricting movement of the population in response to the growing pandemic of the Coronavirus disease 2019 (COVID-19) in the country. This has been extended in the National Capital Region and in some other affected areas until May 31, 2020. On June 1, 2020, the Philippine government eased the quarantine restrictions in Metro Manila and other provinces. On August 2, 2020, Metro Manila, Laguna, Cavite, Rizal and Bulacan were placed under MECQ from August 4 to 18, 2020. These quarantine measures have disrupted economic activities in the first semester of 2020 and had an impact on the actual sales of the Group.

### Any Significant Elements of Income or Loss that did not arise from Registrant’s Continuing Operations

There are no significant elements of income or loss that did not arise from registrant’s continuing operations.

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

| <b>Financial Condition (June 30, 2020 vs December 31, 2019)</b>  | <b>%(+/-)<br/>(Increase/<br/>Decrease)</b> |
|--|--|
| a) Increase in Cash and Cash Equivalents was substantially due to collections from sales and lease of real estate properties, collection of receivables and contract assets and partial maturity of notes receivable.                    | 3.23                                       |
| b) Net increase in Short-term and Long-term Investments was due to sales and collection of receivables.  | 27.16                                      |
| c) Net increase in Installment Contract Receivables was due to sale of condominium units held for lease by CPI and increase in past due accounts brought about by the government’s implementation of deferment of monthly amortizations. | 88.80                                      |
| d) Decrease in Contract Asset was due to was due to collections received as of June 30, 2020 and lower sales.  | -8.38                                      |
| e) Net increase in Cost to Obtain Contract was due to recognition of prepaid commission in relation to the sale of ongoing projects.   | 4.35                                       |
| f) Decrease in Notes Receivable was due to partial maturity of placements.   | -90.00                                     |
| g) Increase in Other Receivables was substantially due to higher rent receivable, retention, advances to condominium corporations and due from related parties.  | 28.57                                      |
| h) Increase in Real Estate Properties for Sale was primarily due to additional development costs incurred, capitalized borrowing costs and forfeitures of real estate properties.  | 2.40                                       |
| i) Increase in Investments in Trust Fund was due to additional contribution to the fund.   | 6.49                                       |
| j) Increase in Real Estate Properties Held for Future Development was due to additional costs incurred.  | 0.10                                       |
| k) Decrease in Investment Properties was due to depreciation recognized on the buildings for lease.  | -0.91                                      |
| l) Increase in Property and Equipment was due to recognition of right-of-use assets as a result of long-term lease contracts entered into by the Group and purchase of office equipment.   | 13.59                                      |
| m) Increase in Deferred Income Tax Assets was due to increase in realized gain on sale of real estate transactions and accrued expenses of CLDI.   | 39.43                                      |

|  |        |
|--|--------|
| n) Net decrease in Other Assets was substantially due to utilization of input VAT and prepaid asset.   | -0.16  |
| o) Net decrease in Accounts Payable and Accrued Expenses was substantially due to partial settlement of trade payables, payment of accrued development cost, sick leave, interest payable and withholding tax. | -11.18 |
| p) Net increase in Contract Liabilities was due to higher actual collections as compared to collections based on the percentage of completion of ongoing project.  | 16.49  |
| q) Decrease in Notes and Contracts Payable was due to partial settlement of matured notes payable.   | -17.18 |
| r) Decrease in Income Tax Payable was due to payment.  | -73.63 |
| s) Decrease in Pre-need and Other Reserves was due to was due to maturities and termination of pension plan.   | -5.16  |
| t) Increase in Deferred Income Tax Liabilities - net was primarily due higher deferred income tax assets from unearned rent revenue, higher capitalized borrowing costs and increase cost to obtain contract.  | 3.87   |
| u) Increase in Retained Earnings was due to net income recognized as of June 30, 2020.   | 6.44   |
| v) Decrease in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to decrease in market value of financial assets at FVOCI.                    | -79.15 |
| w) Increase in Non-Controlling Interest was due to net income of subsidiaries.   | 1.85   |

#### **Results of Operation (June 30, 2020 vs June 30, 2019)**

|  | %(+/-)<br>(Increase/<br>Decrease) |
|--|-----------------------------------|
| a) Decrease in Sales of Real Estate Properties was primarily due to lower sales generated from Pines Peak Tower II, Grand Central Residences and North Residences since the majority of inventories were sold last year. In addition, sales of the Group were also affected by quarantine measures brought about by the COVID-19 pandemic. | -62.34                            |
| b) Decrease in Financial Income was due to lower interest income from installment contracts receivables, contract assets, cash equivalents, short-term and long-term investments, notes receivable and dividend income.  | -19.83                            |
| c) Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Central, and additional long-term lease contracts entered by the Group.   | 57.32                             |
| d) Decrease in Other Income was due to the decrease in fair market value of repossessed real estate properties for sale.   | -12.21                            |
| e) Decrease in Cost of Real Estate Sales was due to decrease in sales as this moves in tandem with the sales of real estate properties.  | -63.25                            |
| f) Decrease in Operating Expenses was substantially due to lower personnel expenses, taxes and licenses, professional fees, outside services, insurance expenses and advertising and promotions.   | -21.98                            |
| g) Decrease in Financial Expenses was substantially due to lower interest rates of commercial papers and partial settlement of notes payable.  | -82.02                            |
| h) Decrease in Other Expenses was due to lower adjustment of prior years' income from forfeited units.   | -35.39                            |
| i) Decrease in Provision for Income Tax was due to lower taxable income, lower deferred income tax and lower provision for final tax on interest income.   | -32.72                            |
| j) Decrease in Net Income was due to decline in revenues.  | -39.65                            |

The outbreak of COVID-19 has significantly affected the operations of the Group especially on the revenue side due to the community quarantines implemented. As shown in the Group's consolidated statement of income, sales on real estate properties declined as an impact of the COVID-19 pandemic. The Group's revenue recognition on its sale of real estate properties for ongoing projects is based on percentage of completion. As such, revenue recognized is dependent also on the result of the construction percentage of these projects. While the Group already offers its products at a reasonable price, additional discounts and promotions were

granted in order to boost sales.

Before the lockdown, the Group's ongoing projects were in full swing. However, with the implementation of community quarantines, there were slight delays in the construction of these projects. As part of the Group's strategies, close communication with the contractors and suppliers were conducted to minimize the delays and still be able to deliver the project to the clients based on the committed date and even ahead of the scheduled turnover date. Also, health protocols are implemented in the construction site in order to minimize the risk of exposure to COVID-19.

In compliance with the Bayanihan to Heal as One Act, collections were slightly affected since monthly amortizations during the Enhanced Community Quarantine were deferred to provide financial assistance to the buyers of residential units. Although there were delays in the collections, the Group's cash position as of June 30, 2020 is still stable. The Management believes that the Group has the capacity to continue its operations.

**Any seasonal aspects that had a material effect on the financial condition and results of operation**

There were no seasonal aspects that had a material effect on the financial condition and results of operations.

## **FULL FISCAL YEARS:**

### **For the year ended December 31, 2019**

#### **Financial Performance**

The Group is pre-selling the following ongoing projects as of December 31, 2019:

- One Premier (a project of CI in which some condominium units and parking slots were assigned to CDC)
- Pioneer Heights 1 (a project of CDC)
- 101 Xavierville (a project of CDC)
- One Taft Residences (project of CLDI)

Also, the Group is selling the remaining units of the following completed and operational projects:

#### *Cityland Development Corporation*

- Pines Peak Tower II
- Pines Peak Tower I
- Grand Central Residences
- Makati Executive Tower III

#### *City & Land Developers, Incorporated*

- North Residences
- The Pacific Regency

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

Internal sources of liquidity come from sales of condominiums and real estate projects, rental income from leased properties, collection of installment receivables and contract assets, maturing short-term investments and notes receivable while external sources come from SEC-registered commercial papers.

#### **Plan of Operations**

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

#### **Financial Condition (December 31, 2019 vs. December 31, 2018)**

The Group's balance sheet remained solid with total assets of ₱11.11 billion, 5.17% higher as compared to the 2018 year-end balance of ₱10.56 billion. The increase in assets is attributed to the increase in real estate properties for sale, contract assets, long-term investments and installment contracts receivable. The net increase in installment contracts receivable and contract assets was due to sales from real estate properties. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.19% to 3.81% in 2019 and 1.38% to 5.00% in 2018. Majority of the funds were utilized for operations and to finance the Group's construction of ongoing projects. Moreover, the cash position allowed CDC to declare cash dividends amounting to ₱188.73 million, while the subsidiary, CLDI was able to declare cash dividends amounting to ₱25.58 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term cash investments both stood at ₱1.93 billion and ₱0.40 billion, respectively. Excess funds were placed in both short and long-term investments contributing to the increase in financial income.



On the liability side, total liabilities increased by ₱33.67 million or 1.46%, primarily due to higher accounts payable and accrued expenses, income tax payable and retirement benefits liability. The increase was partially offset by the settlement of matured notes and contracts payable amounting to ₱169.50 million and net decrease in contract liabilities by ₱14.37 million and deferred tax liabilities-net by ₱14.63 million.

Total equity stood at ₱8.76 billion as of December 31, 2019, higher by 6.22% from ₱8.25 billion as of December 31, 2018 due to comprehensive income of ₱724.73 million net of cash dividends declared and paid by the Group amounting to ₱217.32 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.62:1 and 3.08:1 as of December 31, 2019, as compared to 1.67:1 and 2.80:1 in December 31, 2018, respectively. On the other hand, debt-equity ratio slightly improved to 0.16:1 as of December 31, 2019, as compared to 0.19:1 in December 31, 2018.

### **Financial Condition (December 31, 2018 vs. December 31, 2017)**

The Group's balance sheet remained solid with total assets of ₱10.56 billion, 8.89% higher as compared to the 2017 year-end balance of ₱9.70 billion. Funds were generated from sales and lease of condominium units and other real estate projects, while other financial sources came from the issuance of commercial papers with interest rates ranging from 1.31% to 5.00%. Majority of the funds were substantially utilized for operations and to finance the Group's construction of Pines Peak Tower II, One Taft Residences and the newly launched condominium projects, Pioneer Heights 1 and the 101 Xavierville and the completion of North Residences. The stable financial position allowed the acquisition of two parcels of land increasing the Group's total assets. In addition, in compliance with the Philippine Financial Reporting Standard (PFRS 15, *Revenue from Contracts with Customers*), the Group has reclassified a substantial portion of installment contracts receivable to contract assets, the net effect of which was an increase of ₱241.63 million in the said accounts due to sales and increase in percentage of completion. Moreover, the cash position allowed CDC to distribute cash dividends amounting to ₱118.54 million, while the subsidiary, CLDI distributed cash dividends amounting to ₱19.19 million. The Group's liquidity position remained stable as cash and cash equivalents and short-term cash investments both stood at ₱0.47 billion and ₱1.59 billion, respectively. Excess funds were placed in both short and long-term investments contributing to the increase in financial income.

On the liability side, total liabilities increased by ₱348.24 million or 17.72%, primarily from higher contract liabilities and income tax payable. Contract liabilities pertains to the collections of pre-selling of condominium projects which have not yet reached the preliminary stage of completion. The increase was partially offset by the settlement of matured notes and contracts payable amounting to ₱87.90 million and decrease in accounts payable and accrued expenses by ₱66.51 million and deferred tax liabilities-net by ₱56.16 million.

Total equity stood at ₱8.25 billion as of December 31, 2018, higher by 6.65% from ₱7.73 billion as of December 31, 2017 due to comprehensive income of ₱634.011 million net of cash dividends declared and paid by the Group amounting to ₱137.73 million.

As a result of the foregoing, the Group's liquidity position remained stable with acid-test and current ratio of 1.40:1 and 2.34:1 as of December 31, 2018, as compared to 1.69:1 and 2.42:1 in December 31, 2017, respectively. On the other hand, debt-equity ratio slightly improved to 0.19:1 as of December 31, 2018, as compared to 0.22:1 in December 31, 2017.

### **Financial Condition (December 31, 2017 vs. December 31, 2016)**

Total assets amounted to ₱9.70 billion as of December 31, 2017, lower by 1.74% as compared with the previous year's ending balance of ₱9.87 billion. Sale of condominium units decreased the Group's real estate properties for sale, while collections from sale of real estate properties decreased installment contracts receivable. The Group's funds were generated from sales of condominium projects and rental income, while other financial sources came from issuance of commercial papers with interest rates ranging from 1.06% to 1.25%. Majority of the funds were utilized for operations, development of projects and partial settlement of liabilities. This led to increase in the percentage of completion of the Group's ongoing projects and completion of a new building for lease in Mandaluyong City, the CityNet Central. Excess cash and cash equivalents were shifted to both short-term and long-term investments consequently, increasingly the balance of notes receivable.

On the liability side, total liabilities were reduced by ₱587.16 million, equivalent to 23.00% of total liabilities. The reduction was due to partial payment of accounts payable and accrued expenses and reversal of deposit of Pines Peak Tower II and One Taft Residences since these projects reached beyond preliminary stage of construction. In addition, income taxes paid including creditable and final withholding taxes in 2017 amounted to ₱181.52 million.

Total equity stood at ₱7.73 billion as of December 31, 2017, higher by 5.67% from 2016 year-end balance of ₱7.32 billion due to comprehensive income of ₱552.42 million less cash dividends declared by CDC of ₱135.02 million and by the subsidiaries of ₱8.08 million.

As a result of the foregoing, the Group's liquidity position recorded an acid-test and current ratio of 1.69:1 and 2.42:1 as of December 31, 2017, as compared to 1.66:1 and 2.43:1 in December 31, 2016, respectively. On the other hand, debt to equity ratio slightly improved to 0.22:1 as of December 31, 2017, as compared to 0.26:1 as of the same period of the previous year.

### **Results of Operation (December 31, 2019 vs. December 31, 2018)**

The Group's sale of real estate properties increased by 12.99% as of December 31, 2019 reaching ₱1,652.83 million from the previous year's ₱1,462.77 million. Growth was driven by sales and higher percentage of completion of the projects. Total sales of the Group was substantially generated from CDC, reaching ₱1,122.83 million or 67.93% of the Group's sales. Pines Peak Tower II was 100% completed in May 2019 which was already sold at 83.70% as of December 31, 2019. The Group has been applying the percentage of completion (POC) in sales and revenue recognition and therefore, aside from the current year sales, additional revenue from sales in prior years were also recognized. Consequently, Pines Peak Tower II generated the highest sales revenue amounting to ₱500.33 million followed by the sale of the remaining units of 101 Xavierville, Pioneer Heights 1, Grand Central Residences, One Premier and Pines Peak Tower I, contributing ₱241.20 million, ₱181.61 million, ₱94.36 million, ₱42.84 million and ₱27.74 million, respectively.

Moreover, the subsidiaries, CLDI and CPI recorded 30.37% and 1.70% of total revenue on sales of real estate, respectively. Sales of real estate properties of CLDI reached ₱501.89 million as compared to the same period last year of ₱409.54 million. The increase in sales can be attributed to the sales revenue generated from One Taft Residences since realization of sales was based on POC. Majority of the sales in 2019 was generated from One Taft Residences which contributed ₱331.92 million, while North Residences accounted for ₱159.60 million of total sales. The remaining ₱8.52 million of sales were generated from Grand Emerald Tower.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, cash and cash equivalents, short-term and long-term investments, notes receivable and guaranty deposit contributed 21.07% of total revenues and grew by 33.76% due to higher investments and interest rates. Likewise, rental income from lease operations of buildings and properties contributed 5.69% and grew by 9.51% due to additional lease contracts and higher rental rates. Other revenue, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients, gain on sale of shares of stock and other miscellaneous income which contributed 5.22% of total revenues.

On the cost side, cost of real estate sales and operating expenses increased as these move in tandem with sales. Although the Group reduced its notes payable balance, interest expense increased due to higher interest rates.

Altogether, the Group posted a consolidated income of ₱734.14 million in 2019, 16.85% higher than the previous year's level of ₱628.27 million. This translated into an improved earnings per share and return on equity of ₱0.15 and 8.43% as compared to the same period of the previous year of ₱0.13 and 7.67% respectively.

### **Results of Operation (December 31, 2018 vs. December 31, 2017)**

The Group's sale of real estate properties increased by 11.60% as of December 31, 2018 reaching ₱1,462.77 million from the previous year's ₱1,311.71 million. Growth was driven by sales and higher percentage of completion of the projects. Total sales of the Group was substantially generated from CDC, reaching ₱1,015.59 million or 69.47% of the Group's sales. Construction accomplishment of Pines Peak Tower II steadily progressed from the previous year's percentage of completion of 52.98% to 90.64% in 2018. The project was already 64.36% sold as of December 31, 2018. The Group has been applying the percentage of completion (POC) in sales and income recognition and therefore, aside from the current year sales, additional revenue from its sales from prior years were also recognized. Consequently, this project generated the highest sales revenue amounting to ₱627.60 million followed by the sale of the remaining units of Grand Central Residences, Pines Peak Tower I and Makati Executive Tower IV, contributing ₱202.67 million, ₱104.50 million and ₱36.99 million, respectively. Sales from Grand Central Residences and Pines Peak Tower I came from the remaining inventory last year. To increase future sales, CDC launched Pioneer Heights 1 and 101 Xavierville in 2018. The Group has not yet realized revenue on sales of these projects under the POC since it has not reached beyond the preliminary stage of completion. In view of this, future sales of CDC is seen to be generated from the sale and construction accomplishment of Pines Peak Tower II and from the newly launched condominium projects.

Moreover, the subsidiaries, CLDI and CPI recorded 28.00% and 2.53% of total revenue on sales of real estate, respectively. Sales of real estate properties of CLDI reached ₱409.54 million as compared to the same period last year of ₱439.58 million. The decrease in sales can be attributed to the sales revenue generated from One Taft Residences since realization of sales was based on percentage of completion (POC). The POC of this project at the end of 2018 was 25.59% but is expected to increase in the succeeding months. In addition, sales of Grand Emerald Tower and Manila Residences Bocobo were lower as compared to the previous year since these were generated from the remaining units last year. On the other hand, North Residences was in full blast construction which led to its completion in March 2018. This project was sold at 84.23% in 2018, as compared to last year at 61.63%. Majority of the 2018 sales were generated from North Residences which contributed ₱318.54 million, while One Taft Residences accounted for ₱78.78 million of total sales. The remaining ₱17.19 million of sales were generated from Grand Emerald Tower and Manila Residences Bocobo.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from installment contracts receivable, contract assets, cash and cash equivalents, short-term investments, notes receivable and guaranty deposit contributed 18.62% of total revenues. Likewise, rental income from lease operations of buildings and properties contributed 6.14% and grew by 5.54% due to additional lease contracts and higher rental rates. Other revenue, on the other hand, pertains to adjustment of market value of repossessed units, penalties charged to clients and other miscellaneous income contributed 4.08% of total revenues.

On the cost side, cost of real estate sales and operating expenses increased as these move in tandem with sales. Although the Group reduced its notes payable balance, interest expense increased due to higher interest rates.

Altogether, the Group posted a consolidated income of ₱628.27 million in 2018, 13.83% higher than the previous year's level of ₱551.93 million. This translated into an improved annualized earnings per share and return on equity of ₱0.13 and 7.67% as compared to the same period of the previous year of ₱0.11 and 7.20% respectively.

**Results of Operation (December 31, 2017 vs. December 31, 2016)**

Net income for the year 2017 reached ₱551.93 million, higher by 15.86% as compared to ₱476.37 million last year. The Group follows the percentage of completion method in recognizing revenue hence, realized revenue for projects in the initial stages of completion is lower as compared to projects with higher completion rates. As of December 31, 2017, Pines Peak Tower II reached a completion rate of 52.98% thereby allowing the partial recognition of income for this project as compared to last year's completion rate of 7.50%. CDC contributed 65.12% in total revenue on sales of real estate properties. Pines Peak Tower II contributed ₱261.39 million, while a large portion came from the sales of the remaining units of Grand Central Residences and Pines Peak Tower I, totaling ₱333.14 million and ₱130.06 million, respectively. Percentage of sales contribution to total Group sales of Pines Peak Tower II, Grand Central Residences and Pines Peak Tower I reached 19.89%, 25.42% and 9.92%, respectively. It is to be noted that Pines Peak Tower I inventory level was already less than 10% at the beginning of the year resulting to lower sales of this project in 2017 as compared to the previous year.

On the other hand, CLDI contributed 33.54% of the Group's sales. Its latest condominium project, North Residences, reached a high completion rate of 97.37% from 75.55% of the same period last year. This project reached total sales of ₱352.28 million, representing 26.88% of the Group's sales. One Taft Residences, the latest condominium project launched last year reached 14.93% completion rate allowing the partial realization of revenues in 2017. The Group is optimistic that this project will contribute significantly to future sales revenue.

Other sources of income are financial income, rent income and other income. Financial income which is composed of interest income from sale of real estate properties, cash and cash equivalents, short-term cash investments and notes receivable contributed 17.80% of total revenues. Likewise, rent income contributed ₱119.68 million, higher from the previous year's level of ₱92.76 million brought about by rental income from CityNet Central and other lease contracts entered into by the Group. Other income consists primarily from adjustment of market value of repossessed units, penalties charged to clients, and other miscellaneous income. Revenue contribution of this account reached ₱84.78 million and ₱65.37 million for the years ended December 31, 2017 and 2016, respectively.

On the cost side, cost of real estate sales and operating expenses decreased as these accounts move in tandem with sales.

Altogether, the consolidated net income of 2017 reached ₱551.93 million, 15.86% higher as compared to ₱476.37 million of the same period last year. This translated to earnings per share and return on equity of ₱0.11 and 7.20% as compared to the same period of the previous year of ₱0.11 and 6.94%, respectively.

## Key Performance Indicators

### Cityland Development Corporation

| (Consolidated)                         | As of June 30, 2020 | 2019  | 2018  | 2017  |
|--|---------------------|-------|-------|-------|
| Basic/Diluted Earnings per share (₱)** | 0.10                | 0.15  | 0.13* | 0.11* |
| Return on equity (%)**                 | 5.39                | 8.43  | 7.67  | 7.20  |
| Solvency ratio**                       | 0.24                | 0.34  | 0.30  | 0.30  |
| Interest rate coverage ratio           | 159.71              | 65.49 | 55.06 | 84.00 |
| Asset to liability ratio               | 5.19                | 4.73  | 4.56  | 4.93  |
| Asset to equity ratio                  | 1.41                | 1.45  | 1.47  | 1.44  |
| Debt to equity ratio                   | 0.13                | 0.16  | 0.19  | 0.22  |
| Current ratio                          | 3.60                | 3.08  | 2.80  | 2.42  |
| Acid-test ratio                        | 1.92                | 1.62  | 1.67  | 1.69  |

\*After retroactive effect of 6.5% and 5% stock dividends in 2019.

### City & Land Developers, Incorporated

| (Subsidiary)                 | As of June 30, 2020 | 2019 | 2018  | 2017      |
|------------------------------|---------------------|------|-------|-----------|
| Earnings per share (₱)**     | 0.06                | 0.12 | 0.10* | 0.10*     |
| Return on equity (%)**       | 3.66                | 8.12 | 7.31  | 6.79      |
| Solvency ratio**             | 0.32                | 0.62 | 0.34  | 0.49      |
| Interest rate coverage ratio | —                   | —    | —     | 21,937.96 |
| Asset to liability ratio     | 9.70                | 8.60 | 5.59  | 8.17      |
| Asset to equity ratio        | 1.11                | 1.13 | 1.22  | 1.14      |
| Debt to equity ratio         | —                   | —    | 0.10  | 0.08      |
| Current ratio                | 7.68                | 6.82 | 4.58  | 6.59      |
| Acid-test ratio              | 2.08                | 1.61 | 2.35  | 4.39      |

\*After retroactive effect of 5% stock dividends in 2019.

### Cityplans, Incorporated

| (Subsidiary)             | As of June 30, 2020 | 2019  | 2018  | 2017  |
|--------------------------|---------------------|-------|-------|-------|
| Earnings per share (₱)** | 0.07                | 0.09  | 0.12  | 0.08  |
| Return on equity (%)**   | 3.16                | 3.96  | 5.77  | 3.90  |
| Solvency ratio**         | 0.29                | 0.32  | 0.44  | 0.35  |
| Asset to liability ratio | 6.70                | 6.42  | 6.44  | 6.28  |
| Asset to equity ratio    | 1.20                | 1.22  | 1.22  | 1.24  |
| Current ratio            | 12.01               | 11.75 | 15.90 | 14.43 |
| Acid-test ratio          | 12.33               | 12.11 | 16.70 | 15.31 |

\*\*Annualized for the period of June 30, 2020.

### Manner of Calculations:

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

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

| <b>Financial Condition (December 31, 2019 vs. December 31, 2018)</b>   | <b>%(+/-)<br/>(Increase/<br/>Decrease)</b> |
|--|--|
| a) Increase in Cash and Cash Equivalents was substantially due to collections from sales and lease of real estate properties, collection of receivables and contract assets and shift of funds to shorter period investments.  | 311.19                                     |
| b) Net decrease in short-term and long-term investments was substantially due to shift of funds to shorter period placements, partial payment of notes and contracts payable, payment of cash dividends, payment of cost of operations and development of projects.                              | -50.13                                     |
| c) Net increase in Installment Contract Receivables was due to sale of condominium units held for lease by CPI.  | 32.74                                      |
| d) Net increase in Contract Asset was due to higher sales and increase in percentage of completion of all on-going projects.   | 3.72                                       |
| e) Net increase in Cost to Obtain Contract was due to recognition of prepaid commission in relation to the sale of ongoing projects.   | 13.28                                      |
| f) Decrease in Notes Receivable was due to its maturity.   | -78.18                                     |
| g) Decrease in Other Receivables was substantially due to lower accrued interest, collection of advances to customers and advances to condominium corporations.  | -23.30                                     |
| h) Increase in Real Estate Properties for Sale was primarily due to additional development cost incurred, higher capitalized borrowing costs and transfer of properties from held for future development and investment properties.  | 33.91                                      |
| i) Net increase in Investments in Trust Fund was due to additional contribution to the fund.   | 3.72                                       |
| j) Decrease in Real Estate Properties Held for Future Development was due to transfer to Real Estate Properties for Sale and settlement of contracts payable through cost adjustment of the property acquired.   | -5.66                                      |
| k) Decrease in Investment Properties was due to depreciation recognized on the buildings for lease and transfer of properties to real estate properties for sale.  | -3.09                                      |
| l) Increase in Property and Equipment was due to recognition of right-of-use asset as an effect of adoption of PFRS 16, <i>Leases</i> .  | 6.41                                       |
| m) Decrease in Retirement Plan assets was due to decrease in fair value of plan assets.  | -49.33                                     |
| n) Decrease in Deferred Income Tax Assets was due to decrease of realized gain on sale of real estate transactions and unearned revenue of CLDI.   | -3.08                                      |
| o) Decrease in Other Assets was due to utilization of input VAT, decrease in market value and sale of shares of stock, and amortization of prepaid real estate tax.  | -1.69                                      |
| p) Increase in Accounts Payable and Accrued Expenses was substantially due to higher customers' deposit, accrued development cost, directors' fee and sick leave, deferred rent income, dividends payable, due to related parties and recognition of lease liability in compliance with PFRS 16. | 75.91                                      |
| q) Net decrease in Contract Liabilities was due to was due to recognition of accounting income from projects that reached beyond its preliminary stage of completion.  | -2.68                                      |
| r) Decrease in Notes and Contracts Payable was due to partial settlement of matured notes payable and cost adjustment resulting to the full settlement of contracts payable of CLDI.   | -12.41                                     |
| s) Increase in Income Tax Payable was due to higher taxable income and expiration of Income Tax Holiday (ITH) entitlement of Pines Peak Tower II.  | 36.01                                      |
| t) Decrease in Pre-need and Other Reserves was due to was due to maturities and termination of pension plan.   | -1.96                                      |
| u) Increase in Retirement Benefits Liabilities was due to decrease in fair value of plan assets.   | 128.18                                     |
| v) Decrease in Deferred Income Tax Liabilities - net was primarily due reversal of deferred income tax assets as a result of recognition of sales of projects in which the percentage completion were already beyond the preliminary stage of completion.  | -27.29                                     |

|   |        |
|---|--------|
| w) Increase in Capital Stock was due to issuance of 6.5% and 5.0% stock dividends.  | 11.82  |
| x) Decrease in Retained Earnings was due to declaration of cash dividends.  | -0.15  |
| y) Increase in Unrealized Fair Value Changes on Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) was due to increase in market value of financial assets at FVOCI. | 219.72 |
| z) Decrease in Accumulated Re-measurement of Defined Benefit Plans was due to decrease in value of plan assets.   | -56.51 |
| aa) Increase in Non-Controlling Interest was due to net income of subsidiaries.   | 5.62   |

%(+/-)  
(Increase/  
Decrease)

**Financial Condition (December 31, 2018 vs. December 31, 2017)**

|   |         |
|---|---------|
| a) Decrease in Cash and Cash Equivalents was substantially due to payment of operating and development cost, accounts payable and accrued expenses, notes payable, placement of funds to secure cash bonds, payment of cash dividends, acquisition of new property and shift of funds to short-term investments.  | -45.37  |
| b) Increase in Short-term Investments was substantially due to sales and shift of funds from cash and cash equivalents.   | 4.41    |
| c) Decrease in Installment Contract Receivables was due to reclassification of account to contract asset due to the adoption of PFRS 15 and increase in sales.  | -98.31  |
| d) Increase in Contract Asset was due to reclassification from installment contracts receivable due to the adoption of PFRS 15.   | 100.00  |
| e) Increase in Cost to Obtain Contract was due to recognition of performance obligation as a result of adoption of PFRS 15.   | 100.00  |
| f) Increase in Notes Receivable was due to additional long-term placements.   | 25.89   |
| g) Increase in Other Receivable was substantially due to rent receivable and accrued interest from investments.   | 8.87    |
| h) Increase in Real Estate Properties for Sale was due to transfers from real estate properties for future development and investment properties, additional construction/development costs incurred. In 2018, CDC launched 101 Xavierville and Pioneer Heights 1 contributing to the reclassification of land cost as part of real estate properties for sale. | 62.74   |
| i) Increase in Investments in Trust Fund was due to additional trust fund contributions.  | 2.39    |
| j) Decrease in Prepaid Income Tax was due to application to income tax payable.   | -100.00 |
| k) Decrease in Real Estate Properties Held for Future Development was due to the transfer to real estate properties for sale.   | -18.49  |
| l) Decrease in Investment Properties was due to depreciation and transfer to property and equipment and to real estate properties for future development.   | -2.91   |
| m) Increase in Property and Equipment was due to completion of building used in the operation of CDC.   | 477.63  |
| n) Increase in Retirement Plan assets was due to re-measurement gain recognized in 2018.  | 58.04   |
| o) Decrease in Deferred Income Tax Assets-net was due to the effect of the adoption of the new standard PFRS 15 and adjustment in contract asset of CLDI.   | -26.02  |
| p) Increase in Other Assets was due to the guaranty deposit made for the Group's ongoing projects.  | 140.29  |
| q) Decrease in Accounts Payable and Accrued Expenses was substantially due to payment of trade payables and estimated development cost.   | -18.71  |
| r) Increase in Contract Liabilities was due to reclassification of deposit of Pines Peak Tower II and One Taft Residences as a result of adoption of PFRS 15.   | 100.00  |
| s) Decrease in Notes and Contracts Payable was due to settlement of matured notes payable.  | -6.05   |
| t) Increase in Income Tax Payable was due to higher taxable income and expiration of income tax holiday entitlement of North Residences.  | 100.00  |
| u) Increase in Pre-need and Other Reserves was due to decrease in return on investment used in valuation of pension plans.  | 0.04    |
| v) Decrease in Retirement Benefits Liabilities was due to increase in fair value of plan assets.  | -33.61  |

|  |         |
|--|---------|
| w) Decrease in Deferred Income Tax Liabilities-net was primarily due to deferred income tax assets as a result of reversal of sales of projects in which the percentage of completion has not reached beyond the preliminary stage of completion.          | -51.17  |
| x) Increase in Retained Earnings was due to net income recognized in 2018.   | 15.75   |
| y) Increase in Unrealized fair value changes on financial assets at fair value through other comprehensive income (FVOCI) was due to the effect of the adoption of the new Philippine Financial Reporting Standard (PFRS 9, <i>Financial Instrument</i> ). | 100.00  |
| z) Decrease in Net Changes in Fair Value of Investment was due to the effect of the adoption of the new standard PFRS 9.   | -100.00 |
| aa) Increase in Accumulated re-measurement of defined benefit plans was due to increase in value of plan assets.   | 27.73   |
| ab) Increase in Non-Controlling Interest was due to net income of subsidiaries.  | 6.16    |

%(+/-)  
(Increase/  
Decrease)

**Financial Condition (December 31, 2017 vs. December 31, 2016)**

|  |                |
|--|----------------|
| a) Decrease in Cash and Cash Equivalents was substantially due to shift of investments to short and long-term investments, partial payment of notes and accounts payable and accrued expenses, income tax and development costs of projects and payment of cash dividends. | -51.88         |
| b) Increase in Short-term Cash Investments was substantially due to sales, collection of receivables and shift of excess cash and cash equivalents to longer period placements.  | 25.01          |
| c) Net decrease in Installment Contract Receivables was due to collections.  | -8.58          |
| d) Increase in Notes Receivable was due to placements made by the Company in different financial institutions.   | 3,540.00       |
| e) Net decrease in Other Receivables was substantially due to collections of advances paid for real estate taxes and advances paid to contractors.   | -1.30          |
| f) Decrease in Real Estate Properties for Sale was due to sales of real estate properties and partial reclassification of account to investment properties.  | -22.45         |
| g) Decrease in Investments in Trust Fund was due to payment of matured and terminated pension plans.   | -1.96          |
| h) Increase in Prepaid Income Tax was due to higher creditable withholding tax charged to income tax payable.  | 100.00         |
| i) Increase in Real Estate Properties for Future Development was due to additional cost incurred and properties transferred from Investment Properties.  | 22.16          |
| j) Increase in Investment Properties was due to additional development costs incurred for the construction of the building for lease.  | 1.19           |
| k) Increase in Property and Equipment was due to acquisition of office equipment.  | 1.88           |
| l) Increase in Retirement Plan Assets was due to increase in contributions in 2017 and increase in investments.  | 14.23          |
| m) Increase in Deferred Tax Assets-net was due to increase realized gain on sale of real estate transactions of CLDI and higher accrued expenses of the Group.   | 195.97         |
| n) Increase in Other Assets-current was due to prepaid real estate taxes while Decrease in Other Assets-noncurrent was primarily due to refund of Meralco meter deposits.  | 13.11<br>-1.34 |
| o) Decrease in Accounts Payable and Accrued Expenses was primarily due to reversal of deposits of Pines Peak II and One Taft Residences, lower deferred rent and partial payment development costs, withholding taxes and other trade payables.                            | -47.30         |
| p) Decrease in Notes Payable was due to partial settlement of notes payables.  | -13.12         |
| q) Decrease in Income Tax Payable was due to payment and lower taxable income.   | -100.00        |
| r) Decrease in Pre-need and Other Reserves was due to maturities and termination of pension plans.   | -8.34          |
| s) Decrease in Deferred Tax Liabilities-net was primarily due to decrease in deemed cost adjustment and unrealized gain on real estate transactions of CDC.  | -11.76         |
| t) Increase in Capital Stock was due to issuance of 5% stock dividends.  | 5.00           |



|   |        |
|---|--------|
| u) Increase in Retained Earnings was due to net income recognized as of December 31, 2017, net of cash and stock dividends.         | 6.29   |
| v) Decrease in Net Changes in Fair Value of Investments was due to decrease in market value of available-for-sale financial assets. | -26.67 |
| w) Increase in Accumulated Re-measurements on Defined Benefit Plan was due to increase in value of plan assets.                     | 3.40   |
| x) Increase in Non-Controlling Interests was due to net income of subsidiaries  | 6.31   |

%(+/-)  
(Increase/  
Decrease)

#### **Results of Operation (December 31, 2019 vs. December 31, 2018)**

|  |        |
|--|--------|
| a) Increase in Sales of Real Estate Properties was primarily due to higher sales generated from Pioneer Heights 1, 101 Xavierville, One Premier and One Taft Residences and increase of percentage of completion of all ongoing projects.    | 12.99  |
| b) Increase in Financial Income was due to higher interest income from installment contracts receivables, contract assets, cash equivalents, investments and guaranty deposit.   | 33.76  |
| c) Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet 1 and CityNet Cenral, and additional long-term lease contracts entered by the Group.  | 9.51   |
| d) Increase in Other Income was due to the increase in fair market value of repossessed real estate properties for sale and gain on sale of shares of stock.   | 50.92  |
| e) Increase in Cost of Real Estate Sales was due to higher sales and percentage of completion of projects.   | 21.04  |
| f) Increase in Operating Expenses was due to higher sales and increase in personnel expenses, taxes and licenses, professional fees, light, power and water, insurance expense, repairs and maintenance, brokers' commission, and donations. | 6.94   |
| g) Increase in Financial Expenses was due to higher interest rates and recognition of interest expense on lease liability as part of adoption of PFRS 16.  | 5.59   |
| h) Decrease in Other Expenses was due to lower adjustment of prior years' income from forfeited units.   | -25.22 |
| i) Increase in Provision for Income Tax was due to higher taxable income and expiration of ITH entitlement of One Taft Residences and Pines Peak Tower II.   | 66.01  |
| j) Increase in Net Income was primarily due to higher revenues and lower other expenses.   | 16.85  |

%(+/-)  
(Increase/  
Decrease)

#### **Results of Operation (December 31, 2018 vs. December 31, 2017)**

|  |       |
|--|-------|
| a) Increase in Sales of Real Estate Properties was primarily due to higher sales generated from Pines Peak Tower II and North Residences and construction accomplishment of Pines Peak Tower II, North Residences and One Taft Residences.   | 11.60 |
| b) Increase in Financial Income was due to higher interest income from installment contracts receivables and cash investments, contract assets, notes receivables and guaranty deposit.  | 16.65 |
| c) Increase in Rental Income was due to rentals earned from the buildings for lease, CityNet1 and CityNet Central and additional long-term lease contracts entered by the Group.   | 5.54  |
| d) Decrease in Other Income was due to the decrease in reversal of realized gross profit from prior year's sales arising from forfeitures.   | -0.95 |
| e) Increase in Cost of Real Estate Sales was due to higher sales of real estate properties.  | 0.45  |
| f) Increase in Operating Expenses was due to higher sales and increase in personnel expenses, depreciation, professional fees, taxes and licenses, outside services, repairs and maintenance, rent expense, brokers' commission, insurance expense, power, light and water and other operating expenses. | 34.48 |
| g) Increase in Financial Expenses was due to higher interest rates.  | 68.06 |
| h) Increase in Other Expenses was due to higher income from prior years' forfeited units.  | 11.10 |

- i) Decrease in Provision for Income Tax was due to lower deferred income tax from the decrease in unrealized gain on real estate transactions. -6.25
- j) Increase in Net Income was primarily due to higher revenues and lower provision for income tax. 13.83

|  | %(+/-)<br>(Increase/<br>Decrease) |
|--|-----------------------------------|
| <b>Results of Operation (December 31, 2017 vs. December 31, 2016)</b>  |                                   |
| a) Decrease in Sale of Real Estate was primarily due to lower sales recognized from Pines Peak Tower I, since this was almost fully sold last year. Furthermore, revenues are recognized under the percentage of completion under the accounting method and One Taft Residences is still in its initial stage of completion.   | -11.47                            |
| b) Increase in Financial Income was due to higher interest income from sale of real estate properties and long-term cash investments.  | 13.94                             |
| c) Increase in Rent Income was due to rentals earned from the new building for lease, CityNet Central and additional lease contracts entered by the Group.   | 29.02                             |
| d) Increase in Other Income was due to the higher management fees charged by the Group and increase in value of repossessed real estate properties for sale.   | 29.69                             |
| e) Decrease in Cost of Real Estate Sales was primarily due to lower sales.   | -10.56                            |
| f) Decrease in Operating Expenses was due to decrease in personnel expenses, decrease in taxes and licenses, professional fees, outside services, membership dues, advertising and promotions, brokers' commission, repairs and maintenance, rent expense, donations, postage, telephone and telegraph, stationery and office supplies and other miscellaneous expenses. | -11.23                            |
| g) Increase in Financial Expenses was primarily due to increase in interest expense on commercial papers.  | 33.31                             |
| h) Decrease in Other Expenses was due to decrease in forfeiture/cancellation of prior year's sales.  | -18.48                            |
| i) Decrease in Provision for Income Tax was due to lower taxable income.   | -12.83                            |
| j) Increase in Net Income was due to lower expenses and provision for income tax.  | 15.86                             |

#### Information On Independent Accountant

|                              | External Audit Fee |                   |
|------------------------------|--------------------|-------------------|
|                              | 2019               | 2018              |
| Audit and audit-related Fees | ₱1,065,000         | ₱1,025,000        |
| Tax Fees                     | -                  | -                 |
| All other fees               | -                  | -                 |
| <b>Total</b>                 | <b>₱1,065,000</b>  | <b>₱1,025,000</b> |

SyCip Gorres Velayo & Co. is the Group's external auditor for the calendar years 2019 & 2018. The engagement partner for the year 2019 and 2018 is Ms. Aileen L. Saringan.

The Group did not avail any non-audit related services from external parties.

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

- Discussion with the external auditors of the Audited Financial Statements.
- Recommendation to the Board of Directors for the approval and release of the Audited Financial Statements.
- Recommendation to the Board of Directors for the appointment of the external auditors.

#### CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

## DIRECTORS AND EXECUTIVE OFFICERS

### 1) Identify Directors, Independent Directors and Executive Officers (as of September 30, 2020)

| Name                  | Citizenship | Position(s)   | Period of Service  | Term of Office (Year) | Age | Family Relationship  |
|-----------------------|-------------|---|--|-----------------------|-----|--|
| Dr. Andrew I. Liuson  | Filipino    | Director<br>Chairman of the Board   | Sept. 25, 1979 to Present<br>Dec. 13, 2017 to Present                          | 1                     | 76  | Husband of Grace C. Liuson; brother-in-law of Stephen C. Roxas; and brother of Benjamin I. Liuson  |
| Stephen C. Roxas      | Filipino    | Director<br>Chairman of the Executive Committee   | Sept. 25, 1979 to Present<br>July 1, 1997 to Present                           | 1                     | 79  | Husband of Helen C. Roxas; brother of Grace C. Liuson; brother-in-law of Dr. Andrew I. Liuson; and uncle of Josef C. Gohoc                   |
| Grace C. Liuson       | Filipino    | Director<br>Vice Chairman of the Board  | Sept. 25, 1979 to Present<br>Jan. 5, 2018 to Present                           | 1                     | 74  | Wife of Dr. Andrew I. Liuson; sister of Stephen C. Roxas; aunt of Josef C. Gohoc; and sister-in-law of Helen C. Roxas and Benjamin I. Liuson |
| Josef C. Gohoc        | Filipino    | Director<br>President   | Jan. 4, 2011 to Present<br>Feb. 1, 2011 to Present                             | 1                     | 50  | Nephew of Stephen C. Roxas, Helen C. Roxas, Grace C. Liuson and Dr. Andrew I. Liuson   |
| Peter S. Dee          | Filipino    | Independent Director<br>Chairman-Audit & Risk Committee   | Oct. 1979 to Present<br>Aug. 2002 to Present                                   | 1                     | 78  | -  |
| George Edwin Y. SyCip | American    | Independent Director<br>Chairman-Corporate Governance Committee   | Dec. 13, 2017 to Present<br>Apr. 6, 2018 to Present                            | 1                     | 64  | -  |
| Helen C. Roxas        | Filipino    | Director  | Sept. 25, 1979 to Present  | 1                     | 71  | Wife of Stephen C. Roxas; sister-in-law of Grace C. Liuson and Dr. Andrew I. Liuson  |
| Benjamin I. Liuson    | Filipino    | Director  | June 6, 2019 to Present  | 1                     | 70  | Brother of Dr. Andrew I. Liuson; and brother-in-law of Grace C. Liuson   |
| Emma A. Choa          | Filipino    | Executive Vice President<br>Treasurer<br>Director   | Jan. 1, 2015 to Present<br>Feb. 1, 2011 to Present<br>Aug. 18, 2020 to Present | 1                     | 59  | -  |
| Rudy Go               | Filipino    | Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer<br>Data Protection Officer<br>Investor Relations Officer | Jan. 1, 2015 to Present<br>Aug. 29, 2017 to Present<br>June 6, 2018 to Present | 1                     | 60  | -  |
| Melita M. Revuelta    | Filipino    | Vice President<br>Alternate Compliance Officer & Alternate Corporate Information Officer  | Jan. 16, 2008 to Present<br>Jan. 1, 2015 to Present                            | 1                     | 61  | -  |
| Melita L. Tan         | Filipino    | Vice President  | Feb. 21, 2004 to Present   | 1                     | 60  | -  |

| Name                    | Citizenship | Position(s)   | Period of Service                            | Term of Office (Year) | Age | Family Relationship |
|-------------------------|-------------|---|--|-----------------------|-----|---------------------|
| Romeo E. Ng             | Filipino    | Vice President  | Jan. 10, 2005 to Present                     | 1                     | 59  | -                   |
| Rosario D. Perez        | Filipino    | Vice President-<br>Executive Affairs                                | Feb. 9, 2017 to Present                      | 1                     | 61  | -                   |
| Winefreda R. Go         | Filipino    | Vice President-<br>Purchasing<br>Department                         | Jan. 5, 2018 to Present                      | 1                     | 62  | -                   |
| Atty. Emma G. Jularbal  | Filipino    | Vice President-Legal<br>Affairs<br>Corporate Secretary              | July 2001 to Present<br>July 1997 to Present | 1                     | 64  | -                   |
| Dorothy U. So           | Filipino    | Assistant Vice<br>President-Head of<br>Internal Audit<br>Department | July 2001 to Present                         | 1                     | 62  | -                   |
| Catherine Grace T. Wong | Filipino    | Assistant Corporate<br>Secretary                                    | July 1, 2013 to Present                      | 1                     | 63  | -                   |

***Positions in other institutions:***

**a) Dr. Andrew I. Liuson**

| Name of Office   | Position                               | Date Assumed  |
|--|--|---|
| <b><i>Present positions in other institutions:</i></b> |  |   |
| Cityland, Inc.   | Director<br>Vice Chairman of the Board | May 15, 1979<br>Jan. 16, 2008                                   |
| City & Land Developers, Incorporated                   | Director<br>Vice Chairman of the Board | June 28, 1988<br>Jan. 16, 2008                                  |
| Cityplans, Incorporated                                | Director<br>Chairman of the Board      | Oct. 27, 1988<br>Sept. 25, 2006                                 |
| Febias College of Bible                                | Chairman                               | -   |
| International Graduate School of Leadership            | Chairman                               | -   |
| Philippine Council of Evangelical Churches             | Chairman                               | -   |
| Makati Gospel Church                                   | Corporate Secretary/Trustee            | -   |
| <b><i>Past positions in other institutions:</i></b>    |  |   |
| Cityland, Inc.   | President<br>Executive Vice President  | July 1, 1997 to Jan. 15, 2008<br>May 15, 1979 to June 30, 1997  |
| City & Land Developers, Incorporated                   | President<br>Executive Vice President  | July 1, 1997 to Jan. 15, 2008<br>June 28, 1988 to June 30, 1997 |
| Cityplans, Incorporated                                | Executive Vice President               | Oct. 27, 1988 to Sept. 24, 2006                                 |
| Grace Christian College                                | Chairman                               | 1998 to June 30, 2015   |
| Philippine Council of Evangelical Churches             | Vice Chairman                          | 2013 to July 2015   |

**b) Stephen C. Roxas**

| Name of Office   | Position  | Date Assumed                   |
|--|---|--------------------------------|
| <b><i>Present positions in other institutions:</i></b> |   |                                |
| Cityland, Inc.   | Director<br>Chairman of the Board               | May 15, 1979<br>July 1, 1997   |
| City & Land Developers, Incorporated                   | Director<br>Chairman of the Executive Committee | June 28, 1988<br>July 1, 1997  |
| Cityplans, Incorporated                                | Director/President                              | Oct. 27, 1988                  |
| Center for Community Transformation                    | Board Member                                    | -                              |
| <b><i>Past positions in other institutions:</i></b>    |   |                                |
| Cityland, Inc.   | President                                       | May 15, 1979 to June 30, 1997  |
| City & Land Developers, Incorporated                   | President                                       | June 28, 1988 to June 30, 1997 |
| Center for Community Transformation                    | Vice Chairman                                   | -                              |
| MGC New Life Christian Academy                         | Chairman  | 1997 to May 2020               |

**c) Grace C. Liuson**

| Name of Office   | Position                                      | Date Assumed                  |
|--|---|-------------------------------|
| <b><i>Present positions in other institutions:</i></b> |   |                               |
| Cityland, Inc.   | Director<br>Deputy Vice Chairman of the Board | May 15, 1979<br>Feb. 1, 2011  |
| City & Land Developers, Incorporated                   | Director<br>Deputy Vice Chairman of the Board | June 28, 1988<br>Feb. 1, 2011 |

| <b>Name of Office</b>                               | <b>Position</b>                      | <b>Date Assumed</b>             |
|---|--------------------------------------|---------------------------------|
| Cityplans, Incorporated                             | Director                             | Oct. 27, 1988                   |
|   | Executive Vice President/Treasurer   | Sept. 25, 2006                  |
| Youth Gospel Center in the Philippines              | Treasurer/Trustee                    | -                               |
| Makati Gospel Church                                | Treasurer/Trustee                    | -                               |
| <b><i>Past positions in other institutions:</i></b> |                                      |                                 |
| Cityland, Inc.                                      | President                            | Feb. 14, 2008 to Jan. 31, 2011  |
|   | Executive Vice President & Treasurer | July 1, 1997 to Feb. 13, 2008   |
|   | Senior Vice President & Treasurer    | July 1, 1982 to June 30, 1997   |
|   | Vice President & Treasurer           | May 15, 1979 to June 30, 1982   |
| City & Land Developers, Incorporated                | President                            | Feb. 14, 2008 to Jan. 31, 2011  |
|   | Executive Vice President & Treasurer | July 1, 1997 to Feb. 13, 2008   |
|   | Senior Vice President & Treasurer    | June 28, 1988 to June 30, 1997  |
| Cityplans, Incorporated                             | Senior Vice President                | Oct. 27, 1988 to Sept. 24, 2006 |

d) **Josef C. Gohoc**

| <b>Name of Office</b>                                  | <b>Position</b>       | <b>Date Assumed</b>            |
|--|-----------------------|--------------------------------|
| <b><i>Present positions in other institutions:</i></b> |                       |                                |
| Cityland, Inc.   | Director              | June 29, 2007                  |
|  | President             | Feb. 1, 2011                   |
| City & Land Developers, Incorporated                   | Director              | Jan. 4, 2011                   |
|  | President             | Feb. 1, 2011                   |
| Asian Business Solutions, Inc.                         | Director              | 1996                           |
| Philippine Trading & Investment Corporation            | Director              | 1997                           |
| Atlas Agricultural & Mercantile Development Corp.      | Director              | 1997                           |
| Febias College of Bible                                | Board of Trustee      | 2015                           |
| International Graduate School of Leadership            | Board of Trustee      | -                              |
| <b><i>Past positions in other institutions:</i></b>    |                       |                                |
| Cityland, Inc.   | Senior Vice President | Jan. 16, 2008 to Jan. 31, 2011 |
|  | Treasurer             | June 11, 2008 to Jan. 31, 2011 |
|  | First Vice President  | Sept. 2006 to Jan. 15, 2008    |
| City & Land Developers, Incorporated                   | Senior Vice President | Jan. 16, 2008 to Jan. 31, 2011 |
|  | Treasurer             | June 11, 2008 to Jan. 31, 2011 |
|  | First Vice President  | Sept. 2006 to Jan. 15, 2008    |
| Cityland Foundation, Inc.                              | Director              | Nov. 11, 2002 to May 18, 2015  |

e) **Peter S. Dee**

| <b>Name of Office</b>                                  | <b>Position</b>   | <b>Date Assumed</b> |
|--|---|---------------------|
| <b><i>Present positions in other institutions:</i></b> |   |                     |
| Alpolac, Inc.  | Director  | 1994                |
| China Banking Corporation                              | Director  | 1977                |
| CBC Properties & Computer Center, Inc.                 | Director/President  | 1984                |
| Cityland, Inc.   | Independent Director  | Dec. 20, 2006       |
|  | Chairman-Audit & Risk Committee   | Jan. 2007           |
|  | Chairman-Corporate Governance Committee   | July 27, 2018       |
| City & Land Developers, Incorporated                   | Independent Director/Chairman-Audit & Risk Committee  | Nov. 22, 2004       |
| Cityplans, Incorporated                                | Independent Director  | July 17, 1990       |
|  | Chairman-Compensation Committee/Chairman-Audit Committee/Member-Nomination and Election Committee | 2002                |
| Commonwealth Foods, Inc.                               | Director  | May 2013            |
| GDSK Development Corporation                           | Director  | 1990                |
| Hydee Management & Resources Corporation               | Director  | 1991                |
| Kemwerke, Inc.   | Director  | 1994                |
| Makati Curbs Holdings Corporation                      | Director  | 2012                |
| Great Expectation Holdings, Inc.                       | Director/Chairman/President   | Oct. 2012           |
| The Big D Holdings Corporation                         | Director/Chairman/President   | Apr. 2013           |
| <b><i>Past positions in other institutions:</i></b>    |   |                     |
| Can Lacquer, Inc. *                                    | Director  |                     |
| GPL Holdings, Inc. *                                   | Director  |                     |
| KK Converters Co. Ltd.                                 | Director  |                     |
| MSD Company Inc. *                                     | Director  |                     |
| Prochem, Inc.  | Director  |                     |
| Sinclair (Phils.) Inc. *                               | Director  |                     |

| Name of Office                            | Position                       | Date Assumed |
|---|--------------------------------|--------------|
| Sol Mar Y Tierra Resources *              | Director                       |              |
| Silver Falcon Insurance Agency**          | Director                       |              |
| Banker's Association of the Philippines** | Director                       |              |
| China Banking Corp.***                    | President & CEO                |              |
| CBC Forex Corporation****                 | Director/Chairman of the Board |              |
| Asean Finance Corporation Limited         | Director                       |              |

\* ceased operations    \*\*resigned    \*\*\*retired    \*\*\*\*dissolved

#### f) George Edwin Y. SyCip

| Name of Office   | Position  | Date Assumed      |
|--|-----------|-------------------|
| <b><i>Present positions in other institutions:</i></b> |           |                   |
| Halanna Management Corp.                               | President | Dec. 1987         |
| Bank of the Orient                                     | Director  | May 1993          |
| Asian Alliance Holdings and Development Corp.          | Director  | Nov. 1995         |
| FMF Development Corporation                            | Director  | July 1996         |
| Paxys, Inc.  | Director  | Oct. 2004         |
| Premiere Horizon Alliance Corporation                  | Director  | Feb. 6, 2018      |
| <b><i>Past positions in other institutions:</i></b>    |           |                   |
| Beneficial Life Insurance Company                      | Director  | July 1998 to 2018 |
| Alliance Select Foods International, Inc.              | Director  | June 2005 to 2018 |

#### g) Helen C. Roxas

| Name of Office   | Position     | Date Assumed  |
|--|--------------|---------------|
| <b><i>Present positions in other institutions:</i></b> |              |               |
| Cityland, Inc.   | Director     | May 15, 1979  |
| City & Land Developers, Incorporated                   | Director     | June 28, 1988 |
| Cityplans, Incorporated                                | Director     | Oct. 27, 1988 |
| Good Tidings Foundation Inc.                           | Treasurer    | 1992          |
| <b><i>Past positions in other institutions:</i></b>    |              |               |
| MGC New Life Christian Academy                         | Board Member | -             |

#### h) Benjamin I. Liuson

| Name of Office  | Position      | Date Assumed      |
|---|---------------|-------------------|
| <b><i>Present positions in other institution:</i></b> |               |                   |
| Cityland, Inc.  | Director      | November 19, 2019 |
| City & Land Developers, Incorporated                  | Director      | June 11, 2019     |
| The Generics Pharmacy, Inc.                           | Vice Chairman | 2016              |
| TGP Pharma Inc.                                       | Chairman      | 2020              |
| CL Realty Development Inc.                            | President     | 1989              |
| Romans 828 Land, Inc.                                 | President     | 2010              |
| Silverwind Alloy Castings Inc.                        | Director      | 1989              |
| Drugmakers Lab Inc.                                   | Director      | 2012              |
| Febias College of Bible                               | Trustee       | 2001              |
| Center for Community Transformation, Inc.             | Trustee       | 2001              |
| Gospel Operation Phil. Inc.                           | Trustee       | 2011              |
| Bless Foundation Inc.                                 | Trustee       | 2014              |
| Global Filipino Movement, Inc.                        | Trustee       | 2013              |
| Makati Gospel Church                                  | Trustee       | 1990              |
| Jedidiah Inc.   | President     | 1996              |
| Keziah Inc.   | President     | 1996              |

#### i) Emma A. Choa

| Name of Office   | Position                 | Date Assumed  |
|--|--------------------------|---------------|
| <b><i>Present positions in other institutions:</i></b> |                          |               |
| Cityland, Inc.   | Executive Vice President | Jan. 1, 2015  |
|  | Treasurer                | Feb. 1, 2011  |
| City & Land Developers, Incorporated                   | Director                 | Aug. 25, 2020 |
|  | Executive Vice President | Jan. 1, 2015  |
|  | Treasurer                | Feb. 1, 2011  |
| WorldNet Information and Services, Inc.                | Treasurer                | -             |

**j) Rudy Go**

| Name of Office   | Position  | Date Assumed                                   |
|--|---|--|
| <b><i>Present positions in other institutions:</i></b> |   |  |
| Cityland, Inc.   | Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer<br>Data Protection Officer                               | Jan. 1, 2015<br>Aug. 29, 2017                  |
| City & Land Developers, Incorporated                   | Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer<br>Data Protection Officer<br>Investor Relations Officer | Jan. 1, 2015<br>Aug. 29, 2017<br>June 14, 2018 |
| Cityplans, Incorporated                                | Senior Vice President/Compliance Officer<br>Data Protection Officer   | Jan. 1, 2015<br>Aug. 29, 2017                  |

**k) Melita M. Revuelta**

| Name of Office   | Position   | Date Assumed                  |
|--|--|-------------------------------|
| <b><i>Present positions in other institutions:</i></b> |  |                               |
| Cityland, Inc.   | Vice President & Assistant Corporate Secretary<br>Alternate Compliance Officer & Alternate Corporate Information Officer | Jan. 16, 2008<br>Jan. 1, 2015 |
| City & Land Developers, Incorporated                   | Vice President<br>Alternate Compliance Officer & Alternate Corporate Information Officer                                 | Jan. 16, 2008<br>Jan. 1, 2015 |
| Cityplans, Incorporated                                | Vice President/Alternate Compliance Officer  | Jan. 1, 2015                  |
| WorldNet Information and Services, Inc.                | President  | -                             |

**l) Melita L. Tan**

| Name of Office   | Position       | Date Assumed  |
|--|----------------|---------------|
| <b><i>Present positions in other institutions:</i></b> |                |               |
| Cityland, Inc.   | Vice President | Feb. 21, 2004 |
| City & Land Developers, Incorporated                   | Vice President | Feb. 21, 2004 |

**m) Romeo E. Ng**

| Name of Office   | Position       | Date Assumed  |
|--|----------------|---------------|
| <b><i>Present positions in other institutions:</i></b> |                |               |
| Cityland, Inc.   | Vice President | Jan. 10, 2005 |
| City & Land Developers, Incorporated                   | Vice President | Jan. 10, 2005 |

**n) Rosario D. Perez**

| Name of Office   | Position                         | Date Assumed |
|--|----------------------------------|--------------|
| <b><i>Present positions in other institutions:</i></b> |                                  |              |
| Cityland, Inc.   | Vice President-Executive Affairs | Feb. 9, 2017 |
| City & Land Developers, Incorporated                   | Vice President-Executive Affairs | Feb. 9, 2017 |
| WorldNet Information and Services, Inc.                | Auditor                          | -            |

**o) Winefreda R. Go**

| Name of Office   | Position                             | Date Assumed |
|--|--------------------------------------|--------------|
| <b><i>Present positions in other institutions:</i></b> |                                      |              |
| Cityland, Inc.   | Vice President-Purchasing Department | Jan. 5, 2018 |
| City & Land Developers, Incorporated                   | Vice President-Purchasing Department | May 16, 2017 |

**p) Atty. Emma G. Jularbal**

| Name of Office   | Position  | Date Assumed                 |
|--|---|------------------------------|
| <b><i>Present positions in other institutions:</i></b> |   |                              |
| Cityland, Inc.   | Vice President-Legal Affairs<br>Corporate Secretary | July 2001<br>July 1997       |
| City & Land Developers, Incorporated                   | Vice President-Legal Affairs<br>Corporate Secretary | July 1, 2001<br>Jan. 1, 2013 |
| WorldNet Information and Services, Inc.                | Director/Vice President                             | -                            |
| Servicore, Inc.  | Director  | -                            |
| Cityland Foundation, Inc.                              | Trustee/Chairman                                    | -                            |

| Name of Office                                | Position                    | Date Assumed |
|---|-----------------------------|--------------|
| Cityland for Social Progress Foundation, Inc. | Trustee/President           | -            |
| Christian Executive, Inc.                     | Trustee/Corporate Secretary | -            |

**q) Dorothy U. So**

| Name of Office                                  | Position   | Date Assumed |
|---|--|--------------|
| <i>Present positions in other institutions:</i> |  |              |
| Cityland, Inc.                                  | Assistant Vice President-Head of Internal Audit Department | July 2001    |
| City & Land Developers, Incorporated            | Assistant Vice President-Head of Internal Audit Department | July 2001    |

**r) Catherine Grace T. Wong**

| Name of Office                                  | Position   | Date Assumed |
|---|--|--------------|
| <i>Present positions in other institutions:</i> |  |              |
| Cityland, Inc.                                  | Executive Secretary of Chairman of the Executive Committee | July 1, 1997 |
| WorldNet Information and Services, Inc.         | Corporate Secretary  | -            |

For the year 2019, there were 30 Board of Directors' meetings. Below is the summary of the attendance of the Board of Directors:

|   | <b>No. of Meetings Attended/Held</b> |         |       |
|---|--------------------------------------|---------|-------|
|   | Regular                              | Special | Total |
| Dr. Andrew I. Liuson  | 4/4                                  | 26/26   | 30/30 |
| Mr. Stephen C. Roxas  | 4/4                                  | 26/26   | 30/30 |
| Mrs. Grace C. Liuson  | 4/4                                  | 26/26   | 30/30 |
| Mr. Josef C. Gohoc  | 4/4                                  | 26/26   | 30/30 |
| Atty. Sabino R. Padilla, Jr. ( <i>died on December 23, 2019</i> ) | 3/4                                  | 25/26   | 28/30 |
| Mr. Peter S. Dee  | 4/4                                  | 25/26   | 29/30 |
| Mr. George Edwin Y. Sycip   | 2/4                                  | 24/26   | 26/30 |
| Mrs. Helen C. Roxas   | 4/4                                  | 26/26   | 30/30 |
| Mr. Benjamin I. Liuson ( <i>elected on June 6, 2019</i> )         | 3/3                                  | 11/11   | 14/14 |

**2) Identify Significant Employees**

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

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

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

- a) None of them has been involved in any bankruptcy petition.
- b) None of them has been convicted by final judgment in any criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.
- c) None of them has been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.
- d) None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.



## EXECUTIVE COMPENSATION

Executive Compensation Summary Table

| Name   | Position   | 2020 (estimate)    |
|--|--|--------------------|
| Josef C. Gohoc   | President  | x                  |
| Emma G. Jularbal                                       | Vice President-Legal   | x                  |
| Melita L. Tan  | Vice President   | x                  |
| Ma. Veronica S. Emaguin                                | Senior Manager   | x                  |
| Alvin Albert Anthony H. Ocampo                         | Assistant Manager  | x                  |
| Salaries   |  | ₱5,000,484         |
| Bonus  |  | 1,271,721          |
| Others   |  | 140,400            |
| <b>Total (Top 5)</b>                                   |  | <b>₱6,412,605</b>  |
| Salaries   |  | ₱23,850,660        |
| Bonus  |  | 6,115,173          |
| Others   |  | 696,000            |
| <b>All officers &amp; directors as a group unnamed</b> |  | <b>₱30,661,833</b> |
| <b>Grand Total</b>                                     |  | <b>₱37,074,438</b> |
| Name   | Position   | 2019 (actual)      |
| Josef C. Gohoc   | President  | x                  |
| Emma G. Jularbal                                       | Vice President-Legal   | x                  |
| Melita L. Tan  | Vice President   | x                  |
| Dorothy U. So  | Assistant Vice President-Internal<br>Audit                                 | x                  |
| Therese Raimunda A. Anoos                              | Assistant Vice President-Financial<br>Management and Service<br>Department | x                  |
| Salaries   |  | ₱6,317,083         |
| Bonus  |  | 1,621,484          |
| Others   |  | 9,272,266          |
| <b>Total (Top 5)</b>                                   |  | <b>₱17,210,833</b> |
| Salaries   |  | ₱21,780,391        |
| Bonus  |  | 5,720,948          |
| Others   |  | 8,449,002          |
| <b>All officers &amp; directors as a group unnamed</b> |  | <b>₱35,950,341</b> |
| <b>Grand Total</b>                                     |  | <b>₱53,161,174</b> |
| Name   | Position   | 2018 (actual)      |
| Josef C. Gohoc   | President  | x                  |
| Emma G. Jularbal                                       | Vice President-Legal   | x                  |
| Melita L. Tan  | Vice President   | x                  |
| Dorothy U. So  | Assistant Vice President-Internal<br>Audit                                 | x                  |
| Therese Raimunda A. Anoos                              | Assistant Vice President-Financial<br>Management and Service<br>Department | x                  |
| Salaries   |  | ₱5,778,395         |
| Bonus  |  | 1,492,200          |
| Others   |  | 11,566,691         |
| <b>Total (Top 5)</b>                                   |  | <b>₱18,837,286</b> |
| Salaries   |  | ₱21,380,623        |
| Bonus  |  | 5,500,140          |
| Others   |  | 7,489,865          |
| <b>All officers &amp; directors as a group unnamed</b> |  | <b>₱34,370,628</b> |
| <b>Grand Total</b>                                     |  | <b>₱53,207,914</b> |

The Group has no standard arrangements with regard to the remuneration of its directors. In 2019, 2018 and 2017, the Board of Directors received a total of ₱38.72 million, ₱23.52 million and ₱20.43 million, respectively, including a total per diem of ₱1.18 million per annum (aggregate of CLDI and CDC) for the board meetings attended. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received nor any other arrangement with employment contracts, compensatory plan and stock warrants or options.

## SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### a) Security Ownership of Record and Beneficial Owner owning more than 5% of the outstanding capital stock of the Registrant as of September 30, 2020:

| Title of Class             | Name, Address & Relationship with Issuer   | Beneficial Owner & Relationship | Citizenship | No. of Shares Held (Direct & Indirect) | %     |
|----------------------------|--|---------------------------------|-------------|--|-------|
| Unclassified common shares | Cityland, Inc.<br>3/F Cityland Condominium 10 Tower I,<br>156 H.V. Dela Costa St., Makati City<br>-Principal Stockholder | - NA -                          | Filipino    | 2,244,843,287                          | 50.97 |
| Unclassified common shares | Grace C. Liuson<br>2072 Lumbang cor. Cypress<br>Dasmariñas Village, Makati<br>-Director/Vice Chairman of the Board       | - NA -                          | Filipino    | 234,963,764                            | 5.34  |

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

| Name                 | Position   |
|----------------------|--|
| Stephen C. Roxas     | Director/Chairman of the Board   |
| Dr. Andrew I. Liuson | Director/Vice Chairman of the Board  |
| Grace C. Liuson      | Director/Deputy Vice Chairman of the Board   |
| Josef C. Gohoc       | Director/President   |
| Peter S. Dee         | Independent Director/Chairman-Audit & Risk Committee/<br>Chairman-Corporate Governance Committee |
| Anastasia Y. Dy      | Independent Director   |
| Helen C. Roxas       | Director   |
| Benjamin I. Liuson   | Director   |

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

### c) Security Ownership of Management as of September 30, 2020:

| Title of Class             | Name of Beneficial Owner/<br>Position  | No. of Shares Held | Nature of Ownership | Citizenship | %    |
|----------------------------|--|--------------------|---------------------|-------------|------|
| <b>Directors:</b>          |  |                    |                     |             |      |
| Unclassified common shares | Dr. Andrew I. Liuson<br>Director/Chairman of the Board   | 160,253,751        | Direct/<br>Indirect | Filipino    | 3.64 |
| Unclassified common shares | Stephen C. Roxas<br>Director/Chairman of the Executive Committee   | 203,646,260        | Direct/<br>Indirect | Filipino    | 4.62 |
| Unclassified common shares | Grace C. Liuson<br>Director/Vice Chairman of the Board   | 234,963,764        | Direct              | Filipino    | 5.34 |
| Unclassified common shares | Josef C. Gohoc<br>Director/President   | 106,185,023        | Direct/<br>Indirect | Filipino    | 2.41 |
| Unclassified common shares | Peter S. Dee<br>Independent Director/Chairman-Audit & Risk Committee   | 563,084            | Direct              | Filipino    | 0.01 |
| Unclassified common shares | George Edwin Y. SyCip<br>Independent Director/Chairman-Corporate Governance Committee  | 1,118              | Direct              | American    | -    |
| Unclassified common shares | Helen C. Roxas<br>Director   | 66,939,926         | Direct              | Filipino    | 1.52 |
| Unclassified common shares | Benjamin I. Liuson<br>Director   | 475,050            | Direct              | Filipino    | 0.01 |
| Unclassified common shares | Emma A. Choa<br>Executive Vice President /Treasurer  | 2,974,138          | Direct              | Filipino    | 0.07 |
| <b>Executive Officers:</b> |  |                    |                     |             |      |
| Unclassified common shares | Rudy Go<br>Senior Vice President/Chief Financial Officer/Compliance Officer & Corporate Information Officer/Data Protection Officer/Investor Relations Officer | 2,007,070          | Direct              | Filipino    | 0.05 |
| Unclassified common shares | Melita M. Revuelta<br>Vice President/Alternate Compliance Officer & Alternate Corporate Information Officer  | 186,792            | Direct              | Filipino    | -    |
| Unclassified common shares | Melita L. Tan<br>Vice President  | 673,597            | Direct              | Filipino    | 0.02 |

| <b>Title of Class</b>         | <b>Name of Beneficial Owner/<br/>Position</b>                                  | <b>No. of Shares<br/>Held</b> | <b>Nature of<br/>Ownership</b> | <b>Citizenship</b> | <b>%</b> |
|-------------------------------|--|-------------------------------|--------------------------------|--------------------|----------|
| Unclassified<br>common shares | Romeo E. Ng<br>Vice President  | 2,574,623                     | Direct                         | Filipino           | 0.06     |
| Unclassified<br>common shares | Rosario D. Perez<br>Vice President-Executive Affairs                           | 709,477                       | Direct                         | Filipino           | 0.02     |
| Unclassified<br>common shares | Winefreda R. Go<br>Vice President-Purchasing Department                        | 8,127                         | Direct                         | Filipino           | –        |
| Unclassified<br>common shares | Atty. Emma G. Jularbal<br>Vice President-Legal Affairs/Corporate<br>Secretary  | 3,881                         | Direct                         | Filipino           | –        |
| Unclassified<br>common shares | Dorothy U. So<br>Assistant Vice President-Head of Internal Audit<br>Department | 3,521,064                     | Direct                         | Filipino           | 0.08     |
| Unclassified<br>common shares | Catherine Grace T. Wong<br>Assistant Corporate Secretary                       | 4,976,250                     | Direct                         | Filipino           | 0.11     |

Note: The above security ownership of management consists of Unclassified Common Shares amounting to ₱790,662,995 which is equivalent to 17.95%.

It is the policy of the Group to have a timely and accurate disclosures to regulatory agencies. Any change in the shareholdings of the Group resulting from transactions entered into by the directors and executive officers, either by acquisition or disposal are reported to the PSE and SEC within five days from the date of the transaction. The Group requires its directors and officers to report to the Group immediately any plan to transact with the Company's shares.

For the past five (5) years, there were no trading by insiders. The Group continues to adhere with existing government regulations.

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

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

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

- 2) Related Party Transactions

The Company and its subsidiaries, in their regular conduct of business, have entered into transactions with its related parties principally consisting of advances, reimbursement of expenses and purchase and sale of real estate properties. These transactions to and from related parties are made at current market prices at the time of the transaction.

There is an existing management contract with Cityland, Inc. (CI), its parent company, wherein CI provides management services for the business of the Registrant. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other six months prior to expiration. The management fee is based on a certain percentage of net income as mutually agreed upon by both parties. The management fees for 2019, 2018 and 2017 were waived by CI. There are no conditions attached to the waiver of these management fees.

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

Please refer to Note 26 – Related Party Transactions of the Notes to 2019 Audited Consolidated Financial Statements which is incorporated in the Index to Financial Statements and Supplementary Schedules.

- 3) Parent of the Registrant

Cityland, Inc. owns 50.98% of the outstanding capital stock of the Registrant.

## CORPORATE GOVERNANCE

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

- 1) Measures being undertaken by the company to fully comply with the adopted Leading Practices on Good Corporate Governance.

We have implemented the periodic self-rating system.

- 2) Any deviation from the company's manual of corporate governance (including a disclosure of the name and position of the persons involved and sanctions imposed on said individual)

There were no major deviations that require sanctions.

- 3) Any plan to improve corporate governance of the company.

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

The Integrated Annual Corporate Governance Report of the Company was submitted to SEC last August 3, 2020.

**OTHER EXPENSES RELATING TO ISSUANCE AND DISTRIBUTION****Actual Fees and Expenses:**

|                           |              |          |
|---------------------------|--------------|----------|
| Registration Fee:         |              |          |
| Filing Fee                | ₱725,000     |          |
| Legal Research Fee        | <u>7,250</u> | ₱732,250 |
| Exemptive Relief:         |              |          |
| Filing Fee                | 50,000       |          |
| Legal Research Fee        | <u>500</u>   | 50,500   |
| Legal and Accounting Fees |              | 20,000   |

**Estimated Fees and Expenses:**

|                       |                           |
|-----------------------|---------------------------|
| Documentary Stamps    | 10,500,000                |
| Printing Costs of CPs | 70,000                    |
| Publication Fee       | <u>22,800</u>             |
| <b>Total</b>          | <b><u>₱11,395,550</u></b> |

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

**CITYLAND DEVELOPMENT CORPORATION**  
**INDEX TO THE FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**Audited For Year 2019, 2018 and 2017 and**  
**Unaudited as of the Six Months Ended June 30, 2020**

**Financial Statement**

Statement of Management's Responsibility for Financial Statements  
Report of Independent Public Accountant  
Balance Sheets as of December 31, 2019 and 2018  
Statements of Income for the Years Ended December 31, 2019, 2018 and 2017  
Statements of Comprehensive Income for the Years Ended December 31, 2019, 2018 and 2017  
Statements of Changes in Equity for the Years Ended December 31, 2019, 2018 and 2017  
Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017  
Notes to Financial Statements  
Balance Sheets as of June 30, 2020 and December 31, 2019  
Statements of Income for the Six Months Ended June 30, 2020 and June 30, 2019  
Statements of Comprehensive Income for the Six Months Ended June 30, 2020 and June 30, 2019  
Statements of Changes in Equity as of June 30, 2020 and June 30, 2019  
Statements of Cash Flows as of June 30, 2020 and June 30, 2019  
Notes to Financial Statements

**Index to the Audited Financial Statements and Supplementary Schedules**

|               |   |
|---------------|---|
| Schedule I:   | Supplementary schedules required by Annex 68-E<br>Schedule A: Financial Assets<br>Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)<br>Schedule C: Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements<br>Schedule D: Intangible Assets-Others Assets<br>Schedule E: Long-term Debt<br>Schedule F: Indebtedness to Related Parties<br>Schedule G: Guarantees of Securites of Other Issuers<br>Schedule H: Capital Stock |
| Schedule II:  | Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)   |
| Schedule III: | Map of the relationships of the companies within the group  |
| Schedule IV:  | Schedule of all effective standards and interpretation (Part 1, 4J)   |
| Schedule V:   | Supplementary schedules of financial soundness indicators   |
| Schedule VI:  | Schedule of gross and net proceeds of commercial papers issued  |